



SECP

SECURITIES AND EXCHANGE  
COMMISSION OF PAKISTAN

**CONSULTATION PAPER**

**LAUNCH OF  
REGISTRATION AND TRADING  
PLATFORM (RTP) AT PSX**

**JANUARY 2025**



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## 1. BACKGROUND

This consultation paper is published for eliciting feedback/suggestions on proposal relating to introduction of Registration and Trading Platform (RTP) for Public Unlisted Companies (PUC) at Pakistan Stock Exchange.

The concept of registration and trading of public unlisted companies is prevalent at Hanoi Stock Exchange (HNX) of Vietnam, namely “Unlisted Public Company Market (UPCOM)”.

Jurisdictional study covering (Bangladesh, Ireland, Turkey, United Kingdom and United States) was also conducted to identify model similar to UPCOM (appended as **Annexure A** to this document).

As per the research, similar model does not exist, however the jurisdictions studied have all offered some alternative solutions to facilitate listings of SMEs and start-ups, such as separate boards with relaxed regulatory regimes.

## 2. DETAILED RESEARCH ON UPCOM

### 2.1. What is UPCoM?

UPCoM is the market serving as a Registration and Trading Platform for unlisted public companies in Vietnam. Hanoi Stock Exchange is responsible for approving the registration of companies for trading on UPCoM. However, to be eligible for registration and trading on UPCoM, a public company is required to get registered with State Securities Commission (SSC) first.

### 2.2. Key Features of UPCoM at a Glance

The following table presents some of the key features of UPCoM:

| Key Features of UPCoM at a Glance   |   |
|-------------------------------------|---|
| Market / Board                      | Unlisted Public Companies Market ( <b>UPCoM</b> )   |
| Market Type                         | Secondary (no new issuance of shares)   |
| Registration                        | Mandatory for all unlisted public companies including companies delisted from HNX, but still qualify as public companies. |
| Minimum Paid up Capital             | VND 30 billion  |
| Minimum Free Float                  | 10% voting shares to be held by 100 non-major shareholders  |
| Reference Price                     | Determined by the Company itself  |
| Circuit Breaker / Price Fluctuation | First trading day: $\pm 40\%$ of reference price<br>Normal trading day: $\pm 15\%$ of reference price                     |
| Transaction Unit (Lot Size)         | Trading unit: 100 shares<br>Tick size: VND 100  |
| Trading Method(s)                   | Put-through and Continuous Order Matching   |
| Eligible Investors                  | Any investor can invest in UPCoM companies  |
| Appointment of Financial Advisor    | Not mandatory but it is encouraged to appoint one   |
| Appointment of Market Maker         | Not required  |
| Applicable Documentation            | Dossier approved by SSC, the apex regulator in Vietnam  |

### 2.3. Recent UPCoM Statistics

|                             |   |
|-----------------------------|---|
| Total Registered Companies  | 882   |
| Total Registered Volume     | 46 billion                                    |
| Total Market Capitalization | VND 1,000,000 billion<br>(USD 39.289 billion) |

### 2.4. Procedure to apply for Trading on UPCoM

Companies are free to apply directly for registration and subsequent trading of securities on UPCoM. However, HNX encourages to appoint a Financial Advisor. Likewise, the appointment of Market Maker is not compulsory.

In Vietnam, all public unlisted companies are required to register with Securities Depository Center, hence, it is mandatory for all public unlisted companies to register on UPCoM. HNX approves the application for registration on UPCoM within 5 working days, whereas the issuer is required to put its shares into trading on UPCoM within 10 days of HNX approval.

### 2.5. Determination of Reference Price

Reference price on the first trading day is determined by the company. This price is determined based on commonly applied methods in the market: BV, PE, PB or a combination. For delisted enterprises, the reference price is the closing price on the last trading day.

### 2.6. Applicability of Code of Corporate Governance and other requirements

- CCG compliance for UPCoM registered companies are less stringent in Vietnam. For unlisted public companies, the Board of Directors must have at least one-third of non-executive directors (for listed public companies, at least one-third directors must be independent).
- Annual financial reports are required to be disseminated. There is no requirement of disseminating quarterly or semi-annual financial reports.
- Disclosure requirements are covered under “Guidelines on Disclosure of Information on Securities Market”. Unlike listed companies, unlisted public companies perform lesser obligations.

### 2.7. Key Documentation required for Registration on UPCoM

- Application for registration along with supported documents.
- Certificate of State Securities Commission for completion of public company registration.
- Dossier approved by the State Securities Commission.
- Certificate of securities registration of the Vietnam Securities Depository and Clearing Corporation.

### 3. INTRODUCING RTP MARKET AT PSX

A secondary market similar to UPCOM can be introduced at PSX by the name of Registration and Trading Platform (RTP). The market would provide a registration-based trading platform for public unlisted companies. It is important to note that companies registered on RTP would be required to publicly disseminate financial results through PSX. Moreover, the existing shareholders and Accredited Investors would be allowed to trade in the shares of registered public unlisted companies.

Companies registered on RTP shall not solicit funds from the general public through marketing on electronic or print media. A company registered on RTP shall not be considered as a listed company and will not enjoy any associated benefits of listing. An RTP-registered company shall not in any way portray itself as a listed company, either locally or internationally.

#### 3.1. Proposed Features of RTP Market

The key features of the proposed RTP Market are summarized below:

| Proposed Features of PSX RTP at a Glance               |  |
|--|--|
| <b>Market / Board</b>                                  | Registration and Trading Platform (RTP Market)   |
| <b>Market Type</b>                                     | Secondary  |
| <b>Minimum Paid up Capital</b>                         | PKR 25 million and above   |
| <b>Minimum Free Float</b>                              | No minimum free float required as there is no capital formation  |
| <b>Reference Price</b>                                 | Proposed by the Company itself along with solid justification and valuation certificate from the Auditor   |
| <b>Circuit Breaker / Price Fluctuation</b>             | 10% or Rs. 1/ -  |
| <b>Lot Size</b>  | 1  |
| <b>Trading Method</b>                                  | Order matching   |
| <b>Eligible Investors</b>                              | Existing Shareholders and Accredited Investors only. However, non-accredited investors can be allowed through PSX Negotiated Deal Market (NDM).                      |
| <b>Issuance of Dossier at the time of Registration</b> | Yes (information about the company including shareholders, management, business model, capital structure, financial information)                                     |
| <b>Initial Registration Fee</b>                        | Nil  |
| <b>Annual Registration Fee</b>                         | Rs. 5,000  |
| <b>Appointment of Advisor to the Registration</b>      | Not Mandatory  |
| <b>Appointment of Market Maker</b>                     | Optional   |
| <b>CCG Compliance</b>                                  | Voluntary  |
| <b>Audited Financial Statements</b>                    | Public dissemination of annual audited financial statements through PSX.   |
| <b>Migration to GEM / Main Board</b>                   | The company registered on the RTP Board may migrate to the GEM or Main Board of PSX subject to compliance with all regulatory requirements of the respective boards. |

To govern the operations of RTP Market, a new chapter namely “Regulations Governing Registration and Trading of Public Unlisted Companies on Pakistan Stock Exchange” will be inserted into the PSX Rule Book.

Further, this market would be available for delisted companies as well if they wish to remain registered with PSX.

### **3.2. Minimum Eligibility Requirements**

Public unlisted company would be considered eligible for registration on the RTP on the basis of:

- Compliance with paid up capital requirement
- Clean CIB Reports
- No default history of the company’s directors, sponsors, etc.
- Minimum two years’ operational history
- Latest audited accounts of the company
- Any other criteria as specified by the PSX on advice of Commission

### **3.3. Benefits of RTP Market**

RTP is envisaged to offer the following benefits:

- Enhanced visibility of the corporate sector of Pakistan
- Improved transparency and public accountability
- Opportunity for sponsors to value the company
- True reflection of local economy
- Potential to attract foreign investment
- Liquidity for existing shareholders
- New investment avenue for investors
- Increased number of investors/UINs

### **3.4. Implementation Strategy**

It is suggested that RTP proposal be implemented in a phased manner as follows:

- i. In the first phase, all eligible unlisted public limited companies having paid up capital of Rs. 200 million and above will be required to get registered at RTP.
- ii. In the second phase, all eligible unlisted public limited companies having paid up capital of Rs. 25 million and above and less than Rs. 200 million will be required to get registered at RTP.

## 4. FEEDBACK ON RTP PROPOSAL

### 4.1. Format for sharing feedback/comments

Feedback on the RTP proposal may be sent via email to the Securities and Exchange Commission of Pakistan or the Pakistan Stock Exchange Limited at [rtp.feedback@secp.gov.pk](mailto:rtp.feedback@secp.gov.pk) or [listing@psx.com.pk](mailto:listing@psx.com.pk) as per below format:

| Name   |                           |            |           |
|--|---------------------------|------------|-----------|
| Name of the related Entity   |                           |            |           |
| Sr. No.  | Relevant Section of Paper | Suggestion | Rationale |
| Confidentiality  |                           |            |           |
| <i>If you wish to keep all or any part of your submissions and your identity confidential, please indicate the same. In all other cases, your provided comments can be made public, except your contact information.</i> |                           |            |           |

### 4.2. Indicative Timeline

| Stage | Date/Timeline  | Detail  |
|-------|--|---|
| 1     | 22/January/2025  | Publication of Consultation Paper   |
| 2     | Within 15 days of publication of Consultation Paper and placement of same on PSX and SECP websites | Public comments period  |
| 3     | Within 30 days of receipt of comments on the Consultation Paper                                    | Consultation sessions   |
| 4     | Within 30 days of conclusion of consultations  | Notification of separate chapter for Registration and Trading Platform in PSX Rule Book |

## Annexure – A

| Country   | United States  | Bangladesh   | United Kingdom  | Turkiye  | Ireland   |
|---|--|--|---|--|---|
| <b>Market</b>                                   | NASDAQ Private Market  | Alternative Trading Board (ATB)  | Alternative Investment Market (AIM)   | Borsa İstanbul Private Market  | Enterprise Securities Market (ESM)                              |
| <b>Eligible Members</b>                         | a). Private companies<br>b). Private funds   | a). Issuers<br>b). Asset managers,<br>c). Fund managers of unlisted securities or funds in specified categories. | a). Partnership<br>b). Corporation<br>c). Legal entity<br>d). Sole practitioner admitted currently to Exchange membership | a). Start-ups<br>b). Pre-IPOs<br>c). Partners of start-ups and Pre-IPOs<br>c). Qualified Investors, Certified Business Angels, and qualified investors and business angels resident in a foreign country<br>d). Service Providers<br>e). Intermediaries  | a). Smaller ambitious companies which are growing and expanding |
| <b>Eligible Investors</b>                       | a). Qualified institutional investors  | a). General Public   | a). All types of investors including international investors  | a). Qualified investors<br>b). Certified business angel investors  | a). Potential investors (All Investors type)                    |
| <b>Membership criteria/<br/>Paid up capital</b> | a). Listed companies must have raised at least \$30 million in the past two years or a valuation exceeding \$50 million.<br>b). Profitability is essential, with a minimum annual net income of \$750,000. | a). No minimum paid up capital required  | a). No specified market value.<br>b). Investing companies: £32,738,29   | Start-ups ,Pre IPOs and raising companies must be non-public joint stock or limited liability companies at the time of application. The Start-up must be established between a minimum of 6 months and a maximum of 5 years. For ,Pre IPOs and raising companies Asset size or sales revenue in the last two years must be a minimum of 5 million TL and minimum 2 years must have elapsed since the | a). Meet the market capitalisation of at least €5 million       |



|  |  |  |  |   |   |
|--|--|--|--|---|---|
|  |  |  |  | <p>establishment of the company.<br/>Investors must provide necessary documents and specify their qualified investor status in the relevant field of the platform.<br/>Partners of start-ups and Pre-IPOs must provide additional documents based on their membership type.<br/>Evaluation is done by the Private Market Administration</p> |   |
| <b>Pricing mechanism</b>                       | It's up to the company to choose between fixed or auction pricing methods. | Fair Value Method.   | No minimum closing or offering price for AIM admission.  | Shares may be sold at a fixed price or at a price generated by collecting demands from invitees   | Book building: Price Range decided by the company and the corporate broker. (The company and the corporate broker decide on the correct price at which to issue the shares)   |
| <b>Trading/Listing Procedure and Timetable</b> | NA   | <p>1. Stock broker(s) initiate the offer for sale of equity securities at ATB for primary shareholders in the first two trading days.<br/>2. Trading is closed on the third day to facilitate distribution of shares traded during the initial two days.<br/>Circuit breaker for the first two days: 4% of the present value with a minimum 10% discount rate.<br/>No trading on the third day to allow efficient market</p> | <p>1. Listing process typically starts 3 months before admission.<br/>2. Legal due diligence occurs up to 4 weeks before admission.<br/>Admission document must be public 1 month before admission.<br/>4. Pre-admission announcement required 10 days before admission.<br/>Submission to the Exchange 3 days before admission.<br/>Admission effective after</p> | <p>1. Applications evaluated by Private Market Administration.<br/>Correction or additional information requested if needed.<br/>Approved applicants activate accounts by paying the fee and signing the Membership Agreement.<br/>Foreign applicants may be accepted without a wet signature.</p>  | <p>3 Months Before Admission<br/>Appoint advisors and issue detailed instructions<br/>Prepare and agree on a timetable for admission<br/>Ensure the company meets the market capitalization requirement<br/>Identify and address potential problems or weaknesses<br/>Start completing the draft Admission Document<br/>12 Weeks Before Admission<br/>Complete the draft Admission Document</p> |

|  |  |   |  |  |  |
|--|--|---|--|--|--|
|  |  | <p>distribution of shares.<br/> 5. From the fourth trading day onward, the regular circuit breaker is 5% of the present value</p> | <p>Exchange issues dealing notice.</p> |  | <p>Prepare other necessary documents for admission<br/> Address any issues during the due diligence process<br/> Decide on the pricing strategy<br/> Get PR materials approved<br/> Prepare for the investor roadshow and analyst presentations<br/> 1 Week Before Admission<br/> Finalize all documents after legal due diligence<br/> Finalize the price and allocation of the offer<br/> Meet potential institutional investors and build relationships<br/> Pay ESM fees based on market capitalization<br/> Submit all required documents to the ISE three days before admission<br/> The ISE will have processed your application and at 7am, on the morning of admission, the ISE will release an ESM admission notice to the market, setting out your company details. Trading will then commence on ISE Xetra®.</p> |
|--|--|---|--|--|--|

|                      |  |  |   |  |  |
|----------------------|--|--|---|--|--|
| <p><b>Source</b></p> | <p><a href="https://standoutcapital.com/nasdaq-private-market-and-an-interview-with-adam-kostyal/">https://standoutcapital.com/nasdaq-private-market-and-an-interview-with-adam-kostyal/</a></p> | <p><a href="https://www.midwaybd.com/blog/what-is-the-alternative-trading-board-atb">https://www.midwaybd.com/blog/what-is-the-alternative-trading-board-atb</a></p> | <p><a href="https://www.legalink.ch/xms/files/CROSS_BORDER_QUESTIONNAIRES/IPO/IPO_UK_AIM.pdf">https://www.legalink.ch/xms/files/CROSS_BORDER_QUESTIONNAIRES/IPO/IPO_UK_AIM.pdf</a></p> <p><a href="https://docs.londonstockexchange.com/sites/default/files/documents/AIM%20Rules%20for%20Companies%20%2801012021%29_1.pdf">https://docs.londonstockexchange.com/sites/default/files/documents/AIM%20Rules%20for%20Companies%20%2801012021%29_1.pdf</a></p> | <p><a href="https://www.borsaistanbul.com/files/all-about-borsa-istanbul-private-market.pdf">https://www.borsaistanbul.com/files/all-about-borsa-istanbul-private-market.pdf</a></p> | <p><a href="https://www.cpaireland.ie/CPAireland/media/Education-Training/Study%20Support%20Resources/P2%20Strategic%20Corporate%20Finance/Relevant%20Articles/esm-guide-guide-to-the-enterprise-securities-">https://www.cpaireland.ie/CPAireland/media/Education-Training/Study%20Support%20Resources/P2%20Strategic%20Corporate%20Finance/Relevant%20Articles/esm-guide-guide-to-the-enterprise-securities-</a></p> |
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