

## PART II

### Statutory Notifications (S.R.O.)

### GOVERNMENT OF PAKISTAN

### SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Islamabad, the 20th January, 2016

#### NOTIFICATION

S.R.O. 35 (I)/2016.— In exercise of powers conferred by sub-section (1) of section 169 read with sub-section (4) thereof and sections 63, 64, 65, 68, 69 of the Securities Act, 2015, the draft Underwriters Regulations, 2016 are hereby published by the Securities and Exchange Commission of Pakistan for the information of all persons likely to be affected by these Regulations and notice is hereby given that objections and suggestions, if any, received within fourteen days from the date of its placement on the Commission's website, shall be taken into consideration.

1. Short title and commencement.— (1) These regulations shall be called the Underwriters Regulations, 2016.

(2) They shall come into force on the date, as the Federal Government, by the notification in the official Gazette under sub-section (3) of section 1 of the Act appoint for commencement of part V of the Act.

2. Definitions.— (1) In these regulations, unless there is anything repugnant in the subject or context, –

- (a) “Act” means the Securities Act, 2015;
- (b) “Advertisement” means dissemination or conveyance of information, or an invitation or solicitation, in respect of any regulated securities activity by any means or in any form, including by means of publication in the print media; dissemination through electronic media; broadcasting through radio; and display through posters, flayers or notices, circulars, handbills, brochures, pamphlets, books or other documents;
- (c) “issue” includes issue of securities through-
  - (i) public offering by an issuer;
  - (ii) an offer for sale of security to the general public by an offeror; and
  - (iii) an offer of securities to the existing shareholders by a company or a body corporate;
- (d) “Ordinance” means the Companies Ordinance, 1984 (XLVII of 1984);
- (e) “Scheduled Bank” has the same meaning as defined in clause (m) of Section 2 of the State Bank of Pakistan Act, 1956 (XXXII of 1956); and
- (f) “Senior Management Employee” means the employee including the chief executive, chief financial officer, chief operating officer, chief investment officer and company secretary.

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

## CHAPTER I

### LICENSING REQUIREMENTS

3. Prohibition.— No person shall act or perform the functions of an underwriter unless such person is licensed as an underwriter by the Commission in accordance with these regulations:

Provided that a person registered as an underwriter under the Underwriters Rules, 2015, prior to coming into force of these regulations, shall be deemed to be licensed as an underwriter under these regulations provided it meets the requirements of these regulations and in case it does not meet or is non-compliant to any of the requirements of these regulations it shall fulfill such requirements within a period of six months from the date of coming into force of these regulations.

4. Eligibility criteria for License.— Any person may apply to the Commission for grant of license under these regulations, if such person fulfills the following conditions:

- (1) It is a scheduled bank, a development financial institution as notified by the State Bank of Pakistan; a housing finance company, an investment finance company or a leasing company as defined in Non-Banking Finance Companies and Notified Entities Regulations, 2008; or a TRE Certificate Holder.
- (2) it is authorized by its constitutive document to act as an underwriter.
- (3) it meets the minimum capital or equity requirement, as the case may be, if so required under the law relating to its principal business and such capital or equity, excluding unrealized gains and revaluation surplus, is not less than fifty million rupees.
- (4) its entity credit rating, assigned by a credit rating agency licensed by the Commission, is not less than BBB- (long Term) and A3 (short term).
- (5) it has appointed an independent auditor from the panel of auditors approved by the Commission and such auditor meets the requirements of section 83 of the Act.

5. Application and procedure for granting of license.— (1) An application for a license as an underwriter shall be made to the Commission on Form A along with the documents specified in Annexure I and receipt evidencing payment of non-refundable fee of such amount as specified in the Schedule to these regulations.

(2) The Commission, while considering the application for grant of license, may require the applicant to furnish such further information or clarification regarding its activities and businesses as it deems appropriate.

(3) Any subsequent change in the information provided to the Commission at the time of filing of application under sub-regulation (1) shall be intimated to the Commission within seven working days from the date of such change.



(4) The applicant shall, if so required, by the Commission, appear before the Commission for personal representation through an officer duly authorized for this purpose in writing by the board of directors of the applicant.

6. Grant of license.— (1) The Commission, while considering the application made under regulation 5(1), shall beside the requirements mentioned under sub-section (2) of section 69 of the Act inter-alia take into account the following matters, namely:-

- (a) that the applicant meets requirements of the Act, these regulations and any general or particular directions earlier given by the Commission;
- (b) that the applicant has the ability to efficiently handle its functions as an underwriter and honor its obligations in accordance with the Act and these regulations;
- (c) that the applicant has the necessary infrastructure including but not limited to adequate office space, equipment, experienced and skilled manpower having the skill of securities evaluation and conducting due diligence of the Issues to be underwritten;
- (d) earlier refusal, if any, by the Commission for grant of license under these regulations;
- (e) conviction or involvement of the applicant, its sponsors, directors, or Senior Management Employees in an offence involving fraud or breach of trust;
- (f) any pending penal action against the applicant, its sponsors, directors or Senior Management Employees for an offence under the Act, the Ordinance or the Securities and Exchange Commission of Pakistan Act, 1997; and
- (g) The applicant's past experience in underwriting, if any.

(2) The Commission, if deems necessary, may seek additional information about the applicant from other agencies and regulatory bodies and may also conduct a pre-license assessment or a visit of the premises of the applicant to verify the genuineness of the submitted information.

(3) The Commission on being satisfied, after conducting such inquiries and after obtaining such further information as it deems appropriate, that-

- (a) the applicant is eligible for license;
- (b) the applicant is in compliance with the provisions of the Act, these regulations and any directive, guidelines, or code issued thereunder; and
- (c) it is in the interest of capital market;

may grant a license to the applicant on Form B subject to such conditions or restrictions as it considers necessary.

(4) The license shall remain valid for a period of one year from the date of its grant unless it is restricted, suspended or cancelled earlier by the Commission.

7. Renewal of License.— (1) Subject to the provisions of the Act and these regulations, an underwriter shall, one month prior to the date of expiry of its license, apply to the Commission on Form C along with all the documents as specified in Annexure II and evidence of payment of non-refundable renewal fee of such amount as prescribed in Schedule to these regulations, for renewal of its license.

(2) The Commission upon being satisfied that the applicant continues to meet the requirements for licensing and is eligible for renewal of license shall renew the license of the underwriter and issue a certificate of renewal of license to the applicant on Form D.

(3) Where the application for renewal of license is made within such time period as specified in sub-regulation (1) but has not been decided by the Commission, the license shall continue to be valid until the application for renewal is decided by the Commission.

(4) While granting renewal of license to an underwriter, the Commission may, in addition to the criterion laid down for grant of a license, also take into account the past performance of the underwriter.

8. Procedure where license is not granted or renewed.— (1) The Commission, after giving a reasonable opportunity of hearing to the applicant, may refuse to grant or renew a license if in the opinion of the Commission such applicant does not fulfill the requirements prescribed under the Act and these regulations or where the Commission after taking into account the facts, is of the view that it is not in the public interest or in the interest of the capital market to grant or renew a license.

(2) The applicant, if aggrieved by the decision of the Commission under sub-regulation (1), may, within a period of thirty days from the date of such refusal, prefer an appeal to the Appellate Bench of the Commission under section 33 of the Securities and Exchange Commission of Pakistan Act, 1997.

(3) An underwriter whose application for renewal of license is refused by the Commission shall, from the date of receipt of the decision of the Commission:

- (a) cease to act as underwriter;
- (b) intimate all its existing customers of this fact within a period of fourteen days from the date of receipt of such decision of the Commission; and
- (c) shall not enter into an underwriting agreement for any new Issue.

(4) An underwriter whose application for renewal of license is refused, and its appeal thereon, if any, is dismissed by the Appellate Bench of the Commission shall continue to fulfill all its obligations under the previous underwriting agreements, if any, executed with its customers subject to the directions given by the Commission at the time of refusal to renew the license.

9. Application for Cancellation of license.— (1) An underwriter may itself apply to the Commission for cancellation of its license three months prior to the date of expiry of the license.

(2) The Commission may, upon being satisfied that the underwriter has completed all the formalities for closure of its business as an underwriter, including but not limited to pending obligations, accept the application made under sub-regulation (1) and cancel the license of such underwriter.

(3) Upon cancellation of license, name of the underwriter shall be excluded from the register of the regulated persons maintained by the Commission under 72 of the Act.



## CHAPTER II

### INVITATIONS, ADVERTISEMENTS AND DISCLOSURES BY UNDERWRITER

10. Invitations and Advertisements.—(1) An underwriter shall not.—
- a) make unsubstantiated claims, in order to induce customers, about qualifications of its professional staff or its capabilities to render certain services or its achievements concerning services rendered to other customers;
  - b) involve in unfair competitive practices which are likely to be harmful to the interest of other underwriters, nor shall solicit business from customers on the basis of any undue benefit;
  - c) not publish, circulate or distribute any advertisement or any information which is false, misleading or deceptive or contain such material which is prejudice to the interest of any other person including investors;
  - d) make any exaggerated statements regarding its capabilities to render certain services or its achievements; and
  - e) willfully make false statements or conceal any material fact in any document, report or statement submitted to the Commission.
11. Disclosure of risks.— (1) The underwriter, before executing any underwriting agreement with any person, shall provide risk disclosure document to such person and ensure that it has received from such person an acknowledgment duly signed and dated stating that the customer understands the nature and contents of the risk disclosure document.
- (2) The risk disclosure document must inter alia contain,-
- (a) all material information about the underwriter;
  - (b) a specific declaration by the underwriter that any claim as to its independence or impartiality is true and correct;
  - (c) terms and conditions on which underwriting is to be undertaken;
  - (d) names of associated companies and undertakings and any potential conflict of interest; and
  - (e) detail of Issue's specific risks and potential impediments.

## CHAPTER III

### DUTIES, OBLIGATIONS AND RELATIONSHIP WITH CUSTOMERS

12. Duties of underwriters.— (1) An underwriter shall, -
- (a) maintain high standard of integrity and fairness in discharging its functions and its dealings with the issuers or offerors, other underwriters, and third parties in the conduct of its underwriting business;

- (b) fulfill its obligations in a fair, efficient, transparent and ethical manner;
- (c) conduct independent due diligence of the securities before underwriting;
- (d) render high standard of services in performing its functions and obligations as an underwriter;
- (e) inculcate a culture of compliance of the regulatory requirements through ongoing education and training of its employees and ensure that Senior Management Employees have necessary certification from the Institute of Capital Market or any other institution approved by the Commission for such certification;
- (f) frame policies and procedures to ensure compliance with the requirements of these regulations by its employees;
- (g) obtain from its relevant employees, an undertaking stating therein that they will not misuse their position of having access to the non-public information, if any, relating to the Issue being underwritten for their personal benefit or for the benefits of any other person who does not have or is not authorized to have access to such information;
- (h) ensure that internal control policy is widely disseminated for compliance by all employees and is reviewed for appropriateness and sufficiency by the competent authority at least once every year;
- (i) promptly investigate, in the event of a breach of policies, procedures, controls or misconduct, and take appropriate steps to rectify the weaknesses, if any, to prevent recurrence of such breach;
- (j) ascertain before entering into an underwriting agreement that the regulatory requirement, if any, relating to the exposure limits on investment in securities are not breached in case it is called upon to fulfill its commitment of subscribing the unsubscribed portion of an Issue pursuant to the underwriting agreement;
- (k) execute a written underwriting agreement with its customers prior to undertaking an underwriting transaction containing at least such terms and conditions as specified in Annexure III;
- (l) in the event of being called upon to subscribe to the securities underwritten pursuant to an agreement, subscribe such securities within such time as specified in the agreement but it shall not exceed fifteen days starting from the date of Issue of such intimation, notice, invitation by the issuer or offeror, as the case may be;
- (m) sell the securities subscribed pursuant to the underwriting agreement in the secondary market or to persons other than the directors, sponsors and associates of the issuer or the offer, as the case may be, in a period of not more than one year from the date of such subscription or in such time period extended by the Commission on written request by the underwriter;
- (n) have internal control procedures and policies and financial and operational capabilities which can be reasonably expected to protect its operations, its customers and other



regulated persons from financial loss arising from theft, fraud, and other dishonest acts, professional misconduct or omissions;

- (o) employ sufficient human resource which is adequately trained to efficiently perform its functions as underwriter;
  - (p) submit any document, report or information as and when required by the Commission;
  - (q) ensure that any change in its license status, any penal action taken by the Commission against it or any material change in its financial position which may adversely affect the interests of its customers is promptly communicated to its customers;
  - (r) prominently display the underwriting license for information of the customers;
  - (s) comply with these regulations and any direction given by the Commission under section 71 of the Act;
  - (t) obtain fresh credit rating report, if entity rating of an underwriter falls below the grade specified in regulation 4. The Commission may restrict its operations as underwriter during the period its rating remains below the said specified grade;
  - (u) publish its entity credit rating in its periodic financial reports, and each advertisement and brochure, if any, in relation to promotion of its business;
  - (v) comply with the standards of conduct given in section 74 of the Act and the business conduct regulations made under the Act; and
  - (w) give notice of, ceasing to carry on its principal or underwriting business and change in any of its particulars mentioned in section 72 of the Act as soon as practicable but not later than seven days of the occurrence of the concerned event.
- (2) The underwriter shall not,-
- (a) underwrite the securities issued or offered by its associated companies or associated undertakings;
  - (b) enter into any buy-back or repurchase arrangement with the issuer or offeror or any other person with respect to the securities underwritten by it;
  - (c) derive any undue benefits directly or indirectly, from any underwriting transaction other than the commission payable to it under the underwriting agreement;
  - (d) make any oral or written statement, which would misrepresent its underwriting commitment;
  - (e) disclose or discuss with outside parties or make improper use of the non-public information which has come to its knowledge in the business relationship with the issuers or offerors;
  - (f) give, directly or indirectly, any investment advice about any security in the media unless a disclosure of its interest in the said security is made, while giving such advice;
  - (g) willfully make false statement or conceal any material fact in any document, report or paper furnished to the Commission;

- (h) be party to or instrumental for creation of false market;
- (i) be party to or instrumental for price rigging or manipulation;
- (j) be party to or instrumental for passing of unpublished price sensitive information in respect of securities which are listed or proposed to be listed on the securities exchange to any person or intermediary;
- (k) alter its object clauses relating to underwriting business without prior approval of the Commission; and
- (l) undertake underwritings exceeding five times of its equity (excluding unrealized gains and revaluation surplus) at any time.

**13. Customers' rights.**— (1) The underwriter shall not exclude or restrict any of its duties and responsibilities owed to the customers under the Act and these regulations.

(2) A purported exclusion or restriction prohibited by this regulation shall be void and of no effect.

**14. Appointment of compliance officer.**— (1) The underwriter shall designate any of its officers as a compliance officer from the Senior Management Employees, who shall be responsible for monitoring compliance of the underwriter with the requirements of the Act and these regulations.

(2) The compliance officer shall immediately report any non-compliance by the underwriter, with any requirements to the chief executive and the chief executive shall immediately take steps to ensure compliance with such requirements.

(3) Where the underwriter fails to take steps as required under sub-regulation (2), the compliance officer shall immediately inform the Commission of such non-compliance by the underwriter.

(4) The compliance officer shall prepare annual compliance report which shall be submitted to the board of directors of the underwriter within two months of the close of each financial year.

**15. Conflict of interest.**— (1) The underwriter shall take all reasonable steps to ensure that no conflict of interest arises while undertaking any underwriting transaction.

(2) The underwriter must, before entering into an underwriting agreement, disclose to the issuer or offeror all possible conflicts of interest including that of its sponsors and directors which could impair its ability to render fair, objective and unbiased service.

(3) Where any conflict of interest arises, the underwriter shall immediately inform the other party and not gain any direct or indirect advantage from the situation and shall act in the best interests of the other party.

(4) The underwriter shall put in place a mechanism to resolve any conflict of interest that may arise in the conduct of business and take all reasonable steps to resolve all conflict of interests in an equitable manner.

(5) The underwriter shall disclose to its customers, names of persons who are working as its agents and details of sub-underwriters, if any.

(6) The underwriter shall ensure that channels of communications, like logs of e-mails and other inter-office information exchange channels are properly documented and monitored regularly and



effectively.

**Explanation:** For the purposes of this clause the expression “conflict of interest” includes situations in which an underwriter has competing interests which make it difficult for the underwriter to fulfill its duties impartially.

## CHAPTER IV

### ACCOUNTING AND AUDIT

**16. Maintenance of Books of Accounts and other records.—**(1) In addition to the requirements of the Ordinance and section 79 of the Act, the underwriter shall properly maintain the following records, namely:-

- (a) copies of all the underwriting agreements, due diligence reports and other documents pertaining to each Issue underwritten;
- (b) company-wise and security-wise breakup of Issues underwritten;
- (c) company-wise and security-wise break-up of amount taken-up or subscribed as its underwriting obligations; and
- (d) such other records as may be required by the Commission to be maintained.

(2) The underwriter shall ensure that the record referred to in sub-regulation (1) is maintained and preserved in good order for a period of at least ten years from the closing of the subscription period or the bidding period, as the case may be; and open for inspection by the Commission or any person appointed by the Commission for this purpose

(3) The underwriter shall ensure that the record is kept at such place and maintained in such a manner that it is easily accessible and conveniently auditable.

(4) The underwriter shall establish a record-retention-policy which shall ensure that all relevant legal requirements are complied with.

(5) Any record maintained in electronic form, must be digitally signed.

(6) The underwriter shall keep accounting and other records updated in such form which sufficiently explains its business and financial position.

**17. Appointment of Auditor.—**(1) In terms of section 83 of the Act, the underwriter shall appoint an auditor from the panel of auditors approved by the Commission to perform such functions as specified in the Act and the Ordinance.

(2) The auditor appointed under regulation (1) must meet the eligibility criteria specified in sub-section (2) of section 83 of the Act.

(3) The Commission may under section 86 appoint, if deemed necessary, auditor for special audit.

**18. Periodical financial statements.—**(1) The underwriter shall prepare periodical financial statements as required under the Act and the Ordinance.

(2) Every underwriter shall ensure that the following information is disclosed in its periodical financial reports:

- (i) amount underwritten during the period,
- (ii) amount subscribed, if any, as its underwriting obligation; and
- (iii) amount of the underwriting and take up commissions earned during the period.

(3) The auditor's report shall state all the matters as are required under the Act and the Ordinance to be stated therein.

**19. Notification to the Commission.—** (1) An underwriter shall, within seven days, give written notice to the Commission of the appointment, removal or resignation of its auditor.

(2) Where an auditor resigns or is removed by the underwriter, a notice to that effect shall be sent to the Commission containing a statement signed by the auditor to the effect that there are no circumstances connected with his resignation or removal which the auditor considers should be brought to the attention of the Commission.

## CHAPTER IV

### DISCIPLINARY PROCEEDINGS

**20. Restriction or suspension of license.—** (1) Notwithstanding anything contained in part XIV of the Act, where an underwriter fails to comply with or contravenes any provisions of the Act or these regulations or is not in compliance with conditions of license or any directive issued or order passed by the Commission, the Commission may, after providing a reasonable opportunity of representation to the underwriter, impose-

- (a) a restriction on its activities as underwriter or suspend its license; and
- (b) a penalty provided in the Act.

(2) An underwriter whose license has been suspended shall not act as or perform the functions of an underwriter for any new Issue during the period of suspension and remove the causes of suspension within a period of one hundred and twenty days from the receipt of the suspension order or such earlier period as specified in the order of suspension.

(3) The Commission while restricting or suspending the license of the underwriter may impose such conditions, as it deems appropriate.

**21. Cancellation of license.—** (1) The Commission, may after providing a reasonable opportunity of being heard to the underwriter, cancel license of the underwriter, if-

- (a) in the opinion of the Commission the underwriter has been in violation of any provision of these regulations and the Act;
- (b) it is found guilty of fraud; or
- (c) its license has been suspended and the causes of suspension have not been removed within one hundred and twenty days from the receipt of suspension order or such



earlier period as specified in the order of suspension.

(2) The Commission while cancelling the license of underwriter may take such measures and issue such directions as it deems appropriate and are not inconsistent with the Act, the Ordinance and these regulations.

(3) The license of underwriter shall stand automatically cancelled, if such underwriter-

- (a) voluntarily surrenders its license to the Commission;
- (b) is wound up by an order passed by a court of competent jurisdiction; or
- (c) ceases to hold a valid license as a schedule bank, development finance institution, house finance company, investment finance company, leasing company or TRE Certificate Holder.

(4) Notwithstanding anything contained in sub-regulation (1), where the Commission is satisfied that delay in the cancellation of license of underwriter will be detrimental to the interest of investors or the public in general, the Commission may immediately cancel the license of underwriter till the time an opportunity of being heard is provided to the underwriter and final order is passed:

Provided that where the Commission cancels the license under sub-regulation (4), the Commission shall, after giving the underwriter a reasonable opportunity of being heard, pass the final order within sixty days of such cancellation.

(5) Upon cancellation of the license, the underwriter shall forthwith cease its business as underwriter.

(6) Nothing in these regulations shall affect the power of the Commission to suspend or cancel the license of an underwriter under section 152 of the Act.

22. Dissemination of information of cancellation of license.— The Commission may, for information of the stakeholders, publish press release of its order of cancellation of license of an underwriter in newspapers of wide circulation in Pakistan.

23. Supervision and investigation.— (1) Where the Commission deem appropriate, it may order inspection and investigation of an underwriter in the form and manner as provided in part XII of the Act.

(2) The Commission may conduct periodic evaluation of the underwriters' internal controls and risk management processes.

24. Power of the Commission to issue directives, circulars, etc.— The Commission may, if it is satisfied that it is necessary or expedient so to do in the public interest or in the interest of the capital market, by order in writing, give such directions or issue such circulars, not inconsistent with the Act, the Ordinance and these regulations, to underwriters as it may deem fit.

25. Rescission.— The Underwriters Rules, 2015 shall rescind immediately upon coming into force of these regulations.

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APPLICATION FOR REGISTRATION AS AN UNDERWRITER UNDER THE  
UNDERWRITERS REGULATIONS, 2016

To

The Securities and Exchange Commission of Pakistan  
(Full Address of SECP)

Pursuant to the decision of the board of directors (BOD) of .....[name of applicant] .... taken in its meeting held on .....[date of meeting]....., we hereby apply for license as an underwriter under rule 5 of the Underwriters Regulation, 2016 (the Regulations) read with section 68 of the Securities Act, 2015. The requisite information and documents mentioned at Annexure I of the Regulations are attached herewith.

Date: \_\_\_\_\_

Signature: \_\_\_\_\_

Place: \_\_\_\_\_

\_\_\_\_\_  
Name and designation of the chief executive, the company secretary or the chief financial officer duly authorized by the BoD through a resolution to sign and submit application for registration as an underwriter.

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INFORMATION AND DOCUMENTS TO BE SUBMITTED ALONG WITH  
APPLICATION UNDER REGULATION 5

1. General and business information:
  - 1.1 Brief history of the applicant containing at least name of the applicant, date and place of its incorporation, date of commencement of business, length of experience as underwriter, if any, names of sponsors and promoters and their shareholding, group structure, if any, number and amount of issues underwritten during the last three years. Status of the applicant whether the applicant is a schedule bank, a DFI, a housing finance company, an investment finance company, a leasing company or a TRE Certificate holder.
  - 1.2 Address of the registered office of the applicant (postal address, postal code and telephone and fax numbers).
  - 1.3 Mailing address of the applicant (postal address, postal code, telephone number, fax numbers and email address of the concerned officer of the applicant.)
  - 1.4 Details of material legal outstanding proceedings, if any, initiated against the applicant by the Commission or any other regulatory authority.
  - 1.5 Details of penal actions, if any, taken against the applicant during the last three years by the Commission or any other regulatory authority.
  - 1.6 In case any associated company of the applicant is already registered under the Regulations, the following details shall be provided, namely:-
    - (i) name of such associated company;
    - (ii) details of warning notices, if any, issued to such associated company by the Commission during the last three years;
    - (iii) details of outstanding legal proceedings, if any, initiated against such associated company by the Commission or any other regulatory authority; and
    - (iv) penal action, if any, taken against such associated company by the Commission during the last three years.

2. Other information:

- 2.1 Details of all pending disputes as per following format, namely:-

Nature of dispute relating to the underwriting business of the applicant	Name of other party	Name and place of court or tribunal where dispute is pending	Amount involved
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- 2.2 List of civil and criminal offenses in which the applicant or any of its sponsors, directors or Senior Management Employees has remained involved during the last three years.
- 2.3 Any other information considered relevant to the underwriting business of the applicant.

- 2.4 Any significant award or recognition, collective grievances against the applicant.
3. List of documents to be provided along with application:
- 3.1 Copy of memorandum and articles of association of the applicant containing copy of the certificate of incorporation and that of the certificate of commencement of business duly certified from the company registration office (CRO) concerned.
- 3.2 Copy of Forms 3, 27, 28 and 29 of the applicant, if applicable, duly certified from the CRO concerned.
- 3.3 Audited accounts of the applicant for the last three years and latest half yearly and quarterly accounts, where applicable.
- 3.4 Profile of chief executive officer (CEO), chief financial officer (CFO), company secretary (CS), compliance officer and directors of the applicant. [Name, qualification, experience and date of appointment. Directorship in other companies, names of such other companies and date of appointment as director in such other companies]
- 3.5 Date-wise break up of issues underwritten during the last three years. The statement should also contain size of each issue, offer price of the security, amount underwritten and amount taken up, if any.
- 3.6 A declaration in the manner as given at Annexure IV.
- 3.7 Quantum of minimum capital or equity required under the respective statute to be maintained.
- 3.8 Copy of the latest Credit Rating report from a Credit Rating Company licensed by the Commission.
- 3.9 Any other information and document as required by the Commission.

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SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

SCHEDULE OF FEE\*

Description of fee	Amount of fee in PKR
Fee to be paid at the time of applying for license:	500,000/-
Fee to be paid at the time of applying for renewal of license:	250,000/-

\* The above fees shall be deposited into the designated bank account of the Commission, along-with applicable collection charges through paid Challan in the designated banks.

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SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN  
UNDERWRITING LICENSE

Islamabad, the \_\_\_\_\_ (date) \_\_\_\_\_

License No. \_\_\_\_\_

1. The Securities and Exchange Commission of Pakistan, having considered the application for grant of underwriting license under regulation 5 of the Underwriters Regulations, 2016 (the Regulations) read with section 68 of the Securities Act, 2015 (the Act) made by.....[name of the applicant] ..... and being satisfied that.....[name of the applicant] ..... is eligible for grant of license and that it would be in the interest of the capital market so to do, hereby grants underwriting license, under regulation 6 of the Regulations read with section 68 of the Act, to.....[name of the applicant] ..... to carry out the activities as specified in the Regulations subject to the condition that .... [name of the applicant] ..... shall comply with all the provisions of the Regulations and to any other condition that may be imposed hereafter.

2. Unless restricted, suspended or cancelled this license is valid for one year from the date of its issuance.

For and on behalf of the  
Securities and Exchange Commission of Pakistan  
(authorized signatory)

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APPLICATION FOR RENEWAL OF LICENSE

To,  
The Securities and Exchange Commission of Pakistan.

Pursuant to the decision of the board of directors (BoD) of .... [name of the applicant]..... taken in its meeting held on .....[date of meeting]....., we hereby apply for renewal of underwriting license under regulation 7(1) of the Underwriters Regulations, 2016 (the Regulations) read with section 69 of the Securities Act, 2015 (the Act). The information and documents mentioned at Annexure II to these Regulations and the document evidencing payment of the renewal fee are attached herewith.

The existing license is due to expire on ... (please mention date of expiry of the license).

Date: \_\_\_\_\_

Signature: \_\_\_\_\_

Place:

\_\_\_\_\_  
Name of the chief executive officer, the company secretary or the chief financial officer duly authorized by the BoD through a resolution for signing and submission of this application.

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INFORMATION TO BE PROVIDED ALONGWITH APPLICATION FOR RENEWAL

The following information shall be provided, along with application for renewal of license, by an underwriter:

1. Company-wise and security-wise break-up of issues underwritten during the last one year including total size of the issue, amount underwritten and offer price of the security.
2. Company-wise and security-wise breakup of amount taken-up and subscribed, during the last one year, as its underwriting obligations.
3. Details of the non-compliance, if any, by the underwriter, during the last one year, with any provision of these Regulations.
4. Details of the non-compliance, if any, by the underwriter with any of the terms and conditions of the license.
5. Details of non-compliance, if any, with any provisions of any underwriting agreement executed during the last one year.
6. Details of legal proceedings, if any, initiated against the underwriter and penal actions taken against it and penalty imposed by the Commission or any other regulatory authority during the last one year.
7. Details of changes made, if any, in the object clause of its memorandum of association or other constitutive document, if different from memorandum of association of the underwriter.
8. Declaration that the underwriter is in compliance with all the applicable provisions of the Act and the Regulations.
9. Copy of the last year's annual audited accounts and latest half-year and quarterly accounts.
10. Copy of the latest credit rating report from a credit rating company licensed by the Commission.

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SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

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RENEWAL OF  
UNDERWRITING LICENSE

Islamabad, the ..... (date).....  
License No. ....

1. The Securities and Exchange Commission of Pakistan, having considered the application of the underwriter for renewal of its license under regulation 7(1) of the Underwriters Regulations, 2016 (the Regulations) read with section 69 of the Securities Act, 2015 (the Act) made by ..... [name of the applicant] ..... and being satisfied that.....[name of the applicant]..... is eligible for renewal of license and that it would be in the interest of the capital market so to do, hereby renew under regulation 7(2) of the Regulations read with section 69 of the Act, underwriting license of ...[name of the applicant].... to carry out the activities as specified in the Regulations subject to the condition that ....[name of the applicant].... shall comply with all the applicable provisions of the Regulations and the Act and to any other condition that may be imposed hereafter.

2. Unless cancelled, restricted or suspended this renewal of the underwriting license is valid for a period of one year from the date of issue provided that the applicant remains eligible under the Regulations.

For and on behalf of the  
Securities and Exchange Commission of Pakistan  
Authorized Signatory

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Terms of underwriting agreement

The underwriting agreement should contain all the necessary terms and conditions including the following:-

Underwriting agreement:

- (i) Names of parties to the underwriting agreement, date of the underwriting agreement, role and responsibilities of each party to the underwriting agreement. The underwriter shall render only such services as provided in the underwriting agreement;
- (ii) total size of the issue with breakup of allocation of capital to various categories of investors, part of the issue required to be underwritten, the offer price of the security and the amount underwritten by the underwriter;
- (iii) the time period for which the underwriting agreement shall be in force and valid;
- (iv) the time period within which the underwriter has to subscribe to the unsubscribed securities after being called upon by the issuer or offeror, as the case may be. In case of under subscription, the period for subscribing the unsubscribed portion should not be more than the time period as mentioned in regulation 12(1)(l);
- (v) the rate and maximum amount of the commissions payable to the underwriter, if any;
- (vi) conditions under which the underwriting agreement becomes revocable;
- (vii) the time period within which modifications and alteration may be made in the underwriting agreement;
- (viii) a clause stating that the underwriting agreement shall not be modified unilaterally and in any way other than in writing;
- (ix) a clause stating that the underwriting arrangement does not absolve the issuer or offeror, as the case may be, of the obligations and responsibilities placed on it under the Companies Ordinance, 1984(XLVII of 1984), the Securities Act, 2015 or any other law for the time being in force.

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**DECLARATION**

(On non-judicial stamp paper certified by oath commissioner)

This declaration must be signed by the chief executive or any director of the applicant authorized by the Board of Directors (BoD) to do so through resolution passed in its meeting.

1. I, Mr./Ms. .... chief executive officer/director of ..... (name of the applicant) ..... on behalf of the applicant and duly authorized by the board of directors of ..... (name of the applicant).... to do so state that we have applied under regulation 5 of the Underwriters Regulations, 2016 (the Regulations) for grant of underwriting license.
2. That we undertake that we shall carry out our duties as underwriters in accordance with provisions of the Securities Act, 2015 and the Regulations.
3. That we will promptly intimate the Commission of any change in the information provided with the application for registration under regulation 5 of the Regulations as and when any change occurs in the information provided to the Commission.
4. That the information provided in the application and documents attached thereto is true and correct to the best of our knowledge and belief and that nothing has been concealed.
5. That we hereby declare and undertake that we meet all the eligibility conditions as specified in the Regulations for underwriting license.

For and on behalf of .... (name  
of the applicant)....

Date: \_\_\_\_\_

Signature: \_\_\_\_\_

Place: \_\_\_\_\_

\_\_\_\_\_  
Name and designation of the  
chief executive officer or any  
director of the applicant  
authorized by the BoD.

[No.SMD/Misc.(Prosp)/30/2003]

  
20/11/16

(Bushra Aslam)  
Secretary to the Commission