



## SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

*International Affairs, Communication & Coordination (IACC) Department*

Islamabad: September 8: The Securities and Exchange Commission of Pakistan has reviewed and amended the Companies (Issue of Capital) Rules, 1996. The amendments are being notified in the official gazette to solicit public opinion as required under sub-section (1) of Section 506 of the Companies Ordinance, 1984 (the Ordinance).

The proposed amendments and the draft revised amended rules may also be seen at the Commission's website [www.secp.gov.pk](http://www.secp.gov.pk)

The rules framed under Section 506 of the Ordinance were basically aimed at regulating the process of offer of shares to the general public and the existing shareholders of the companies listed on the stock exchanges and issue of shares for consideration otherwise than in cash by all companies.

The rules require the companies to follow prescribed discipline/criteria while raising money through Initial Public Offering (IPO) or by way of right issue or through issue of shares against consideration otherwise than in cash.

Some of the requirements of the existing rules are stringent and hinder raising of capital by the companies from the capital market. Sometimes these requirements are difficult to comply with and therefore, the companies are compelled to approach the SECP to seek different relaxations. Further, with the introduction of the Book Building Process, certain clauses of the existing rules particularly those that are applicable to issue/offer of shares on premium, become irrelevant/redundant as under the book-building mechanism the price of the share offered is determined by the market forces.

Under the review, the requirement of the existing rules for project appraisal from a financial institution having no interest in the project is being omitted. This will help in reducing the cost of the issue.

The revised rules shall ensure appropriate free float in case of offer for sale of shares by a person under Rule 9.

The amended CI Rules are more comprehensive, explanatory and flexible and easier to comply with.

Rule 10 empowering the SECP to relax any requirements of the rules is also being omitted.

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