

**GOVERNMENT OF PAKISTAN
SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN**

Islamabad the 31st March, 2016

NOTIFICATION

S.R.O. 274 (I)/2016.- The following draft of Private Placement of Securities Rules, proposed to be made by the Federal Government in exercise of the powers conferred by section 175 of the Securities Act, 2015 (III of 2015) read with sub-section (4) of section 87 thereof and sections 86 and 120 of the Companies Ordinance, 1984 (XLVII of 1984) are hereby published in the official Gazette, for information of all persons likely to be affected thereby and notice is hereby given that objections or suggestions, if any, received from any person in respect of the said draft, within a period of thirty days from the date of placement of the rules on the website of the Commission, shall be taken into consideration by the Commission.

1. Short title, commencement and applicability.- (1) These rules may be called the Private Placement of Securities Rules, 2016.

(2) They shall come into force at once.

(3) They shall apply to the companies proposing to offer securities by way of private placement.

(4) These rules shall not apply to a private placement of securities by any company, a special purpose vehicle or body corporate specifically setup by the Federal Government or any Provincial Government for the purposes of private issue of securities, under any other law for the time being in force.

2. Definitions.- (1) In these rules unless there is anything repugnant in the subject or context, -

- (a) "Act" means the Securities Act, 2015 (III of 21015);
- (b) "debt security" means any security as mentioned in sub-clauses (b) and (c) of clause (lii) of section (2) of the Act; and
- (c) "Ordinance" means the Companies Ordinance, 1984 (XLVII of 1984).

(2) Words and expressions used but not defined in these rules shall have the same meanings as are assigned to them in the Ordinance, the Act and the Securities and Exchange Commission of Pakistan Act, 1997 (XLII of 1997).

3. Eligibility.- Any company, except a single member company, is eligible to offer and issue securities through private placement under these rules.

4. Conditions for issue of securities.- A company may issue securities through private placement subject to the following conditions, namely:-

- (a) the number of initial subscribers is not more than fifty;
- (b) the securities are offered through information memorandum on the format to be specified by the Commission;
- (c) the placement is made through an investment agreement in writing;
- (d) the investment agreement contains terms and conditions of investment, role and responsibilities of all parties to the agreement, dispute resolution mechanism; covenants, if any; and such other things as deem appropriate by the investor and the company and as may be specified by the Commission;
- (e) it has obtained consent of a central depository declaring the security as eligible security for the purposes of central depository system;
- (f) the company shall ensure that proceeds of the issue are utilized in the form and manner as disclosed in the information memorandum;
- (g) in case of debt securities,
 - (i) the placement is in accordance with the provisions of section 120 of the Ordinance;
 - (ii) the placement is made to such persons as mentioned in section 120 of the Ordinance or notified thereunder as persons to whom instrument of redeemable capital can be issued;
 - (iii) in case the debt security is convertible into ordinary shares or any other issued equity security, the company has met all the requirements of section 86 of the Ordinance;
 - (iv) the instrument is rated by a credit rating company licensed by the Commission;
 - (v) the company has appointed a debt securities trustee, licensed by the Commission, through a trust deed under the Trust Act, 1882 (II of 1882);
 - (vi) the company has arranged appropriate security, where required, in the form and manner acceptable to the debt security trustee;
 - (vii) the trust deed contain such information as may be specified by the Commission;
 - (viii) where the security is convertible or exchangeable into ordinary shares, the option of conversion or exchange, as the case may be, shall be as per the terms and conditions laid down in the information memorandum;

- (ix) in case the debt security is Sukuk, the applicable requirements specified in the relevant regulatory framework for issue and structuring of Sukuk are complied with; and
- (x) in case the debt security is asset backed security, requirements of the Companies (Asset Backed Securitization) Rules, 1999 are complied with.

(h) in case of equity securities,

- (i) the company has met all the requirements of section 86 of the Ordinance;
- (ii) in case the equity security is convertible into ordinary shares, the company has met all the requirements of section 86 of the Ordinance; and
- (iii) in case of preference shares, the company has met all the requirements of section 90 of the Ordinance and rules made thereunder.

5. Reporting.- (1) In case of debt security, the company shall, within thirty days of the closing of subscription period, report the issue to the Commission on the format as specified in Schedule-I to these rules.

(2) In case of debt security, the issuer shall report to the Commission, redemption status in the form and manner to be specified by the Commission

(3) In case of equity security, the company shall report the allotment in the form and manner as required under section 73 of the Ordinance.

Information to be provided by the Issuer of Debt Securities

S. No.	Information to be provided by the Issuer of Debt Securities
(i)	Name of the Issuer
(ii)	Date of the Issue
(iii)	Size of the issue
(iv)	Type of the instrument
(v)	Latest credit rating of the issuer and that of the instrument
(vi)	Salient features of the instruments like its tenure, rate of return, secured/unsecured, convertible/non-convertible, redeemable/perpetual etc.
(vii)	Nature and amount of the security backing the instrument and nature of charges established in favour of the debt security trustee to the issue; if any
(viii)	Redemption schedule
(ix)	Option like put option, call option, conversion option, if any
(x)	List of investors together with the amount subscribed by each of them
(xi)	Address of the registered office of the issuer
(xii)	Postal address, email address, telephone number and fax number of the compliance officer of the issuer
(xiii)	Address of the registered offices of the consultant/adviser/lead manager and debt security trustee to the Issue

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3/13/16
(Bushra Aslam)
Secretary to the Commission