



PRESS RELEASE

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SECP focused on rejuvenating IPOs: Chairman SECP

ISLAMABAD, October 23: The Securities and Exchange Commission of Pakistan (SECP), to attract new listings in stock market, improve capital formation and provide ease of doing business, aims at rejuvenating the complete regulatory regime of initial public offerings.

The SECP Chairman, Aamir Khan said that the Commission has proposed amendments in the IPO Regulations 2017, to make the IPO processes more easy, simple and cost effective. He was speaking at a consultative session held to solicit stakeholder's feedback on proposed amendments in the Public offering Regulations, 2017.

SECP Commissioner, Securities Market Division, Shauzeb Ali and his team briefed the participants on proposed changes in IPO regulations. Representatives of capital market, brokerage houses, corporate lawyers, chartered accountants, issuers and front line regulators attended the session. The SECP has recently issued draft amendments in IPO Regulations, 2017 for seeking public comments.

In order to promote capital formation through securities market, the objective eligibility criteria for listing of companies is being reviewed, to enable companies with a viable time bound business plan, to raise funds. Such companies are however, required to comply with certain conditions including enhanced risk disclosures in the offering document for information of the prospective investors. Moreover, to reduce the cost of an IPO, SECP proposed that the role of Consultant to the Issue and Book Runner may be performed by same entity provided such entity is independent of the issuer.

The SECP, to safeguard the interest of general public, suggested to introduce certain parameters for green field projects (GFP). Through such parameters, sponsors of GFPs are required to have successful business track record of running a listed company and to contribute at least 75% in the form of equity and financial close should be in place. The issuer shall also make certain risk related disclosures in the offering document and shall offer the shares through fixed price method only.

Further, to ensure investor protection, in case of change in the principal purpose of the issue, an exit offer mechanism is also proposed.

It was agreed that Muhammad Farid Alam, CEO at AKD Securities Limited will consolidate the stakeholder's feedback and suggestions on proposed amendments to IPO Regulations and submitted a comprehensive report to SECP for its consideration.