

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

Islamabad, the 30th May, 2016.

NOTIFICATION

S.R.O. 464(I)/2016.— In exercise of powers conferred by section 506 of the Companies Ordinance, 1984 (XLVII of 1984), the Securities and Exchange Commission of Pakistan, with the approval of the Federal Government, hereby makes the following further amendments in the Companies (General Provisions and Forms) Rules, 1985, the same have been previously published through notification S.R.O. 19(I)/2016, dated 8th January, 2016 as required by the proviso of sub-section (1) of section 506 of the said Ordinance, namely:-

In the aforesaid rules,-

- (i) after rule 12, the following new rules shall be inserted, namely:-

"12A. Transfer of Shares.- (1) Notwithstanding anything contained in the articles of association of the company, any member of a private company desirous to sell or transfer any of his shares in the company shall, by a notice in writing, notify the company of the number of shares to be sold or transferred and the offer price per share:

Provided that the provision of this sub-rule shall not apply to,-

- (i) the transfer of qualification shares which are required to be held by the director under section 209 of the Ordinance; or
- (ii) the shares, which are required to be transferred by operation of law.

(2) If in the opinion of the directors, the price of the shares so offered is materially higher than their fair value, they shall, within seven days from the date of receipt of the aforementioned notice from the seller, ask the seller to revise the price of such shares within seven days thereof, failing which the offer shall be deemed to be withdrawn.

(3) If the seller disagrees to revise the share price, the directors shall, at the cost of the company, proceed towards

determination of fair value of the said shares from a firm of Chartered Accountants within the meaning of the Chartered Accountants Ordinance, 1961 (X of 1961), not being the auditors of the company, having satisfactory Quality Control Review (QCR) rating by the Institute of Chartered Accountants of Pakistan, who shall submit share valuation report to the company and the Company shall forthwith send a copy of the same to the seller:

Provided that if the fair value so determined is not acceptable to the seller, he shall communicate the same to the company within seven days from the date of receipt of the share valuation report, failing which the offer made by the seller member shall be deemed to be withdrawn:

Explanation: The expression 'fair value' shall have the same meaning as defined in International Accounting and Financial Reporting Standards applicable in Pakistan.

(4) The directors shall, at the offered price or at such fair value as determined under sub-rule (3), as the case may, offer such shares to the existing members in proportion, as nearly as the circumstances admit, to the existing shares held by them.

(5) The offer for sale of shares to the existing members shall be made by the company through a notice in writing specifying the number of shares each member is entitled to, the price per share and time period, being not less than seven days and not more than fifteen days from the date of receipt of the notice.

(6) The notice to the existing members under this rule shall be delivered in the manner provided under section 50 of the Ordinance and rule 10 of these rules:

Provided that where the notice is dispatched through registered post or courier service, the envelope containing the notice shall be marked as "Offer for sale of shares".

(7) If the offer for sale of shares by the company is not accepted by any member, it shall be the responsibility of such member to send a letter of decline containing his signature and thumb impression, to the company within the period provided in the offer letter.

(8) If no letter of decline is received by the company within the time provided in the offer letter, the company shall send a reminder letter allowing further time not being less than seven days,

advising such member to provide the said decline, failing which the offer will be deemed to be declined.

(9) The company shall maintain the record of all the communication, regarding offer for shares, made with the members.

(10) The acceptance to the offer for shares shall only be made through banking channel including but not limited to pay order or bank draft.

(11) If the whole or any part of the shares so offered are not accepted and paid for, the company may offer them to such other persons as the directors may deem fit:

Provided that where the whole or any part of the offered shares are transferred to such other person, the minutes of directors' meeting approving the said transfer, shall contain a statement to the effect that such shares were first offered to the existing members of the company through an offer letter but they declined the said offer or did not exercise their first right, as the case may be.

(12) If the whole or any part of the shares offered are not accepted and paid for by the members, and the directors also failed to transfer shares to such other person under sub-rule (11), within sixty days from the date of receipt of original offer notice or revised offer notice, as the case may be, as mentioned under sub-rule (1) and sub-rule (2), the seller may transfer such number of shares not accepted and paid for to any other person as he may desire.

12B. Share transfer return to be filed with the registrar.- All the transfer of shares accepted by a private company or public unlisted company shall be notified to the registrar on Form 3A within fifteen days from the date of registration of such transfer by the company:

Provided that in case of a private company the return under this rule shall be accompanied with a copy of the following, namely:-

- (i) minutes of directors' meeting as referred to under the proviso to sub-rule (11) of rule 12A; and
- (ii) proof of delivery of notice to the members as referred to under sub-rule (6) or reminder, if any under sub-rule (8) of rule 12A.
- (iii) declining letters, if any, as referred to under sub-rule (7) of rule 12A, where applicable.

12C. Further Allotment of Shares.- (1) Circular under sub-section (3) of section 86 of the Ordinance on Form 3B shall be sent to

all the members at least fifteen days before the last date of acceptance of the offer:

Provided that where the Circular is dispatched through registered post or courier service, the envelope containing the Circular shall be marked as "Offer for new shares":

Provided further that the circular shall be delivered to the existing members in the manner provided under section 50 of the Ordinance and rule 10 of these rules.

(2) Acceptance to the offer of new shares shall only be made through the banking channel including but not limited to pay order or bank draft.

(3) In case where disproportionate or no allotment has been made to any member of,-

- (i) a private company; or
- (ii) a public unlisted company, except those to which first and second proviso of sub-section (1) of section 86 are applicable;

the registrar may before recording the return filed pursuant to sub-section (1) of section 73 of the Ordinance, enquire the factual position from the member to whom disproportionate or no allotment, as the case may be, has been made and shall proceed accordingly.”;

- (ii) in rule 14C, after sub rule (1), the following new sub-rules shall be inserted, namely:-

“(2) In case of resignation of a director, the Form-29 shall be supported by the resignation letter containing signature and thumb impression of the resigning director along with a copy of his computerized national identity card.

(3) In case of removal of a director under section 181 of the Ordinance, the Form-29 filed with the registrar, notifying such removal, shall be supported by a copy of minutes of general meeting, in which resolution for removal of the director was passed, *inter alia*, containing the following information;

- (i) total number of members of the company;
- (ii) members present in person or through proxy;

- (iii) minimum number of votes required against the resolution; and
(iv) number of votes casted against the resolution.”;

(iii) after Form 3, following new Forms shall be inserted, namely:-

"Form 3A

THE COMPANIES ORDINANCE, 1984
(Section 74/76)

RETURN OF TRANSFER OF SHARES

Please complete in typescript or in bold black capitals

1. Corporate Universal Identification Number (CUIN)							
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2. Name of the Company:	
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3. Fee paid (Rs.):					Name & branch of the bank:	
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4. Receipt No.		Date:	Day	Month	Year

5. Mode of transfer:	(i) By transfer deed
	(ii) By operation of law

6. Particulars of shares transferred:

Particulars of Transferor			Particulars of Transferee			No. of Shares Transferred	Kind / Class of Shares	Date of transfer as per register of members
Name	CNIC/ Passport No.	Nationality	Name	CNIC/ Passport No.	Nationality			

7. Signature of Chief Executive/Company Secretary	
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8. Name of signatory		9. Designation	
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10. Date	Day	Month	Year

11. CNIC number of signatory						-								
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- This form shall apply to private limited companies and public unlisted companies only.
- In case of transfer of shares of private company, please attach certified copies of the documents mentioned under Rule-12B of the Companies (General Provision and Forms) Rules, 1985.

THE COMPANIES ORDINANCE, 1984
SECTION 86 (3)

Circular to be sent to members along with the notice offering new shares

Part I - Issuer

- a) Company profile and history
 - (i) Name of Company
 - (ii) Incorporation date
 - (iii) Date of commencement of business (not applicable to private company)
 - (iv) Status (public or private, if listed name of stock exchanges where listed)
 - (v) Corporate Universal Identification No. (CUIN)
- b) Profile of management & sponsors (not applicable to private company)
 - (i) Brief description of profile of directors
 - (ii) Other directorships held (provide names of the company)
- c) Address of issuer
 - i) registered office
 - ii) Website address, if any
- d) Name(s) of the auditor(s)
- e) Existing capital indicating classes of shares, if any, separately
 - (i) Authorized Capital amounting to Rs. _____ divided in to _____ shares of Rs. _____ each
 - (ii) Paid-up capital amounting to Rs. _____ divided in to _____ shares of Rs. _____ each
- f) Name of holding/subsidiary company, if any
- g) Financial Highlights of the Company for preceding three years including following:
 - Sales
 - Gross profit
 - Profit before interest, tax,
 - Profit after tax
 - Accumulated profit/ (loss)
 - Total assets
 - Total Liabilities
 - Net equity
 - Earnings per share
 - Cash dividend, if any
 - Bonus issue, if any
 - Right/other than right issue, if any

(As per requirements of Section 86 (3) of the Ordinance, the issuer is required to send the latest statement of the accounts along with the offer of the proposed right issue.)

- h) Financial highlights of consolidated financial statements same as (h) above, if any.
- i) Major related party transactions (not applicable to private company)
- j) Detail of issue of capital in previous five years (not applicable to private company)
 - (i) Year wise detail of issue of capital
 - (ii) Detail of fund utilization

Part II - Issue Details

- a) Description of Issue
 Amount of the proposed issue Rs. _____
 Divided into _____
 of Rs. _____ each
- b) Par value Rs. _____ each
- c) Basis of determination of price of the right issue (not applicable to private company).
- d) Proportion of new issue to existing shares with any condition applicable thereto
- e) Date of meeting of board of directors (BOD) announcing right issue
- f) Names of directors attending the BOD meeting
- g) Necessity of the issue
 - (i) Details of the main projects/ objects for which funds are raised through present right issue
 - Detail of project
 - Total funds required for the project
 - Percentage finance through right issue
 - Percentage finance from other sources
 - Time of completion of project
 - (ii) Expected benefits to accrue from proposed right issue (description and amount)
 - (iii) Financial projection for five years (not applicable to private company)
- h) Has the market price remained below par during preceding six months (applicable to listed company)?
- i) Financial effects arising from right issue (not applicable to private company)
 - (i) Increase in paid-up share capital
 - (ii) Net asset/breakup value per share before and after right issue
 - (iii) Gearing ratio before and after right issue

- j) Total expenses to the issue
 - (i) Bankers Commission
 - (ii) Underwriters Commission
 - (iii) Others

Part III – Risk and Risk mitigating factors (not applicable to private company)

- a) Description of major risks and company's efforts to mitigate them
 - (i) Risks relating to the project for which right issue is announced
 - (ii) Risks relating to subscription/under-subscription of right issue
 - (iii) Material contingencies
 - (iv) Material Commitments
 - (v) Description of major court cases
 - (vi) Any adverse issue reported by the auditor in their audit reports in previous five years
- b) Names of underwriters, (if required)

Part IV - Eligibility criteria & associated matters

- a) Eligible shareholders
- b) Bankers to the issue
- c) Date by which offer to be accepted
- d) Mode of acceptance (only through banking channel)
 - (i) Bank account number
 - (ii) Date by which amount to be credited in bank account to constitute valid acceptance.
 - (iii) No. and date of pay order / bank draft and other banking instrument.

Part V- Any other material information

Any information which has direct or indirect bearing on the investment decision

Part VI- Annexures

- a) Attested copy of the extract of board of directors' resolution passing the right issue
- b) In case of listed company, certificate of chief executive and CFO that Circular constitutes full and true disclosure of all material facts relating to the right issue and that the Company will provide copies of financial statements on demand

All the directors or an officer authorized by the directors:

1. _____ (Name)

Signatures

(Designation)

2. _____ (Name)

Signatures

(Designation)

Date _____".

Bushra
30/5/16

(Bushra Aslam)
Secretary to the Commission

