

FOR ALL CONCERNED

APPROVED AMENDMENTS TO PAKISTAN STOCK EXCHANGE LIMITED (PSX) REGULATIONS IN RELATION TO LISTING OF COMPANIES PURSUANT TO APPROVAL OF SCHEME OF ARRANGEMENT

This is with reference to PSX Notice No. PSX/N-985 dated October 07, 2024 and PSX Notice No. PSX/N-365 dated April 09, 2025, whereby, PSX notified proposed amendments to PSX Regulations in relation to the captioned subject for seeking public comments thereon.

In this regard, we are pleased to inform that the Securities and Exchange Commission of Pakistan has accorded its approval to the amendments proposed in Chapter 5 [Listing of Companies and Securities Regulations] of the PSX Regulations. Accordingly, a new Clause 5.4A titled "Listing of Companies Pursuant to Approval of Scheme of Arrangement" has been inserted, which prescribes separate requirements relating to the following:

- (a) Listed company whose Operating Business Segment is being demerged; and
- (b) Unlisted company to be listed through the scheme of arrangement.

In the interest of transparency and minority shareholders, the approved regulations require that the opening price of the shares on the first trading day shall be disseminated within five working days from the dissemination of certified true copy of the Order of the relevant competent authority sanctioning the scheme but not later than the announcement of the final date of book closure by the listed company.

The newly inserted Clause 5.4A is attached herewith as Annexure A for ready reference.

The approved amendments to PSX Regulations have taken effect from **July 14, 2025**. An updated version of PSX Regulations is available under Legal Framework section of PSX website, which can be accessed at the following link:

<https://www.psx.com.pk/psx/regulations/legal-framework>



AJEET KUMAR
Chief Regulatory Officer

“ANNEXURE A”

5.4A. LISTING OF COMPANIES PURSUANT TO APPROVAL OF SCHEME OF ARRANGEMENT:

5.4A.1. *No unlisted company can list or attain the listing status through the scheme of arrangement, except in case of scheme of arrangement involving demerger of Operating Business Segment of a listed company into an unlisted company and shares of unlisted company are issued to the shareholders of the listed company.*

5.4A.1.1. CLASSIFICATION CRITERIA FOR OPERATING BUSINESS SEGMENT:

For the purpose of this regulation, Operating Business Segment means:

- (a) A business component of a listed company that engages in business activities from which it earns revenue and incurs expense”;*
- (b) Revenue from Operating Business Segment must account for 10% of total revenue of the listed company as per last audited accounts or assets of the Operating Business Segment must account for 10% of total assets of the listed company as per last audited accounts;*
- (c) Operating Business Segment to be demerged must be profitable for preceding financial year as per the last audited accounts.*

5.4A.2. CONDITIONS FOR LISTING OF UNLISTED COMPANY THROUGH SCHEME OF ARRANGEMENT:

5.4A.2.1. Conditions Applicable on Listed Company (Demerger of Operating Business Segment):

- (a) Listed company, which is entering into the scheme of arrangement involving demerger of Operating Business Segment into unlisted company, shall be required to obtain a No Objection Certificate (NOC) from the Exchange subsequent to the approval of the Board of Directors for entering into scheme of arrangement.*
- (b) The listed company shall prepare special accounts for the Operating Business Segment for the most recent financial year, and these accounts shall be audited by a QCR-rated audit firm.*
- (c) Listed company must be compliant with the requirements of the financial statements as per the relevant provisions of the Companies Act, 2017.*
- (d) Listed company is not placed in Non-Compliant Segment and/or trading in its shares is not suspended at the time of application to PSX for obtaining NOC or at the time of filing of scheme of arrangement.*
- (e) Listed Company shall obtain approval from the Shareholders through special resolution for entering into the scheme of arrangement involving demerger of the operating business segment into unlisted company.*
- (f) Listed company shall submit an undertaking on non-judicial stamp paper to the Exchange that company to be listed through scheme of arrangement shall comply with listing requirements specified below.*

5.4A.2.2. *Conditions Applicable on company to be listed through Scheme of Arrangement (Demerger of Operating Business Segment):*

- (a) *The company to be listed through scheme of arrangement must be compliant with following conditions:*
- i. *Must be a public limited company incorporated under the Companies Act, 2017 having minimum paid up capital of PKR 200 million.*
 - ii. *At the time of listing, it must have minimum Free-Float as follows:*

PAID-UP CAPITAL (PUC)	FREE-FLOAT REQUIREMENT
<i>Up to PKR 2.5 billion</i>	<i>At-least 10% of PUC at the date of listing and increase to 25% subsequently within next 3 years.</i>
<i>Above PKR 2.5 billion and up to PKR 5 billion</i>	<i>At-least 10% of PUC at date of listing and increase to 15% subsequently within next 3 years.</i>
<i>Above PKR 5 billion and up to PKR 10 billion</i>	<i>At-least 10% of PUC at the date of listing.</i>
<i>Above PKR 10 billion</i>	<i>At-least 5% of PUC at the date of listing.</i>

- iii. *Its principal line of business is to hold and manage operations of the Operating Business Segment.*
- iv. *Its promoters/ sponsors/ directors are not promoters/ sponsors/ directors in any other Listed Company, which is in the Non-Compliant Segment or Winding-Up Segment.*
- v. *It is not an associated company of any other Listed Company (over which the Company has control), which is placed in the Non-Compliant Segment or Winding-Up Segment.*
- vi. *Its Chief Executive Officer has not served in the past three years or is not serving as Chief Executive Officer of a Listed Company, which is placed in the Non-Compliant Segment or Winding-Up Segment during his tenure.*
- vii. *The company, its sponsors, promoters, substantial shareholders and directors have no overdues or defaults, irrespective of the amount, appearing in the report obtained from the Credit Information Bureau. This will not apply to the directors nominated by the Federal Government or any Provincial Government and the Financial Institutions.*
- viii. *Sponsors of the company shall hold their entire shareholding for a period of one year from the date of listing.*
- ix. *Sponsors of the company shall hold not less than 25% of the Paid-Up Capital of the company for a period of three years from the date of listing. Provided that shares of the Sponsors under clause (viii) and (ix) above, shall be kept unencumbered in blocked account with CDC. Subject to compliance with clause (viii) and (ix) above, and with the approval of the Exchange, the sponsors of the company may sell their shareholding through block-sale to any other person who will assume the role of sponsor and adhere to the specified requirements.*
- x. *Comply with any other requirements as may be prescribed by the Commission or the Exchange.*

5.4A.3. SUBMISSION OF LISTING APPLICATION – POST SANCTION OF SCHEME OF ARRANGEMENT BY COMPETENT AUTHORITY:

5.4A.3.1. *After sanction of scheme of arrangement by the competent authority, the unlisted company shall submit an application to the exchange as per Form-I and submit applicable documents for listing of the company. The Exchange, if satisfied that the company is compliant with the prescribed listing requirements shall approve the listing application.*

5.4A.3.2. *The Exchange may reject a listing application, at its sole discretion if it deems that listing of the company is not in the interest of the market or the company does not meet any of the prescribed listing requirements. Provided that the company shall be given an opportunity of hearing by the Exchange before the listing application is rejected.*

5.4A.4. OPENING PRICE OF THE COMPANY:

5.4A.4.1. *The opening price of the shares on the first trading day shall be disseminated within five (05) working days from the dissemination of certified true copy of the Order of the relevant competent authority sanctioning the scheme but not later than the announcement of the final date of book closure by the Listed Company.*

Provided that management shall also provide justification in support of the opening price.

5.4A.5. PUBLIC DISSEMINATION OF INFORMATION ON COMPANY TO BE LISTED:

5.4A.5.1. *Along with the listing application, the management of the company shall share with the Exchange, the following information/documents relating to company, for onward dissemination to the general public through notice of listing:*

- (a) Company History and Background;*
- (b) Shareholding pattern;*
- (c) Name(s) of Sponsors;*
- (d) Names and profile of Board of Directors;*
- (e) Management profile;*
- (f) Capital structure;*
- (g) Business model;*
- (h) Products;*
- (i) Major customers and suppliers;*
- (j) Material properties and infrastructure;*
- (k) Justification in support of the opening price;*
- (l) Legal proceedings*
- (m) Risk factors; and*
- (n) Past financial performance including key ratios.*

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