

Clarification

SECP will ensure transparent IPOs

ISLAMABAD, July 1: In order to promote a robust capital market in the country and attract investments, the Securities and Exchange Commission of Pakistan (SECP), strives to facilitate the floating of maximum initial public offerings (IPOs).

Currently, the IPO of a company 'Al Shaheer Corporation Limited' is underway at the Karachi Stock Exchange. The phase of book building has been completed in which the company offered 18.75 million shares to institutional and high net worth individuals. The second phase of public offering is scheduled for July 27-29, when the company will offer shares to common investors.

A section of press has raised concerns on the price discovery mechanism, adopted for the institutional bidding of Al Shaheer Corporation. It was alleged that upper cap was removed to the benefit of certain shareholders of the company.

It is pertinent to mention here that the concept of price band was introduced in last July. However, it was later removed as it was hindering fair price discovery and causing operational problems.

Furthermore, the price determination in stock markets is not the SECP's concern, as long as the trading practices are fair and transparent. A stock exchange is a free market where prices are always determined through fundamental concept of demand and supply and investors views about the business and financial prospects of the company.

However, as a regular practice, the SECP is reviewing bidding pattern during the book-building process to ascertain any wrongdoings. Strict action would be taken against those found in violation of framework or engaged in manipulative practices. The IPO is an important and as well as a sensitive process for the capital market. Any material published during the floating of IPO, without proper research and analysis may harm the process. Therefore, the SECP requests the media to remain extra careful while commenting on such issues.