

GOVERNMENT OF PAKISTAN
SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

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Islamabad, the 23rd June, 2022

NOTIFICATION

S.R.O. 870 (I)/2022. - The following draft Asset Backed Securitization Regulations, 2022, proposed to be made by the Securities and Exchange Commission of Pakistan in exercise of the powers conferred by section 512 read with section 63 & 66 of the Companies Act, 2017 (XIX of 2017) and section 169 of the Securities Act, 2015 (III of 2015), are hereby published, as required under sub-section (4) of the said section 169 and section 512, for information of all persons likely to be affected thereby and notice is hereby given that comments, if any, received within fourteen days from the date of its publication in the official Gazette and placement on the website of the Commission, will be taken into consideration, namely:-

DRAFT REGULATIONS

CHAPTER I

PRELIMINARY

- 1. Short title and commencement.** — (1) These regulations shall be called the Asset Backed Securitization Regulations, 2022.
- (2) They shall come into force at once.
- (3) They shall apply to offer of debt securities, including redeemable capital, debentures and sukuk by special purpose vehicles under securitization process.
- (4) Special purpose vehicles owned or controlled by the Federal Government or Provincial Government may also adopt these regulations to such extent in accordance with applicable law.
- 2. Definitions.**— (1) In these regulations, unless there is anything repugnant in the subject or context –
- (a) “Act” means the Securities Act, 2015 (III of 2015);
- (b) “Commission” means the Securities and Exchange Commission of Pakistan;
- (c) “Obligor” means an entity/person who is obligated to make payments on debt or receivables under a contractual agreement or any other arrangement;
- (d) “Regulations” means the Asset Backed Securitization Regulations, 2022;
- (e) “Rules” means the Companies (Asset Backed Securitization) Rules, 1999;
- (f) “Schedule” means a schedule appended to these Regulations; and
- (g) “True sale” means the sale of asset(s) by the originator to Special Purpose Vehicle, such that the assets are protected from claims against the originator's assets in the event of the originator's insolvency, winding up or otherwise.
- (2) All other terms and expressions used but not defined in these regulations shall have the same meanings as are assigned to them in the Rules, the Act, the Companies Act, 2017 (XIX of 2017) or the Securities and Exchange Commission of Pakistan Act, 1997 (XLII of 1997).

CHAPTER II

CONDITIONS, OBLIGATIONS AND OPERATIONS OF SPECIAL PURPOSE VEHICLE

3. Eligibility. — (1) Subject to rule 5 of the Rules, a company proposing to commence business as a Special Purpose Vehicle (the “SPV”) shall submit an application under the Rules for registration along with documents as per **Schedule-I**.

(2) The company must have a paid-up capital of not less than one million rupees.

(3) The company ensures that it’s promoters or sponsors, directors, chief executive, officer or employee fulfils the fit & proper criteria and provide affidavits/undertakings duly attested by Oath Commissioner as specified in **Schedule-II**.

4. Conditions, obligations and operations of SPV. — (1) An SPV may offer debt securities under securitization transaction, either by way of public offer or by way of private placement.

(2) Before making any public offer of debt securities, SPV shall seek prior approval of the Commission under section 87 & 88 of the Act and for private placement of debt securities, the SPV shall fulfils the requirements of private placement of Securities Rules, 2017.

(3) No SPV shall –

- (a) merge with, acquire or take over any other company or business, unless it has obtained prior approval of the Commission in writing to the scheme of such merger, acquisition or take-over;

[Explanation: This requirement is in addition to the requirements of the Companies Act, 2017 regarding scheme of arrangement where such schemes are subject to court approval and SECP files comments on schemes of arrangement to the Court.]

- (b) pledge any of the assets held or beneficially owned by such Special Purpose Vehicle except for the benefit of the investors;
- (c) make a loan or advance money to any person except in connection with its normal business;
- (d) participate in a joint account with others in any transaction;
- (e) make any investment with the purpose of having the effect of vesting the management, or control, in the Special Purpose Vehicle; and
- (f) give guarantee, indemnity or security for any liability of a third party.

(4) An SPV shall –

- (a) be obliged to manage its assets in the interest of the investors in good faith and to the best of its ability and without gaining any undue advantage for itself or any of its related parties, associates or its officers;
- (b) be responsible for the acts and omissions of all persons to whom it may delegate any of its functions as manager as if they were its own acts and omissions;
- (c) keep at its registered office, proper books of accounts and records, including register of investors to enable a complete and accurate view to be formed of its assets, liabilities, income and expenditure, as per the requirements of the Companies Act, 2017;

[Explanation: The “register of investor” shall include at least the name and contact details of investors, CNIC/passport number (for individual investors), registration number (in case of corporates), number of debt securities held, date of purchase and consideration paid.]

- (d) prepare and transmit its periodical financial statements, in compliance with the requirements set out in the Companies Act, 2017 (XIX of 2017) together with a statement containing the following information namely:
 - (i) total number of investors; and
 - (ii) particulars of its directors, or executives as the case may be.
- (e) appoint an auditor or auditors in accordance with the relevant provisions of the Companies Act, 2017; and
- (f) Provide a certificate from a QCR rated Chartered Accountant firm certifying that valuation methodology adopted by the SPV takes into account track record of the Company and the nature and viability of the project for which funds are to be raised through securitization along with other things.

5. Requirements for Assets that may be securitized.— (1) The assets that are the subject matter of a securitization transaction must fulfil all of the following criteria:

- (a) the assets must have cash generating ability and have an actionable claim;
- (b) the Originator has a valid and enforceable interest in the assets and in the cash flows of the assets prior to any securitization transaction;
- (c) all requisite regulatory approvals and other consents (where applicable), have been obtained and there is no impediments (contractual or otherwise) including no third party’s interest that prevent the effective transfer of the assets or the rights in relation to such assets from an originator to an SPV;
- (d) the assets are transferred at arm’s length /commercial basis; and
- (e) Where the issue, offer or invitation of asset backed securities is Islamic in nature, the assets that are the subject matter of the securitization transaction must be acceptable in accordance with Shariah principles.

Chapter III

Miscellaneous

- 6. SPV and the Originator relationship.** — (1) SPV shall exercise independence in its own judgement and have independent board of directors.
- (2) The Originator may establish a 100% owned SPV subject to compliance of the following conditions:
- (a) the assets shall be transferred from the originator to its subsidiary SPV strictly on true sale basis;
 - (b) all transactions between SPV and the originator shall be conducted at arm's length /commercial basis;
 - (c) the offering document issued by the SPV shall clearly disclose the relationship and any other interests between the originator and SPV;
 - (d) the Board of SPV shall comprise of two third independent directors and CEO of SPV shall be from amongst the independent directors; and
 - (e) the originator shall have no role in decision making process of SPV in relation to securitization transaction.
- (3) The Board of Directors of the SPV shall be responsible to ensure compliance with the above-mentioned conditions.

- 7. Credit enhancement.**— An SPV may opt for credit enhancement of the asset pool, subject to making full disclosures of the arrangements in the offer document.

Explanation: for the purposes of this Regulations the expressions "credit enhancement" means an arrangement within a securitization transaction, intended to decrease the likelihood of default on the debt securities, in the form of cash collateral, profit retention, subordination, insurance, letter of credit, over-collateralization, undertakings and guarantees by third party including financial institution;

- 8. Servicers.** — (1) An SPV may appoint either the originator or any other person as servicer in respect of securitization transaction.
- (2) The Servicer appointed by the SPV shall perform the following functions, namely: -
- (a) to coordinate with the obligors, manage the asset pool and collections therefrom;
 - (b) administer the cash flows of such asset pool, distributions to investors; and reinvestment, if any, in accordance with the securitization transaction; and
 - (c) manage incidental matters.
- (3) Where an SPV appoints the originator as servicer, it shall adopt internal procedures designed to avoid conflict of interest and shall provide such information to the Commission.
- (4) The investment agent shall ensure that the servicer keeps proper accounts in respect of the activities delegated to him and that the servicer has adequate operational systems and resources to administer the asset pool in relation to a securitization transaction.

9. Credit rating. — (1) No SPV shall offer debt securities or shariah compliant securitized instruments unless credit rating of the Instrument is obtained from a credit rating agency registered with the Commission.

(2) All credit ratings obtained by SPV on the securitized instruments shall be disclosed in the offer document.

(3) A credit rating agency rating the securitized instruments issued by an SPV shall include reference to the following in the rating rationale:

- (a) quality of the asset pool and the strength of cash flows;
- (b) payment structure;
- (c) adequacy of credit enhancements;
- (d) originator profile;
- (e) risks and concerns for investors and mitigating factors;
- (f) quality and experience of the servicer, if any.
- (g) terms of the servicer contract; and
- (h) any other relevant information.

10. Disclosures in the Offering Document.— (1) The SPV shall prepare the draft prospectus as per the format and disclosures prescribed in **Schedule-III** of the Regulations.

(2) The Information Memorandum prepared with respect to issue of a debt security through private placement shall contain at least the information and disclosures as prescribed in **Schedule-IV** of the Regulations.

11. Reporting.— The SPV shall submit reports to the Commission as per the requirements of Public Offering Regulations, 2017 and Private Placement of Securities Rules, 2017 along with copy of information memorandum.

12. Penalty for contravention of Regulations: Whoever fails or refused to comply with, or contravenes any requirements of the regulations shall be punishable with as provided under sub-section (2) of section 512 of the Companies Act, 2017.

Schedule-I

Application for Registration as a Special Purpose Vehicle (SPV)

[regulation 3(1) & rule 5(1) of the Rules]

To
The Commissioner,
Securities and Exchange Commission of Pakistan,
Islamabad.

Dear Sir,

1. I/We hereby apply for registration of _____ [Name of Company] as a Special Purpose Vehicle (SPV) under rule 5(1) of the Companies (Asset Backed Securitization) Rules, 1999.

2. Certified true copies of all the documents as specified in **Annexure-A** are enclosed.

Yours faithfully,

Signature of the Chief Executive
[Name, Date & Place]

Annexure-A

Information and documents to be provided along-with application for registration as a Special Purpose Vehicle (SPV)

1. Brief history of the applicant containing the name of the applicant, date and place of its incorporation and profile of its promoters/sponsors and directors;
2. Copy of the securitization transaction summary alongwith complete transaction diagram/flow chart.
3. Undertakings by the chief executive officer, directors on non-judicial stamp papers attested by Oath Commissioner regarding compliance with the requirements of Regulations;
4. Affidavits/undertakings from the promoters, directors of the SPV that they meet the fit & proper criteria as required under regulation 3(3) of the Regulations, duly attested by Oath Commissioner;
5. Confirmation by the legal advisor of the Originator that true sale criteria for sale of receivables/assets to SPV has been met;
6. Copies of all other approvals required under any law and/or contract;
7. Paid e-challan evidencing payment of Rs.100,000/- as an application fee for registration as SPV;
8. Power of attorney by the SPV in favor of consultants/advisors, if any;
9. Credit Rating Report obtained from a credit rating agency registered with the Commission;
10. Copy of the Information Memorandum, if any; and
11. Copies of the audited accounts of the Originator for the last five (5) years or for a shorter period in case the originator is in existence for a shorter period, as applicable.

Schedule-II

Fit and Proper Criteria *[regulation 3(3) & rule 4(c) of the Rules]*

Fit and proper criteria for Promoters / Sponsors, directors and chief executive, officer or employee of Special Purpose Vehicle (SPV).

(A) Application and Scope:

The Fit and Proper Criteria in relation to Special Purpose Vehicle (SPV) shall be applicable to the following persons:

- (i) Promoters or sponsors;
- (ii) Directors;
- (iii) Chief executive; and
- (iv) Officer or employee.

(B) Integrity and Track Record:

A person shall not be considered Fit and Proper if he:

- (i) has been convicted of an offence involving moral turpitude, fraud or breach of trust, mismanagement of investments, financial or business misconduct, fraud etc.;
- (ii) has been suspended or barred from capital market activities;
- (iii) has been subject to material adverse findings, after conducting an inquiry, by the Commission or any other regulatory or professional body or government agency;
- (iv) has been actively involved in the management of a company or firm whose registration or license has been revoked or cancelled or which has gone into liquidation or other similar proceedings due to mismanagement of affairs, financial misconduct or malpractices;
- (v) is ineligible, under the Act, Companies Act or any other legislation or regulation, from acting as a director or serving in a managerial capacity of a company;
- (vi) found involved in money laundering or terrorist financing, illegal deposit taking/ banking business/ financial dealings;
- (vii) has been adjudged as insolvent or has suspended payment or has compounded with his creditors;
- (viii) The fitness and propriety of any person shall take into account all the relevant factors including but not limited to the following:
 - a. Integrity and track record of such person;
 - b. Competence and capability of the person; and
 - c. Conflict of interest of such person;

Undertaking (as per **Annexure-B**) from all the sponsors, directors and key management with regard to the above shall be enclosed along with application for registration as an SPV.

(C) Competence and Capability:

The sponsors shall be required to submit an undertaking w.r.t competence and capability. In determining a person's competence and capability the following shall be considered:

- (i) The SPV must demonstrate that its promoters/sponsors/directors have the experience, qualification and competence to–
 - a) achieve the SPV's business objective and strategy as disclosed in the offering document; and
 - b) perform their individual roles, including an understanding of the nature of their obligations and those of the SPV under the regulatory requirements relevant to their roles.
- (ii) The SPV's promoters/sponsors/directors/CEO, as a whole, must possess the appropriate experience and track record which demonstrate that it will be capable of managing the company sustainably based on the business strategy outlined in the prospectus.
- (iii) The SPV must demonstrate that the promoters/sponsors/directors/chief executive officer have the requisite collective experience and track record, which include having–
 - a) sufficient and relevant technical and commercial experience and expertise;
 - b) positive corporate governance and regulatory compliance history.
- (iv) The chief executive and director must be fully conversant with their duties as prescribed under the statutes, rules and regulations; and
- (v) In case of promoters or sponsors or directors, should have special knowledge of matters which the company may have to deal with as a SPV.

(D) General:

- (i) The Fit and Proper Criteria is perpetual in nature and SPV shall ensure compliance with the provisions of Fit and Proper Criteria;
- (ii) In case of any change in status results in non-compliance with the Fit and Proper Criteria, the SPV shall immediately stop such person from performing his assigned functions, informs the Commission and initiate the process for replacement of such individual with a fit and proper individual;
- (iii) All persons subject to Fit and Proper Criteria shall report any change with reference to their fitness and propriety to the SPV within three business days

- of such change taking effect and SPV shall within three business days from the date of receipt, report the same to the Commission;
- (iv) Any violations or circumvention of the Fit and Proper Criteria shall be dealt with under the provisions of the Act; and
 - (v) All persons subject to fit and proper criteria shall submit an affidavit to the Commission affirming under the oath that they meets the fit and proper criteria and it has no overdue payment of any financial institution.

Annexure-B

Date:

Undertaking
(on non-judicial stamp paper)

I.....[Name] S/D/O..... holding position as..... [name of designation] in the[name of SPV] do hereby solemnly declare that I:

- (i) have not been convicted of an offence involving moral turpitude, fraud or breach of trust;
- (ii) have not been involved in the mismanagement of investments, financial or business misconduct, fraud etc.;
- (ii) have not been suspended or barred from capital market activities;
- (iii) have not been subject to material adverse findings, after conducting an inquiry, by the Commission or any other regulatory or professional body or government agency;
- (iv) have not been actively involved in the management of a company or firm whose registration or license has been revoked or cancelled or which has gone into liquidation or other similar proceedings due to mismanagement of affairs, financial misconduct or malpractices;
- (v) am not ineligible, under the Act, Companies Act or any other legislation or regulation, from acting as a director or serving in a managerial capacity of a company;
- (vi) have not been found involved in money laundering or terrorist financing, illegal deposit taking/ banking business/ financial dealings; and
- (vii) have not been adjudged as insolvent or has suspended payment or has compounded with his creditors.

Sd/-

Name of Person
Designation

Schedule-III
[Format of the Prospectus - Special Purpose Vehicle (SPV)]
[regulation 11(1) & rule 12 of the Rules]

ADVICE FOR INVESTORS

- INVESTORS ARE STRONGLY ADVISED IN THEIR OWN INTEREST TO CAREFULLY READ THE CONTENTS OF THIS PROSPECTUS, ESPECIALLY THE RISK FACTORS GIVEN AT PART 5 OF THIS PROSPECTUS BEFORE MAKING ANY INVESTMENT DECISION.
- SUBMISSION OF FALSE AND FICTITIOUS APPLICATIONS IS PROHIBITED AND SUCH APPLICATIONS' MONEY MAY BE FORFEITED UNDER SECTION 87(8) OF THE SECURITIES ACT, 2015.

----SPV / Securitization Ltd.

Company's Name & LOGO

PROSPECTUS

Company's Incorporation date and Place: _____
 Company's Incorporation Number: _____
 Date of registration as a Special Purpose Vehicle (SPV): _____
 The SPV is a subsidiary ofLtd. *(In case SPV is subsidiary of the Originator)*
 For more information about Company and the Originator, please refer to part---of this prospectus and website at <http://-----> ; (SPV website) and <http://-----> (Originator website) <http://-----> Contact person of the Company: Mr./Ms.-----
 Phone-----Email:.....

Issue Size: The Issue size of fully paid up, rated, perpetual, unsecured, subordinated, non-cumulative and contingent convertible Sukuk/TFC("Sukuk/TFC') is PKR ---- million, out of which Sukuk/TFC of PKR ---- million (--% of issue size) are issued to the Pre-IPO investors and PKR --- million (--% of issue size) are being offered to the general public by way of initial public offer through this prospectus. *[Please mention as per the feature of the instrument]*

Rate of return/profit: ----- *[Please mention as per the feature of the instrument]*

Instrument Rating: (long term and short term)----- by----- *[Name of the credit rating company]*

Listing: Pakistan Stock Exchange Limited (PSX)

Originator: -----*[Please mention the name of originator]*

Date of Public Subscription: From -----(date) to -----(date) (both days inclusive) From: 9:00 am to 5:00 pm.

Public Comments: The draft prospectus was placed on PSX's website for seeking public comments starting from -----(date) to -----(date). The comments received have been duly responded/incorporated by the Lead Manager.

Lead manager/ Consultant to the issue	Bankers to the Issue*	Trustee / Investment Agent
Underwriters	Market Maker	Shariah Advisor / Shariah Board

**Electronic/Online applications can be submitted through Centralized E-IPO system (CES) of Central Depository Company of Pakistan Limited (CDC) and PSX's e-IPO system (PES). CES, PES can be accessed via web link www.cdceipo.com and <https://eipo.psx.com.pk>. For details please refer to section --- of the Prospectus.*

Prospectus and Subscription Forms can be downloaded from the following websites
<http://----->; <http://----->; and <http://----->

For further information/queries you may contact:

Mr./Ms.....	Mr./Ms.....	Mr./Ms.....
Designation.....	Designation.....	Designation.....
Company:.....	Company:.....	Company:.....
Phone:.....	Phone:.....	Phone:.....
Email:.....	Email:.....	Email:.....

DATE OF PUBLICATION OF THIS PROSPECTUS: -----

UNDERTAKING BY THE ISSUER, CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER

DATE: -----

WE, Mr./Ms.----- (name), the Chief Executive Officer and Mr./Ms.----- (name), the Chief Financial Officer of ----- Limited [*name of company*] hereby certify that:

1. We being the Chief Executive Officer and Chief Financial Officer of the issuer accept absolute responsibility for the disclosures made in this prospectus.
2. The information contained in this prospectus is true and correct to the best of our knowledge and belief.
3. The opinions and intentions expressed therein are honestly held.
4. This prospectus contains all information with regard to the issuer and the issue, which is material in the context of the issue and nothing has been concealed in this respect;
5. There are no other facts, the omission of which makes this prospectus as a whole or any part thereof misleading;
6. All requirements of the Securities Act, 2015, the Companies (Asset Backed Securitization) Rules, 1999, the disclosures in Public Offering Regulations, 2017 for preparation of prospectus, relating to approval and disclosures have been fulfilled;
7. No charges, fee, expenses, payments etc. have been committed to be paid to any person in relation to this public offering except for those as disclosed in the prospectus.

JOINTLY IN THEIR INDIVIDUAL CAPACITY AND FOR AND ON BEHALF OF -----LIMITED

-sd- _____ Mr./Ms.....	-sd- _____ Mr./Ms.....	Witness-1 Witness-2
PRESIDENT & CEO	CHIEF FINANCIAL OFFICER	

UNDERTAKING BY THE COMPANY AND SPONSORS

DATE: -----

The Company and its sponsors undertake that:

1. SPV has been formed for the purpose of securitization transaction(s) and the funds raised from IPO shall be utilized for the purpose as disclosed in the prospectus;
2. neither Issuer nor its directors, sponsors or substantial shareholders have been holding the office of the directors, or have been sponsors or substantial shareholders in any company:
 - (i) which had been declared defaulter by the securities exchange or futures exchange; or
 - (ii) whose TRE Certificate has been cancelled or forfeited by the Exchange, PMEX or any other registered securities exchange of Pakistan that existed prior to integration of stock exchanges pursuant to Integration Order number 01/2016 dated January 11, 2016 issued by SECP due to noncompliance of any applicable rules, regulations, notices, procedures, guidelines etc.
 - (iii) which has been de-listed by the Exchange due to its non-compliance of any applicable provision of PSX Regulation.
3. none of the Sponsors, Major Shareholders, Directors or Management of the Company as well as the Company itself or its Associated Company / Entity have been found guilty of being engaged in any fraudulent activity. The Company have made full disclosure regarding any / or all cases in relation to involvement of the person named above in any alleged fraudulent activity i.e., pending before any Court of Law / Regulatory Body / Investigation Agency in or outside of the Country.

-sd- _____ Mr./Ms..... For and on behalf of the Issuer	-sd- _____ Mr./Ms..... For and on behalf of the Sponsors	Witness-1 Witness-2
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UNDERTAKING BY THE CONSULTANT TO THE ISSUE/LEAD MANAGER

The General Manager,
Pakistan Stock Exchange Limited,
Stock Exchange Limited,
Stock Exchange Road,
Karachi.

Being mandated as Consultant to the issue/lead manager to this this Initial Public Offering of ----- [name of debt securities i.e. Sukuk/TFC] of ----- Limited [name of SPV], we hereby confirm that;

1. all material information as required under the Companies Act, 2017, the Securities Act, 2015, the Companies (Asset Backed Securitization) Rules, 1999 the Listing of Companies and Securities Regulations of the Pakistan Stock Exchange Limited and the Public Offering Regulations, 2017 has been disclosed in this Prospectus and that whatever is stated in Prospectus and in the supporting documents is true and correct to the best of our knowledge and belief and that nothing has been concealed.
2. We have examined the business model and audited financial statements of the Issuer and based on the same, material information, including risks that would enable the investor to make an informed decision, has been disclosed in the Prospectus.
3. For and on behalf of ----- Limited

<p>- sd-</p> <p>_____</p> <p>Mr./Ms.-----</p> <p>[Designation]</p> <p>Date: -----</p>	<p>Witness-1</p> <p>Witness-2</p>
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GLOSSARY OF ABBREVIATIONS AND TECHNICAL TERMS

Issuer	----- Limited
Board / BOD	Board of Directors of ----- Limited
CAGR	Compounded Annual Growth Rate
CDC	The Central Depository Company of Pakistan Limited
CDS	Central Depository System
Consultant to the Issue/ Lead Manger	----- Limited

Credit Rating Agency	----- Limited (“---”)
Conditions	The terms and conditions governing and regulating the debt securities (Sukuk/TFC)
Credit enhancement	Means an arrangement within a securitization transaction, intended to decrease the likelihood of default on the debt securities, in the form of cash collateral, profit retention, subordination, insurance, letter of credit, over-collateralization, undertakings and guarantees by third party including financial institution.
CY	Calendar Year
Market Maker	----- Limited
DFI	Development Financial Institutions

DSL Regulations	Chapter 5B of the Rule Book of the Pakistan Stock Exchange Limited titled “Listing of Debt Securities Regulations”, as amended from time to time
EPS	Earnings per Share
FY	Financial Year
GOP	Government of Pakistan
Investor Agreement	The Investor Agreement entered into between each Pre-IPO Investor and the Issuer, prior to the Issue Date
Issue Date	Issue Date means (i) the date of closing of the subscription list for the public offering of the Sukuk/TFC Certificates in the event the Sukuk/TFC Certificates are fully subscribed, or (ii) in the case of undersubscription, the date on which the entire amount of the Sukuk/TFC Issue has been fully subscribed, which shall be achieved by the Issuer by no later than ---- (----) days from the date of closing of the subscription list for the public offering of the Sukuk/TFC Certificates.
KIBOR	Karachi Inter-Bank Offer Rate (Ask Side).
Obligor	Means an entity that owe the originator payments on the underlying assets including receivables.

Originator	Means an entity which transfers its assets to Special Purpose Vehicle in a Securitization transaction.
PSX	Pakistan Stock Exchange Limited.
PKR or Rs.	Pakistani Rupee.
SECP or the Commission	Securities & Exchange Commission of Pakistan.
Securitization	Means a process whereby any Special Purpose Vehicle (SPV) raises funds through issuance of debt securities or shariah compliant securities including Sukuk/TFC, and uses such funds by making payment to the Originator and through such process acquires the title, property or right in assets.
SPV/Issuer/---[name of SPV]	means a special purpose vehicle registered with the Commission for the purpose of Securitization
Servicer	Means an entity appointed by SPV for the collection or management of the asset pool and for making allocations or distributions to holders of the securitized instrument.
Sukuk/TFCs	Fully paid up, rated, listed ---- <i>[Please mention other features like secured/unsecured, convertible/non-convertible, cumulative/noncumulative etc.]</i> Sukuk/TFCs to be issued as an instrument of redeemable capital under Section 66 of the Companies Act, 2017.
Sukuk/TFC Holders	Sukuk/TFC holders mean the persons shown as holders of Sukuk/TFC in the records of the CDS, who shall be the beneficiaries under the Trust Deed/ Issuance Agreement.
Sukuk/TFC Issue	Issuance of Sukuk/TFC Certificates/TFCs of PKR ---- million <i>(Please mention full amount of the Sukuk/TFC issue).</i>
Transaction Documents	<ol style="list-style-type: none"> 1. Trust Deed/Issuance Agreement. 2. The Investor Agreements. 3. Subscription Undertaking. 4. Sukuk/TFC Certificates/TFC (when issued). 5. ...
Trust Deed/ Issuance Agreement	The Trust Deed/Issuance Agreement executed between the(name of the issuer) and the Trustee/Issuance Agent dated -----

Trustee / Investment Agent	----- Limited
Transfer Agent & Balloter	----- Limited
Transaction Legal Counsel	-----

A) SUMMARY OF THE ISSUE/TERM SHEET

Issuer	----- Limited (" <i>---</i> " or the " <i>Issuer</i> ");
Instrument/Issue/Transaction	Fully paid up, rated, ----- [<i>features of the instrument</i>] listed -- Sukuk/TFC Certificates/TFCs to be issued as an instrument of redeemable capital under Section 66 of the Companies Act, 2017.
Issue Size	Up to PKR -----/- (Pak Rupees ---- Only);
Issue Title/Name	The Instrument has been named as "-----" and being marketed under the same; with the logo as mentioned on the top of the Term sheet.
Tenor	-----
Principal Redemption	-----
Purpose	-----
Profit Payment	Profit will be payable [<i>plz mention monthly/quarterly/semi-annually etc.</i>] (365 days in a year) in arrears on the outstanding investment amount. The first such profit payment will fall due at the end of[<i>Date/Day</i>] from the issue date and subsequently The profit payment to the Sukuk/TFC Holders will be [<i>whether cumulative/non-cumulative</i>] in nature.
Profit Rate	----- [<i>Base Rate* plus a margin of ---% per annum.</i>] *Base Rate is defined as -----.
Loss Sharing/ Dividend Stopper (If any)	----- [<i>Please disclose relevant event/circumstance affecting profit payment</i>]
Security	-----[Whether secured or unsecured]
Face Value	Pak Rupees Five Thousand per certificate (PKR 5,000);

Issue Price	Pak Rupees Five Thousand per certificate (PKR 5,000);
Minimum Investment Amount	Pak Rupees Five Thousand (PKR 5,000);
Eligible Investors for IPO	General Public, including individual and institutional investors; <i>[please refer to para 14.1]</i>
Placement and Transferability	The Sukuk/TFCs shall be inducted into the Central Depository System of Central Depository Company of Pakistan Limited and shall be transferred in accordance with the Central Depositories Act, 1997 and CDC Regulations.
Call Option	----- [Call option details, if any]
Put Option	----- [Put option details, if any]
Seniority of Claim / Sub-ordination	----- (In case of liquidation, Sukuk/TFC holder's seniority of claim)
Issuer Rating	---- (Long Term), --- (Short Term) by ----- <i>[name of the rating agency]</i> ;
Instrument Rating	----by ---- <i>[name of the rating agency]</i> ; The --- Sukuk/TFCs shall be rated throughout the life of the Instrument.
Listing and Public Subscription	Sukuk/TFC's listing will be done via issuance of Prospectus at Pakistan Stock Exchange (PSX); The public subscription will remain open for ----days <i>[Please mention number of days]</i> ;
Classification on the Balance Sheet	Sukuk/TFCs shall be classified as " <i>Liabilities</i> " in the Balance Sheet;
Transaction Legal Counsel	-----.
The originator	-----.
The Servicers	-----.
Credit Enhancement provider	-----.
Redemption Reserve	Disclose whether or not any redemption reserve is created or not
CONVERSION MECHANISM <i>[In case of</i>	-----[Details of events that triggers convertibility of Sukuk/TFCs in to shares.].

<p><i>convertibility of Sukuk/TFCs in to shares]</i></p>	<p>-----[The mechanism for determination of number of shares to be issued to Sukuk/TFC Holders at the time of conversion.].</p> <p>-----[Details regarding approvals required for conversion of Sukuk/TFCs in to shares].</p> <p>The -----[name of the issuer] has obtained approval of the shareholders for the conversion of Sukuk/TFCs and approval of the Securities and Exchange Commission of Pakistan under section 83(1)(b) of the Companies Act, 2017 has also been obtained.</p>
<p>CALL OPTION <i>[if applicable]</i></p>	<p>-----[Issuer] may exercise a Call Option on the subject Sukuk/TFCs on or after ----- years <i>[please mention time period after which the issuer can exercise call option]</i> from issuance date subject to the following conditions (the “Call Option Conditions”):</p> <p>(a) -----</p> <p>(b) -----</p> <p>(c) -----</p> <p>Prior approval from----- <i>[name of the relevant persons]</i> has been obtained for exercise of the call</p> <p>Call Option price should be ----- <i>[disclose the basis of price calculation call option]</i></p>
<p>Investment Agent / Trustee to the Issue</p>	<p>-----</p>
<p>Issuer’s Registered Office and phone numbers</p>	<p>-----</p>
<p>Compliance Officer</p>	<p>Mr./Ms.-----</p>
<p>Registrar / Transfer Agent</p>	<p>-----Limited;</p>
<p>Designated Market Maker</p>	<p>-----Limited;</p>
<p>Joint Advisors & Arrangers (Joint Advisors or JAA)</p>	<p>----- Limited;</p>
<p>Applicable Laws</p>	<p>-----</p>

B) SUMMARY OF RISKS RELATED TO THE ISSUE

Following are the key risks related to the Issue:

- (i) **Transaction specific risks:**
 - a *Asset quality risk:*
 - b *Performance / Operational Risk:*
 - c *Delayed Payment Risk:*
 - d *Risks associated with Option to Defer TFC Obligation and Option to Defer TFC Obligation.*
- (ii) **Investor risk:**
 - a *Liquidity Risk:*
 - b *Profit Rate Risk: all risk which may affect the profit rate.*
- (iii) **Business risks (Originator/Obligor):**
 - a *Industry and Economic Factors*
 - b *Monopoly due to some regulatory protection.*
 - c *High dependence on few customer/suppliers.*
 - d *Limited raw material suppliers.*
 - e *No agreement in place with major customers/suppliers.*
 - f *Short term agreements with major customers/suppliers.*
 - g *Unique and complex structure adopted for business operations.*
 - h *High dependence on associated companies for running business operations or generating revenue.*
 - i *High dependence on one product for revenue generation.*
 - j *Dependence on growth of other sectors for revenue generation.*
 - k *Insurance contract(s) not in place for running business operations.*
 - l *Higher dependence on non-core items as compared to core items for profit generation*
- (iv) **Regulatory Risks:**
 - a *Imposition of duties/taxes making the product unviable.*
 - b *Withdrawal of regulatory duties making the product unviable.*
- (v) **Other Risks:**
 - a *Political Factors/uncertainty impacting policies.*
 - b *Forward looking statements in the Prospectus.*
 - c *Pandemic or other outbreak of disease.*
 - d *Possible law and order situation impacting revenue and profits.*
 - e *Force Majeure*

[Note: Risk disclosures/factors that are more prominent and can have material adverse impact on financial performance of the issuer must be disclosed on first page.]

[Please refer to Part ----- for detailed description of risk factors.]

TABLE OF CONTENTS		PAGE NO.
PART 1:	APPROVAL, CONSENTS AND LISTING ON THE STOCK EXCHANGE	
PART 2:	SUMMARY OF THE PROSPECTUS	
PART 3:	SECURITIZATION TRANSACTION BRIEF	
PART 4:	DETAILS OF THE ISSUE AND RELATED INFORMATION	
PART 5:	RISK FACTORS	
PART 6:	FINANCIAL INFORMATION	
PART 7:	RATING REPORTS	
PART 8:	TRUSTEE AND SECURITY	
PART 9:	BOARD AND MANAGEMENT OF THE COMPANY	
PART 10:	LEGAL PROCEEDINGS AND OVERDUE LOANS	
PART 11:	UNDERWRITING ARRANGEMENT, COMMISSIONS, BROKERAGE AND OTHER EXPENSES TO THE ISSUE	
PART 12:	MISCELLANEOUS INFORMATION	
PART 13:	MATERIAL CONTRACTS / DOCUMENTS RELATED TO THE ISSUE	
PART 14:	APPLICATION AND ALLOTMENT INSTRUCTIONS	
PART 15:	SIGNATORIES TO THE PROSPECTUS	
PART 16:	MEMORANDUM OF ASSOCIATION	
PART 17:	APPLICATION FORM	

PART 1:
APPROVAL, CONSENTS AND LISTING ON THE STOCK EXCHANGE

1.1. APPROVAL OF PSX AND THE COMMISSION

Detail of approvals obtained from PSX and the Commission including nature of approval, date of approval and relevant law.

The following disclaimer must also be disclosed:

DISCLAIMER:

- (a) The PSX and Commission has not evaluated the quality of the issue and its approval should not be construed as any commitment of the same. The public/investors should conduct their own independent investigation and analysis regarding the quality of the issue before subscribing.*
- (b) The publication of this document does not represent solicitation by the PSX and Commission. The contents of this document do not constitute an invitation to invest in shares or subscribe for any securities or other financial instrument by the PSX and Commission, nor should it or any part of it form the basis of, or be relied upon in any connection with any contract or commitment whatsoever of the Exchange and Commission.*
- (c) It is clarified that information in this Prospectus should not be construed as advice on any particular matter by the PSX and Commission and must not be treated as a substitute for specific advice.*
- (d) The PSX and Commission disclaims any liability whatsoever for any loss however arising from or in reliance upon this document to any one, arising from any reason, including, but not limited to, inaccuracies, incompleteness and/or mistakes, for decisions and/or actions taken, based on this document.*
- (e) PSX and Commission does not take any responsibility for the financial soundness of the Company and any of its schemes stated herein or for the correctness of any of the statements made or opinions expressed with regards to them by the Company in this Prospectus.*
- (f) Advice from a suitably qualified professional should always be sought by investors in relation to any particular investment.”*

1.2. DETAILS OF ANY OTHER APPROVALS *(if applicable, along with terms & conditions be disclosed here)*

1.3. APPROVAL OF SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN UNDER SECTION 83 OF COMPANIES ACT, 2017 *(In case of convertibility of debt instrument/Sukuk/TFC into shares)*

On the basis of special resolution passed in the Extraordinary General Meeting held on -----, the Commission has allowed -----[*name of company*] under section 83 of the Companies Act, 2017 to issue, by way of other than right offer, up to ----- million ordinary shares to the Sukuk/TFC holders upon conversion of the Sukuk/TFC on occurrence of a conversion event. [*In case of convertibility feature of the Sukuk/TFC*].

1.4. FILING OF PROSPECTUS AND OTHER DOCUMENTS WITH THE REGISTRAR OF COMPANIES

----- [name of the issuer] has delivered to the Registrar of Companies as required under Sections 57 (1) of the Act, a copy of this Prospectus signed by all the Directors of -----[name of the issuer].

1.5. LISTING OF SUKUK/TFCs AT PSX

Application has been submitted by the Issuer to PSX for listing of the Sukuk/TFCs. If for any reason the application for formal listing is not accepted by PSX or approval for formal listing is not granted by PSX before the expiration of twenty-one days from the date of closing of the subscription period / list or such longer period not exceeding forty-two days as may, within the said twenty-one days, be notified to the applicants for permission by the PSX, the Issuer undertakes that a notice to that effect will immediately be published in the press and will refund subscription money to the applicants without surcharge as required under the provisions of Section 69 of the Companies Act.

If any such money is not repaid within eight (08) days after the Company becomes liable to repay it, the Directors of the Company shall be jointly and severally liable to repay that money from the expiration of the eighth day together with surcharge at the rate of two per cent (2.00%) for every month or part thereof from the expiration of the eight day and, in addition, shall be liable to a penalty of level 3 on the standard scale in accordance with the provisions of sub-section (2) of Section 69 of the Companies Act.

The surcharge mechanism has been mentioned here in order to ensure regulatory compliance. However, from the shariah perspective, since this surcharge is a form of interest, the applicants are advised to dispose any such received amount as charity. As required under sub-section (3) of Section 69 of the Companies Act, the subscription money, shall be deposited and kept in a separate bank account in a scheduled bank so long as the Issuer may become liable to repay it under sub-section (2) of Section 69 of the Companies Act. and, if default is made in complying with the said sub-section (3), the Company and every officer of the Company who authorizes or permits the default shall be liable to a penalty of level 2 on the standard scale of up to PKR 500,000 and per day penalty of Rs. 10,000 during which the default continues, as defined in Section 479 of the Companies Act, 2017.

PART 2:

SUMMARY OF THE PROSPECTUS

2.1. THE ISSUER/SPV

The ---- [Issuer] is an SPV registered with the Commission vide letter No....dated..... For more information about the SPV please see Part/section #of this prospectus and website at at <http://----->; Contact person of SPV: Mr./Ms.-----Phone-----Email:.....

2.2 THE ORIGINATOR:

The Originator is already listed (in case of listed company) on the Pakistan Stock Exchange since-----and current Market Price of its shares stood at Rs...../- per share [Date] and the average daily closing market price for the last six months stood at Rs.----/- .

The main business of the Originator is.....[please mention] For more information about the Originator, for details, please see Part/section #of this prospectus and website at at <http://----->;

2.3 THE SECURITIZATION TRANSACTION/BRIEF

[This part should be covered by providing details of the securitization transaction, the type of assets being securitized under securitization, parties involved in securitization transaction and their role /responsibilities and the securitization transaction diagram].

The Parties involves may include the (i) Originator, (ii) Obligor, (iii) SPV, (iv) Servicer, (v) Credit Enhancement provider, (vi) Liquidity provider.

2.4 THE INSTRUMENT FEATURES

- ----- Limited [name of Issuer] is issuing fully paid up, rated, asset backed----- Sukuk Certificates/TFCs to be issued as an instrument of redeemable capital under Section 66 of the Companies Act, 2017.
- The total Sukuk/TFC Issue size is of PKR -----/- (Pak -----million only). The Sukuk/TFC Certificates are ----- [*whether secured/unsecured, subordinated, rated, listed, perpetual, cumulative /non-cumulative*] and will be offered in denominations of PKR 5,000/- or multiples thereof to the investors subject to a minimum investment amount of PKR 5,000/.
- The Sukuk/TFC Certificates of PKR ----- million have been offered to investors through pre-IPO subscription (Pre-IPO Portion) and the remaining PKR ----- million shall be offered to general public through this prospectus (IPO Portion).
- The Sukuk/TFC Certificates being issued have been assigned a rating of “----” [please mention rating assigned] by ----[name of the rating agency] and will carry a ----- [Profit rate] . Profit will be payable [monthly/quarterly/semi annually] in arrears on the outstanding investment amount. The first such profit payment will fall due at the end of 1st calendar month end from the Issue Date and subsequently every month end thereafter.

- ----- [Please mention other profit related conditions/ stoppers, if any]
- ----- [Please mention Call Option /Put Option related conditions, if any, specifically mentioning whether Put Option shall be available to the Sukuk/TFC Holders or not]
- ----- Limited has been appointed as trustee/Investment Agent to secure the interests of the investors. ----- has been appointed as the Market Maker for this Issue and the Sukuk/TFC shall be listed on the PSX via Initial Public Offering, thereby creating liquidity for the Issue.

2.4. PRINCIPLE PURPOSE OF THE ISSUE AND UTILIZATION OF PROCEEDS

[Please mention complete details of the Principal purpose of the Issue].

2.5. FINANCIAL HIGHLIGHTS OF SPV AND THE ORIGINATOR:

- The total paid-up capital of SPV as onstood at Rs.....million.
- The originator's financial highlights are as follows:

Financials - PKR million	2020	2019	2018	2017
Paid-up capital				
Equity <i>(both including and excluding surplus on revaluation of assets, if any)</i>				
Revenues				
Expenses				
Profit / return / earned				
Net Profit / Return				
Profit before Provisions				
Profit after Taxation				
Earnings per Share (EPS)- (PKR)				
Book Value per Share (BVPS) (including & excluding surplus (PKR)				

[For details please refer to Part 6]

2.6. OUTSTANDING LEGAL PROCEEDINGS

All the outstanding legal proceedings of the Issuer have been disclosed in Part ---- . Further, there are /no outstanding legal proceeding other than the normal course of business involving sponsors, substantial shareholders and directors of Issuer and

associated companies, over which the Issuer has control, that could have material impact on the Issuer.

Type of Cases	No. of Cases	Amount
---------------	--------------	--------

2.7. RISK FACTORS

A summary of the risks related to the Issue is given on page ---- of this Prospectus while detailed description of risk factors is given in Part 6 of this Prospectus.

[The risk factors should cover all material risk factors related to securitization]

2.8. SUMMARY OF RELATED PARTY TRANSACTIONS (Last three years)

S. No.	Related Parties	Relationship*	Nature	FY	FY	FY
				(PKR in Millions)		

PART 3:

SECURITIZATION TRANSACTION

3.1 THE TRANSACTION

-----Ltd. (the Originator) will sell and SPV will purchase the ----- [Type of Assets] for a consideration of Rs. --- million payable by SPV to the Originator, subject to the terms and conditions set forth in the ----Agreement (as defined in Part---). SPV will raise the finances for the Purchase Price by issuing Sukuk/TFCs to various investors.

[Please also mention Transaction Diagram]

3.2 PARTIES TO THE TRANSACTION

The following parties are involved in this transaction:

- (a) **Originator:** - [Please mention details about the originator and its business/products]
- (b) **Issuer/SPV:** – -----Securitization/SPV Limited [name of SPV] –**SPV:** A Special Purpose Vehicle (SPV) incorporated for the purpose of entering into this transaction, as a public limited company on ----- and registered under the Companies (Asset Backed Securitization) Rules, 1999 (ABS Rules) read with Public Offering Regulations, 2017 vide the Commission letter No. ----- dated ----- subject to the following conditions:
 - (i) ---; (ii)....
- (c) **Obligors:** – ----- Limited; and----- Limited: [Please mention details about Obligors].
- (d) **Trustee/Investment Agent:** ----- Limited: The trustee/Investment Agent shall be the trustee of the SUKUK/TFCs to be issued by SPV. The trustee will hold and maintain the security on behalf of the investors.
- (e) **Servicer:** [Please mention details] [A special purpose vehicle may appoint either the originator or any other person as Servicer in respect of any of its schemes. The Servicer appointed by the special purpose vehicle shall perform the following functions, namely:- (i) to coordinate with the obligors, manage the asset pool and collections therefrom; (ii) administer the cash flows of such asset pool, distributions to investors; and

reinvestment, if any, in accordance with the scheme; and (iii) manage incidental matters.

Where a special purpose vehicle appoints the originator as servicer, it shall adopt internal procedures designed to avoid conflict of interest and shall provide such information to the Commission.

The investment agent shall ensure that the Servicer keeps proper accounts in respect of the activities delegated to him and that the servicer has adequate operational systems and resources to administer the asset pool in relation to a securitization transaction.]

(f) **CREDIT ENHANCEMENT:** [Please mention relevant details about credit enhancements.] *(An arrangement within a securitization transaction, intended to decrease the likelihood of default on the securitized debt securities, in the form of cash collateral, profit retention, subordination, insurance, letter of credit, over-collateralization, undertakings and guarantees by third party including financial institution).*

(g) **Liquidity Provider:** [Please mention relevant details about liquidity provider. The “liquidity provider” is a person who agrees to provide funds to SPV for settlement of payments due to investors in accordance with the redemption schedule, in the event of any short term cash flow shortfalls]

(h) **SHARIAH ADVISOR TO THE ISSUE:** Shariah Board of the -----[name of the issuer] is acting as Shariah Advisor to the Issue and it has provided its consent to include and publish its name in the Prospectus. Profiles of the members of the Shariah Board are provided below:

Shariah Board of the -----[Issuer]

The -----[Issuer] has a Shariah Supervisory Board in order to ensure compliance of Shariah guidelines issued by Shariah Board in all operations in general and revenue generating activities. The -----[name of the issuer] has a committed professional team in the Shariah Compliance department consisting of Shariah Scholars along with business graduates from reputed organizations.

(i) Mr/Mufti.....Chairman, Shariah Supervisory Board
[Profile including qualification he/she holds, membership of committees etc. Current Position]

(ii) Mr/Mufti.....Member, Shariah Supervisory Board
[Profile including qualification he/she holds, membership of committees etc. Current Position]

(iii)

3.3 SALIENT FEATURES OF ASSETS UNDER SECURITIZATION TRANSACTION

Please mention in detail the securitization transaction, the features of assets under securitization i.e. the type of assets which is being Securitized, its cash generating capacity, historical earning record (in tabulated form), default ratio,

the future earning potential, third party/experts opinion (if any) regarding future cash generating capacity of the asset.

PART 4:

DETAILS OF THE ISSUE AND RELATED INFORMATION

4.1 INSTRUMENT STRUCTURE:

The Sukuk/TFCs has been structured on the following basis; *[Please mention the relevant feature of the structure]*

[In case of Sukuk: The Sukuk has been structured on the basis of Islamic principle of ----- [please mention whether Modaraba, Musharikhah, Ijara etc.] where [in case of Modaraba] one partner gives money to another for investment in a business. The capital provider / Sukuk Holders are called "Rabb-ul-Maal/Arbab-ul-Amwaal", while the management and work are the exclusive responsibility of the other partner, the ----- [name of the issuer] , who is called the "Mudarib".

The Mudaraba structure will be as follows:*[please mention details of the structure]* .

4.2. PRE-IPO INVESTORS:

The Pre-IPO portion for the Sukuk/TFC closed at PKR ----- million out of the total issue size of PKR ----- million and the disbursement of Pre-IPO portion was completed on -----[Date].

The list of investors in the Pre-IPO portion along with their respective investment amount is provided below:

S. No.	Investor Name	Pre-IPO Participation (PKR)	% of Total Issue Size
01			
02			
03			
	Total		

All the Pre-IPO investors have signed the Investor Agreements for the above-mentioned participation amount.

4.3 STRUCTURE OF THE PROPOSED SUKUK/TFC AND UNDERLYING SOURCE OF PAYMENT TO THE SUKUK/TFC HOLDERS – purchased receivables

The transaction between ---- and ----will be a true sale with no recourse to ----. The SPV will acquire the -----[title, property and right] in -----[type of assets] of -----[originator] pursuant to agreements.....

[Please mention in details the type of assets and its salient feature, past earnings from such assets, and future potential]

4.4 OPENING AND CLOSING OF SUBSCRIPTION LIST

The subscription list will open at the commencement of the banking hours on -----
-[Date] and close at the end of banking hours on -----[Date].

4.5 TRANSFER OF SUKUK/TFCs

The Sukuk/TFCs will be inducted into the CDC, transfer shall be made in accordance with the Central Depository Act, 1997 and CDC Regulations.

4.6 MARKET MAKING (if applicable)

----- Limited will act as Market Maker for the Sukuk/TFC. The Market Maker shall mandatorily make available two-way quotes (bid and ask price) on daily basis till complete redemption of the Sukuk/TFC.

The Market Making Orders/Quotes are to be maintained on both sides during Market Making period as per Market Making agreement which shall be for the tenure of the Debt Security. The Market Maker be allowed to execute Blank Sale subject to the condition that sufficient Pre-Existing Interest exists in the account(s) of Market Maker at the end of each Blank Sale day to validate that the Market Maker can deliver the quantity sold blank during the trading day, failing which the NCCPL shall have the right to impose additional margin on such Market Maker.

Market Marker shall make available copy of the Prospectus to the investors at all times.

4.7 INCOME TAX ---[Please disclose as per current Income Tax Rates]

Any income derived from investment in Sukuk/TFC shall be subject to income tax as per the Income Tax Ordinance, 2001. Withholding tax, as specified in Part III Division IB of the First Schedule of the said ordinance shall be applicable.

4.8 DEDUCTION OF WITHHOLDING TAX ---[Please disclose as per current Tax Rates]

Profit paid to Sukuk/TFC Holders will be subject to withholding tax under section 150A of the Income Tax Ordinance, 2001 specified in Part III Division IB of the First Schedule of the said Ordinance or any time to time amendments therein.

Rates of tax specified under Division IB are as follows: ---

4.9 CAPITAL GAINS ---[Please disclose as per current Tax Rates]

Any capital gain derived from the sale of Sukuk/TFC shall be subject to capital gain tax as per section 37A of the Income Tax Ordinance, 2001.

Applicable Capital Gain Tax Rates are as follows:

4.10 DISCLOSURE OF DEFERRED TAXATION

The -----[name of the issuer] recognises deferred tax asset / liability on deficit / surplus on revaluation of operating fixed assets and securities which is adjusted against the related deficit / surplus in accordance with the requirements of International Accounting Standard (IAS) 12, 'Income Taxes'. The balance of deferred tax asset (net) as of -----
[Date] was PKR ----- million (unconsolidated). For detail please refer to Company's website at <http://----->

4.11. SHARIAH OPINION

[Please place hereunder scanned copy of the Shariah Opinion granted by the Shariah Scholars/Board on the structure of the Sukuk/TFC]

4.12. OTHER REGULATORY REQUIREMENTS: [Regulatory requirements of other Regulators viz. SBP, like MCR, CAR, leverage ratio requirement, etc.]

4.13. MODE OF PAYMENT OF PROFIT

The payment of profit shall be credited in Sukuk/TFC Holders' bank accounts electronically on -----[monthly/quarterly/semi-annually] basis. The applicants, therefore, must provide their International Bank Account Number (IBAN) in the Sukuk/TFCs Subscription Form.

4.14. INTEREST OF PRE-IPO INVESTORS

Except as provided below, the Pre-IPO Investors have interest in this Sukuk/TFC only as Sukuk/TFC Holders:

----- Limited, ----- Limited and -----Bank Limited are acting as Bankers to the Issue for the Sukuk/TFC and have also participated in the Pre-IPO portion.

PART 5:

RISK FACTORS

(i) **Transaction specific risks:**

- a *Asset quality risk:* All risks which affect the quality of asset being transferred by the Originator to SPV under securitization transaction.
- b *Performance / Operational Risk of Obligor:* All possible scenarios which may affect the cash flows from obligor;
- c *Delayed Payment Risk of Obligor:* The payment to the Sukuk/TFC holders might be delayed on account of(viz. lower cash flows from the securitized assets).
- d *Risks associated with Option to Defer TFC Obligation and Option to Defer TFC Obligation in Force Majeure.*

(ii) **Investor risk:**

- a *Liquidity Risk:* lack of liquidity in the secondary market could adversely affect the market value.
- b *Profit Rate Risk:* all risk which may affect the profit rate.

(iii) **Business risks (Originator/Obligor):**

- a *Industry and Economic Factors*
- b *Monopoly due to some regulatory protection.*
- c *High dependence on few customer/suppliers.*
- d *Limited raw material suppliers.*
- e *No agreement in place with major customers/suppliers.*
- f *Short term agreements with major customers/suppliers.*
- g *Unique and complex structure adopted for business operations.*
- h *High dependence on associated companies for running business operations or generating revenue.*
- i *High dependence on one product for revenue generation.*

- j *Dependence on growth of other sectors for revenue generation.*
- k *Insurance contract(s) not in place for running business operations.*
- l *Higher dependence on non-core items as compared to core items for profit generation*

(iv) Financial Risks:

- a) Qualified opinion issued by the auditor.
- b) Contingent liabilities as per the latest audited financial statements.
- c) Legal/Tax proceedings having possible material impact on the company.
- d) Overstated EPS due to non-recurring items.
- e) Bad debt and high receivable turnover ratio as compared to industry.
- f) Obsolete inventory or slow-moving inventory or high inventory turnover.
- g) Portfolio investment risk, if company is managing portfolio of financial assets.
- h) High debt to equity ratio or capital structure ratios.
- i) High cash conversion cycle.
- j) Presence of intangible assets on books of accounts, accounting for 30% or more of the total assets.

(v) Regulatory Risks:

- a *Imposition of duties/taxes making the product unviable.*
- b *Withdrawal of regulatory duties making the product unviable.*

(vi) Other Risks:

- a *Political Factors/uncertainty impacting policies.*
- b *Forward looking statements in the Prospectus.*
- c *Pandemic or other outbreak of disease.*
- d *Possible law and order situation impacting revenue and profits.*
- e *Force Majeure*

[Instructions: while drafting risk disclosures, potential/possible impact of each of area identified above on issue, issuer, financial performance, project etc. where applicable must be clearly mentioned.]

TO THE BEST OF OUR KNOWLEDGE IT IS STATED THAT ALL MATERIAL RISK FACTORS HAVE BEEN DISCLOSED IN THIS PARAGRAPH AND THAT NOTHING HAS BEEN CONCEALED IN THIS RESPECT.

HOWEVER, THERE MAY BE ADDITIONAL RISK FACTORS, WHICH ARE NOT DISCLOSED HEREIN, THAT ARE NOT PRESENTLY KNOWN TO US OR THAT ARE CURRENTLY DEEMED TO BE LESS SIGNIFICANT, WHICH MAY MATERIALLY AND ADVERSELY AFFECT THE ISSUER'S BUSINESS, ITS FINANCIAL CONDITION, RESULTS OF OPERATIONS AND PROSPECTS.

PART 6:

FINANCIAL INFORMATION

- Summary of financial highlights of the Issuer/SPV and the Originator along with key financial ratios for the last 3 years or for a shorter period if 3 years of commencement of business are not completed.

- Website address from where audited accounts of the Issuer/SPV and the Originator can be downloaded.
- Summary of financial projections for five years based on reasonable grounds and assumptions. The financial projections shall be certified by the auditor. The cautionary language shall be displayed together with the financial projections. Inclusion of financial projections is not mandatory. However, the Issuer in consultation with Consultant to the Issue shall decide, whether financial projection needs to be disclosed or not.

PART 7:

RATING REPORTS,

INSTRUMENT AND ENTITY RATING REPORT

[The credit rating report from credit rating agency in legible form, should be placed here]

PART 8:

TRUSTEE AND SECURITY

8.1 THE SECURITY

[As per the Security Documents].

8.2 THE TRUSTEE/INVESTMENT AGENT

In order to safeguard the interests of the Sukuk/TFC Holders, ----- Limited has been appointed to act as Trustee/Investment Agent for the Issue. The Issuer shall pay to the Trustee/ Investment Agent in respect of its acting as Trustee/ Investment Agent a fixed fee of PKR -----/- per annum. The fee shall be payable at the beginning of each year commencing from the date of signing of the Trust Deed and on each subsequent anniversary thereof.

Although the Sukuk/TFC are unsecured, the rights of the Sukuk/TFC holders are still protected as per the terms of the Trust Deed/Issuance Agreement. The Trust Deed/ Issuance Agreement executed between the Issuer and the Trustee/Investment Agent specifies the functions and obligations of the Trustee/Investment Agent. Furthermore, the Trustee/Investment Agent has all the powers available to it under the Trusts Act, 1882 and the Structuring of the Debt Securities Regulations, 2020.

8.3 The Trust Deed/ Issuance Agreement

The Trust Deed/ Issuance Agreement signed between the Issuer and ----- Limited specifies the rights and the obligations of the Trustee/Investment Agent. In the event of Issuer defaulting on any of its obligations under the terms of the Trust Deed/ Issuance Agreement, the Trustee/Investment Agent may enforce Issuer's obligations in accordance with the terms of the Trust Deed/ Issuance Agreement.

8.4 POWERS OF THE TRUSTEE/ INVESTMENT AGENT

The Trustee/Investment Agent shall have all the powers and discretions conferred upon trustees by the Trust Act, 1882 (to the extent not inconsistent with these presents) /

Structuring of the Debt Securities Regulations, 2020 and in addition thereto and subject to the terms of the Regulations, it is expressly declared as follows:

- (a) -----
- (b) -----
- (c) -----

8.5 OBLIGATIONS OF THE TRUSTEE/INVESTMENT AGENT

[To be disclosed as per Trust Deed/ Issuance Agreement]

8.6 TRUSTEE/INVESTMENT AGENT AND SUKUK/TFC HOLDERS

[To be disclosed as per Trust Deed/ Issuance Agreement]

8.7 OBLIGATION TO ACT WITH DUE CARE

Both the Issuer and the Trustee/Investment Agent agree to act in good faith and with due diligence and with all reasonable care which is in the circumstances required in the performance of their duties and obligations under the Trust Deed/Issuance Agreement or when exercising any power, authority or discretion which is vested in them under the Trust Deed/ Issuance Agreement.

8.8 REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE ISSUER [As per the trust deed/ issuance agreement]

The Issuer hereby represents and warrants:

- (a) that the execution by it of the Trust Deed/ Issuance Agreement and the issuance of the Sukuk/TFC does not contravene any of the provisions of its constitutive documents and rules and regulations, consents, or any law or any agreement to which it is expressed to be a party and constitute valid, legal and binding obligations of the Issuer in terms thereof;
- (b) that all actions on the part of its officers, directors and shareholders necessary to authorize the execution of and performance by it of the obligations expressed to be assumed by it under the Trust Deed/ Issuance Agreement and the Sukuk/TFC have been taken;
- (c) that no Event of Default has occurred as of the date of the Trust Deed/ Issuance Agreement;
- (d) that there is no reason to the knowledge of the Issuer whereby the application of the Issuer for listing of the Sukuk/TFC or approval of the Prospectus may be revoked or cancelled by the SECP or the Stock Exchange, as the case may be;
- (e) that it shall inform the Trustee/Investment Agent of (i) any general meeting of the Issuer convened for the purpose of considering any resolution for the winding up of the Issuer; (ii) any such resolution being proposed (whether in a general meeting or otherwise); or (iii) any petition for the winding up of the Issuer or for the appointment of an administrator of the Issuer or a receiver in respect of the property or assets of the Issuer and any breach by the Receiver in respect of the property or assets of the Issuer and any breach or alleged breach by the Issuer of any of its obligations under the Trust Deed/issuance agreement;

- (f) that the Sukuk/TFC and the Trust Deed/Issuance agreement executed by the Issuer are valid, enforceable and binding obligations of the Issuer and there has been no Event of Default in relation to any such documents; and
- (g) that all governmental, regulatory, creditors' and corporate consents, approvals, registrations and authorizations (to the extent required) for the purposes of the Sukuk/TFC Issue (other than for the listing on the Stock Exchange and those specifically stated hereunder) have been obtained.

The Issuer hereby covenants with the Trustee/Investment Agent:

- (a) that if the redemption option or partial redemption option (as defined in the Trust Deed/issuance agreement) has been exercised by the Issuer, the Issuer shall on the option redemption date / partial option redemption date and within 7 (seven) Business Days of each Profit Payment Date, pay to the Sukuk/TFC Holders, the option redemption amount/ partial option redemption amount and profit payment amount in accordance with the terms hereof;
- (b) that the Issuer shall ensure that the Issuer or its appointed registrar will, at all times maintain a correct register of Sukuk/TFC Holders showing their names and addresses, the amount of Sukuk/TFC held by each and the date on which such Sukuk/TFC Holder was registered as the holder and the date on which he ceased to be so registered; provided nevertheless the Issuer shall not be responsible for the foregoing where the Sukuk/TFC Holders have not intimated the transfer of the Sukuk/TFC in writing to the Issuer or the registrar, as applicable;
- (c) that the Issuer will duly perform and observe the obligations imposed upon it by the Trust Deed/issuance agreement;
- (d) that as and when requested by the Trustee/ investment agent, the Issuer shall ensure that the Issuer or registrar shall provide to the Trustee/investment agent the Register of Sukuk/TFC Holders and/or extracts therefrom as well as any other document or information pertaining to the Sukuk/TFC and the Sukuk/TFC Holders, in addition, the Issuer shall ensure that the Issuer or the Registrar shall send extracts of the Register of Sukuk/TFC Holders to the Trustee/ investment agent on a monthly basis;
- (e) that the Issuer shall ensure that the annual audited accounts of the Issuer are available on the Issuer's website within 30 (thirty) days of publication of such accounts and semi- annual and quarterly accounts within 15 (fifteen) days of publication;
- (f) that the Issuer shall ensure that during the period that the Sukuk/TFC or any of them are outstanding, the Issuer will comply with any laws, regulations or conditions applicable to financial ratios and commitments applicable to the business of the Issuer;
- (g) that payment of all amounts by the Issuer to the Sukuk/TFC Holders in respect of the Sukuk/TFC will be made free and clear of deductions of any nature whatsoever except for deductions, if any required compulsorily to be made by law, for which the Issuer will provide suitable evidence of having deposited the

- amount deducted with the relevant government authority / department / treasury;
- (h) that the Issuer shall ensure that any investment in the Sukuk/TFC by the sponsors of the Issuer, individually or collectively, either at the time of subscription or acquired by transfer, does not exceed in the aggregate, at any time, 50% (fifty percent) of the total amount of the outstanding value of the Sukuk/TFC;
 - (i) that the Issuer shall not directly or indirectly, finance the purchase of any Sukuk/TFC Certificates by any person or entity or grant any advances against the security of any Sukuk/TFC Certificates issued hereunder to any Sukuk/TFC Holder; and
 - (j) that the Issuer shall, at all times, comply with the requirements of applicable laws.

8.9 EVENTS OF DEFAULT [As per the trust deed/ issuance agreement]

An Event of Default will be deemed to have occurred, by a declaration in writing of the Trustee/Investment Agent informing the Issuer, that the Trustee/Investment Agent has been notified in writing by the Sukuk/TFC Holders representing more than 50% (fifty percent) of the total outstanding value of the Sukuk/TFC or supported by an Extra Ordinary Resolution passed at the meeting of the Sukuk/TFC Holder(s) certifying the occurrence of any of the following events: [As per the trust deed/ issuance agreement]

8.10 CONSEQUENCES OF EVENTS OF DEFAULT [As per the trust deed/ issuance agreement]

8.11 APPLICATION OF PROCEEDS [As per the trust deed/ issuance agreement]

- (a) In the event of a winding up order being made by a court of competent jurisdiction,
.....
- (b) Upon enforcement of the Issuer’s profit payment obligations / the Issuer’s option redemption obligations / Issuer’s non-option redemption obligations in terms of the Trust Deed/Issuance Agreement, any Proceeds recovered / received by the Trustee/Investment Agent from such enforcement shall be applied by the Trustee/Investment Agent in the following manner.....
- (c) Payment of the Proceeds to the Sukuk/TFC Holders shall be made by the Trustee/Investment Agent net of any deductions required under the law (against surrender of the original Sukuk/TFC, where applicable).

PART 9:

BOARD AND MANAGEMENT OF THE COMPANY

9.1 BOARD OF DIRECTORS OF THE COMPANY:

S. No	Name	Designation	Address	CNIC	Current Directorship	Past Directorships
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9.2 PROFILES OF DIRECTORS

[The profile should include, qualification, experience and major achievement of directors]

9.3 NUMBER OF DIRECTORS

Pursuant to Section 154 of the Companies Act, 2017 a listed Company shall not have less than seven (7) directors. At present, the Board consists of 7 directors, including the Chief Executive Officer.

9.4 PROFILE OF SENIOR MANAGEMENT

9.5 QUALIFICATION OF DIRECTORS

No person shall be appointed as a Director of the Company who is ineligible to be appointed as Director on any one or more of the grounds enumerated in Section 153 of the Companies Act or any other law for the time being in force.

9.6 APPOINTMENT AND ELECTION OF DIRECTORS AND CHIEF EXECUTIVE

The directors of the Company are elected for a term of three years in accordance with the procedure laid down in section 159 of the Companies Act and Article 87.

As per Article --, the directors shall comply with the provisions of Sections 154 to 159 and Sections 161 and 167 relating to the election of Directors and matters ancillary thereto.

As per article ---, any casual vacancy occurring on the Board of Directors may be filled up by the directors, but the person so appointed shall be subject to retirement at the same time as if he / she had become a Director on the day on which the Director in whose place he / she is chosen was last elected as Director.

As per Article ---, the Company may by resolution in general meeting, remove a director in accordance with the provisions of the Companies Act. The current Board of Directors were appointed on -----.

9.7 INTEREST OF DIRECTORS AND PROMOTERS

The directors may deemed to be interested to the extent of fees payable to them for attending the Board meetings. The Directors performing whole time services in the Company may also be deemed interested in the remuneration payable to them by the Company. The nominee directors have interest in the Company to the extent of representing the sponsors in the capital of the Company. Following directors are holding ordinary shares of the Company:

9.8 INTEREST OF DIRECTORS AND PROMOTERS IN PROPERTIES/ASSETS AND PROFIT OF THE COMPANY

9.9 REMUNERATION OF THE DIRECTORS

9.10 BENEFITS TO PROMOTERS AND OFFICERS

9.11 VOTING RIGHTS

9.12 BORROWING POWERS OF DIRECTORS

9.13 POWERS OF DIRECTORS 9.15 INDEMNITY AVAILABLE TO DIRECTORS AND OTHER EMPLOYEES OF THE COMPANY

9.14 CORPORATE GOVERNANCE

PART 10:

LEGAL PROCEEDINGS AND OVERDUE LOANS

10.1. Legal Proceedings

There are no pending legal proceedings other than those mentioned in note -----
- of the unconsolidated financials for the period ended ----- and; extracts of the referred note are provided below:

S. No	Year	Issuing Authority	Brief Case Description	Stage of Case	Amount	Management Instance & Current Status
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10.2 Overdue Loans

The[Issuer], its Chief Executive and directors, its sponsors, and its associated companies have no overdue loans (local and/or foreign currency).

PART 11:

UNDERWRITING ARRANGEMENT, COMMISSIONS, BROKERAGE AND OTHER EXPENSES TO THE ISSUE

11.1. UNDERWRITING

The present Public Issue of Sukuk/TFC of PKR ----- million has been fully underwritten as follows:

S. No.	Name of Underwriter	No. Of Sukuk/TFC Certificates	Amount in Rupees
--------	---------------------	-------------------------------	------------------

If and to the extent that the Sukuk/TFC offered to the general public shall not have been subscribed and paid for in full by the closing date, the underwriters shall within 5 business days of being called upon by ----- to do so, subscribe or procure subscribers to subscribe and pay in readily available funds in accordance with their underwriting commitments.

In the opinion of the Directors of the[Issuer], the resources of the underwriters are sufficient to discharge their underwriting obligations.

11.2. UNDERWRITING EXPENSES

The underwriters will be paid underwriting management fees of up to ----% on the amount of the public portion underwritten by them; ---% of the underwriting management fee shall be paid within ---days of signing of Underwriting Management Agreement whereas the payment of the remaining portion / Additional Underwriting Management Fee shall be as disclosed in the Underwriting Management Agreement, as advised and approved by the Shariah Advisor.

11.3. NO BUYBACK / REPURCHASE AGREEMENT

THE UNDERWRITERS NOR ANY OF THEIR ASSOCIATES HAVE ENTERED INTO ANY BUYBACK OR REPURCHASE AGREEMENT WITH THE SPONSORS, THE -----[Issuer] OR ANY OTHER PERSON IN RESPECT OF THIS PUBLIC ISSUE.

ALSO, NEITHER THE ISSUER NOR ANY OF ITS ASSOCIATES HAVE ENTERED INTO ANY BUY BACK / REPURCHASE AGREEMENT WITH THE UNDERWRITERS OR THEIR ACCOCIATES.

THE ISSUER AND ITS ASSOCIATES SHALL NOT BUY BACK / RE-PURCHASE CERTIFICATES FROM THE UNDERWRITERS AND THEIR ASSOCIATES.

11.4. FEES AND EXPENSES FOR E-IPO SYSTEM

11.5. COMMISSION TO THE BANKERS TO THE ISSUE

A commission at the rate of -----% of the amount collected, in respect of successful applications will be paid to the Bankers to the Issue for services to be rendered by them in connection with the Public Offer. No commission shall be paid to the Bankers in respect of the Sukuk/TFC actually taken up by the underwriters by virtue of their respective underwriting commitments.

11.6. BROKERAGE COMMISSION

Brokerage commission shall be paid to the TREC holders of PSX, at the rate of 1.0% of paid-up value of Sukuk/TFC actually sold through them. No brokerage commission shall be payable in respect of Sukuk/TFC taken up by the Underwriters by virtue of their underwriting commitment.

11.7. EXPENSES TO THE ISSUE

The initial expenses of the issue paid or payable by the -----[Issuer] inclusive of commission to the Underwriters, Bankers to the Issue and members of the PSX, etc., are estimated to be as follows:

Key Expenses to the Issue	Rate	Amount (PKR)
Commission to Bankers to the Issue		
Out of Pocket Expenses of Bankers to the Issue		

PES and CDC e-IPO charges*		
Other Bank's e-IPO Charges		
Underwriting Management Fees - General Public		
Commission to the TREC Holders of PSX		
Consultant to the Issue/Advisor and Arranger Fee		
Processing Fee - Pre IPO		
Trustee/Investment Agent Fee		
Rating Fee		
Legal Counsel Fee		
CDC Annual Fees for Eligible Security		
CDC Security Deposit		
CDC Fresh Issue Fee		
PSX Initial Listing Fee		
PSX Annual Listing Fee		
SECP Processing Fee		
SECP Supervisory Fee		
Auditors Fee for various certificates		
Printing & Publication of Prospectus/Application Forms		
Balloter and Registrar Fee		
Market Making (first year)		
Miscellaneous costs		
Total		

Note: Stamp duty fee (if any) will be calculated based on the advice of Transaction Legal Counsel

*CDC E-IPO fee is 0.8% of the general portion actually received through that system. Therefore, the actual cost is dependent on the subscriptions received through E-IPO. Currently only 1 bank is offering E-IPO services for this IPO in addition to CDC.

PART 12:

MISCELLANEOUS INFORMATION

<p>12.1. REGISTERED OFFICE / CENTRAL OFFICE Registered Office Address: ----- Phone: ----- Fax: -----Email: ----- Website: --- ---</p>	<p>12.2. AUDITOR OF THE ISSUER M/s. -----, Chartered Accountants Registered Office Address: ----- Phone: ----- Fax: -----Email: ----- Website: -- --</p>
<p>12.3. LEGAL ADVISORS OF THE ISSUER [Name and Contact details] 1.----- 2.-----</p>	<p>12.4. LEGAL ADVISOR TO THE ISSUE [Name and Contact details] 1.----- 2.-----</p>
<p>12.5. REGISTRAR AND TRANSFER AGENT -----Limited Registered Office Address: ----- Phone: ----- Fax: -----Email: ----- Website: -- --</p>	<p>12.6. CONSULTANT TO THE ISSUE -----Limited Registered Office Address: ----- Phone: ----- Fax: -----Email: ----- Website: -- --</p>
<p>12.7. THE ORIGINATOR -----Limited Registered Office Address: ----- Phone: ----- Fax: -----Email: ----- Website: --- ---</p>	<p>12.8 THE SERVICER -----Limited Registered Office Address: ----- Phone: ----- Fax: -----Email: ----- Website: -- --</p>
<p>12.9 TRUSTEE / INVESTMENT AGENT -----Limited Registered Office Address: ----- Phone: ----- Fax: -----Email: ----- Website: -- --</p>	<p>12.10 COMPLIANCE OFFICER -----Company Secretary, ----- Limited Office Address: ----- Phone: ----- Fax: -----Email: ----- Website: -- --</p>
<p>12.11 BANKERS TO THE ISSUE 1.----- 2.-----</p>	<p>12.12 MARKET MAKER ----- Limited Office Address: ----- Phone: ----- Fax: -----Email: ----- Website: -- --</p>

PATR 13:

MATERIAL CONTRACTS / DOCUMENTS RELATED TO THE ISSUE

13.1. UNDERWRITING AGREEMENTS

S. No.	Underwriters Name	Amount (PKR)	Date of Agreement
---------------	--------------------------	---------------------	--------------------------

INVESTOR AGREEMENTS

13.2.

<u>S. No.</u>	<u>Pre-IPO Investors</u>	<u>Amount (PKR)</u>	<u>Date of Agreement</u>
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13.3. OTHER MATERIAL DOCUMENTS

S. No.	Description	Date
1	Trust Deed/Issuance Agreement between ----- Limited and ----- - Limited	
2	Instrument Credit Rating Report by ----	
3	Entity Credit Rating Report by ----	
4	Approval of Pakistan Stock Exchange Limited vide letter reference no. ----	
5	Approval of the Securities and Exchange Commission of Pakistan vide letter reference no. ----	
6	Market Making Agreement between----- Limited and---- Limited	
7	Agreements related to securitization transaction	

13.4. INSPECTION OF DOCUMENTS AND CONTRACTS

All the Balance Sheets and Profit & Loss Accounts, Copies of the Memorandum and the Articles of Association, the Auditor's Certificates, Trust Deed/Issuance Agreement, the Credit Rating Reports by ---, Clearance letter from PSX and the approval letters from SECP, and the copies of agreements referred to in this Prospectus may be inspected during usual business hours on any working day at the registered office of the Bank from the date of publication of this Prospectus until the closing of the Subscription Period.

PART 14:

APPLICATION AND ALLOTMENT INSTRUCTIONS

14.1. ELIGIBLE INVESTORS

Eligible Investors include:

- a) Pakistani citizens resident in or outside Pakistan or persons holding dual nationalities including Pakistani nationality;
- b) Foreign nationals whether living in or outside Pakistan;
- c) Companies, bodies corporate or other legal entities incorporated or established in or outside Pakistan (to the extent permitted by their constitutive documents and existing regulations, as the case may be);
- d) Mutual Funds, Provident / pension / gratuity funds / trusts, (subject to the terms of the Trust Deed and existing regulations); and
- e) Branches in Pakistan of companies and bodies corporate incorporated outside Pakistan.

14.2. OPENING AND CLOSING OF SUBSCRIPTION LIST

The subscription list will open at the commencement of the banking hours ----- and close at the end of banking hours on -----.

14.3. COPIES OF THE PROSPECTUS

Copies of the Prospectus and applications forms can be obtained from the registered office of the ----- Limited, the Consultant to the Issue and the Bankers to the Issue. The Prospectus and the Application Forms can also be downloaded from the following websites:

<http://----->, <https://-----com.pk>, www.psx.com.pk and <https://----->
<----->

14.4. The applicants are required to complete the relevant sections of the application in order to get the Securities in scrip-less form. In accordance with the provisions of the Central Depositories Act, 1997 and the CDCPL Regulations, credit of such securities is allowed ONLY in the applicant's own CDC account.

14.5. Name(s) and address(es) must be written in full block letters, in english, and should not be abbreviated.

14.6. All applications must bear the name and signature corresponding with that recorded with the applicant's banker. In case of difference of signature with the bank and computerized national identity card (CNIC) or national identity card for overseas Pakistani (NICOP) or passport, both the signatures should be affixed on the application form.

14.7. APPLICATIONS MADE BY INDIVIDUAL INVESTORS

- a) In case of individual investors, a photocopy of the CNIC (in case of resident Pakistanis) / NICOP or Passport (in case of non-resident Pakistanis) as the case may be, should be enclosed and the number of CNIC / NICOP / Passport should be written against the name of the applicant.
- b) Original CNIC / NICOP / Passport, along with a photocopy, must be produced for verification to the Banker to the issue and the applicant's banker (if different from the Banker to the issue) at the time of presenting an application. The photocopy will, after verification, be retained by the branch along with the application.

14.8. APPLICATIONS MADE BY INSTITUTIONAL INVESTORS

- a) Applications made by companies, corporate bodies, mutual funds, provident / pension / gratuity funds / trusts and other legal entities must be accompanied by a photocopy of their memorandum and articles of association or equivalent instrument / document. Where applications are made by virtue of power of attorney, the same should also be submitted along with the application.
- b) Photocopies of the documents mentioned in paragraph (a) above must be produced for verification to the Banker to the Issue and the applicant's banker (if different from the banker to the issue) at the time of presenting the application. The copies, will after verification, be retained by the bank branch along with the application.

14.9. ADDITIONAL INSTRUCTIONS FOR INVESTORS

- a) Only one application will be accepted against each account, however, in case of joint accounts, one application may be submitted in the name of each joint account holder.
- b) Joint application in name of more than two persons will not be accepted. In case of joint application each applicant must sign the application, form and submit copies of their CNICs / NICOP / Passports. The securities will be credited to the CDS account mentioned on the face of the form and where any amount is refundable, in whole or in part, the same will be refunded by cheque or other means by post, or through the bank where the application was submitted, to the person named first on the application form, without

interest, profit, or return. Please note that application will be considered as a single application for the purpose of allotment of securities.

- c) Subscription money must be paid by cheque drawn on applicant's own bank account or pay order / bank draft payable to one of the Bankers to the Issue in favor of "IPO of ----- Limited - Sukuk/TFC" and crossed "A/C PAYEE ONLY".
- d) For the application made through pay order / bank draft, it would be permissible for a Banker to the Issue to deduct the bank charges while making refund of subscription money to unsuccessful applicants through pay order / bank draft individually for each application.
- e) The applicant should have at least one bank account with any of the commercial banks. The applicants not having a bank account at all (non-account holders) are not allowed to submit application for subscription of securities.
- f) Applications are not to be made by minors and / or persons of unsound mind.
- g) Applicants should ensure that the bank branch, to which the application is submitted, completes the relevant portion of the application form.
- h) Applicants should retain the bottom portion of their application forms as provisional acknowledgment of submission of their applications. This should not be construed as an acceptance of the application or a guarantee that the applicant will be allotted the number of securities for which the application has been made.
- i) Making of any false statements in the application or willfully embodying incorrect information therein shall make the application fictitious and the applicant or the bank shall be liable for legal action.
- j) Banker to the issue are prohibited to recover any charges from the subscribers for collecting subscription applications. Hence, the applicants are advised not to pay any extra charges to the Bankers to the issue.
- k) It would be permissible for a Banker to the issue to refund subscription money to unsuccessful applicants having an account in its bank by crediting such account instead of remitting the same by cheque, pay order or bank draft. Applicants should, therefore, not fail to give their bank account numbers.
- l) Submission of false and fictitious applications is prohibited, and such Application Money may be forfeited under section 87(8) of Securities Act, 2015.

عوام الناس کو مطلع کیا جاتا ہے کہ سیکورٹیز ایکٹ 2015 کی سیکشن نمبر (7) 87 کے تحت رجسٹرڈ یا جعلی درخواستیں دینا ناقانونہ اور ناجائز ہے۔ خلاف ورزی کرنے والوں کی رقم، جو کہ درخواست کے ساتھ جمع کرائی جاتی ہے، سیکورٹیز ایکٹ 2015 کی سیکشن نمبر (8) 87 کے تحت ضبط کی جاسکتی ہے۔

14.10. ADDITIONAL INSTRUCTIONS FOR FOREIGN / NON-RESIDENT INVESTORS

- a) In case of Foreign investors who are not individuals, applications must be accompanied with a letter on applicant's letterhead stating the legal status of the applicant, place of incorporation and operations and line of business. A copy of Memorandum of Association or equivalent document should also

be enclosed, if available. Where applications are made by virtue of Power of Attorney, the same must be lodged with the applications. Copies of these documents can be attested by the Bank Manager in the country of applicant's residence.

- b) Foreign / Non-resident investors should follow the payment instructions given in para ---- of the prospectus.

14.11. PUBLIC SUBSCRIPTION THROUGH E-IPO

E-IPO is submission of application for subscription of securities electronically through internet, Automated Teller Machines (ATM) and mobile phones. In order to facilitate the public during IPOs, SECP has introduced the concept of e-IPO. The following three systems are available for e-IPOs:

I) PSX's e-IPO System (PES):

In order to facilitate investors, the Pakistan Stock Exchange Limited ("PSX") has developed an eIPO System ("PES") through which applications for subscription of securities offered to the general public can be made electronically. PES has been made available in this Issue and can be accessed through the web link (<https://eipo.psx.com.pk>). Payment of subscription money can be made through 1LINK's and NIFT's member banks available for PES.

For making application through PES, investors must be registered with PES. The PES registration form is available 24/7, all throughout the year. Registration is free of cost and can be done by:

- the investor himself, or
- the TREC Holder with whom the investor has a sub-account, or
- the Bank with whom the investor has a bank account.

Similarly, an e-IPO application can be filed by:

- the investor himself, or
- the TREC Holder with whom the investor has a sub-account, or
- the Bank with whom the investor has a bank account.

For further guidance and queries regarding PES, investors may contact PSX at phone number: 111-001-122, or contact at phone (021)-35274401-10 and email: itss@psx.com.pk.

Investors who are registered with PES can submit their applications through the web link, <https://eipo.psx.com.pk>, 24 hours a day during the subscription period which will close at midnight on----[date]

II). Centralized e-IPO System (CES):

In order to facilitate investors, the Central Depository Company of Pakistan ("CDC") in collaboration with 1Link (Private) Limited (1Link) has developed a Centralized eIPO System ("CES") through which applications for subscription of securities offered to the general public can be made electronically/online. CES has been made available in this Initial Public Offering (IPO) and can be accessed through the web link

<https://eservices.cdcaccess.com.pk>. Payment of subscription money can be made through

1LINK's member banks available for CES, list of which is available on above-mentioned website.

For making application through CES, investors must be registered with CES. Registration with CES is onetime activity, free of cost and can be done under a self-registration process by filling the CES registration form, which is available 24/7 all-round the year. Investors who have valid Computerized National Identity Card (CNIC), International Bank Account Number (IBAN) with any of the commercial bank, email address, mobile phone number and CDS Account (Investor account or sub account) can register themselves with CES.

In addition to the above, CDC has also introduced a new facility in CES through which subaccount holder(s) will request their respective TREC Holders who are Participants in Central Depository System (CDS) to make electronic subscription on their behalf for subscription of securities of a specific company by authorizing (adding the details of) their respective Participant(s) in CES.

Consequently, authorized Participants will electronically subscribe on behalf of their subaccount holder(s) in securities offered through Initial Public Offerings (IPOs) and will also be able to make payment against such electronic subscriptions through all the available channels mentioned on CES only after receiving the subscription amount from the subaccount holder(s). To enable this feature, the CDS Participant may request CDC to activate his ID on the CES portal.

The securities will be credited directly in Investors' sub-account. In case the sub-account of the investor has been blocked or closed, after the subscription, then securities shall be parked into the CDC's IPO Facilitation Account and investor can contact CDC for credit of securities in its respective account.

Investors who do not have CDS account can visit www.cdcpakistan.com for information regarding opening CDS account. For further guidance and queries regarding CES and opening of CDS account, investors may contact CDC at phone number: 0800 – 23275 (CDCPL) and e-mail: info@cdcpak.com or Mr. Farooq Ahmed Butt at Phone 111-111-500 and email: farooq_butt@cdcpak.com.

Investors who are registered with CES can submit their applications through the web link www.cdceipo.com 24 hours a day during the subscription period which will close at midnight on April 21, 2020.

III). E-IPO Facilities by Bankers to the Issue:

For this IPO, ----- Bank Limited (----) is providing e-IPO facility to its accountholders. --- account holders can use ---- Net Banking to submit their application via link <http://----->.

14.12. BENEFITS OF E-IPO

E-IPO has the following benefits:

1. It enables the investors to make application for subscription of securities including Sukuk/TFC through the internet without going to the bank and waiting in long queues;

2. It is efficient and simultaneously facilitative for both the Issuer and the investors;
3. It is available for use 24 hours during the subscription period; and
4. If you are registered with CES or accountholder of a bank providing e-IPO facility, you may get SMS for new IPOs.
5. By applying through CES you can also track your application status.

14.13. FACILITIES AVAILABLE TO FOREIGN/NON-RESIDENT PAKISTANI INVESTORS

Companies are permitted under paragraph 6 (with specific reference to sub para (B) (VIII)) of Chapter 20 of the State Bank of Pakistan’s (“SBP”) Foreign Exchange Manual (the “Manual”) to issue Sukuk/TFC on repatriation basis to non-residents who are covered under paragraph 6 (A) of Chapter 20 of the Manual, i.e. (I) A Pakistan national resident outside Pakistan, (II) A person who holds dual nationality including Pakistan nationality, whether living in or outside Pakistan, (III) A foreign national, whether living in or outside Pakistan and (IV) A firm (including a partnership) or trust or mutual fund registered and functioning outside Pakistan, excluding entities owned or controlled by a foreign government, provided the issue price, is paid in foreign exchange through normal banking channel by remittance from abroad or out of foreign currency account maintained by the subscriber/purchaser in Pakistan and the purchase price (whether negotiated privately or otherwise) is not less than the price quoted on the PSX.

Non-residents who wish to subscribe Sukuk/TFC out of the general public portion may contact any of the bankers to the issue (retail portion) for taking instructions regarding payment of subscription money against Sukuk/TFC offered to general public / retail investors. List of bankers to the issue for retail portion is available on title page of this Prospectus.

The Sukuk/TFC issued to non-resident investors shall be intimated by the Bank to the designated Authorized Dealer, along with the documents prescribed in the Manual within 30 days of issue.

Non-residents who are covered under paragraph 6 (A) of Chapter 20 of the Manual do not require SBP’s approval to invest in the Sukuk/TFC being issued in terms of this Prospectus. Furthermore, under paragraph 7(vii)of Chapter 20 of the Manual the Authorized Dealer shall allow repatriation of profit, net of applicable taxes and proceeds on sale of listed Sukuk/TFC (i.e.

divestment proceeds) not exceeding the market value less brokerage/commission on provision of prescribed documents.

Payments made by non-residents shall be supported by proof of receipt of foreign currency through normal banking channels. Such proof shall be submitted along with the Application by the non-residents.

14.14. CODE OF OCCUPATIONS

Code	Occupation	Code	Occupation
01	Business	06	Professional

02	Business Executive	07	Student
03	Service	08	Agriculturist
04	Housewife	09	Industrialist
05	Household	10	Other

14.15. NATIONALITY CODE

Code	Name of Country	Code	Name of Country
001	U.S.A.	006	Bangladesh
002	U.K.	007	China
003	U.A.E.	008	Bahrain
004	K.S.A.	009	Other
005	Oman		

14.16. MINIMUM AMOUNT OF APPLICATION AND BASIS OF ALLOTMENT OF SUKUK/TFC

The basis and conditions of allotment shall be as follows: l) Face value of the Sukuk/TFC is PKR 5,000/-.

- a) The minimum amount of application for subscription of Sukuk/TFC is PKR 5,000/-.
- b) Applications for Sukuk/TFC below the aggregate face value of PKR 5,000/- shall not be entertained.
- c) Applications for Sukuk/TFC by the general public, including institutions and individuals, must be for a minimum of the aggregate face value of PKR 5,000/- or in multiples thereof.
- d) If the Sukuk/TFC to be issued to the general public are sufficient for the purpose, all applications shall be accommodated.
- e) If the issue is oversubscribed in terms of amount, then all applications shall be accommodated initially for Sukuk/TFC of face value of PKR 5,000/- each and the balance Sukuk/TFC shall be allotted on prorata basis to all applicants who applied for Sukuk/TFC in multiples of PKR 5,000/-.
- f) If the issue is over-subscribed in terms of number of applications and the amount, the Sukuk/TFC shall be allotted through computer balloting in the presence of representatives of PSX.
- g) Allotment of Sukuk/TFC shall be subject to scrutiny of applications for subscription.

14.17. REFUND OF MONEY TO UNSUCCESSFUL APPLICANTS

----- (name of the Issuer) shall take a decision within ten (10) days of the closure of subscription list as to which applications have been accepted or are successful

and refund the money in cases of unaccepted or unsuccessful applications within ten (10) days of the date of such decision as required under regulation No. ---- read with regulation No. ---- of the PSX Rule Book.

As per sub-section (2) of Section 68 of the Companies Act, 2017, if a refund is not made within the time specified therein, the Directors of the Company shall be jointly and severally liable to repay the money with surcharge at the rate of 2.00%, for every month or part thereof from the expiration of the 15th day and, in addition, shall be liable to a penalty of level 3 on the standard scale.

The surcharge mechanism has been mentioned here in order to ensure regulatory compliance. However, from the shariah perspective, since this surcharge is a form of interest, the applicants are advised to dispose any such received amount as charity.

14.18. MINIMUM SUBSCRIPTION

The minimum amount of subscription on which the Directors will proceed to allot Sukuk/TFC is PKR ----- million.

14.19. ISSUE AND CREDIT OF SUKUK/TFC

----- (name of the Issuer) shall credit Sukuk/TFC to the successful allottees within twenty-one (21) days of closure of subscription list in compliance with the requirements of

PSX. Sukuk/TFC will be issued only in the Book-Entry Form through credit in their CDS Accounts. The applicants, therefore, must provide their CDS Account Number (Investor Account Number or Sub-Account Number) in the Sukuk/TFC Subscription Form.

The Sukuk/TFC issued shall be subject to the terms & conditions for the issuance of the Sukuk/TFC specified in the Trust Deed/Issuance Agreement dated -----.

If the ----- (name of the Issuer) defaults on complying with the requirements of the Listing Regulations, it will pay to PSX a penalty of PKR 5,000/- per day during which the default continues. PSX may also notify the fact of such default and the name of the Bank by notice and also by publication, in the Daily Quotations.

The surcharge mechanism has been mentioned here in order to ensure regulatory compliance. However, from the shariah perspective, since this surcharge is a form of interest, PSX is advised to dispose any such received amount as charity.

14.20. TRANSFER OF SUKUK/TFC

The Sukuk/TFC will be inducted into the CDC, transfer shall be made in accordance with the Central Depository Act, 1997 and CDC Regulations.

14.21. BANKERS TO THE ISSUE

1. ----- Bank Limited
2. ----- Bank Limited
3. ----- Bank Limited
4. ----- Bank Limited
5. ----- Bank Limited

6. ----- Bank Limited

7. ----- Bank Limited

14.22. DEDUCTION OF ZAKAT

Zakat is deductible in case of the Sukuk/TFC being held by Muslim citizens of Pakistan, except where a statutory declaration of exemption is filed, and in case of certain non-corporate entities such as Trusts, Funds, etc. (subject to being qualified for non-deduction of Zakat under the Zakat and Ushr Ordinance, 1980). Zakat is withheld at 2.5% of the redeemed principal amount.

14.23. INCOME TAX - [as per current tax rates]

Any income derived from investment in Sukuk/TFC shall be subject to income tax as per the Income Tax Ordinance, 2001. Withholding tax, as specified in Part III Division IB of the First Schedule of the said ordinance shall be applicable.

14.24. DEDUCTION OF WITHHOLDING TAX - [as per current tax rates]

Profit paid to Sukuk/TFC Holders will be subject to withholding tax under section 150A of the Income Tax Ordinance, 2001 specified in Part III Division IB of the First Schedule of the said Ordinance or any time to time amendments therein. Rates of tax specified under Division IB are as follows:

Category	Tax Rate for Persons appearing in Active Tax Payer List	Tax Rate for Persons not appearing in Active Tax Payer List
Company		
Individual or Association of Persons (If return on Investment is more than one million)		
Individual or Association of Persons (If return on Investment is less than one million)		

14.25. CAPITAL GAINS - [as per current tax rates]

Any capital gain derived from the sale of Sukuk/TFC shall be subject to capital gain tax as per section 37A of the Income Tax Ordinance, 2001. Applicable Capital Gain Tax Rates for FY20 are as follows:

- a) For persons appearing in Active Tax Payer List:%
- b) For persons not appearing in Active Tax Payer List:%

14.26. DISCLOSURE OF DEFERRED TAXATION

The -----[name of the issuer] recognises deferred tax asset / liability on deficit / surplus on revaluation of operating fixed assets and securities which is adjusted against the related deficit / surplus in accordance with the requirements of International Accounting Standard (IAS) 12, 'Income Taxes'. The balance of deferred tax asset (net) as of -----[Date] was PKR ----- million (unconsolidated). For detail please refer to Company's website at <http://----->.

**PART 15:
SIGNATORIES TO THE PROSPECTUS**

Name	Designation	Signature
------	-------------	-----------

Signed by the above in the presence of following witnesses:

Witness 1

-sd-

Name: -----
Designation: -----
CNIC: -----

Witness 1

-sd-

Name: ----- Designation: -----
CNIC: -----

PART 16:

MEMORANDUM OF ASSOCIATION -

[Please place legible scanned copy of the Memorandum of Association of the Company hereunder]

PART 17:

APPLICATION FORM

SCHEDULE - IV

Contents of Information Memorandum *[regulation 11(2) & rule 12 of the Rules]*

The Information Memorandum prepared with respect to issue of a debt security by SPV through private placement shall contain at least the following information and disclosures:

1. On cover page the following shall be disclosed:
 - (i) a disclaimer in bold letters stating that, “This is not a prospectus for issue of securities to the general public but a document prepared for the purpose of issuing debt securities through private placement. This Information Memorandum has not been approved by the Securities and Exchange Commission of Pakistan (the Commission) or the Pakistan Stock Exchange (the Exchange)”;
 - (ii) a disclaimer in bold letters stating that, “The Board of Directors of ... (name of the SPV) ... accepts responsibility for accuracy of the information contained in this document”; and
 - (iii) name of SPV, name of Originator, credit rating, name of the entity that has prepared the Information Memorandum and date of the Information Memorandum.
2. Table of contents, glossary of technical terms and acronyms;
3. Executive summary by the entity that has prepared the Information Memorandum, purpose of preparation of the Information Memorandum and their scope of work;
4. Information about the company like its name, date of its incorporation, registration number, addresses of its registered office, its sponsors and major shareholders, associated companies and associated undertakings etc.;
5. Latest pattern of shareholding of the company;
6. Names of the directors of the company and their directorships in other companies;
7. Profile of the management of the company including all the members of the Board of Directors except directors nominated by the government or the creditors;
8. Organization structure of the company;
9. Future outlook and business strategy of the company;
10. Three years financial highlights of the originator and the SPV relating to cash flows and financial & operating position including key financial ratios like debt/equity ratio, current ratio, return on equity, return on assets, earning per share, debt service coverage ratio, interest service coverage ratio etc. in tabular form;
11. Salient features of the Issue and the debt security like issue size, tenure, rate of return/profit, nature of the instrument whether it is secured or un-secured, convertible or non-convertible, options like put option, call option/early redemption option, partial call option etc.;
12. Redemption schedule;
13. Detail of the redemption reserve fund, credit enhancements, liquidity provider arrangements, if any;
14. Terms and conditions for investment in the debt security;
15. Purpose of the issue and breakup of utilization of the proceeds of the Issue;

16. Details of the Securitization transaction alongwith diagram/flow chart , parties to the transaction (i.e. originator, Issuer/SPV, Obligors, Trustee/Investment Agent, Servicer, credit enhancement provider, Liquidity Provider etc.) and role of each such party.
17. Salient features of assets under securitization transaction, [i.e. the type of assets which is being securitized, its cash generating capacity, historical earning record (in tabulated form), default ratio, the future earning potential, third party/experts opinion (if any) regarding future cash generating capacity of the asset.]
18. Complete credit rating report of the instrument, based on the company's latest audited accounts or the reviewed accounts, if the audited accounts are older than six months. In case where the instrument and entity rating is obtained from more than one credit rating agencies, copies of all rating reports are to provided;
19. In case of secured debt securities, detail of the security backing the instrument like nature of assets hypothecated, book value of such assets, nature of charge created in favour of the Debt Securities Trustee/Investment Agent;
20. Name of the Debt Securities Trustee/Investment Agent, date of execution of the Trust Deed/Issuance Agreement, responsibilities of the Debt Securities Trustee/Investment Agent under the Trust Deed/ Issuance Agreement, security enforcement mechanism by the Debt Securities Trustee/Investment Agent in case of default by the company;
21. All risk factors associated with the transaction and investment in the debt security of the company;
22. Summary of all the material contracts relating to the Issue;
23. Detail of pending legal proceedings in which the company is a party;
24. Names and contact details of the company's bankers, legal advisors, transfer agent and the Consultants to the Issue;
25. Name (s) and contact details of the persons authorized by the company in respect of issuance of the debt security;
26. Any disclosure in Information Memorandum shall not be inconsistent with the covenants of the Trust Deed/Issuance Agreement; and
27. The Information Memorandum shall not contain any clause that is inconsistent with the terms of the debt security, the Trust Deed/Issuance Agreement and any other contract/agreements related to securitization transaction.

[F. No. SY/SECP/8/13]


(Bilal Rasul)
Secretary to the Commission