



PRESS RELEASE

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SECP approves Growth Enterprise Market listing regulations

ISLAMABAD, November 12: The Securities and Exchange Commission of Pakistan (SECP) has approved the Growth Enterprise Market Listing Regulations to enable Small and Medium Enterprises (SMEs), Green field projects, Not for Profit and other companies to raise capital through capital markets conveniently.

SECP has advised Pakistan Stock Exchange (PSX) to arrange publication of new regulations in the official Gazette of Pakistan to replace PSX's existing regulations governing listing and trading of equity securities of SMEs.

The Growth Enterprise Market regulations designed especially to facilitate small enterprises, startups and green field companies that are aspiring to raise funds through capital markets but cannot fulfill the cumbersome conditions for listing on the Main Board of PSX. Hence, in addition to the main board of PSX, the Growth Enterprise Market (GEM) will be a second board at PSX for listing and trading of equity securities. However, the trading screen for both boards will be same.

The new board provides a more conducive regulatory environment as compared to the main board. For listing on GEM board, any public limited company having audited accounts for the last two financial years and post issue paid up capital of at least Rs25 million is eligible. The minimal fee for listing on GEM board is Rs50,000, that is significantly low as compare to listing on PSX main Board, where minimum listing fee is Rs200,000.

Moreover, to facilitate the issuers, any person licensed with the SECP as securities broker or consultant to the issue can act as Advisor. The issuer may offer, by way of information memorandum, only 10% of the post issue paid up capital to the eligible investors. The said board also allows green field project and non-profitable companies to raise funds. Moreover, the companies listed on GEM board may graduate to the main board subject to the fulfillment of prescribed criteria. However, reverse migration is not allowed.

In order to create liquidity on the GEM board, the concept of eligible investor has been introduced and minimum lot size has been linked with the main board of the PSX, which is currently 500 shares. Eligible investor includes all institutional investors and eligible individual investors registered with NCCPL that have financial strength or expertise.

The post listing requirements of GEM board are also relaxed as compared to the main board such as non-applicability of code of corporate governance, submission of half yearly progress report as compared to quarterly progress report.