



**REGULATIONS GOVERNING OVER-THE-COUNTER (OTC) MARKET**

**OF**

**ISLAMABAD STOCK EXCHANGE**

**(As amended on May 05, 2010 and sent for Gazette Notification)**

# **REGULATIONS GOVERNING OVER-THE-COUNTER (OTC) MARKET OF ISLAMABAD STOCK EXCHANGE**

## **PREAMBLE**

WHEREAS it is expedient to introduce the concept of OTC market in order to provide investors an efficient and transparent source of investment besides encouraging enterprising promoters to set up new industries or expand their existing enterprises by raising finance in a cost-effective way through listing mechanism on OTC market.

AND WHEREAS in order to provide necessary regulatory framework for the OTC Market, it is desirable to make regulations in this regard.

NOW THEREFORE, the Islamabad Stock Exchange (Guarantee) Limited, in exercise of the powers conferred by sub-section 1 of section 34 of the Securities & Exchange Ordinance, 1969 (XVII of 1969) with prior approval of Securities & Exchange Commission of Pakistan, makes these Regulations.

## **1. SHORT TITLE & COMMENCEMENT**

- a) These Regulations shall be called “The Regulations Governing Over-The-Counter (OTC) Market”.
- b) These Regulations shall apply to all companies and securities applying for listing and/or listed under OTC Market.
- c) These Regulations shall come into force immediately on publication of the same in Gazette of Pakistan.

## **2. DEFINITIONS**

In these Regulations, unless the subject or context otherwise requires:

- a) “Bid Price” means “the price for which a Market Maker is willing to pay for the purchase of a Company’s security”.
- b) “Blank Sale” means “a sale by a party that does not own shares or the sale does not constitute a sale with pre-existing interest or is a sale by a party that has not entered into a contractual borrowing arrangement to meet delivery requirements”.
- c) “Board” means “Board of Directors of the Islamabad Stock Exchange (Guarantee) Limited”.

- d) “Broker” means, “Any member of the Exchange engaged in the business of executing transactions in securities for the account of others and for his own account and is registered with the Commission under the Brokers and Agents Registration Rules, 2001.
- e) “Commission” means “The Securities & Exchange Commission of Pakistan”.
- f) “Company” means “a company applying for listing under these regulations”.
- g) **“Debt Market Securities”** includes:
- (i) Corporate debt securities such as Term Finance Certificates (TFCs), SUKUK certificates (Sharia Compliant Bonds), Registered Bonds, Commercial Papers, Participation Term Certificates (PTCs) and all kinds of debt instruments issued by any Pakistani or foreign company or corporation registered in Pakistan; and
  - (ii) Government debt securities such as Treasury Bills (T-bills), Federal Investment Bonds (FIBs), Pakistan Investment Bonds (PIBs), Foreign Currency Bonds, Government Papers and all kinds of debt instruments issued by Federal Government, Provincial Government, Local Authority and other Statutory bodies
- h) “Exchange” means “The Islamabad Stock Exchange (Guarantee) Limited”.
- i) **“Information Memorandum”** means a document outlining the salient features, risks and terms of a debt market securities offered/issued to Qualified Institutional;
- j) “Market Maker” means “a broker appointed under these Regulations who shall Make Market for the Company’s securities on a compulsory and continuous basis”.
- k) “Make Market” means “the continuous submission of two-way quotes by a Market Maker for the purchase and sale of the Company’s securities”.
- l) “Member” means “a Member of the Exchange”.
- m) “Offer Price” means “the price for which a Market Maker is willing to sell a Company’s security”.
- n) **“Qualified Institutional Buyers (QIBs)”** for the purpose of these regulations means:
- (i) Any of the following entity:

- a. A Banking company as defined in the Banking Companies Ordinance, 1962.
  - b. A Financial Institution as referred to in Section 3A of the Banking Companies Ordinance, 1962.
  - c. An Investment Company as defined in the Non-Banking Companies (Establishment and Regulation) Rules, 2003.
  - d. A Company as referred to in Section 503 of the Companies Ordinance, 1984.
  - e. A Company registered with the Commission as broker under the Brokers and Agents Registration Rules, 2001.
  - f. A Fund established under the Collective Investment Scheme under the Non-Banking Companies (Establishment and Regulation) Rules, 2003.
  - g. A Trust established by a deed under the provisions of the Trust Act, 1882.
  - h. An Employees' Provident Fund governed by the Employees' Provident Fund (Investment in Listed Securities) Rules, 1996.
  - i. A Pension Fund as defined in the Voluntary Pension System Rules, 2005.
- (ii) Any corporate body established by Federal Government, Provincial Government and/or Local Authority.
- (iii) Any other entity as allowed based on the criteria prescribed by the Exchange with prior approval of the Commission.
- o) **“Short Sale”** means “a sale by a party that does not own shares or the sale does not constitute a sale with pre-existing interest but is a sale by a party that has entered into a contractual borrowing arrangement to meet delivery requirements.”
- p) **“Short Term”** means a period of less than one (1) year.
- q) **“Sponsoring Member”** means “a Corporate Brokerage House of the Exchange or a Commercial Bank or an Investment Bank or a Discount House or any other financial institution approved by the Exchange which is appointed by the companies seeking listing on the Exchange under these regulations and to perform functions as provided under these regulations”.
- r) **“Spread”** means “the difference between the Bid Price and Offer Price”.
- s) **“Trustee”** means a person appointed by the Company for securing an issue of Debt Market Securities and assumes powers, role and responsibility as stated in the security trust deed in terms of section 119 of the Companies Ordinance, 1984.

Provided that the Trustee shall be a bank, a trust company which is a subsidiary of bank, a central depository company approved by the Commission, a Non-Banking

Finance Company or such other company trust as may be approved by the Commission to act as Trustee but shall not include an associated company/undertaking of the Company.

### **3. ELIGIBILITY FOR LISTING**

- I) The Company may apply for listing of its equity securities to be issued/offered to the general public under these regulations provided that:
- a) The minimum paid up capital of the company is Rs. 10 million.
  - b) The minimum public offering is Rs. 5 million or 25% of the capital, whichever is higher.
  - c) At the time of listing, the break-up value of the ordinary shares of the company, duly certified by a Chartered Accountant/Auditor shall not be less than its face value.
- II) The Company may apply for listing of its Debt Market Securities issued to Qualified Institutional Buyers (QIBs) through private placement under these regulations provided that:
- a) The minimum paid up capital of the Company shall be at least Rs. 50 million.
  - b) The minimum long term entity instrument rating shall not be less than BBB.
  - c) It shall comply with the requirements of regulation No. 4(c), 10(b), 10(d), 2(b), 14, 15, 16, 19 and 20 and Schedule-III of these Regulations.

### **4. CONDITIONS APPLICABLE FOR LISTING OF SECURITIES**

The company shall comply with the following listing requirements:-

- a) The Company shall apply for approval to the Exchange. The application shall contain the names of the sponsors of the company, names of the directors of the Company, a complete appraisal by the Sponsoring Member in accordance with Regulation 7(b)(i) hereof (any other information deemed necessary).
- b) The Exchange may reject the application of the Company at its sole discretion if, for the protection of investors, they deem the listing of the Company of the OTC Market not to be suitable and/or the Company does not meet the eligibility criteria set out in Regulation 3 hereof and/or for the contravention of Regulation 4(c) hereof or the appraisal tendered by the Sponsoring Member is not in accordance with Regulation 7(b)(i) hereof, provided that, a Company shall be given an opportunity of hearing by the Exchange before the Company's application is rejected.
- c) The company shall not be eligible for listing under these regulations if any of its

Director/Sponsor is a defaulter of any Stock Exchange and/or he is a Director in other listed company which has violated and/or failed to comply with any provision of the Listing Regulations of the Exchange and/or has defaulted in the payment of the loans of any bank or financial institution or government dues, unless the same are legitimately disputed by him by litigation.

## **5. OFFER OF SECURITIES**

- a) The Company and/or its sponsors may offer securities before its listing directly to the investors or to the Market Maker through the Bought-Out Deal in accordance with Regulation 9 hereof.
- b) The Exchange shall fix the face value of the security and may impose conditions on the Company for the purpose of listing and trading of securities for each class/type of security.
- c) Before the issuance of securities in accordance with these Regulations, the company shall fix standard lot of securities for trading in consultation with the Exchange.
- d) Where the Company and/or sponsors offer any securities to the Market Maker through the bought-Out Deal, the requirement of the Companies Ordinance, 1984 and the Companies (Issue of Capital) Rules, 1996 shall remain applicable on such offering subject to the relaxation given by the Commission under Rule 10 of the Companies (Issue of Capital) Rules, 1996.

## **6. ISSUANCE OF SHARES AT A PREMIUM OR DISCOUNT**

The company may offer the shares either at the premium or discount subject to the following conditions:-

- a) A company may issue shares at a premium or discount to the Sponsoring Member through the bought-out deal, who will then offload it to the public.
- b) In case the issue is offered at a premium, the public offering shall be underwritten by independent underwriters.
- c) In case shares are issued to different subscribers at different prices at the same time then those subscribers who are issued shares at lower prices shall have to hold the same for at least 6 months time from the date of subscription.

## **7. APPOINTMENT AND FUNCTIONS OF SPONSORING MEMBER**

- a) **Appointment of Sponsoring Member**
  - i. The company, before applying for listing on the Exchange under these

Regulations, shall appoint one Sponsoring Member to represent them in accordance with the functions provided herein.

- ii. The Sponsoring Member appointed by the Company in accordance with Regulation 7(a)(i) hereof shall, concurrent to the Company's application for listing in accordance with Regulation 4 hereof, apply to the Exchange for registration and, in performing its functions as a Sponsoring Member, shall be bound by the provisions in these Regulations as well as all applicable laws including but not limited to the rules and regulations governing the Exchange, the Securities and Exchange Ordinance, 1969 and the Securities & Exchange Commission of Pakistan Act, 1997.
- iii. A Sponsoring Member appointed in accordance with Regulation 7(a)(i) and (ii) hereof shall enter into a written agreement with the Company and provide copies of such agreement to the Exchange along with its application for registration.
- iv. Upon receipt of the application for registration, the Exchange may, at its sole discretion, reject the application of the Sponsoring Member, if it deems:
  - a. The Sponsoring Member to lack sufficient expertise in performing the functions set out hereunder or is unable to obtain such expertise; or
  - b. any of the Sponsoring Member's Directors is a Director in a listed company which has violated and/or failed to comply with any provision of the Listing Regulations of the Exchange; or
  - c. if any of the Sponsoring Member's Directors is a Director in a company which has been adjudicated insolvent; or
  - d. there are grounds to reasonably believe that, for the protection of investors, the Sponsoring Member's application must be rejected; provided that, before a rejection of an application as aforesaid, the Exchange shall provide the Sponsoring Member an opportunity of being heard.
- v. If a Sponsoring Member's application is rejected in accordance with Regulation 7(a)(iv) hereof, the Company shall appoint another Sponsoring Member within one month of the rejection, which shall apply to the Exchange for registration.
- vi. If a Sponsoring Member's (being a corporate brokerage house) membership of the Exchange is at any time suspended, terminated, transferred or it becomes ineligible to act as a Sponsoring Member for any

reason whatsoever, or where the Sponsoring Member (not being a corporate brokerage house) becomes ineligible to act or continue as a Sponsoring Member for any reason whatsoever, the Company shall appoint another Sponsoring Member.

**b) Functions of Sponsoring Member**

The Sponsoring Member shall perform the following functions on behalf of the companies appointing them under a Sponsorship Agreement:

- i. The Sponsoring Member shall, either on his own or in consultation with other expert, appraise the project for the purpose of seeking listing of the company under these regulations and shall certify/confirm to the Exchange that:-
  - a) they have examined the technical, managerial, commercial, economic and financial aspects of the project and/or the company.
  - b) that they have been satisfied that the company has or will have the necessary operational infrastructure.
  - c) that the project and company are viable and investment worthy.
  - d) that based on appraisal, the Sponsoring Member has determined the price at which the shares of the company will be offered to the public.
  - e) That the information furnished to the Exchange at the time of application, as listed in Schedule-I, to these Regulations comply with the company's obligations under these Regulations.
  - f) that they will be available at all times to advise and guide the directors of an OTC company of their obligations to comply with these Regulations.
  - g) that they will provide the Exchange with any other information, in such form and within such time limits as the Exchange may reasonably require.
  - h) that they will liaise with the Exchange where requested so to do by the Exchange by an OTC company for which it acts.
  - i) that they will inform the Exchange when they cease to be a Sponsoring Member to an OTC Company.
  - j) that they will act with due skills and care at all times.



- k) that necessary arrangements have been made to ensure that the public issue will be fully subscribed or otherwise has been fully underwritten provided, there would be no requirement for minimum number of subscribers to the public offering.

## **8. APPOINTMENT AND FUNCTIONS OF A MARKET MAKER**

- a) Where the Sponsoring Member is not a corporate brokerage house, it shall appoint a broker who shall be the “primary Market Maker” for a period of three years.
- b) Where the Sponsoring Member is corporate brokerage house it shall be the primary Market Maker.
- c) The primary Market Maker shall appoint one other broker for making market compulsorily in the security for a period of one year from the date of commencement of public trading. The broker so appointed by the primary Market Maker shall be the “additional Market Maker”.
- d) Any broker, excluding the primary and additional Market Maker, will be free to voluntarily Make Market in the Company’s security. The voluntary Market Maker must continue making market in the Company’s security for at least a period of three months.
- e) The primary, additional and voluntary Market Makers shall compulsorily and continuously (on all working sessions of the Exchange) Make Market in the Company’s security by quoting bids and offer provided that, if the Company and the primary Market Maker opt for the bought out deal in accordance with Regulation 9 hereof in which the primary Market Maker purchases one hundred percent of the Company’s issue of securities, the primary Market Maker shall not make market until such time as he sells the Company’s securities to the general public through subscription.

Notwithstanding the foregoing, the voluntary Market Maker may, abstain from offering sell quotes if it does not have sufficient saleable stock of at least 10 marketable lots.

- f) Where the Company sells its securities directly to the investors, the primary and additional Market Makers shall not Make Market in the Company’s security until such time as the primary and additional Market Makers each have either subscribed to or purchased at least ten percent of the Company’s tradable securities.
- g) Compulsory market-making by the primary Market Maker shall continue for all times as the scrip is listed, provided however, that the primary Market Maker can

withdraw from such market making obligations after a period of three years from the commencement of public trading on the Exchange provided appointment of another broker is made to perform such functions.

- h) Primary and additional Market Makers must hold (between them in any mutually agreed proportion to be intimated to the Exchange) five percent of the Company's securities at all times.
- i) The specific price bands for market makers to operate shall not be more than 2.5% upward or downward fluctuations.
- j) The primary and/or the additional market maker shall be bound to purchase or sale during a business day the shares of the company of at least 1% of public offering or 50,000 shares of the face value of Rs. 10/- each, whichever is higher, in any given scrip.

## **9. BOUGHT-OUT DEALS BY THE COMPANIES**

The company, if it is desirous of raising funds urgently, may sell its existing securities or issue new securities to the primary Market Maker only once and subject to the terms and conditions as may be agreed upon. However, the primary Market Maker shall subsequently sell such securities to the investors subject to the procedure and conditions provided in these regulations.

## **10. TRADING OF SECURITIES AND ALLIED MATTERS**

### **a) Market-Making**

The Sponsoring Member shall provide an undertaking to the Exchange stating:-

- i. that the compulsory market-making will continue for all times as the scrip is listed provided however, that the Sponsoring Member can withdraw from such market making obligation after a period of three years from the commencement of public trading on the Exchange provided arrangement by another member/dealer is made to perform such functions.
- ii. The specific price bands for market makers to operate shall not be more than 2.5% upward or downward fluctuations.

### **b) Applicability of Capital Adequacy Requirement**

The provisions of capital adequacy requirements for the Sponsoring Member/ Brokers of their trading exposures under the OTC market shall be applicable as stipulated in Capital Adequacy Rules by the Board from time to time and will be treated separately from the one prescribed for the regular market.

### **c) Trading through ISECTS**

The securities listed under these regulations shall be traded through ISECTS under T+2 Settlement System or any other counter subject to the clearing and settlement procedure as may be decided by the Board with suffix “OTC” added to its symbol.

- d) Non-applicability of short selling regulations

Short/blank selling shall not be permissible on the OTC market.

## **11. DOCUMENTS FOR OFFER FOR SALE**

- a) An offer for sale made to public either directly by the company or by the Sponsoring Member or dealers of the Exchange, shall be accompanied by an offering document to be issued by the company along with all the relevant information and documents.
- b) The offering document will conform to such terms and conditions and specifications as may be laid down by the Exchange or Commission. However the offering documents in all cases will contain a statement to the effect that :
- i. The OTC is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies.
  - ii. A prospective investor should be aware of the risk of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser.
- c) Copies of offering document along with application forms and all other related documents shall be made available by the company at all the counters of the members or their dealers.

## **12. APPLICABILITY OF LISTING REGULATIONS AND OTHER ALLIED MATTERS:**

- a) All the provisions of Listing Regulations of the Exchange presently in force or as amended from time to time shall be applicable to the Company unless otherwise provided in these Regulations.
- b) The Company shall be required to comply with the provisions of the Code of Corporate Governance as provided under Schedule -II to these Regulations.
- c) The Company shall disclose in its offering documents and all subsequent financial statements that the requirement of appointment of Chief Financial Officer (CFO)

and Internal Auditor under the Listing Regulations of the Exchange are not applicable on the company.

- d) The Exchange shall have powers, for reasons to be recorded, to waive or abate the requirements of any of the Regulations in any particular case, with the prior written approval of the Commission.

### **13. APPLICABILITY OF COMPANIES (ISSUE OF CAPITAL) RULES, 1996**

The Companies (Issue of Capital) Rules, 1996 shall be applicable for the listing of companies under these regulations. However, the requirements of the said Rules may be relaxed by the Commission under Rule 10 thereof.

### **14. GENERAL DISCLOSURE OF PRICE SENSITIVE INFORMATION**

An OTC Company must notify the Exchange without delay of any new development which are not in public knowledge concerning a change in:

- i. Its financial condition;
- ii. Its sphere of activity;
- iii. The performance of its business; or
- iv. Its expectation of its performance which, if made public, would be likely to cause a substantial movement in the price of OTC securities.

### **15. RELATED PARTY TRANSACTIONS**

An OTC Company must notify the Exchange without delay, as soon as the terms of a transaction with a related party are agreed disclosing:

- i. The name of the related party concerned and the nature and extent of their interest in the transactions;
- ii. Particulars of the transactions, including the name of any company or business where relevant;
- iii. The affect of the transaction on the OTC Company;
- iv. Any other information necessary to enable investors to evaluate the effect of the transaction on the OTC Company; and v. A statement that with the exception of any Director who is involved in the transaction as a related party, its director considers, having consulted with their sponsoring Member that the terms of the transaction are fair and reasonable in so far as its shareholders are concerned.

### **16. DISCLOSURE OF MISCELLANEOUS INFORMATION**

- i. The resignation, dismissal or appointment of any director giving the date of such occurrences;

- ii. Any change in its accounting reference date;
- iii. Any change in its registered office address;
- iv. Any material change in its actual performance or financial condition;
- v. Any profit forecast, estimate or projection included in the Offer for Sale or otherwise made public on its behalf; and
- vi. The resignation, dismissal or appointment of its Sponsoring Member or Brokers.

**17. RETENTION OF SPONSORING MEMBER**

An OTC Company must retain a Sponsoring Member at all times. If an OTC Company ceases to have a Sponsoring Member, the Exchange will suspend trading in its securities and impose a penalty of Rs. 10,000/- for each day of default.

**18. RETENTION OF BROKER**

An OTC Company must retain a broker at all times.

**19. PRECAUTIONARY SUSPENSION**

The Exchange may suspend the trading of OTC Company where:

- i. trading in those securities is not being conducted in an orderly manner;
- ii. it considers that an OTC Company has failed to comply with these Regulations;
- iii. the protection of investors so requires; or
- iv. the integrity and reputation of the market has been or may be impaired by dealings in those securities.

**20. DISCIPLINARY ACTION**

If the Exchange considers that an OTC Company has contravened these Regulations, it may take the following measures:

- i. fine it;
- ii. censure it;
- iii. publish the fact that it has been fined or censured; and/or
- iv. cancel the admission of its OTC securities

- v. recommend the Commission to appoint an Administrator.

## **21. DISCIPLINARY ACTION AGAINST A SPONSORING MEMBER**

If the Board considers that a Sponsoring Member is either in breach of its responsibilities under Regulation 7, or that the integrity and reputation of OTC market has been or may be impaired as a result of its conduct or judgment, the Board may:

- i. suspend the Sponsoring Member;
- ii. remove it from the register; and/or
- iii. publish the action it has taken and the reasons for that action.

## **22. DOCUMENTS / INFORMATION REQUIRED FOR LISTING**

The company shall apply for listing on the prescribed form and shall furnish all the information and documents duly attested as per details of the documents provided under Schedule-I at the time of listing.

## **23. CHANGES IN THE REGULATIONS**

The Board may with the prior approval of the Commission make any changes in these regulations after giving reasonable notice and publication through the Gazette of Pakistan.

# **THE REGULATIONS GOVERNING OVER THE COUNTER (OTC) MARKET**

## **Schedule-I**

The Exchange will list the securities on the OTC issued by companies registered under Companies Ordinance, 1984. The company/sponsor shall be required to furnish the following documents/information at the time of application for listing:

1. Listing application under Section 9 of the Securities & Exchange Ordinance, 1969 (**Annexure “A”**).
2. Application for submission of undertaking and payment of fee (**Annexure “B”**).
3. An unconditional undertaking under Listing Regulation No. 5 on non –judicial stamp-paper of required value (**Annexure “C”**).
4. An undertaking pertaining to issue of security, computerized transfer deeds, verification of signatures on transfer deeds and intimation of book closure for entitlement of profits (**Annexure D**).
5. Copy of the feasibility report/ information memorandum duly appraised by sponsor justifying the purpose of issue of the security.
6. Copy of underwriting agreement(s), (if applicable) along with No Objection Certificate(s) from the underwriter(s) and confirmation of nonexecution of any buy-back/repurchase agreement(s) with the sponsors and/or with any other person(s). (**Annexure -E**).
7. A copy of the Board Resolution of the issuer for issue of the security.
8. Auditors’ Certificates of the issuing company under section 53(I) read with Clause 28(1) of Section 2 of Part- I of the second schedule to the Companies Ordinance, 1984 and the break-up value per ordinary share on the basis of latest audited accounts along with its calculation.
9. A copy of the security trust deed along with agreement for hypothecation and mortgage documents, in case of debt instrument only.
10. Copies of the consent letters from Bankers to the Issue along with undertaking of the banks concerned, confirming that the subscription money shall be kept in a separate bank account, which shall not be released to the company without prior written approval of the Exchange and/or until the security is formally listed.
11. Copies of individual consents of all Directors, Chief Executive and Secretary of the Company for publishing their names as Directors, Chief Executive and Secretary in the

Offering document of the Company.

12. Name of institution for computer-balloting and letter of acceptance of the institution; (The institution where the arrangements for computer balloting are made shall be an independent entity and should not be associated with the company seeking listing).
13. 25 copies each of the following:
  - i) Memorandum & Articles of Association;
  - ii) Draft offering document (5 copies of the offering document will be submitted in advance and after scrutiny/finalisation, remaining 20 copies will be submitted);
  - iii) Statement of audited accounts for the last 5 years or for a shorter number of years if the company is in operation only for such period. The last audited accounts incorporated in the offering document shall not be older than 6 months from the date of completion of all the relevant documents / information for listing;
14. List of copies of all material contracts and agreements, sanction letters entered into or exchanged with foreign participants, machinery suppliers and with any other financial institutions, with an undertaking to provide and submit to the Exchange the copies of all the other or any of the material contracts, agreements, sanction letters entered into or exchanged with any person, as and when so required by the Exchange.
15. Copy of application submitted with CDC for the security to be the eligible security upon listing.
16. Report of State Bank of Pakistan that the names of promoters/sponsors/controlling directors of the company are not in the Defaulter's List of State Bank of Pakistan either in their individual capacity or in the capacity of Directors of other companies. (This will not apply to nominee Directors of the Government and Financial Institutions).
17. Report of State Bank of Pakistan that the name of the company as well as the names of other companies in which directors of the company are holding directorship are not in the defaulter's list of State Bank of Pakistan.
18. Printed copy of the security certificate duly cancelled.
19. Certified true copy of the Certificate of Incorporation;
20. Certified true copy of the conversion certificate from private to public company; if applicable;
21. Certified true copy of the Certificate of Commencement of Business;
22. Certified true copy of the certificate for change of name, if applicable;



23. Names of Directors/Sponsors and directorship of other companies listed on the Exchange along with confirmation of each Director/ Sponsor under Regulation No.4 -c of the Regulations governing Over the Counter Market (on Company's letter head);
24. In case where the shares are issued to different subscribers at different prices at the same time, those subscribers who are issued shares at lower price shall hold such shares for a period of six months from the date of public subscription. These subscribers shall be issued jumbo certificates with markings "not saleable for six months". (Regulation No. 6 -c of the Regulation governing Over the Counter Market).
25. Application of registration of Sponsoring Member along with copy of agreement entered into with the company under Regulation No. 7 -a(ii) & (iii) of the Regulations Governing Over the Counter Market;
26. Profile of the Sponsoring Member along with a statement in respect of each Director of Sponsoring Member, containing the information under Regulation No. 7-a(iv) of the Regulations Governing Over the Counter Market;
27. Copy of appraisal report of the company carried out by the sponsoring member either on his own or in consultation with any expert together with certification/confirmation under Regulation No.7 -b (i) of the Regulations Governing Over the Counter Market;
28. Consent of primary market makers and additional market maker under Regulation No. 8 of the Regulations Governing Over the Counter Market;
29. Undertaking of sponsoring member for compulsory market making in the scrip of the company under Regulation No.10 (a) of the Regulations governing Over the Counter Market (**Annexure -"F"**).
30. Statement showing the cost of project and means of finance (on company's letterhead);
31. Copies of the agreements relating to issue of securities for consideration other than cash, if any;
32. Names of Directors/ shareholders common to the company and the institutions/ funds, which have subscribed the shares under private placement;
33. Due diligence report(s) of the underwriter(s) justifying the premium asked for by the company under its present issue, if applicable;
34. Copies of airway bills, bills of lading Letter(s) of Credit established in favour of machinery suppliers along with copies of bills of entry. In case the machinery has not been shipped, the company should furnish shipment schedule duly authenticated by the supplier of the machinery;

35. Complete list of plant and machinery along with an affidavit on non-judicial stamp-paper of required value signed by Chief Executive /Managing Director, stating, the name(s) of manufacturer(s) and/or supplier(s); whether it is new, old or reconditioned together with capacity and its utilization;
36. Copies of the title deeds of land;
37. Copy of letter from Chartered Accountant(s) consenting to the Issue of Prospectus/Offer for Sale to act in their respective capacity under Secti on 57(5) of the Ordinance.
38. Copy of letter from Legal Advisor consenting to act in their respective capacity;
39. Copy of letter from consultant to the issue, (if any) consenting to act in their respective capacity. The consultant of the company will also confirm that they have reviewed the contents of the draft prospectus/offer for sale, which are correctly and fairly stated.
40. An affidavit on non-judicial stamp paper of required value signed by the Chief Executive of the company confirming the dates of trial/commercial production;
41. Details of share department in respect of number of employees, their designation, experience, qualification and the timings of public dealing;
42. A complete list of Shareholders /Subscribers, containing their names, addresses and shareholdings;
43. Any other documents/material contract and such other particulars as may be required by the Exchange;

# **CODE OF CORPORATE GOVERNANCE FOR OVER THE COUNTER (OTC) MARKET**

## **Schedule-II**

All companies listed on the OTC Market shall ensure compliance of the following Code of Corporate Governance.

- (i) The directors of listed companies shall, at the time of filing their consent to act as such, give a declaration in such consent that they are aware of their duties and powers under the relevant law(s) and the listed companies' Memorandum and Articles of Association and the listing regulations of stock exchanges in Pakistan.

### **QUALIFICATION AND ELIGIBILITY TO ACT AS A DIRECTOR**

- (ii) No listed company shall have as a director, a person who is serving as a director of ten other listed companies.
- (iii) No person shall be elected or nominated as a director of a listed company if:
  - (a) his name is not borne on the register of National Tax Payers except where such person is a non - resident; and
  - (b) he has been convicted by a court of competent jurisdiction as a defaulter in payment of any loan to a banking company, a Development Financial Institution or a Non -Banking Financial Institution or he, being a member of a stock exchange, has been declared as a defaulter by such the stock exchange; and
- (iv) A listed company shall endeavour that no person is elected or nominated as a director if he or his spouse is engaged in the business of stock brokerage (unless specifically exempted by the Securities and Exchange Commission of Pakistan).

### **TENURE OF OFFICE OF DIRECTORS**

- (v) The tenure of office of Directors shall be three years. Any casual vacancy in the Board of Directors of a listed company shall be filled up by the directors within 30 days thereof.

### **RESPONSIBILITIES, POWERS AND FUNCTIONS OF BOARD OF DIRECTORS**

- (vi) The directors of listed companies shall exercise their powers and carry out their fiduciary duties with a sense of objective judgment and independence in the best interests of the listed company.

(vii) Every listed company shall ensure that:

- (a) a 'Statement of Ethics and Business Practices' is prepared and circulated annually by its Board of Directors to establish a standard of conduct for directors and employees, which Statement shall be signed by each director and employee in acknowledgement of his understanding and acceptance of the standard of conduct;
- (b) the Board of Directors adopt a vision/ mission statement and overall corporate strategy for the listed company and also formulate significant policies, having regard to the level of materiality, as may be determined it;

***Explanation:***

Significant policies for this purpose may include:

- risk management;
- human resource management including preparation of a succession plan;
- procurement of goods and services;
- marketing;
- determination of terms of credit and discount to customers;
- write-off of bad/ doubtful debts, advances and receivables;
- acquisition/ disposal of fixed assets;
- investments;
- borrowing of moneys and the amount in excess of which borrowings shall be sanctioned/ ratified by a general meeting of shareholders;
- donations, charities, contributions and other payments of a similar nature;
- determination and delegation of financial powers;
- transactions or contracts with associated companies and related parties; and
- health, safety and environment

A complete record of particulars of the significant policies, as may be determined, along with the dates on which they were approved or amended by the Board of Directors shall be maintained.

The Board of Directors shall define the level of materiality, keeping in view the specific circumstances of the listed company and the recommendations of any technical or executive sub-committee of the Board that may be set up for the purpose;

- (c) the Board of Directors establish a system of sound internal control, which

is effectively implemented at all levels within the listed company;

- (d) the following powers are exercised by the Board of Directors on behalf of the listed company and decisions on material transactions or significant matters are documented by a resolution passed at a meeting of the Board:
- investment and disinvestment of funds where the maturity period of such investments is six months or more, except in the case of banking companies, Non-Banking Financial Institutions, trusts and insurance companies;
  - determination of the nature of loans and advances made by the listed company and fixing a monetary limit thereof;
  - write-off of bad debts, advances and receivables and determination of a reasonable provision for doubtful debts;
  - write-off of inventories and other assets; and
  - determination of the terms of and the circumstances in which a law suit may be compromised and a claim/ right in favour of the listed company may be waived, released, extinguished or relinquished;
- (e) appointment, remuneration and terms and conditions of employment of the Chief Executive Officer (CEO) and other executive directors of the listed company are determined and approved by the Board of Directors; and
- (f) in the case of a modaraba or a Non -Banking Financial Institution, whose main business is investment in listed securities, the Board of Directors approve and adopt an investment policy, which is stated in each annual report of the modaraba/ Non-Banking Financial Institution.

***Explanation:***

The investment policy shall inter alia state:

- that the modaraba/ Non-Banking Financial Institution shall not invest in a connected person, as defined in the Asset Management Companies Rules, 1995, and shall provide a list of all such connected persons;
- that the modaraba/ Non -Banking Financial Institution shall not invest in shares of unlisted companies; and
- the criteria for investment in listed securities.

The Net Asset Value of each modaraba/ Non -Banking Financial Institution shall be provided for publication on a monthly basis to the stock exchange on which its shares/certificates are listed.

### **MEETING OF THE BOARD**

- (viii) The Chairman of a listed company, if present, shall preside over meetings of the Board of Directors.
- (ix) The Board of Directors of a listed company shall meet at least once in every quarter of the financial year. Written notices (including agenda) of meetings shall be circulated not less than seven days before the meetings, except in the case of emergency meetings, where the notice period may be reduced or waived.
- (x) The Chairman of a listed company shall ensure that minutes of meetings of the Board of Directors are appropriately recorded. The minutes of meetings shall be circulated to directors and officers entitled to attend Board meetings not later than 30 days thereof, unless a shorter period is provided in the listed company's Articles of Association.

In the event that a director of a listed company is of the view that his dissenting note has not been satisfactorily recorded in the minutes of a meeting of the Board of Directors, he may refer the matter to the Company Secretary. The director may require the note to be appended to the minutes, failing which he may file an objection with the Securities and Exchange Commission of Pakistan in the form of a statement to that effect.

### **SIGNIFICANT ISSUES TO BE PLACED FOR DECISION BY THE BOARD OF DIRECTORS**

- (xi) In order to strengthen and formalize corporate decision-making process, significant issues shall be placed for the information, consideration and decision of the Boards of Directors of listed companies.

Significant issues for this purpose may include:

- annual business plans, cash flow projections, forecasts and long term plans;
- budgets including capital, manpower and overhead budgets, along with variance analyses;
- quarterly operating results of the listed company as a whole and in terms of its operating divisions or business segments;
- internal audit reports, including cases of fraud or irregularities of a material nature;
- management letter issued by the external auditors;
- details of joint venture or collaboration agreements or agreements with

- distributors, agents, etc;
- promulgation or amendment of a law, rule or regulation, enforcement of an accounting standard and such other matters as may affect the listed company;
- status and implications of any law suit or proceedings of material nature, filed by or against the listed company;
- any show cause, demand or prosecution notice received from revenue or regulatory authorities, which may be material;
- default in payment of principal and/or interest, including penalties on late payments and other dues, to a creditor, bank or financial institution or default in payment of public deposit;
- failure to recover material amounts of loans, advances, and deposits made by the listed company, including trade debts and inter-corporate finances;
- any significant accidents, dangerous occurrences and instances of pollution and environmental problems involving the listed company;
- significant public or product liability claims likely to be made against the listed company, including any adverse judgement or order made on the conduct of the listed company or of another company that may bear negatively on the listed company;
- disputes with labour and their proposed solutions, any agreement with the labour union or Collective Bargaining Agent and any charter of demands on the listed company; and
- payment for goodwill, brand equity or intellectual property.

## **ORIENTATION COURSES**

- (xii) All listed companies shall make appropriate arrangements to carry out orientation courses for their directors to acquaint them with their duties and responsibilities and enable them to manage the affairs of the listed companies on behalf of shareholders.

## **COMPANY SECRETARY**

### **Appointment and Approval**

- (xiii) The appointment, remuneration and terms and conditions of employment of the Company Secretary of listed companies shall be determined by the CEO with the approval of the Board of Directors.

The Company Secretary of listed companies shall not be removed except by the CEO with the approval of the Board of Directors.

### **Qualification of Company Secretary**

- (xiv) No person shall be appointed as the Company Secretary of a listed company unless he is:

- (a) a member of a recognized body of professional accountants; or
- (b) a member of a recognized body of corporate/ chartered secretaries; or
- (c) a lawyer; or
- (d) a graduate from a recognized university or equivalent, having at least five years experience of handling corporate affairs of a listed public company or corporation.

### **Requirement to Attend Board Meetings**

- (xv) The Company Secretary of a listed company shall attend meetings of the Board of Directors.

Provided that unless elected as a director, the Company Secretary shall not be deemed to be a director or entitled to cast a vote at meetings of the Board of Directors for the purpose of this clause. Provided further that the Company Secretary shall not attend such part of a meeting of the Board of Directors, which involves consideration of an agenda item relating to the Company Secretary, CEO or any director.

## **CORPORATE AND FINANCIAL REPORTING FRAMEWORK**

### **The Directors' Report to Shareholders**

- (xvi) The directors of listed companies shall include statements to the following effect in the Directors' Report, prepared under section 236 of the Companies Ordinance, 1984:
  - (a) The financial statements, prepared by the management of the listed company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
  - (b) Proper books of account of the listed company have been maintained.
  - (c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
  - (d) International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
  - (e) The system of internal control is sound in design and has been effectively implemented and monitored.
  - (f) There are no significant doubts upon the listed company's ability to continue as a going concern.



(g) There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.

The Directors' Reports of listed companies shall also include the following, where necessary:

- (a) If the listed company is not considered to be a going concern, the fact along with reasons shall be disclosed.
- (b) Significant deviations from last year in operating results of the listed company shall be highlighted and reasons thereof shall be explained.
- (c) Key operating and financial data of last six years shall be summarised.
- (d) If the listed company has not declared dividend or issued bonus shares for any year, the reasons thereof shall be given.
- (e) Where any statutory payment on account of taxes, duties, levies and charges is outstanding, the amount together with a brief description and reasons for the same shall be disclosed.
- (f) Significant plans and decisions, such as corporate restructuring, business expansion and discontinuance of operations, shall be outlined along with future prospects, risks and uncertainties surrounding the listed company.
- (g) The number of Board meetings held during the year and attendance by each director shall be disclosed.
- (h) The pattern of shareholding shall be reported to disclose the aggregate number of shares (along with name wise details where stated below) held by:
  - associated companies, undertakings and related parties (name wise details);
  - NIT and ICP (name wise details);
  - directors, CEO and their spouse and minor children (name wise details);
  - executives;
  - public sector companies and corporations;
  - banks, Development Finance Institutions, Non-Banking Finance Institutions, insurance companies, modarabas and mutual funds; and
  - shareholders holding ten percent or more voting interest in the listed company (name wise details).

***Explanation:***

For the purpose of this clause, clause (b) of direction (i) and direction (xxiii), the expression "executive" means an employee of a listed company other than the CEO and directors whose basic

salary exceeds five hundred thousand rupees in a financial year.

- (i) All trades in the shares of the listed company, carried out by its directors, CEO, Company Secretary and their spouses and minor children shall also be disclosed.

### **Frequency of Financial Reporting**

- (xvii) The quarterly unaudited financial statements of listed companies shall be published and circulated along with directors' review on the affairs of the listed company for the quarter.
- (xviii) All listed companies shall ensure that second quarterly financial statements are subjected to a limited scope review by the statutory auditors in such manner and according to such terms and conditions as may be determined by the Institute of Chartered Accountants of Pakistan and approved by the Securities and Exchange Commission of Pakistan.
- (xix) All listed companies shall in the form and manner specified by the Commission ensure that the annual audited financial statements are sent to every member of the company at least twenty-one (21) days before the Annual General Meeting is held to consider the same.
- (xx) Every listed company shall immediately disseminate to the Securities and Exchange Commission of Pakistan and the stock exchange on which its shares are listed all material information relating to the business and other affairs of the listed company that will affect the market price of its shares. Mode of dissemination of information shall be prescribed by the stock exchange on which shares of the company are listed. This information may include but shall not be restricted to information regarding a joint venture, merger or acquisition or loss of any material contract; purchase or sale of significant assets; any unforeseen or undisclosed impairment of assets due to technological obsolescence, etc.; delay/ loss of production due to strike, fire, natural calamities, major breakdown, etc.; issue or redemption of any securities; a major change in borrowings including any default in repayment or rescheduling of loans; and change in directors, Chairman or CEO of the listed company.

### **Responsibility for Financial Reporting and Corporate Compliance**

- (xxi) No listed company shall circulate its financial statements unless the CEO present the financial statements, duly endorsed under his respective signatures, for consideration and approval of the Board of Directors and the Board, after consideration and approval, authorize the signing of financial statements for issuance and circulation.

It shall be mandatory for the CEO to have the second quarter and annual accounts

(both separate and consolidated where applicable) initialed by the external auditors before presenting it to the audit committee and Board of Directors for approval.

- (xxii) The Company Secretary of a listed company shall furnish a Secretarial Compliance Certificate, in the prescribed form, as part of the annual return filed with the Registrar of Companies to certify that the secretarial and corporate requirements of the Companies Ordinance, 1984 have been duly complied with.

#### **Disclosure of Interest by a Director Holding Company's Shares**

- (xxiii) Where any director, CEO or executive of a listed company or their spouses sell, buy or take any position, whether directly or indirectly, in shares of the listed company of which he is a director, CEO or executive, as the case may be, he shall immediately notify in writing the Company Secretary of his intentions. Such director, CEO or executive, as the case may be, shall also deliver a written record of the price, number of shares, form of share certificates (i.e. whether physical or electronic within the Central Depository System) and nature of transaction to the Company Secretary within four days of effecting the transaction. The notice of the director, CEO or executive, as the case may be, shall be presented by the Company Secretary at the meeting of the Board of Directors immediately subsequent to such transaction. In the event of default by a director, CEO or executive to give a written notice or deliver a written record, the Company Secretary shall place the matter before the Board of Directors in its immediate next meeting:

Provided that each listed company shall determine a closed period prior to the announcement of interim/ final results and any business decision, which may materially affect the market price of its shares. No director, CEO or executive shall, directly or indirectly, deal in the shares of the listed company in any manner during the closed period.

#### **Auditors Not to Hold Shares**

- (xxiv) All listed companies shall ensure that the firm of external auditors or any partner in the firm of external auditors and his spouse and minor children do not at any time hold, purchase, sell or take any position in shares of the listed company or any of its associated companies or undertakings:

Provided that where a firm or a partner or his spouse or minor child owns shares in a listed company, being the audit client, prior to the appointment as auditors, such listed company shall take measures to ensure that the auditors disclose the interest to the listed company within 14 days of appointment and divest themselves of such interest not later than 90 days thereof.

#### **Divestiture of Shares by Sponsors/Controlling Interest**

(xxv) In the event of divestiture of not less than 75% of the total shareholding of a listed company, other than a divestiture by non-resident shareholder(s) in favour of other non-resident shareholder(s) or a disinvestment through the process of privatization by the Federal or Provincial Government, at a price higher than the market value ruling at the time of divestiture, it shall be desirable and expected of the directors of the listed company to allow the transfer of shares after it has been ascertained that an offer in writing has been made to the minority shareholders for acquisition of their shares at the same price at which the divestiture of majority shares was contemplated. Where the offer price to minority shareholders is lower than the price offered for acquisition of controlling interest, such offer price shall be subject to the approval of the Securities and Exchange Commission of Pakistan.

### **External Auditors**

(xxvi) No listed company shall appoint as external auditors a firm of auditors which has not been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan.

(xxvii) No listed company shall appoint as external auditors a firm of auditors which firm or a partner of which firm is non-compliant with the International Federation of Accountants' (IFAC) Guidelines on Code of Ethics, as adopted by the Institute of Chartered Accountants of Pakistan.

(xxviii) The Board of Directors of a listed company shall recommend appointment of external auditors for a year. The recommendations of the Board of Directors for appointment of retiring auditors or otherwise shall be included in the Directors' Report. In case of a recommendation for change of external auditors before the elapse of three consecutive financial years, the reasons for the same shall be included in the Directors' Report.

(xxix) No listed company shall appoint its auditors to provide services in addition to audit except in accordance with the regulations and shall require the auditors to observe applicable IFAC guidelines in this regard and shall ensure that the auditors do not perform management functions or make management decisions, responsibility for which remains with the Board of Directors and management of the listed company.

(xxx) (a) All listed companies in the financial sector shall change their external auditors every five years. Financial sector, for this purpose, means Banks, Non-Banking Finance Companies (NBFCs), Modarabas and Insurance Companies; and

(b) All listed companies other than those in the financial sector shall, at a minimum, rotate the engagement partner after every five years.

- (xxxii) No listed company shall appoint a person as the CEO or a director of the listed company who was a partner of the firm of its external auditors (or an employee involved in the audit of the listed company) at any time during the two years preceding such appointment or is a close relative, i.e. spouse, parents, dependents and non-dependent children, of such partner (or employee).
- (xxxiii) Every listed company shall require external auditors to furnish a Management Letter to its Board of Directors not later than 30 days from the date of audit report.
- (xxxiiii) Every listed company shall require a partner of the firm of its external auditors to attend the Annual General Meeting at which audited accounts are placed for consideration and approval of shareholders.

### **Compliance with the Code of Corporate Governance**

- (xxxv) All listed companies shall publish and circulate a statement along with their annual reports to set out the status of their compliance with the best practices of corporate governance set out above.
- (xxxvi) All listed companies shall ensure that the statement of compliance with the best practices of corporate governance is reviewed and certified by statutory auditors, where such compliance can be objectively verified, before publication by listed companies.
- (xxxvii) Where the Securities and Exchange Commission of Pakistan is satisfied that it is not practicable to comply with any of the best practices of corporate governance in a particular case, the Commission may, for reasons to be recorded, relax the same subject to such conditions as it may deem fit.

Annexure "A"

FORM -I

**FORM OF APPLICATION UNDER SECTION 9 OF  
THE SECURITIES AND EXCHANGE ORDINANCE, 1969  
FOR LISTING SECURITIES ON STOCK EXCHANGE**

Dated: \_\_\_\_\_

The Secretary  
Islamabad Stock Exchange (Guarantee) Limited  
Islamabad

Dear Sir,

1. We hereby apply for the listing of our (Name of security) of our company on your Stock Exchange.
2. Necessary information and documents as required in the annexure to this form are furnished.

Yours faithfully,

**SIGNATURE & ADDRESS**

*c.c. to:*  
Securities & Exchange Commission of Pakistan  
ISLAMABAD

## **ANNEXURE TO FORM -I**

The following particulars and documents shall be annexed to the Listing application, namely:

1. Memorandum & Articles of Association;
2. Copies of audited financial statements for the last five years or for a shorter number of years if the company has been in existence only for such period;
3. A brief history of the company since incorporation giving details of its activities including any reorganization, changes in its capital structure and borrowings.
4. A statement showing:-
  - (a) dividend and bonuses paid during the last 10 years or such shorter period as the company may have been in existence;
  - (b) dividend or interest in arrears, if any.
5. Certified copies of agreements or other documents relating to arrangements with or between:
  - (a) vendors and/or promoter
  - (b) underwriters
  - (c) brokers
6. Certified copies of agreements with :-
  - (a) managing agents
  - (b) selling agents
  - (c) Managing Director and technical directors.
7. A statement containing particulars, dates of and parties to all material contracts, agreements (including agreements for technical advice and collaboration), concessions and similar other documents except those entered into in the normal course of the company's business or intended business together with a brief description of the terms of such agreements.
8. Certified copies of the agreements with the NIT, ICP, PICIC, IDBP or any other financial institution.
9. Names and addresses of the directors and persons holding ten per cent or more of any class of equity security as on the date of application together with the number of shares or any debt instrument held by each.
10. Particulars of the security for which listing is sought.
11. Additional information/documents that may be called by the Exchange.

**FORM -II**

**FORM FOR SUBMISSION OF UNDERTAKING AND PAYMENT OF FEES**

Dated:\_\_\_\_\_

The Secretary  
Islamabad Stock Exchange (Guarantee) Limited  
Islamabad

Dear Sir,

**Re: LISTING OF (NAME OF SECURITY) ON THE STOCK EXCHANGE**

With reference to our Listing application under Section 9 of the Securities and Exchange Ordinance, 1969, we enclose herewith the following:-

1. An unconditional undertaking under the Common Seal of the company duly signed in accordance with the provisions contained in our Articles of Association.
2. A cheque of Rs.\_\_\_\_\_ towards Initial Listing Fee at the rate one twentieth of one per cent of the total value of (Name of security) of Rs.\_\_\_\_\_.
3. A cheque of Rs.\_\_\_\_\_ towards Annual Listing Fee as per the slabs of fee applicable to debt instruments.
4. A cheque of Rs.\_\_\_\_\_ towards payment of service charges.

Yours faithfully,



Annexure "C"

**FORM OF UNCONDITIONAL UNDERTAKING UNDER LISTING  
REGULATION  
NO. 5 ON NON-JUDICIAL STAMP PAPER OF REQUIRED VALUE**

Dated: \_\_\_\_\_

The Governing Board of Directors  
Islamabad Stock Exchange (Guarantee) Limited  
Islamabad

**UNDERTAKING**

We undertake, unconditionally, to abide by the Regulations Governing Over the Counter (OTC) Market and Listing Regulations of the Islamabad Stock Exchange (Guarantee) Limited which presently are, or hereinafter may be in force.

We further undertake:

1. That our (Name of security) shall be quoted on the OTC List at the discretion of the Exchange;
2. That the Exchange shall not be bound by our request to remove the (Name of security) from the OTC List;
3. That the Exchange shall have the right, at any time to suspend or remove the (Name of security) for any reason which the Exchange consider sufficient in public interest.
4. That such provisions in the Articles of Association of our company or in any declaration or agreement relating to any other security as are or otherwise not deemed by the Exchange to be in conformity with the Listing Regulations of the Exchange shall, upon being called upon by the Exchange, be amended to supersede the Articles of Association of our company or the nominee relating to the other securities to the extent indicated by the Exchange for purposes of amendment and we shall not raise any objection in relation to a direction by the Exchange for such amendment; and
5. That our company and/or the security may be de-listed by the Exchange in the event of non-compliance and breach of this undertaking.

Common Seal of the Company (**Signature of Authorised Person** )

**Annexure “D”**

Dated: \_\_\_\_\_

The Secretary,  
Islamabad Stock Exchange (Guarantee) Limited,  
Stock Exchange Building,  
Stock Exchange Road,  
ISLAMABAD

**UNDERTAKING**

We, \_\_\_\_\_ have applied for Listing of our (Name of security) on your Exchange. In case our application is approved, we hereby undertake as under:-

1. That we will issue (Name of security) either in scripless form in the Central Depository System (CDS) or in the shape of physical scrip along with computerized transfer deeds on the basis of option exercised by the successful applicants within 30 days from the date of allotment.
2. That (Name of security) in the physical scrip shall be dispatched through the bankers to the issue whereas scrip less (Name of security) shall be directly credited through book entry into the respective CDC accounts of the allottees maintained with Central Depository Company of Pakistan Limited (CDC).
3. That we will arrange to verify the signature on Transfer Deeds in Islamabad at least for a period of 30 days after Official Listing of our Company.
4. That we will return the Transfer Deeds duly verified within 48 hours Lodged for verification of signatures.
5. That we will intimate the Exchange the dates of book closure for entitlement of profit by giving 21 days clear notice

\_\_\_\_\_  
**Managing Director/Chief Executive**

**Annexure "E"**

Dated: \_\_\_\_\_

The Secretary  
Islamabad Stock Exchange (Guarantee) Limited  
Stock Exchange Building  
Stock Exchange Road  
ISLAMABAD

Dear Sir,

Re: **NO OBJECTION CERTIFICATE**

We the undersigned have entered into an Underwriting Agreement with \_\_\_\_\_ on \_\_\_\_\_.

The terms of which are as follows:

- i. Value of (Name of the security) underwritten Rs. \_\_\_\_\_ Million
- ii. Underwriting Commission \_\_\_\_\_%
- iii. Take-up Commission \_\_\_\_\_%
- iv. The Underwriting Agreement is Valid Upto \_\_\_\_\_

We have no objection for offering the (Name of security) of the total value of Rs. \_\_\_\_\_ million and publication of its Offering document in the newspapers.

We further confirm that we have not entered into any buy-back or repurchase agreement in respect of the (Name of security) underwritten with the sponsors or any other person under the said agreement.

Yours truly,

\_\_\_\_\_  
**Name and Designation of the person authorized  
to sign on behalf of Underwriter**

ANNEXURE "F"

**FORM OF UNCONDITIONAL UNDERTAKING**  
**UNDER REGULATION NO. 10(a) ON**  
**NON -JUDICIAL STAMP PAPER OF REQUIRED VALUE**

The Secretary  
Islamabad Stock Exchange (Guarantee) Limited  
Islamabad.

**UNDERTAKING**

We (Name of Brokerage House ), have been appointed as the primary Market Maker of (Name of Company) that have applied for listing on the Exchange on Over the Counter Market.

We the Market Maker in the security of the company hereby undertake as under:-

1. That we will abide by the provisions of the Regulations Governing Over the Counter Market, which presently are, or hereinafter may be in force.
2. That we will compulsorily make market in the scrip of the company at least for a period of three years from the date of commencement of trading on the Exchange and shall not withdraw from such Market Making obligation until another Market maker has been appointed under the OTC Rules and the Exchange has given its consent for such withdrawal.
3. That we will quote bids and offer in the security of the company within the specific price bands which shall not be more than 5% upward or downward fluctuations.

Yours faithfully

Common Seal of the company (**Signature of Authorised Person**)

# **LISTING OF DEBT MARKET SECURITIES ISSUED TO QIBs THROUGH PRIVATE PLACEMENT**

## **SCHEDULE-III**

### **1. Conditions Applicable to the Company**

The following conditions shall apply to the Company for listing of Debt Market Securities under regulation 3(II):

- (i) The Company shall provide to the Exchange the following along-with the application under regulation 3(ii) of these Regulations:
  - a. Documents/information as given at Annexure-DI;
  - b. An unconditional undertaking on the format as given at Annexure-DIII; and
  - c. Any other document/material/information as may be required by the Exchange.
  
- (ii) The Company shall ensure, before issuance of Debt Market Securities to QIBs that:
  - a. a Trustee is appointed irrespective of the fact whether the Debt Market Securities are secured or otherwise and shall be retained as Trustee at all times;
  - b. the Trustee so appointed may, subject to prior approval of the Exchange, retire from his office on appointment of a new Trustee and the retirement shall take effect at the same time as the new Trustee is appointed with the approval of the Exchange or from the date of assumption of assets of the Company by the newly appointed Trustee, whichever is later.
  - c. at least one corporate brokerage house registered with the Commission as broker shall be appointed and retained as Market Maker at all times;
  - d. the Market Maker so appointed shall hold five percent of the said Debt Market Securities at all times;
  - e. the Market Maker shall mandatorily make available two way quotes on daily basis with a maximum spread of 2.5% till complete redemption of the Debt Market Securities;
  - f. the Market Maker shall be bound to purchase or sale a maximum of one percent of total principal outstanding of the issue in each Debt Market Security during a business day;
  - g. the Market Maker shall make available copy of the Information Memorandum to QIBs at all times;
  - h. the Debt Market Securities are issued only in demat form; and
  - i. the proceeds of Debt Market Securities shall not be utilized, directly or indirectly, for financing acquisition of the voting shares of its associated company.
  
- (iii) The Company shall, till complete redemption of the Debt Market Securities, ensure that:

- a. in case of secured Debt Market Securities, 100% security cover is maintained at all times;
  - b. the unclaimed interest, if any, is not forfeited and is kept under a separate head of account namely, "Unclaimed Interest";
  - c. upon request by a Debt Market Securities holder, copy of its annual audited accounts and quarterly accounts are furnished to that Debt Market Securities holder;
  - d. a record date is fixed and transfer is closed for purposes of payment of interest and payment of redemption or repayment amount or for such other purposes as the Exchange may require and to give to the Exchange the notice in advance of at least seven clear working days, or of as many days as the Exchange may from time to time reasonably prescribe, stating the dates of closure of transfers (or, when transfers are not to be closed, the date fixed for taking a record of its Debt Market Securities holders) and specifying the purpose or purposes for which the transfers are to be closed (or the record is to be taken);
  - e. any material modification is not made in the structure of the Debt Market Securities in terms of coupon, conversion, redemption by any manner otherwise than that as disclosed in the Information Memorandum, or otherwise without prior written approval of the Exchange, Trustee and the Debt Market Securities holders. The Company shall make an application to the Exchange for seeking modification only after approval of the Board of Directors, the Trustee and the Debt Market Securities holders;
  - f. the Company Secretary or any other person as Compliance Officer is designated who (1) shall be responsible for ensuring compliance with the regulatory provisions applicable to such Debt Market Securities and report the same at the meeting of the Board of Directors of Company held subsequently; and (2) shall directly report to the Exchange and the Trustee on the implementation of various clauses of these Regulations and other directives of the Exchange, if any;
  - g. fee with respect to the listing of Debt Market Securities is paid to the Exchange in the manner as prescribed in the Regulations; and
  - h. all relevant provisions of the regulations of the Exchange for listing, trading, clearing and settlement of transactions and other allied matters in Debt Securities Market are complied with.
- (iv) The Company shall forward to the Trustee promptly, whether a request for the same has been made or not in respect of following information/documents:
- (a) copy of the latest audited annual accounts and quarterly accounts as and when finalized along with key financial ratios.
  - (b) the ratios shall include debt/equity ratio, current ratio, return on equity, return on assets, earning per share, debt service coverage ratio, interest service coverage ratio etc., where applicable;
  - (c) copy of the notice, resolution and circular relating to new issue of Debt Market Securities at the same time as it is sent to the Commission, the Exchange or the shareholders/ Debt Market Securities holders;

- (d) copy of the notice, letter, circular, etc. issued to the Debt Market Securities holders or published in the print media relating to the issue of Debt Market Securities;
  - (e) certificate from the auditors of the Company regarding maintenance of 100% security cover in respect of secured Debt Market Securities on semi-annual basis within one month of the closing of each half year;
  - (f) redemption status of the Debt Market Securities on semi-annual basis till it is fully redeemed;
  - (g) status of redemption reserve, if any; and
  - (h) any other information/document as required by the Trustee.
- (v) The Company shall provide access to the Trustee to the books of accounts and record relating to the Debt Market Securities.
- (vi) The Company shall provide any other information/documents as required by the Exchange in addition to the information mentioned above in (b), (e) (f), (g) of para (iv).
- (vii) In case, where the equity shares of the Company are not listed on the Exchange, in addition to the documents/information as mentioned in (a), (b), (c), (d) of para (iv) above, the Company shall immediately notify to the Exchange the following:
- (a) prohibitory order, if any, restraining the Company from transferring debt market securities from the name of any Debt Market Securities holder;
  - (b) any action which will result in the redemption, conversion, cancellation, retirement in whole or in part of any Debt Market Securities;
  - (c) any action that would adversely affect payment of principal amount and mark up/interest/profit on the Debt Market Securities;
  - (d) any change in the form or nature of any of its debt securities that are listed on the Exchange or in the rights or privileges of the holders;
  - (e) any other change that would affect the rights and obligations of the Debt Market Securities holders;
  - (f) any other information not in the public domain necessary to enable the holders of debt market securities to clarify their position and to avoid the creation of a false market in such debt market securities;
  - (g) the date of the meetings of its Board of Directors at which the recommendation or declaration of issue of Debt Market Securities or any other matter affecting the rights or interests of holders of Debt Market Securities is proposed to be taken up, at least two days in advance;
  - (h) any changes in the general character or nature of business / activities, disruption of operation due to natural calamity, revision/ withdrawal of credit rating and commencement of commercial production / commercial operations;
  - (i) any event such as strike and lock out, which have a bearing on the interest payment/ principal repayment capacity of the Company;
  - (j) detail of any letter or comments made by the Trustee regarding payment/non-payment of mark up/interest/profit on due dates, payment/nonpayment of principal amount on the due dates or any other matter concerning the Debt Market

- Securities, the Company and the assets backing the Debt Market Securities along with its comments thereon, if any;
- (k) any delay/default in payment of mark up/ interest/ profit and principal amount for a period of more than fifteen days from the due date;
  - (l) its failure to create charge on the assets within the stipulated time period; and
  - (m) any other information having bearing on the operation/performance of the Company as well as price sensitive information.
- (viii) The Company shall maintain a record of Debt Market Securities holders and inform the Exchange and the Trustee of the address where the register is kept.

## **2. General Conditions**

The following conditions, in addition to the above, shall also apply to Debt Market Securities listed under regulation 3(II):

- (i) The Debt Market Securities shall be offered only to QIBs entirely through private placement by circulation of Information Memorandum. In addition to circulation of Information Memorandum, Debt Market Securities may also be offered through meetings, telephone calls, conference calls and specific correspondence with QIBs;
- (ii) No advertising material, booklet, flyer, magazine, circular or any other document inviting general public or a class of the general public for subscription of the Debt Market Securities shall be published, displayed or run in the print or electronic media;
- (iii) The Debt Market Securities shall not be issued to and transferred in the names of persons other than QIBs;
- (iv) The Debt Market Securities shall not be allotted to sponsors, associates and associated companies/undertakings in excess of 25% of the total issue size;
- (v) The Debt Market Securities shall not be allotted to a single QIB in excess of 25% of the total issue;
- (vi) Minimum investment amount by a single QIB shall not be less than Rs. 1 million;
- (vii) Number of initial subscribers of the Debt Market Securities shall not be less than thirty (30);
- (viii) All Debt Market Securities other than Short Term shall be rated from a rating agency registered with the Commission and both the instrument and entity rating shall be disclosed in the Information Memorandum. The credit rating report of the entity and the instrument shall be prepared on the basis of the Company's latest audited accounts and duly reviewed if it is older than six months. In case where the instrument and entity rating is obtained from more than one credit rating agencies, all the ratings, including the unaccepted rating(s), shall be disclosed in the Information Memorandum;
- (ix) The instrument rating shall be reviewed annually based on the latest audited accounts from the credit rating agency and revision in the rating shall be intimated promptly by the Company to the Exchange and the Trustee. The information relating to credit rating of instrument shall also be disseminated through the Exchange's website;
- (x) The Company shall submit, to the Exchange and the Trustee, a statement regarding the payment of mark up/profit/interest on Debt Market Securities and redemption of the



principle amount, regularly on semi-annual basis till complete redemption of such Debt Market Securities; and

- (xi) The Debt Market Securities shall be traded or the off market trades shall be reported through the platform provided by the Exchange.

### **3. Contents of Information Memorandum**

- (i) The Information Memorandum to be circulated to QIBs for offer of Debt Market Securities shall contain at least the information as provided in Annexure-DII to these Regulations
- (ii) Information Memorandum shall be a private document and shall be circulated only to QIBs.
- (iii) Information Memorandum shall not be used as a document inviting the general public or a class of the general public for subscription of Debt Market Securities.

### **4. Procedure for Listing of Debt Market Securities Under Regulation 3(ii)**

For listing of Debt Market Securities under regulation 3(II) the following steps shall be followed:

- (i) The Company, after finalization of the list of subscribers, shall, for listing of its Debt Market Securities, make an application on Form-DI to the Exchange along with the documents/information as mentioned in Regulation 1(i);
- (ii) The Information Memorandum circulated by the Company among QIBs inviting them for subscription of Debt Market Securities shall not be considered as a prospectus and, therefore, shall not be issued, published and circulated to the general public or a class of the general public;
- (iii) The Exchange may reject any application, made under regulation 3(II), at its sole discretion if it deems that listing of the Debt Market Securities is not in the interest of the market, the Company does not meet the minimum eligibility criteria set out in the Regulations or the Company is in contravention of these Regulations; Provided that, the Company shall be given an opportunity of hearing by the Exchange before the listing application is rejected;
- (iv) Trading in Debt Market Securities listed under regulation 3(II) shall commence one day after the date of their formal listing;
- (v) Payment of mark up and repayment of principle amount to Debt Market Securities holders shall be credited in their respective bank accounts electronically;

### **5. Listing and Annual Fees**

- (i) A company applying for listing of its Debt Market Securities under regulation 3(II) of these Regulations shall pay an initial listing fee equivalent to one twentieth of one percent of the total issue size of Debt Market Securities subject to a maximum of Rs. 0.5 million.
- (ii) The annual listing fee shall be payable in respect of each financial year of the Exchange, commencing from 1st July and ending on 30th June next, before the 30<sup>th</sup> September in each calendar year, as per following schedule:

<b>S. No.</b>	<b>Total Issue Size</b>	<b>Amount of fee</b>
i.	Upto Rs. 150 million	Rs. 30,000/-
ii.	Above Rs.150 million & upto Rs.500 million	Rs. 40,000/-
iii	Above Rs. 500 million	Rs. 50,000/-

Provided that the Board may revise the above fees or any of the slabs or add new slabs with the approval of the Commission.

**FORM-DI**

**FORM OF APPLICATION UNDER SECTION 9 OF THE SECURITIES AND  
EXCHANGE ORDINANCE, 1969 FOR LISTING OF DEBT MARKET SECURITIES  
UNDER REGULATION 3(II) OF THE REGULATIONS**

[This shall be on the Letterhead of the Company]

Dated: \_\_\_\_\_

The Secretary,  
Islamabad Stock Exchange (Guarantee) Limited,  
Islamabad.

Dear Sir,

1. We hereby apply for listing of (Name of Debt Market Securities) of (Name of the Company) on your Stock Exchange.
2. Necessary documents/information as required under clause 1(i) of Schedule-III of these Regulations are enclosed.

[Name, designation and signature of the CEO, CFO or the Company Secretary duly authorized by the Board of Directors of the Company by way of resolution to make an application on behalf of the Company]

Copy for information to:  
The Securities and Exchange Commission of Pakistan, Islamabad.

## Annexure-DI

### DOCUMENTS / INFORMATION REQUIRED TO BE SUBMITTED ALONG WITH APPLICATION FOR LISTING OF DEBT MARKET SECURITIES UNDER REGULATION 3(II) OF THE REGULATIONS

A company applying for listing of its Debt Market Securities under regulation 3(II) of the Regulations shall provide the following documents/information along with application:

- (i) Copy of the resolution passed by the Board of Directors of the company approving issuance of Debt Market Securities to QIBs through private placement and submission of application to the Exchange for listing along with minutes of the meetings.
- (ii) Names of the Directors of the company along with their directorships in other companies, if any.
- (iii) Copy of the license, consent, approval, NOC etc. from the concerned regulatory authority for undertaking/ carrying on the business.
- (iv) Copy of the Information Memorandum prepared for circulation among QIBs.
- (v) Pay Order/Bank Draft/Cheque in favour of the Exchange for payment of initial listing fee at the rate as mentioned in Schedule-III of the Regulations.
- (vi) Pay Order/Bank Draft/Cheque in favour of the Exchange for payment of annual listing fee at the rate as mentioned in Schedule-III of the Regulations.
- (vii) Confirmation by the Company that all the subscribers of the Debt Market Securities are eligible QIBs.
- (viii) In case of secured Debt Market Securities, an undertaking on non-judicial stamp paper by the Company stating that appropriate and sufficient security has been created in favour of the Trustee, that the assets on which charge has been created in favour of the Trustee are free from any encumbrances and that permission/NOC/ consent of the existing creditors who have charge on such assets has been obtained for creation of charge on these assets in favour of the Trustee.
- (ix) Certificate from the company's auditors testifying receipt of the subscription money from all the subscribers of the Debt Market Securities.
- (x) Copy of power of attorney in favor of the Consultant of the Company, if any.
- (xi) Copy of the consent letter from the consultant (if any) of the Company. The letter shall state that the Consultant has given its consent to act as consultants of the Company and that this consent shall not be withdrawn till the formal listing of securities.
- (xii) A letter from the Consultant of the Company, stating that:
  - a. all subscribers of the Debt Market Securities are eligible QIBs;
  - b. to the best of their knowledge and belief the disclosures made in Information Memorandum are true, fair, correct and adequate;
  - c. the Company fulfills all the requirements of regulation 3(II) of the Regulations;
  - d. the security, if required, created in favour of the Trustee is appropriate and sufficient; and
  - e. the assets on which charge has been created in favour of the Trustee are free from any encumbrances and that permission/NOC/consent of the existing creditors who have charge on such assets has been obtained for creation of charge on these assets in favour of the Trustee.

- (xiii) Copy of consent letter from the Legal Advisor of the Company, if any.
- (xiv) Latest pattern of shareholding of the company.
- (xv) Copy of the complete Credit Rating Report of the entity and the instrument obtained from any Credit Rating Agency registered with the Commission.
- (xvi) Copy of the Trust Deed executed between the Company and the Trustee along with agreement for hypothecation and mortgage documents.
- (xvii) Copy of the Letter of Hypothecation along with detail of assets hypothecated.
- (xviii) Copy of CDC notice with respect to declaration of its Debt Market Security as CDS eligible security
- (xix) Consumer Credit Information Report from State Bank of Pakistan that in respect of the promoters/sponsors/controlling directors of the Company confirming that their names are not in the Defaulter's List of State Bank of Pakistan either in their individual capacity or in the capacity of Directors of other companies. (This will not apply to nominee Directors of the Government and Financial Institutions).
- (xx) Consumer Credit Information Report from State Bank of Pakistan in respect of the Company as well as other companies in which directors of the Company are holding directorship confirming that they are not in the defaulter's list of State Bank of Pakistan.
- (xxi) Break up of the expenses related to issuance of debt market securities to QIBs and the listing, on separate sheet.
- (xxii) Any other document/material/information as may be required by the Exchange for its own record.
- (xxiii) In case of a company whose equity shares are not listed on the Exchange, following additional documents shall also be provided:
  - (i) Copy of memorandum and articles of association of the company.
  - (ii) Copy of the certificate of incorporation of the company.
  - (iii) Copy of the certificate of commencement of business of the company.
  - (iv) Copy of the certificate for change of name of the company, if applicable.
  - (v) Copy of the conversion certificate from private to public company; if applicable.
  - (vi) Audited annual accounts of the company for the last 5 years and its latest quarterly accounts, if any or for a shorter period if five years of the commencement of business are not completed.

**Notes:-**

- (i) Please note that copies of all the documents are certified by the Company Secretary.
- (ii) Please note that all documents relating to regulatory authority are duly certified from the concerned regulatory authority.
- (iii) In addition to one copy in hard form, scanned copies one each of the following documents shall be provided:
  - a. Memorandum and Articles of Association where applicable;
  - b. Information Memorandum; and
  - c. Audited annual accounts of the company for the last 5 years and its latest quarterly accounts or for a shorter period if five years of the commencement of business are not completed.

## Annexure -DII

### CONTENTS OF INFORMATION MEMORANDUM

The Information Memorandum prepared with respect to issue of Debt Market Securities to QIBs through private placement shall contain at least the following information/disclosures:

- (i) On cover page the following shall be disclosed:
  - a. a disclaimer in bold letters stating that, “This is not a prospectus for issue of securities to the general public but a document prepared for the purpose of offering Debt Market Securities only to Qualified Institutional Buyers (QIBs). This Information Memorandum has not been approved by the Securities & Exchange Commission of Pakistan (the Commission) or the Islamabad Stock Exchange (the Exchange)”;
  - b. a disclaimer in bold letters stating that, “The Board of Directors of ... (Name of the Company) ... accepts responsibility for accuracy of the information contained in this document”; and
  - c. name of the Company, name of the entity preparing the Information Memorandum and date of the Information Memorandum.
- (ii) Table of contents, Executive summary by the entity preparing the Information Memorandum, purpose of preparation of the Information Memorandum and their scope of work;
- (iii) Glossary of technical terms and acronyms shall be provided after the table of contents;
- (iv) Information about the Company like its name, date of its incorporation, registration number, addresses of its registered & head offices, date of its listing, if applicable, name of the stock exchange where it is listed, if applicable, its sponsors and major shareholders, associated companies/ undertakings etc.;
- (v) Latest pattern of shareholding of the Company;
- (vi) Names of the directors of the Company and their directorships in other companies;
- (vii) Profile of the management of the Company including all the members of the Board of Directors excluding the nominee directors, the Chief Financial Officer and the Company secretary;
- (viii) Organization structure of the Company and its principle business;
- (ix) Future outlook/ business strategy of the Company;
- (x) Highlights of major restructuring, if any, like merger, demerger, amalgamation, acquisition, reorganization, financial restructuring etc.;
- (xi) Five years financial highlights relating to cash flows and financial & operating position of the Company including key financial ratios like debt/equity ratio (pre & post issue), current ratio, return on equity, return on assets, earning per share; debt service coverage ratio, interest service coverage ratio etc. in tabular form;
- (xii) Salient features of the Issue and Debt Market Securities like issue size, tenure, rate of mark-up/return/interest, nature of the instrument whether it is secured or un-secured, redeemable or perpetual, convertible or non-convertible, options like put option, call option/early redemption option, partial call option etc.;
- (xiii) Redemption schedule;
- (xiv) Detail of the redemption reserve, if any;

- (xv) Terms & conditions for investment in the Debt Market Securities;
- (xvi) Purpose of the issue & break up of the utilization of the proceeds of the Issue;
- (xvii) In case the proceeds of the Issue are to be utilized for project financing, detail of such project like project cost & means of financing (i.e. Financial Plan), project implementation schedule, latest status of the implementation of the project, expected date of completion of the project, expected date of trial & commercial production etc.;
- (xviii) In case of issuance of Debt Market Securities by a Special Purpose Vehicle, detail of the securitization transaction, parties to the transaction and role of each of such party, etc.;
- (xix) Five years financial projections (i.e Balance Sheet, Income Statement, cash flow statement and statement on changes in equity) including key financial ratios;
- (xx) Complete credit rating report of the entity and the instrument based on the Company's latest audited accounts and duly reviewed if it is older than six months. In case where the instrument and entity rating is obtained from more than one credit rating agencies, all the ratings, including the unaccepted rating(s), shall be disclosed;
- (xxi) Detail of security, if applicable, backing the instrument like nature of assets hypothecated, book value of such assets, nature of charge created in favour of the Trustee (i.e. exclusive, parri passu or ranking), nature and amount of the existing charge(s) on the assets, names of the creditors who hold charge on these assets and status of NOC/consent of the existing creditors, creditor-wise and nature-wise break up of total existing debts etc.;
- (xxii) Name of the Trustee, date of execution of the Trust Deed, authority of the Trustee under the Trust Deed, security enforcement mechanism by the Trustee in case of default by the Company;
- (xxiii) All the risk factors associated with the investment in the Debt Market Securities of the Company and their mitigants;
- (xxiv) Basic information about the industry the Company belongs to, key players in the industry, basic raw material used by the Company, if any, and list of supplier thereof, main clients of the Company, competitors of the Company, etc.;
- (xxv) Summary of all the material contracts relating to the Issue and the project, if any;
- (xxvi) Names and contact details of the Company's bankers, legal advisors, transfer agent and consultants for the offer/issue of Debt Market Securities;
- (xxvii) Name(s) and contact details of the persons authorized by the Company in respect of offering/issuance of Debt Market Securities;
- (xxviii) Company's behavior towards servicing of existing debts i.e. the mark up and principal amount on existing term loans and Debt Market Securities issued by it is paid on time; and
- (xxix) Any disclosure in information memorandum shall not be inconsistent with the covenants of the Trust Deed; and
- (xxx) The information memorandum shall not contain any clause which is inconsistent with the terms of Debt Market Securities or the Trust Deed.

**Annexure -DIII**

**FORMAT OF UNCONDITIONAL UNDERTAKING UNDER CLAUSE 1(i) OF  
SCHEDULE-III OF THE REGULATIONS ON NON-JUDICIAL STAMP PAPER OF  
THE REQUIRED VALUE**

The Secretary,  
Islamabad Stock Exchange (Guarantee) Limited,  
Islamabad.

**UNDERTAKING**

I on behalf of ... (Name of the issuing company) (the Company) ... duly authorized by its Board of Directors hereby undertake that:

- (i) the Company shall ensure that the information provided in the documents along-with the application is true, correct and complete in all respect;
- (ii) the Company shall promptly provide all the information/documents to the Exchange, Trustee and/or Debt Market Securities holders as required under these Regulations;
- (iii) the Company shall provide information/documents to the Exchange, Trustee and/or Debt Market Securities holders upon request in a timely manner;
- (iv) the Company shall, all the time, comply with the requirements of these Regulations;

Dated:	Name and signature of the Chief Executive Officer of the Company duly authorized by its Board of Director
Place:	Name and signature of the Company Secretary or Chief Financial Officer of the Company duly authorized by its Board of Director
Common Seal of the Company	

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