

GOVERNMENT OF PAKISTAN
SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

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Islamabad, the 15th August, 2023

NOTIFICATION

S.R.O. 1086 (I)/2023.- The following draft amendments to the Listed Companies (Substantial Acquisition of Voting Shares and Takeovers) Regulations, 2017 proposed to be made by the Securities and Exchange Commission of Pakistan, in exercise of the powers conferred under section 169 of the Securities Act, 2015 (III of 2015), are hereby published in the official Gazette for information of all the persons likely to be affected thereby and notice is hereby given that objections or suggestions, if any, received within fourteen days from the date of its placement on the website of the Commission, shall be taken into consideration by the Securities and Exchange Commission of Pakistan, namely:-

DRAFT AMENDMENTS

In the aforesaid Regulations,

1. in regulation 2, in sub-regulation (1), -
 - (a) after clause (b), the following new clause shall be inserted, namely: -

“(ba) “average daily traded volume” means total traded volume of shares of a listed company divided by total trading days during the period under consideration;”;
 - (b) after clause (c), the following new clause shall be inserted, namely: -

“(ca) “frequently traded shares” means shares of a listed company meeting following criteria during 180 days prior to the date of public announcement of public offer:

 - (i) the shares have been traded for at least 80 percent of the trading days; and
 - (ii) the average daily trading volume of the shares in the ready market is not less than 0.5 percent of its free float or 100,000 shares whichever is higher;”;
 - (c) in clause (d), the word “and” at the end shall be omitted;

(d) after clause (e), the following new clause shall be inserted, namely: -

“(f) “weighted average share price” means the price calculated as total traded value divided by total traded volume of the underlying share in the ready market during the period under consideration;”;

2. in regulation 13, -

(a) in sub-regulation (1), -

(i) the word “announcement of” occurring first, shall be omitted;
(ii) for clauses (b), (c), and (d), the following shall be substituted, namely: -

“(b) the highest price paid by the acquirer for acquiring the voting shares of target company during the 180 days preceding the date of public announcement of public offer;

(c) the weighted average share price of target company on the securities exchange during the 180 days preceding the date of public announcement of public offer;

(d) the weighted average share price of target company on the securities exchange during 28 trading days preceding the date of public announcement of intention: and only those days shall be incorporated where the shares of the Target Company have been traded; and”;

(iii) in clause (e), for the words “six months” the expression “180 days” shall be substituted and after the words “public announcement of” the word “public” shall be inserted; and

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

“(2) If the shares are not frequently traded, the public offer shall be at the price which is highest amongst the following, -

(a) the negotiated weighted average price under share purchase agreement(s) for the acquisition of voting shares of the target company; Provided that the expression “negotiated weighted average price” shall include total consideration paid in whatsoever manner, including the liabilities settled whether

taken over or not, personal liabilities of sellers and consideration paid either in cash or otherwise against the shares purchased;

(b) the highest price paid by the acquirer for acquiring the voting shares of target company during 180 days preceding the date of public announcement of public offer; or

(c) the price per share arrived at on the basis of net assets value carried-out by a Chartered Accountant Firm based on the audited financial data not older than six months from the date of public announcement of public offer made by the manager to the offer. In case of fixed assets, being part of total assets, the Chartered Accountant firm shall obtain the services of a valuer to carry-out value of fixed assets, whose name appears on the list of panel of valuers maintained by Pakistan Bank's Association.”;

3. in regulation 15, sub-regulation (1), -

(a) for clause (b), the following shall be substituted, namely: -

“(b) government securities with remaining maturity of maximum 364 days with ten percent margin; or”;

(b) clause (e) shall be omitted; and

(c) in clause (f), the word “debt” shall be omitted;

4. for regulation 19, the following shall be substituted, namely: -

“19. Mode of payment. - (1) The consideration for the voting shares to be acquired by the acquirer shall be payable-

(a) wholly in cash; or

(b) in the form of securities accompanied with a wholly cash alternative.

(2) In case the consideration includes securities as mentioned in clause (b) of sub-regulation (1), only the following securities or a combination thereof may be offered as consideration by the acquirer-

(a) shares of listed company owned by the acquirer or proposed further issuance of shares by the acquirer or owned by any person acting in concert subject to the following conditions, -

- (i) such company is listed for at least two years before the date of announcement of offer;
- (ii) shares of such listed company are presently being traded at normal counter of securities exchange;
- (iii) shares of such listed company are frequently traded shares during the 180 days preceding the date of public announcement of public offer:

Provided that in case of proposed further issuance of shares, appropriate regulatory approvals in accordance with the requirements of the Companies Act, 2017 are in place prior to the public announcement of offer; or

- (b) listed debt instruments owned/proposed to be issued by the acquirer or owned by any person acting in concert; or
- (c) Government securities with remaining maturity of maximum 364 days owned by the acquirer or owned by any person acting in concert;

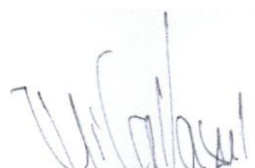
(3) The value of shares offered as consideration shall be the weighted average share price during 180 days preceding the date of public announcement of public offer.

(4) The value of government securities to be offered as consideration shall be calculated on basis of applicable Pakistan Revaluation (PKRV) rates at the end of the day preceding the date of the public announcement of public offer.”; and

5. in schedule I, in the “offer letter” for paragraph (4), the following shall be substituted, namely: -

“4. All payments payable in the form of cash or through demand draft or pay order or cheque or any other banking instrument, or the transfer of securities, against shares accepted by the acquirer will be made within a period of not more than 10 days from date of closure of the acceptance period.”.

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(Bilal Rasul)
Secretary to the Commission