

GOVERNMENT OF PAKISTAN
SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

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NOTIFICATION

Islamabad, the 1st July, 2021

S.R.O. 855(I)/2021.- The following draft amendments to the Public Offering (Regulated Securities Activities Licensing) Regulations, 2017, proposed to be made by the Securities and Exchange Commission of Pakistan, in exercise of powers conferred by section 169 of the Securities Act, 2015 (III of 2015) and section 114 of the Futures Market Act, 2016 (XIV of 2016), are hereby published for the information of all persons likely to be affected thereby and, , notice is hereby given that objections or suggestions thereon, if any, may be sent to the Commission within fourteen days of placement of draft amendments on the website of the Commission, namely:-

DRAFT AMENDMENTS

In the aforesaid Regulations, -

- (1) In regulation 2, in sub regulation (1), in clause (iv), for the word “Commission” the words “State Bank of Pakistan” shall be substituted.
- (2) In regulation 3,
 - a) after the words “unless such person is licensed”, the words “or permission” shall be inserted; and
 - b) both the provisos at the end shall be omitted.
- (3) In regulation 6, in sub regulation (1),
 - (a) for clause (e), the following shall be substituted, namely:

“(e) the applicant and its sponsors/directors or CEO are fit and proper as per section 151 of the Act;” and
 - (b) clause (g) and (h) shall be omitted.
- (4) In regulation 7, in sub regulation (1), the following proviso shall be inserted namely:

“Provided that a securities brokers having valid license to act as consultant to the issue or underwriter shall apply through the Securities Exchange, to the Commission in Form C of these Regulations or Form C of Securities Brokers (Licensing & Operations) Regulations, 2016 along with an undertaking stating that it is in compliance with all regulatory requirements.”

- (5) In regulation 8, -
- (a) in sub-regulation (3), the words “banker to an issue or” shall be omitted;
 - (b) in sub-regulation (4), after the words “for renewal of licence”, the words “or permission” shall be inserted; and
 - (c) in sub-regulation (5), after the words “for renewal of licence”, the words “or permission” shall be inserted.
- (6) In regulation 9,
- (a) the expression “banker to an issue,” shall be omitted;
 - (b) after the words “discharge their obligations” the words “and responsibilities” shall be inserted; and
 - (c) the following proviso shall be inserted at the end, namely:

“Provided that in case of scheduled bank, investment finance service license holder and development financial institution registered with the securities exchange as market maker for debt securities, it shall be compliant with all the requirements laid down by the securities exchange relating to market making.”
- (7) In regulation 10, -
- (a) in sub-regulation (1), after the words “for cancellation of its license” the words “or permission” shall be inserted;
 - (b) in sub-regulation (2), -
 - (i) after the words “and cancel the license of such” the words “banker to an issue or” shall be deleted; and
 - (ii) after the words “consultant to the issue or underwriter”, appearing for the second time, the words “and revoke permission granted to the banker to an issue” shall be inserted; and
 - (c) in sub regulation (3), the words “banker to an issue or” shall be omitted.
- (8) In regulation 12, -
- (a) in the heading, after the words “banker to an issue”, the expression “, consultant to the issue” shall be added;

(b) in sub-regulation (1), after the words “a banker to an issue”, the expression “, consultant to the issue” shall be inserted;

(c) for sub-regulation (2), following shall be substituted, namely:

“(2) Any development financial institution and scheduled bank shall obtain approval of the Commission prior to commencing the business as underwriter, a banker to an issue, **consultant to the issue** and debt securities trustee and the said development financial institution and scheduled bank shall submit a board resolution authorizing it to undertake the business as an underwriter, a banker to an issue, consultant to the issue and debt securities trustee. The development financial institution to act as an underwriter and scheduled bank to act as a banker to an issue shall pay a non-refundable fee of Rs. 500,000 and to act as Consultant to an issue shall pay a non-refundable fee of Rs. 200,000/-. The scheduled bank to act as underwriter shall pay a non-refundable fee of Rs. 250,000/-and to act as Consultant to an issue shall pay a non-refundable fee of Rs. 200,000/-”;

(d) after the sub-regulation 2, following new provisos shall be inserted namely:

“Provided that Scheduled Bank, duly rated by a credit rating company licensed by the Commission, desirous to act as Banker to an Issue in a public offering shall be completely exempt from licensing/permission requirement under these Regulations subject to following conditions;

(i) The Scheduled Bank shall be required to submit a consent letter through the Issuer or respective Consultant to the Issue to act as Banker to an Issue in Public offering of (Name of Company) to the Commission.

(ii) Scheduled Bank shall, within one month of expiry of its existing license/permission, deposit annual fee of pay Rs. 250,000 to the Commission. In case a Scheduled Bank fails to deposit the annual fee within stipulated time period, the exemptions will be withdrawn and accordingly, the scheduled bank shall be required to obtain again permission under regulation 12(2).”;

(e) in sub-regulation (4), after the words “a banker to an issue”, the expression “, consultant to the issue” shall be inserted;

(f) in sub-regulation (5a), -

- (i) after the words “business of underwriting”, the words “and consultant to the issue” shall be added;
 - (ii) in first proviso, after the expression “or a banker to an issue”, the words “or consultant to the issue” shall be inserted;
 - (iii) in the second proviso, after the words “the business of underwriter”, the expression “, consultant to the issue” shall be inserted; and
- (g) in sub-regulation (6), after the expression “a banker to an issue”, the expression “, consultant to the issue” shall be substituted.
- (9) In SCHEDULE I, -
- (a) under the heading “2. Specific Conditions:” paragraph (1) shall be omitted;
 - (b) in paragraph (2), -
 - (i) in clause (ii), after the words “obtained management rating” the words “or a broker fiduciary rating” shall be inserted; and
 - (ii) clause (iv) shall be omitted.
- (10) In Annexure-I, -
- (a) in the first paragraph, after the words “information shall be provided” the text “by the Applicant which is licensed securities broker or wholly owned subsidiary of a securities broker, a scheduled bank, development financial institution, investment finance service license holder, a wholly owned subsidiary of a scheduled bank or a wholly owned subsidiary of a development financial institution and who meets eligibility criteria as prescribed in Schedule I of these Regulations,” shall be inserted;
 - (b) for the headings “1. General and business information:”, “2. Other information:” and “3. List of documents to be provided along with application:”, following shall be substituted, namely:
 - a) “Copy of Memorandum of Association of Applicant with enabling clause to act as Underwriter or Consultant to an issue or debt securities trustee;
 - b) Undertaking from the Applicant that it is compliant with all the regulatory requirements of these regulations;
 - c) Latest Credit Rating/Management rating/broker fiduciary rating (where applicable) from a credit rating company duly licensed by the Commission;

- d) In case of Banks, DFIs or Investment Finance Services, to act as consultant to an issue, confirmation from securities exchange that the Applicant is registered/appointed with it as market maker and compliant with all relevant requirements;

DOCUMENTS REQUIRED IN CASE OF A COMPANY UNDER CLAUSE 2(C) OF THE SCHEDULE I OF THE REGULATIONS TO ACT AS CONSULTANT TO THE ISSUE & CLAUSE 4(ii) TO ACT AS DEBT SECURITIES TRUSTEE

- (i) Brief history of the applicant containing name of the applicant; date and place of its incorporation; date of commencement of business; length of experience, if any; names of its sponsors and promoters; group structure, if any, its associated companies;
- (ii) Last annual audited account accounts;
- (iii) Address of the registered office of the applicant (postal address, postal code and telephone and fax numbers);
- (iv) Profile of chief executive officer, chief financial officer, company secretary, compliance officer, directors and sponsors of the applicant Name, qualification, experience and date of appointment. Directorship in other companies, if any, names of such other companies and date of appointment as director in such other companies;
- (v) Copy of memorandum and articles of association;
- (vi) Detail of ongoing legal proceedings, if any, initiated against the applicant by the Commission or any other regulatory authority;
- (vii) An affidavit on the pattern as specified in **Annexure-II** signed by the chief executive or director or any other officer of the applicant authorized to do so;
- (viii) Undertaking from applicant it is compliant with all the regulatory requirements of these regulations;
- (ix) Latest Credit Rating/management rating (where applicable) from credit rating company duly licensed by the Commission;
- (x) Detail of penal action taken against company or its director, CEO or sponsors;
- (xi) Any other information required by Commission."

[File No. 2(33)PMEX/SMD/2016]


(Bilal Rasul)
Secretary to the Commission