



# SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

*Strategy, Development and External Relations Department*

*Press Release*

## PRESS RELEASE

### **SECP holds roundtable on Takeover Regulations**

ISLAMABAD, December 13: The SECP organized a roundtable meeting in Karachi with representatives of the corporate sector on proposed amendments to the 2008 Takeover Regulations.

The areas like introduction of chain acquisition principle, takeover fee, clarification on negotiated weighted price, introduction of chartered accountant as valuer for valuation of financial assets, fixing responsibility of acquirer to confirm the report of valuer, changes in the office of manager to offer were discussed.

The SECP took this initiative in light of feedback of the corporate sector to remove the hurdles faced during acquisition process and to encourage takeovers of listed companies.

With regard to the price mechanism prescribed in the Takeover Regulations, the participants were of the view that the price agreed between the acquirer and the major shareholder entering into share purchase agreement includes a premium for the transfer of control as well therefore discount factor may be introduced for the price to be offered to other shareholders. In order to increase the takeovers, for revival of sick units and keeping in view the present dismal financial conditions, the participants suggested that the offer size in the public offer may be revisited to a lower side.

It was also suggested that the timing of public announcement of intention may be re-considered in order to discourage the speculative increase in the share price. Further, the timings of appointment of manager to the offer and transfer of shares to the acquirer were also the concerns of the participants. It was greatly emphasized by the participants that the SECP, being expert in the specialized takeover law and the apex regulatory body, should be given power through statute that opinions/clarifications given by it on the subject are the part of law and may be observed in all future transactions. The participants highly appreciated the role of the SECP by arranging such events in which representatives of the corporate sector

have an opportunity to explain and suggest changes in the corporate laws to remove the practical difficulties being faced by them in following the laws in letter and spirit.

This meeting, in Karachi, concludes SECP's initiative to consult with stakeholder to seek their feedback for the amendments to the Takeover Regulations. The SECP will now onward finalize the amendments to the Takeover Regulations, after giving due consideration to the inputs received in this regard.

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