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S. A. SALAM's
**Complete Company Law
and Procedures**
Volume I

65th Update – June 20, 2026

Please find enclosed 18 updated pages so as to complete and update your copy of the Book. Kindly insert as follows:–

Existing Pages to be removed	Updated Pages to be inserted	Existing Pages to be removed	Updated Pages to be inserted
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Part AI –Companies Act

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405, 406	405, 406

Part III –Regulations

421 to 424	421 to 424(1)
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Yours sincerely,
Abdul Rab Khan
Manager

Note from the Author

It gives me great pleasure to complete the 65th update of Complete Company Law and Procedures, Volume-I. This update covers:

-SRO's: 875(I)/2026 & 903(I)/2026;

-SECP's Circular: 07 of 2026; and

-ICAP's Circular: 01 of 2026;

These are briefly explained as follows:–

Part AI – Companies Act

1. On page AI-162(89), SECP's Circular No. 16 of 2025 has been amended by SECP's **Circular No. 7 of 2026** dated April 21, 2026. This is re: **Appointment of Auditor.**
2. On page AI-162(110) onwards, **SRO 875(I)/2026** dated May 13, 2026 has been reproduced. This is re: **Certificate of statutory Compliance ("CSC").**
3. On page AI-162(111) onwards, **ICAP's Circular No. 01 of 2026** dated June 03, 2026 has been reproduced. This is re: **Accounting Technical Release 22 (Calculation of book value per share).**
4. On page AI-405, **Correction** has been made in the reference to amendment in the Seventh Schedule to the Companies Act, 2007, as 10% automatically annual increase notified by SRO 500(I)/2023 dated April 20, 2023.

Part III – Regulations

5. On page III-421 onwards, Regulations Public Offering Regulations, 2017 has been amended by **SRO 903(I)/2026** dated May 25, 2026.

Suggestions, comments etc. for improving the book and updating service will be most valuable.

Sheikh Asif Salam
Chartered Accountant

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|---------------------------------------|---|
| 5. EY Ford Rhodes | 6. Grant Thornton Anjum Rahman |
| 7. Ilyas Saeed & Co. | 8. KPMG Taseer Hadi & Co. |
| 9. Kreston Hyder Bhimji & Co. | 10. Muniff Ziauddin & Co. |
| 11. Nasir Javaid Maqsood Imran | 12. Parker Russell-AJ.S. |
| 13. Rahman Sarfaraz Rahim Iqbal Rafiq | 14. Reanda Haroon Zakaria Aamir Salman Rizwan & Co. |
| 15. Riaz Ahmad & Co. | 16. Rizwan & Co. |
| 17. RSM Avais Hyder Liaquat Nauman | ¹ [18. S. M. Sohail & Co |
| 19. Yousuf Adil | 20. UHY Hassan Naseem & Co. |
- ii. Securities Brokers having license of Trading and Self Clearing category; Asset Management Companies or Pension Fund Managers or NBFCs with AuM of less than Rs. 50 billion; non-deposit taking NBFCs undertaking lending activities through mobile applications; Modarabas having asset size of less than Rs. 1 billion; Collective Investment Schemes or Voluntary Pension Schemes or REIT Schemes having asset size of less than Rs. 10 billion; Insurance, Reinsurance or Takaful Operators having total assets of Rs 10 billion or less, shall appoint audit firm from the following list under this clause (in alphabetical order) or from the list provided under clause (i) above:
- | | |
|--------------------------------------|-------------------------------------|
| 1. Amin Mudassar & Co. | 2. Fazal Mahmood & Co. |
| 3. H.A.M.D & Co. | 4. Junaidy Shoaib Asad |
| 5. Malik Haroon Ahmad & Co. | 6. Mushtaq & Co. |
| 7. Naveed Zafar Ashfaq Jaffery & Co. | 8. PKF F.R.A.N.T.S. |
| 9. Riaz Ahmad Saqib Gohar & Co. | 10. ShineWing Hameed Chaudhri & Co. |
| 11. Tariq Abdul Ghani Maqbool & Co | |
- iii. Securities brokers having license under Trading-Only category; Futures Brokers of PMEX. Securities and Futures Advisers; Modarabas having asset size of less than Rs. 200 million; Lending NBFCs (other than deposit-taking); Insurance brokers, Reinsurance brokers; Third Party Administrators; Corporate Restructuring Companies, trusts created by Corporate Restructuring Companies and Share Registrars and Balloters, shall appoint any audit firm having Satisfactory QCR Rating from ICAP.
- iv. In case, if any entity mentioned under clause i, ii and iii, is a Public Interest Company as per the Third Schedule of the Companies Act, 2017, the audit firm to carry out audit of such Public Interest Company shall also be required to be registered ITom Audit Oversight Board under section 36K(a) of the Securities and Exchange Commission of Pakistan Act, 1997.
- ¹[v. For the appointment of an audit firm by Asset Management Companies for the audit of Collective Investment Schemes, comply with the requirement as specified under direction no. 05 of 2026 of February 23, 2026, and any subsequent direction issued by the Commission.]”

Clarification in relation to ‘IAS 12 Application Guidance on Accounting for Minimum Taxes and Final Taxes’ issued vide circular no. 7 dated May 15, 2024.- Following is the text of ICAP’s Circular No. 10 of 2024 dated August 20, 2024:-

“The Accounting Standards Board of the Institute issued ‘IAS 12 Application Guidance on Accounting for Minimum Taxes and Final Taxes’ (IAS 12 Application, Guidance / Application Guidance) vide circular no. 7 dated May 15, 2024. The Application Guidance clarifies how IAS 12 applies to taxes such as ‘Minimum Tax’ and ‘Final Tax’ charged under the Income Tax Ordinance, 2001.

The Accounting Standards Board received following enquiries in relation to above-referred Application Guidance:

- whether withholding tax on investments in associates, subsidiaries and joint arrangements is an income tax in terms of paragraph 2 of IAS 12?
- what shall be the applicability period of the above-referred Application Guidance?

Accordingly, the above-enquiries are responded as follows:

¹Annexure I amended by Circular 7 of 2026 dated April 21, 2026.

2. Tax on dividends earned from investment in subsidiaries, associates or joint arrangements

Paragraph 2 of IAS 12 (emphasis added), while explaining the scope of income taxes states:

“For the purposes of this Standard, income taxes include all domestic and foreign taxes which are based on taxable profits. Income taxes also include taxes, such as withholding taxes, which are payable by a subsidiary, associate or joint arrangement on distributions to the reporting entity.”

Further, paragraph 65A of IAS 12 describes withholding taxes on dividends, as follows:

“When an entity pays dividends to its shareholders, it may be required to pay a portion of the dividends to taxation authorities on behalf of shareholders. In many jurisdictions, this amount is referred to as a withholding tax. Such an amount paid or payable to taxation authorities is charged to equity as a part of the dividends.”

It should be noted that tax on dividend income, withheld under provisions contained in the Income Tax Ordinance, 2001, corresponds with withholding tax referred to in paragraph 65A of IAS 12, since an associate, subsidiary or joint venture paying such dividend is required to withhold / deduct the tax and pay the same to tax authorities on behalf of the recipient.

Accordingly, in view of paragraph 2 read with paragraph 65A of IAS 12, it is clarified that tax withheld on dividends earned from investments in subsidiaries, associates or joint arrangements, is an income tax falling within the scope of IAS 12. Investing entities should, therefore, apply requirements of IAS 12 for current and deferred taxes, including recognition, measurement, presentation and disclosure, in relation to taxes chargeable under the Income Tax Ordinance, 2001, on dividends earned from investments in subsidiaries, associates or joint arrangements.

Further, it is to be noted that any tax specifically included in the scope of IAS 12, is to be treated as ‘income tax’ and should not be considered ‘levy’ under IAS 37 or IFRIC 21.

3. Applicability period of the IAS 12 Application Guidance on Accounting for Minimum Taxes and Final Taxes’

The withdrawal of ‘TR-27 IAS 12 Income Taxes’ was announced in circular no. 7 dated May 15, 2024. The IAS 12 Application Guidance was also introduced in the same circular.

It is clarified that ‘TR-27 IAS 12 Income Taxes’ shall remain applicable to accounting periods ended prior to the withdrawal of TR-27 (i.e. on accounting periods ended before May 15, 2024), whereas ‘IAS 12 Application Guidance’ should be followed in the preparation of financial statements of the accounting periods ended subsequent to the issuance of such guidance (with retrospective application as required as per this guidance).”

Code of Ethics for Chartered Accountants (Revised 2024).— Following is the text of ICAP’s Circular No. 11 of 2024 dated September 12, 2024:-

“On the recommendation of the Auditing Standards and Ethics Committee (the Committee), the Council of the Institute in its 387th meeting held on July 19-20, 2024 has adopted the *Code of Ethics for Chartered Accountants (Revised 2024)*, effective from January 01, 2026.

Background

The Institute is a member of International Federation of Accountants (IFAC) and has been adopting the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA) of IFAC since 2000. IESBA is an independent standard-setting board, responsible for developing an internationally appropriate and recognized code of ethics for professional accountants.

All companies to Contribute towards “Prime Minister’s Relief Fund for Flood, Earthquake and Other Calamities”.- Following is the text of SECP’s Circular No. 27 of 2025 dated August 29, 2025:-

“In view of the unprecedented rains and flooding that have severely affected communities across Pakistan, both urban or rural, the Securities and Exchange Commission of Pakistan (SECP) underscores the important role of the corporate sector in supporting national relief and rehabilitation efforts.

2. All companies are expected to extend their contributions towards the “Prime Minister’s Relief Fund for Flood, Earthquake and Other Calamities” under their Corporate Social Responsibility (CSR) and Environmental, Social and Governance (ESG) commitments. Timely support will not only provide urgent relief but also reaffirm the corporate sector’s responsibility as a key partner in the country’s sustainable development.

3. The SECP appreciates the corporate sector’s continued commitment to social welfare and looks forward to its proactive participation in this critical national cause.”

Adoption of IFRS 18 and IFRS 19:- Following is the text of SRO 2444(I)/2025 dated December 12, 2025:-

“In exercise of powers conferred under Section 510 read with sub-section (1) of Section 225 of the Companies Act, 2017, (XIX of 2017) (the “Act”), the Securities and Exchange Commission of Pakistan, in partial modification of its earlier notification S.R.O. No. 633(I)/2014 dated 10th July, 2014, is pleased to notify that “IAS-1, Presentation of Financial Statements”, as referred to in the said S.R.O. No. 633(I)/2014, shall be replaced with “IFRS-18, Presentation and Disclosure in Financial Statements” and “IFRS-19, Subsidiaries without Public Accountability: Disclosures”, and shall be followed for the preparation of financial statements for annual reporting periods beginning on or after January 01, 2027:

Provided that only unlisted subsidiaries without public accountability (i.e. unlisted companies other than those mentioned in clauses 1(b)(ii), 1(b)(iia) and 1(b)(iii) of the Third Schedule to the Act) may follow “IFRS-19, “Subsidiaries without Public Accountability: Disclosures” in preparation of their financial statements.”

IFRS-9 Expected Credit Losses Exemption Extension.- Following is the text of SRO 25(I)/2026 dated January 06, 2026:-

“In exercise of powers conferred by section 510 read with sub-section (3) of section 225 of the Companies Act, 2017 (Act No. XIX), the Securities and Exchange Commission of Pakistan, in partial modification of its previous S.R.O. 1784(I)/2024, dated November 4, 2024, is hereby pleased to notify that, in respect of companies holding financial assets, due or ultimately due from the Government of Pakistan in respect of circular debt, the requirements contained in “*IFRS-9 (Financial Instruments)*” with respect to application of Expected Credit Losses Method” shall not be applicable on such financial assets for the financial years ending on or before December 31, 2026:

Provided that such companies shall follow relevant requirements of IAS 39-Financial Instruments: Recognition and Measurement, in respect of above referred financial assets during the exemption period.”

Statement of Performance Information on Annual Basis.- Following is the text of SECP's Circular No. 6 of 2026 dated March 16, 2026:-

"This is in continuation to the Circular No. 31 of 2021 dated November 9, 2021 on the captioned subject in relation to the submission of performance information in accordance with the prescribed standardized format. In order to capture more granular information, particularly gender-disaggregated data, Securities and Exchange Commission (the "SECP"), in exercise of the powers conferred by Section 40B of the Securities and Exchange Commission Act, 1997 (Act XLII of 1997), hereby directs all life and non-life insurers including family and general takaful operators, to submit performance information required via Circular No. 31 of 2021 dated November 9, 2021, in accordance with the revised standardized format enclosed herewith, wherein the changes from the earlier submission format have been duly highlighted. The said information shall be submitted on an annual basis by April 30 each year, commencing from April 30, 2026."

Certificate of statutory Compliance ("CSC").- Following is the text of SRO 875(I)/2026 dated May 13, 2026:-

"In exercise of the powers conferred by section 510 of the Companies Act, 2017 (the "Act"), the Securities and Exchange Commission of Pakistan ("SECP") is pleased to notify the introduction and issuance of a Certificate of statutory Compliance ("CSC") to be issued by the Registrar, upon submission of an application, in the manner specified hereunder:-

1. Purpose and Scope:- The CSC shall serve as an official certification issued by the SECP, based on the records maintained by it, confirming that a company:-

- (i). is duly incorporated under the Act;
- (ii). continues to exist on the register of companies with an active status;
- (iii). has complied with the filing and disclosure requirements prescribed under the Act and the rules and regulations made thereunder, as of the date of issuance of the certificate.

2. Mode of Issuance:- The CSC may be issued either manually or electronically through the Commission's eZfile system, upon submission of an application. An electronically issued CSC shall bear a QR code to facilitate authentication.

3. Grounds for non-issuance of CSC:- The Registrar shall issue the CSC in the prescribed format set out in the Annexure unless any one or more of the following conditions exist:-

- (i). the company is shown inactive on the register of companies;
- (ii). the company is under the process of strike off, winding up, liquidation or dissolution;
- (iii). there exists a dispute among members, shareholders, or directors relating to statutory filings or corporate records, or where the matter is sub judice before a court or pending adjudication before any competent forum, or where a complaint, investigation, or inquiry by the Commission or any other law enforcement or regulatory authority is pending finalization;
- (iv). any statutory return, document, or compliance requirement of the company remains outstanding or is pending clearance, approval, or no-objection certificate from any Ministry, Department, or authority;
- (v). any document of the company has previously been issued on request with a disclaimer as to its contents due to discrepancies or deficiencies in the filings; or;
- (vi). a certified copy of any document has been issued strictly as filed by the company, without the Registrar assuming responsibility for the correctness or accuracy of the contents thereof.

- (vii). the information available on the record of the Commission is incomplete, inaccurate, inconsistent or misleading; and
- (viii). there exists any other reasonable cause to be recorded in writing, justifying such refusal.

4. Validity & fee of CSC:- The CSC shall state the position as on the date of issuance and shall be issued upon payment of application fee as prescribed in the seventh schedule to the Act.

The CSC shall be issued solely on the basis of the records maintained by the SECP as of the date of issuance and is intended for informational purposes only. It shall not be construed as a legal opinion, assurance or guarantee of the company's financial position, solvency or overall compliance beyond what is reflected in the records of the Commission. Moreover, the Commission shall not be responsible for any omission, inaccuracy or subsequent change in the status of the company arising after the date of issuance of the CSC.



Scan for Digital
Verification Copy

Certificate of statutory Compliance

ABC (—) Limited

CUIN: —

This is to confirm that the above company was incorporated on ----- as a (Kind of Company) licensed as (if applicable) ----- having registered office address at ----- and ----- is the principal line of business of the company.

Based on documents lodged with the Securities and Exchange Commission of Pakistan ("SECP"):

- (i). The company is shown as active on the register of companies
- (ii). The company is not under the process of strike off, winding up, liquidation or dissolution;
- (iii). The company has filed its annual return and financial statements for the year ended ---

The above particulars are extracted from record of this company as on -----.

Name & Designation of the Registrar

Date of Issuance

The certificate shall be issued solely on the basis of the records maintained by the SECP as of the date of issuance and is intended for informational purposes only. It shall not be construed as a legal opinion, assurance or guarantee of the company's financial position, solvency or overall compliance beyond what is reflected in the records of the Commission. Moreover, SECP shall not be responsible for any omission, inaccuracy or subsequent change in the status of the company arising after the date of issuance of the certificate of statutory Compliance.

No:- City of the CRO/Number of COSC

Accounting Technical Release 22 (Calculation of book value per share).-

Following is the text of ICAP's Circular No. 01 of 2026 dated June 03, 2026:-

"The Council of the Institute in its 415th meeting held on April 23-24, 2026, has approved the revised accounting technical release 22 - Calculation of book value per share based on recommendation of Accounting Standards Board of the Institute.

The technical release has been revised (as attached) to ensure that it is relevant and reflects current accounting requirements.

Members are advised to comply with the requirements of TR-22.”

“Technical Release 22

Calculation of book value per share

Objective

1. Companies compute and report the book value (also known as break-up value) of their ordinary shares either voluntarily or in compliance with the regulatory requirements or contractual terms. The method of computation of the book value of an ordinary share, however, is generally not prescribed under the applicable regulatory framework or the contractual terms. This leads to the varied practices and policies for computing the book value of ordinary shares.
2. The objective of this technical release (TR) is to establish standardized principles for the computation of book value of ordinary shares by companies.

Calculation of book value per ordinary share

Applicability of this technical release

3. The book value shall be calculated in accordance with this TR, where the method of computation of the book value of an ordinary share has not been prescribed by the statutory provisions or contractual terms applicable to an entity.

Where the method of computation of the book value of an ordinary share has been prescribed by statute or contractual terms, then the book value shall be determined in accordance with the applicable statute or contractual terms.

Computation of book value per ordinary share

4. The book value per ordinary share shall be calculated by dividing the equity attributable to ordinary shareholders (the numerator) by the number of ordinary shares in issue at the reporting date (the denominator).

5. Book value of an ordinary share in an entity represents the amount at which such share is valued on the basis of the carrying value of net assets as reported in the statement of financial position prepared in accordance with the financial reporting standards as applicable in Pakistan.

The Conceptual Framework for Financial Reporting (the Conceptual Framework) issued by International Accounting Standards Board (IASB), sets out the fundamental concepts for financial reporting that guide development of IFRS Accounting Standards. The Conceptual Framework provides that:

- (a) an asset is a present economic resource controlled by the entity as a result of past events.
- (b) a liability is a present obligation of the entity to transfer an economic resource as a result of past events.
- (c) equity is the residual interest in the assets of the entity after deducting all its liabilities.

Equity attributable to ordinary shareholders

6. For the purpose of calculating the book value per share, the equity attributable to ordinary shareholders are calculated as the sum of the individual components of equity attributable to ordinary shares as presented in ‘Statement of Changes in Equity’ of the entity prepared in accordance with relevant accounting framework applicable to that entity.

The equity attributable to ordinary shares excludes the components of equity not attributable to ordinary shares in accordance with the accounting framework applicable to the entity.

7. An entity may have more than one class of ordinary shares. In such a case, the book value per ordinary share of a class shall be calculated as the sum of the individual components of equity attributable to such class of ordinary shares.

8. Where the independent auditor has issued a qualified auditor's report on the financial statements of the entity, the statement of calculation of book value per share prepared by management shall disclose the existence of such qualification and make an appropriate reference to the auditor's report. The management shall also disclose impact of such qualification, if any, on book value per share in their statement of book value per share.

9. Where the qualified auditor's report on the financial statements of the entity does not quantify the qualification then this fact shall be mentioned by management in their statement of book value per share.

Number of ordinary shares in issue

10. The ordinary share as defined in IAS 33 - Earnings Per Share, is an equity instrument that is subordinate to all other classes of equity instruments.

Ordinary shares participate in profit for the period only after other types of shares such as preference shares have participated. An entity may have more than one class of ordinary shares. Ordinary shares of the same class have the same rights to receive dividends.

11. The number of ordinary shares in issue at the reporting date excludes any treasury shares held by the entity.

Effective date and transition

12. This revised TR 22 supersedes TR 22, Book Value Per Share (Revised – 2002).

13. This TR is applicable to the financial statements for the reporting periods beginning on or after July 01, 2026."

SEVENTH SCHEDULE*(See section 462 and 469)***TABLE OF FEES TO BE PAID TO THE REGISTRAR AND THE COMMISSION**

Item		For submission of documents electronically Rs.	For submission of documents in physical form Rs.
I. By a company having a share capital:-			
¹ [(1)]	For registration of a company whose nominal share capital does not exceed 100,000 rupees, a fee of	5,500	10,000/
(2)	For registration of a company whose nominal share capital exceeds 100,000 rupees, the additional fee to be determined according to the amount of nominal share capital as follows, namely-		
(i)	For every 100,000 rupees of nominal share capital or part of 100,000 rupees, up to 5,000,000,000 rupees, a fee of	700	700
(ii)	For every 100,000 rupees of nominal share capital or part of 100,000 rupees after the first 5,000,000,000 rupees, up to any amount of fee of ...:	165	165
	Provided that a company which is wholly owned by the Federal Government and has been notified by the Federal Government in the official Gazette for exemption from paying fee shall be charged a fee of Rs. 10,000:		
	Provided further that the fee payable at the time of registration of company shall not exceed forty million rupees in case of electronic submission and fifty million rupees in case of physical submission.]		

¹Sub-item I(1) substituted by SRO 1806(I)/2024 dated November 08, 2024. Earlier sub-items I(1) to (3) substituted by SRO 500(I)/2023 dated April 20, 2023, 10% automatically annual increase notified from the date of SRO 500(I)/2023. Earlier sub-items (1) & (2) substituted by SRO 808(I)/2021 dated June 28, 2021.

Before substitution by SRO 1806(I)/2024 it read as follows:-

“(1) For registration of a company whose nominal share capital does not exceed 100,000 rupees, a fee of 2,200 5,000”

	Provided also that the fee mentioned in sub-item (1) and sub-item (2) shall be increased by 10% after the lapse of one year from the date of this notification.		
¹ [(3)	For registration of an increase in the share capital made after the first registration of the company, an amount equal to the difference between the amount which would have been payable by reference to its capital as increased and the amount which would have been payable by reference to its capital immediately before the increase, calculated at the rates prescribed below:		
	(i) For nominal share capital up to 100,000 rupees, a fee of ...	5,500	10,000
	(ii) For every 100,000 rupees of nominal share capital or part of 100,000 rupees, after the first 100,000 up to 5,000,000,000 rupees, a fee of	700	700
	(iii) For every 100,000 rupees of nominal share capital or part of 100,000 rupees after the first 5,000,000,000 rupees, up to any amount of fee of...	165	165
	Maximum limit of fee payable as provided in second proviso of sub-item (2) shall not be applicable for the purpose of calculation of feepayable for increase in authorized capital in sub-item (3).		
	Provided that no such fee shall be applicable on registration of an increase in authorized share capital of a transferee company after merger consequent to sanction of application for compromises, arrangements or reconstruction for merger of companies by the Commission pursuant to Section 279 to 282 or section 284 of the Act, to the extent of aggregate of authorized capital of the transferor and transferee companies.		

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¹Sub-item I(3) substituted by SRO 2121(I)/2025 dated November 10, 2025. Earlier sub-item I(1) substituted by SRO 1806(I)/2024 dated November 08, 2024, sub-items I(1) to (3) substituted by SRO 500(I)/2023 dated April 20, 2023 and sub-items (1) & (2) substituted by SRO 808(I)/2021 dated June 28, 2021.

- ¹[(xlviiiia) “Shariah Governance Regulations” means the Shariah Governance Regulations, 2023 as may be amended, replaced or substituted from time to time;]
- ²[(xlix) “Shelf Registration” means an arrangement that allows the Issuer to make offering in multiple tranches through a single offering document i.e. Prospectus;]
- (l) “Supplement to the shelf prospectus” means an updated condensed form of the full prospectus for inviting public subscription through subsequent tranche(s);
- ³[(li) “Step Bid” in case of shares means a series of Limit Bids at increasing prices provided that Bid Amount of any step is not less than minimum bid size;]
- ⁴[(lia) “Step Bid” in case of Debt Securities means a series of Limit Bids at different profit rates/spreads/prices provided that Bid Amount of any step is not less than minimum bid size;]
- (lii) “Strike Price” means the price per share determined on the basis of Book Building process;
- ⁵[(liii) “Special Purpose Vehicle (SPV)” for the purpose of these regulations means a public limited company or a body corporate registered with the Commission under the Companies (Asset Backed Securitization) Rules, 1999;]
- ⁶[(liiia) “Special Purpose Acquisition Company” or “SPAC” means a Company formed and registered under the Companies Act, 2017, having sole principal line of business to raise money through public offering for entering into merger or acquisition transactions;]
- (liv) “Sponsor” means:
- (a) a person who has contributed initial capital in the issuing company or has the right to appoint majority of the directors on the board of the issuing company directly or indirectly;

¹Clause (xlviiiia) inserted by SRO 1477(I)/2025 dated August 06, 2025.

²Clause (xlix) substituted by SRO 819(I)/2020 dated September 07, 2020. Before substituted it read as follows:-

“(xlix) “Shelf Registration” means the sanctioned amount of securities to be issued in tranches over a period of time as specified in the Prospectus.”

³Clause (li) substituted by SRO 1477(I)/2025 dated August 06, 2025. Before substitution it read as follow:-

“(li) “Step Bid” ¹[in case of shares] means a series of Limit Bids at increasing prices provided that Bid Amount of any step is not less than ²[one] million rupees under the Book Building method;”

¹Words inserted by SRO 819(I)/2020 dated September 07, 2020.

²Substituted for “two” by SRO 819(I)/2020 dated September 07, 2020. Earlier it was substituted for “one” by SRO 07(I)/2018 dated January 05, 2018.

⁴Clause (lia) substituted by SRO 1477(I)/2025 dated August 06, 2025. Earlier it was inserted by SRO 819(I)/2020 dated September 07, 2020. Before substitution it read as follow:-

“(lia) “Step Bid” in case of debt securities means a series of Limit Bids at different profit rates/spreads provided that Bid Amount of any step is not less than one million rupees under the Book Building method;]

⁵Clause (liii) substituted by SRO 838(I)/2017 dated August 23, 2017. Before substituted it read as follows:-

“(liii) “Special Purpose Vehicle” means a special purpose vehicle as defined in the Companies (Asset Backed Securitization) Rules, 1999;”

⁶Clause (liiia) inserted by SRO 1214(I)/2021 dated September 15, 2021.

- (b) A person who replaces the person referred to in clause (a) above; and
- (c) A person or group of persons who has control of the issuing company whether directly or indirectly.

¹[Provided that in case of REIT Scheme, Sponsor shall include the person(s) as disclosed by the REIT Management Company in the Prospectus;]

- (lv) “Sukuk” means an instrument of equal value representing undivided share ²[] in ownership of the identified tangible assets, usufruct and services or in the ownership of the assets of particular projects or special investment activity.

- ³[(lvi) “Tranche” means offer of a certain portion out of the total issue size as disclosed in the shelf prospectus.]

- ⁴[(lvia) “Units” shall have the same meaning as assigned to it in the REIT Regulations;]

- (lvii) “Valuation Section” means a section in the prospectus containing the justifications given by the Consultant to the Issue in support of the offer price or Floor Price set by the Issuer ⁵[and disclosure of post issue Free Float as number of shares as well as in percentage].

⁶[(2) Words and expressions used but not defined in these Regulations shall have the same meaning as are assigned to them in the Act, REIT Regulations, the Companies Act, the Limited Liability Partnership Act, 2017, the Securities and Exchange Commission of Pakistan Act, 1997 (XLII of 1997), or the Partnership Act, 1932.]

¹Proviso inserted by SRO 1477(I)/2025 dated August 06, 2025.

²Comma deleted by SRO 838(I)/2017 dated August 23, 2017.

³Clause (lvi) substituted by SRO 819(I)/2020 dated September 07, 2020. Before substitution it read as follows:-

(lvi) “Tranche” means offer of a certain portion out of the total amount of securities approved by the Commission; and

⁴Clause (lvia) inserted by SRO 1477(I)/2025 dated August 06, 2025.

⁵Words inserted by SRO 07(I)/2018 dated January 05, 2018.

⁶Sub-regulation (2) substituted by SRO 903(I)/2026 dated May 25, 2026. Before substitution it read as follows:-

“(2) Words and expressions used but not defined in these Regulations shall have the same meaning as are assigned to them in the Act, ¹[REIT Regulations,] the ²[Companies Act], or the Securities and Exchange Commission of Pakistan Act, 1997 (XLII of 1997).”

¹Words inserted by SRO 1477(I)/2025 dated August 06, 2025.

²Substituted for “Ordinance” by SRO 838(I)/2017 dated August 23, 2017.

Chapter II

General Conditions

3. General Conditions for Public Offer of Securities.- (1) An Issuer shall make a public offer of securities, subject to the following general conditions, namely.-

¹[(i) the Issuer has obtained approval from its Board of Directors relating to Public Offering.]

²[(ii) the Issuer has profitable track record for at least 2 preceding financial years from its core business activities;

³[Provided that in case of non-compliance with profitability criteria, the sponsors of the Issuer shall retain at least 51% of the post issue paid-up capital of the company till the company reports net profit after tax for two consecutive financial years including profit from its core business activities:

Provided further that the issuer shall: (a) submit a business plan to turnaround the company into a profitable venture; and (b) disclose the following in the Risk Factors section of the Prospectus in bold language:

The company has incurred losses in recent years (disclose actual position). The risks associated with companies that have incurred losses in recent years are comparatively higher than profitable companies. The prospective investor should, therefore, be aware of the risk of investing in such companies and should make the decision to invest only after careful due diligence. It is advisable to consult any independent investment advisor before making any investment.]

⁴[Provided also that, in case, the Issuer does not have the profitable track record for at least two (02) preceding financial years from its core business activity as a company, due to its prior operations as a partnership or a limited liability partnership or a carved-out business division of a company, the profitable track record of such prior period may be considered, subject to the following conditions:

¹Clause (i) inserted by SRO 819(I)/2020 dated September 07, 2020. Earlier clause (i) deleted by SRO 1619(I)/2019 dated December 26, 2019 and was inserted by SRO 07(I)/2018 dated January 05, 2018. Before omission it read as follows:-

“(i) the Issuer shall have been in operations for at least 3 financial years;

²Clauses (i) to (v) inserted by SRO 07(I)/2018 dated January 05, 2018.

³Provisos substituted by SRO 1477(I)/2025 dated August 06, 2025. Earlier these were inserted by SRO 1619(I)/2019 dated December 26, 2019. Before substitution these read as follows:-

“Provided that in case of non-compliance with profitability criteria, the sponsors of the Issuer shall retain at least 51% of the post issue paid-up capital till the company reports net profit after tax for two consecutive financial years including profit from its core business activities;

Provided further that the issuer shall: (a) submit a business plan to turnaround the company into a profitable venture; and (b) disclose the following on the cover page of the Prospectus in bold language:

“*This is a loss-making company. The risks associated with loss making companies are comparatively much higher than profitable companies. The prospective investor should, therefore, be aware of the risk of investing in such companies and should make the decision to invest only after careful due diligence. It is advisable to consult any independent investment advisor before making any investment.*”

⁴Proviso inserted by SRO 903(I)/2026 dated May 25, 2026.

- (a) the financial statements for at least two (02) preceding financial years, conform to and are revised as per the accounting framework and disclosure requirements prescribed for companies under the Third Schedule to the Companies Act and are duly audited by a Quality Control Review (QCR) rated audit firm;
 - (b) such financial statements shall be submitted along with the financial statements of the Issuer for the period during which it has operated as a public limited company, duly audited by a QCR rated audit firm; and
 - (c) the sponsors of such Issuer shall retain their entire shareholding in the company for a period of not less than two (02) years from the last date of public subscription.]
- (iii) not less than 51% of the shares of the issuer are ¹[cumulatively] held by same persons for at least 2 preceding financial years;

^{1a}[Provided that this clause shall not apply in case of new issuance of shares by the issuer.

²[Provided further that the above clauses (ii) and (iii) shall not apply in case of: (i) Green Field Project; (ii) public offering of debt security whose debt servicing is guaranteed from the Government. (iii) public offering of debt security by multilateral agencies. (iv) public offering of debt security by state owned enterprises having entity rating of BBB+ and above.]

Provided further that Commission may consider relaxing any of the above clauses (ii) to (iii) in case of privatization of government owned entities by Privatisation Commission through capital markets.]

- ³[(iv) In case of green field project ⁴[/ company], following criteria shall be applicable:
- a. Sponsors' contribution, in the form of equity in a green field project at the time of IPO, shall not be less than 51% of the entire equity and shall be retained till the commencement of commercial production.
 - b. In case the project requires debt financing, in addition to equity funding, financial close shall be mandatory.

¹Word inserted by SRO 1477(I)/2025 dated August 06, 2025.

^{1a}Provisos inserted by SRO 1619(I)/2019 dated December 26, 2019.

²Second proviso substituted by SRO 819(I)/2020 dated September 07, 2020. Earlier it was inserted by SRO 1619(I)/2019 dated December 26, 2019. Before substitution it read as follows:-

"Provided further that the above clauses (ii) to (iii) shall not apply in case of Green Field Project;"

³Reg. 3(1)(iv) substituted by SRO 1619(I)/2019 dated December 26, 2019. Earlier clauses (i) to (v) inserted by SRO 07(I)/2018 dated January 05, 2018. Before substitution it read as follows:-

"(iv) its book value per share is not less than its face value per share;

Provided that clause (iii) above shall not apply in case of new issuance of shares;

Provided further that the above clauses (i) to (iv) shall not apply in case of Green Field Project; and"

⁴Word etc inserted by SRO 1477(I)/2025 dated August 06, 2025.

- c. Successful business track record of sponsors preferably running a listed company/ies, manufacturing/industrial units etc. considering various parameters such as operational profitability, operating cash flows, EPS and dividend payout etc.
- d. Experience and skills of the Management to run the proposed project.
- e. If required, Engineering, Procurement and Construction (EPC) contract shall be in place.
- f. Land for the project, if required is acquired by the Issuer and the same is in the name of the issuer.
- g. the sponsors of the Issuer shall retain at least 51% of the post issue paid-up capital till the company reports net profit after tax for two consecutive financial years including profit from its core business activities.