



# Securities and Exchange Commission of Pakistan

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***PRESS RELEASE***  
***FOR IMMEDIATE RELEASE***

## **SECP APPROVES BOOK BUILDING PROCESS**

**ISLAMABAD – MARCH 06, 2008:** The Securities and Exchange Commission of Pakistan (SECP) approves 'Book Building Process' as part of the Listing Regulations of the Karachi Stock Exchange, which is in line with international best practices and standards.

Book Building is basically a capital issuance process used in Initial Public Offer (IPO) which aids price and demand discovery. It is a process used for marketing a public offer of shares of a company. This being another landmark capital market reform introduced by the SECP will greatly benefit the investors and the issuers.

In the book building process the price of shares is determined on the basis of market demand and as such the chances of over/under pricing are minimized. Institutional investors and high net worth individuals will be eligible to participate in this process. Offer of shares to the general public will be at a price equal to or lesser than the price discovered through the book building process. The issuer company will also have the option to withdraw its offer from the market if demand for its shares is not sufficient.

Under the Listing Regulations, the institutional and high net worth investors shall not be allocated more than 75% of the total offer through the book building process and not less than 25% of the total offer shall be allocated to the general public. It will be the discretion of the issuers to either adopt the book building process or the fixed-price method presently followed for IPOs.

With the introduction of the book building process the number of IPOs is expected to increase substantially which in turn will offer the investors with additional investment opportunities and also enhance the size and depth of the securities market.

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