

GOVERNMENT OF PAKISTAN  
SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

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*Islamabad, the 4<sup>th</sup> March, 2024*

**NOTIFICATION**

**SRO 361 (I)/2024.-** In exercise of the powers conferred under section 512 read with sections 58, 82, 83 and 83 A of the Companies Act, 2017 (XIX of 2017), the Securities and Exchange Commission of Pakistan, is hereby pleased to notify the following amendments to the Companies (Further Issue of Shares) Regulations, 2020, the same having been published in the official Gazette vide notification S.R.O. 1392 (I)/2023 dated September 26, 2023 as required by proviso to the said section 512, namely:-

**AMENDMENTS**

In the aforesaid Regulations, -

- (1) in regulation 1, sub-regulation (3), after the words “apply to the” the word “listed” shall be added;
- (2) in regulation 2, sub-regulation (1), after clause (xvii), the following new clause shall be inserted, namely: -

“(xviiia) “Sponsor” shall have the same meaning as assigned to it in clause (liv) of sub-regulation (1) of regulation 2 of Public Offering Regulations, 2017;”;
- (3) in regulation 3, -
  - (a) in sub-regulation (1),-
    - (i) the word “listed” shall be omitted;
    - (ii) for clause (v), the following shall be substituted, namely: -

“(v) The letter of offer, accompanied with a circular as required under sub-section (3) of section 83 of the Act, on a format as provided in schedule 1 to these regulations, shall be sent to all members along with copy of the extract of the resolution of the board’s meeting approving the right issue;”;
    - (iii) in clause (vi),-
      - (A) the word “listed” occurring first shall be omitted; and

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

“(b) the balance of the right issue is underwritten through an underwriter or consortium of underwriters, licensed by the Commission to undertake underwriting of securities, not being associated companies or associated undertakings of the issuer:

Provided that if any of the directors and substantial shareholders of the company do not provide an undertaking to subscribe to the right shares offered to them as per clause (a) above, then such portion, along with the portion in sub-clause (b), shall be underwritten as mentioned in sub-clause (b);”;

(iv) in clause (vii), the expression “In case of a listed company,” shall be omitted;

(v) in clauses (viii) and (ix) for the words “a listed” the word “an” shall be substituted;

(vi) in clause (xiv), for clause (b) the following shall be substituted, namely: -

“(b) appropriate disclosures are made in line with the requirements of these Regulations;”;

(vii) in clause (xv), the word “listed” shall be omitted;

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

“(2) In addition to compliance with the general conditions, provided in sub-regulation (1), a company issuing right shares shall comply with the following additional requirements, -

(i) The board of directors of the issuing company shall, prior to announcement of the right issue, ensure that the issuing company, its sponsor(s), promoter(s), substantial shareholder(s) and directors shall not have overdues or defaults irrespective of the amount appearing in the report obtained from Credit Information Bureau:

Provided that clause (i) shall not apply to independent director(s) and the nominee director(s) of the government and financial institution(s)/creditor(s);

(ii) the company shall prepare and its board shall approve the draft offer document in English and Urdu language;

- (iii) the Offer document shall contain all disclosures, as referred to in Schedule I of these regulations. and such disclosure should be true and complete and enable the applicants to take an informed investment decision;
- (iv) the draft offer document shall be submitted to PSX and the Commission within 45 days of the date of announcement and it shall be the discretion of the company to seek public comments on the offering document and in such case, the company shall simultaneously place the draft offer document on the PSX and company's website. The public can submit its comments within 7 days of placement;
- (v) PSX and the Commission shall, within 15 days of the filing of draft offer document, share their observations and changes with the company, if any;
- (vi) the board shall ensure that draft offer document is updated in light of the public comments, (if opted for), and PSX and the Commission comments/observations, and shall submit final offer document to PSX and the Commission within 20 days from the date of comments/observations. Simultaneously, the Board shall also disclose in tabular form on PSX and company website as per the Schedule II, all the comments received along with the explanations as to how they are addressed;
- (vii) the final offer document shall be placed on PSX website along with book closure dates, and relevant right issuance timelines in accordance with Section 83 of the Act; and
- (viii) the sponsors shall retain their entire shareholding for one year or project completion whichever is later.”;

(c) sub-regulation (3) shall be omitted;

(d) in sub-regulations (5), the word “listed” shall be omitted and thereafter the word “line” shall be omitted;

(e) in sub-regulation (6),-

(i) the expressions “(as applicable depending upon the size of the right issue)” shall be omitted;

(ii) for clause (iii) the following shall be substituted, namely:-

“(iii) public portion of minimum subscription shall be underwritten through an underwriter or consortium of underwriters, licensed by the Commission to undertake underwriting of securities, not being associated companies or associated undertakings of the issuer;” and

- (iii) in clause (iv) the expressions “, risk and rewards shall be sole liability of the investors” shall be omitted;
  - (f) in sub-regulation (7), the expression “(as applicable depending upon the size of the right issue)” shall be omitted;
  - (4) in regulation 4, in sub-regulation (1), in clause (ii) the expressions “in case of a listed company,” shall be omitted;
  - (5) in regulation 5, in sub-regulation (1),-
    - (a) the word “public” occurring at the start, shall be omitted;
    - (b) in clause (ii),-
      - (i) in sub-clause (l), the expressions “in case of a listed company,” shall be omitted;
      - (ii) in sub-clause (m), -
        - (A) in the first proviso, for the expression “regulation 8A & 8B of the Companies (Further Issue of Shares) Regulations, 2020” the words “these Regulations” shall be substituted;
        - (B) after the first proviso, the following new proviso shall be added, namely: -
 

“Provided further that the requirements of sub-regulation 5(1)(ii)(b), (c), (e), (i), (j), (l) and (m) shall not be applicable in case of further issuance of shares by way of other than right where the issuance is dependent on a future contingent event.

Explanation:- For the purpose of these regulations the expression “future contingent event” is an event emanating from legal or regulatory requirements that may or may not occur in future and it can reasonably be determined that the required information for issuance of shares by way of other than right offer in such event is not available to the issuer at the time of passing of resolution by the board of directors.”;
- (iii) existing sub-clause (n) along with paragraph (i) and (ii) shall be re-numbered as “clause (iii) and “sub-clauses (a) and (b)” respectively;

- (iv) in clause (b), re-numbered as aforesaid, the expression “(insert name)” shall be omitted;
- (v) existing clauses (o) shall be re-numbered as “clause (iv)” and thereafter, for the expression “(n)” the expression “(iii)” shall be substituted;
- (vi) existing sub-clause (p) shall be re-numbered as “clause (v)” and thereafter the following proviso shall be added, namely:
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  - “Provided that the requirements of sub-regulation 5(1)(iii), (iv) and (v) shall not be applicable in case of further issuance of shares by way of other than right where the issuance is dependent on a future contingent event.”;
- (vii) for sub-clause (q) the following shall be substituted, namely:-
  - “(vi) the shares shall be issued only in the book entry form within 60 days from the date of approval by the Commission or within such extended time not exceeding 30 days with the approval of the Commission:
  - Provided that the timeline for issuance of shares as specified in the sub-regulation 5(1)(vi) shall not be applicable in case of further issuance of shares by way of other than right where the issuance is dependent on a future contingent event.”;
- (viii) existing sub-clause (r) shall be re-numbered as “clause (vii)”;
- (ix) for sub-clause (s) the following shall be substituted, namely: -
  - “(viii) the sponsors and associated companies/undertakings shall retain their shareholding arising as a result of subject issuance for two years from the date of such issuance:
  - Provided that the issuer shall submit report to the Commission concerning the shares held in blocked status within the CDC account immediately after the issuance of said shares;”;
- (x) for sub-clause (t) the following shall be substituted, namely: -
  - “(ix) the persons other than sponsors and associated companies/undertakings, shall retain their shareholding arising as a result of subject issuance for a period of six months from the date of such issuance:

Provided that the conditions referred in sub-clauses (viii) and (ix), shall not be applicable in case where offer price is at premium to the market price of the share of the company and free float of the issuing company is less than 10% of its listed capital;” and

- (xi) existing sub-clause “(u)” shall be re-numbered as clause “(x)” and thereafter a new proviso shall be inserted, namely: -

“Provided that the requirements of sub-regulation 5(1)(x) shall not be applicable in case of further issuance of shares by way of other than right where the issuance is dependent on a future contingent event.”;

- (6) in regulation 5, in sub-regulation (2), the words “in case of a listed company” shall be omitted;
- (7) in regulation 6,-
- (a) in sub-regulation (1),-
- (i) in sub-clause (iva), for the words “Irrespective of the size of the issue, the listed” the word “The” shall be substituted; and
- (ii) in sub-clause (v), for the word “very” the word “vary” shall be substituted;
- (b) in sub-regulation (3) the word “listed” shall be omitted;
- (8) in regulation 7,-
- (a) in sub-regulation (1),-
- (i) the word “public” appearing the beginning, shall be omitted; and
- (ii) in clause (ii) the words “of listed company” shall be omitted;
- (b) in sub-regulation (9) for the expressions “In case of a listed company, entitlement” the word “Entitlement” shall be substituted; and
- (c) in sub-regulations (10) and (11), the word “listed” shall be omitted;
- (9) in regulation 8C, in sub-regulation (1),-
- (a) the word “listed” shall be omitted; and

(b) in clause (iii), for the word “lime” the word “life” shall be substituted;

(10) in regulation 10,-

(a) sub-regulation (1) shall be omitted;

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

“(2) After issuance of right shares, the issuer shall include progress report on utilization of the proceeds of the right issue in its half yearly and annual financial statements containing the following:

- (i) item-wise breakup of the proceeds utilized both in terms of amount and percentage of the total allocation made to the relevant item. The breakup must be provided in comparative form with the utilization plan earlier disclosed to the members;
- (ii) deviation, if any, from the purpose or use of proceeds earlier disclosed to the members along-with justification for such deviation;
- (iii) the progress report shall be included in the financial statements till such time that the proceeds from the right issue have been fully utilized or the purpose for which the proceeds were raised is achieved:

Provided that the statutory auditor of the issuer, shall submit half yearly report to the issuer regarding utilization of proceeds in the manner referred to in the final offer document. The issuer will include the report of the statutory auditor, along with its comments thereon, if any, in its half yearly and annual financial statements.”;

(11) in Schedule I,-

(i) at the beginning, the words “Circular under section 83 of Companies Act, 2017” shall be inserted;

(ii) in paragraph (3),-

(a) after the expression “(Board)” the words “or an officer of the Company authorized by them in this behalf” shall be added;”;

(b) for sub-clause (iv to xi) the following shall be substituted, namely: -

“(iv) THE DRAFT OFFER DOCUMENT WAS PLACED ON THE WEBSITE OF THE SECURITIES EXCHANGE AND THE ISSUER, IF PUBLIC

COMMENTS ARE SOUGHT, ON \_\_\_\_\_ (I.E. WITHIN 45 DAYS OF THE DATE OF ANNOUNCEMENT BY THE BOARD.

(v) PUBLIC COMMENTS WERE SOUGHT FOR A PERIOD OF 7 (SEVEN) WORKING DAYS I.E \_\_\_\_\_ TO \_\_\_\_\_. (OPTIONAL AND IS THE DISCRETION OF THE COMPANY).

(vi) COMMENTS FROM SECURITIES EXCHANGE AND THE SECP WERE RECEIVED ON .....

(vii) THE BOARD HAS ENSURED THAT DRAFT OFFER DOCUMENT IS UPDATED IN LIGHT OF THE PUBLIC COMMENTS (IF SOUGHT), SECURITIES EXCHANGE AND SECP COMMENTS.

(viii) THE BOARD HAS DISCLOSED ON PSX'S AND COMPANY'S WEBSITE, ALL THE COMMENTS RECEIVED ALONG WITH THE EXPLANATIONS AS TO HOW THEY ARE ADDRESSED.

(ix) THE FINAL OFFER DOCUMENT WAS SUBMITTED TO THE COMMISSION AND PLACED ON SECURITIES EXCHANGE WEBSITE ON \_\_\_\_\_ ALONG WITH THE BOOK CLOSURE DATES AND RELEVANT RIGHT ISSUANCE TIMELINES. (I.E. WITHIN 20 WORKING DAYS FROM THE DATE OF RECEIPT OF COMMENTS OF PSX and SECP).

(x) THE STATUTORY AUDITOR M/s. \_\_\_\_\_ OF THE ISSUER SHALL SUBMIT HALF YEARLY REPORT TO THE ISSUER REGARDING UTILIZATION OF PROCEEDS IN THE MANNER REFERRED TO IN THE FINAL OFFER DOCUMENT. THE ISSUER WILL INCLUDE THE REPORT OF THE STATUTORY AUDITOR, ALONG WITH ITS COMMENTS THEREON, IF ANY, IN ITS HALF YEARLY AND ANNUAL FINANCIAL STATEMENTS.

(xi) THE ISSUER HAS COMPLIED WITH THE REQUIREMENTS OF SECTION 82 OF THE COMPANIES ACT, 2017 IN CASE OF ISSUANCE OF RIGHT SHARES AT DISCOUNT TO FACE VALUE.

(XII) NAMES OF THE DISSENTING DIRECTORS (IF ANY) ARE \_\_\_\_\_.”;

(iii) clause (7), in sub-clause (ii)(B),-

(a) in paragraph (c) for the word “lime” the word “life” shall be substituted;

(b) after paragraph (g), the following new paragraph shall be inserted namely: -



“(h) If purpose of the issue is to acquire a company -

- Relationship of the issuer with the company being acquired
- Profiles of sponsors, major shareholders and directors of the company being acquired along with percentage of their shareholding
- Ultimate beneficial owners of the company being acquired
- Details related to share purchase agreement
- Any regulatory approvals required before acquisition
- Details of business operations of the company being acquired
- Financial highlights of last three years or such shorter period for which financial information is available.
- Break-up value of shares of the company being acquired
- Offer price per share along with number of shares to be acquired
- Name of valuer and key assumptions used in calculation of offer price
- Relative price measures of the company being acquired i.e. Price to Book Value, Price to Earnings (P/E), and Price to Sales (P/S)
- Impact of acquisition on the operating and financial position of the issuer
- Any other material information;”;

(ii) in clause (10), the word “financial” shall be omitted and thereafter, after clause (v), the following new clause shall be added, namely: -

“(vi) Group structure along with respective shareholding in subsidiaries and associates.”;

(iii) in clause (11), for sub-clause (ii) the following shall be substituted, namely:-


“(ii) Risk factors shall be classified as internal and external risk factors and the issuer shall ensure that coverage of each risk factor is in manner that is specific to the issue/issuer and clearly covers the impact of the risk factor on the operations/performance of the issuer.”; and

(iv) In clause (13), for sub-clause (i), the following shall be substituted, namely: -

“(i) List of the signatories, including all the directors or an officer of the company authorized by them in this behalf, to the offer document and their signatures in original duly dated and witnessed.”.

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( Bilal Rasul )

Secretary to the Commission