



# LISTING REGULATIONS OF LAHORE STOCK EXCHANGE

By

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# Reasons for Listings

- Companies list in Stock Exchanges to issue shares to raise money from investors
- Reason for listings
  - Ability to attract general public for financing
  - general enjoys higher esteem in the eyes of its debtors and creditors
  - Lower financing Cost
  - Easier pledging of shares for shareholders
  - better ability to deal with Regulators on issues
  - Easier future financing
  - Tax incentives for Listed companies





# Primary and Secondary Markets

- **Primary market**

is the market where investors purchase newly issued securities.

- **Initial public offering (IPO):** An initial public offer occurs when a company offers stock for sale to the public for the first time.

- **Secondary market**

is the market where investors trade previously issued securities.

- An investor can trade through a broker who arranges transactions for others.

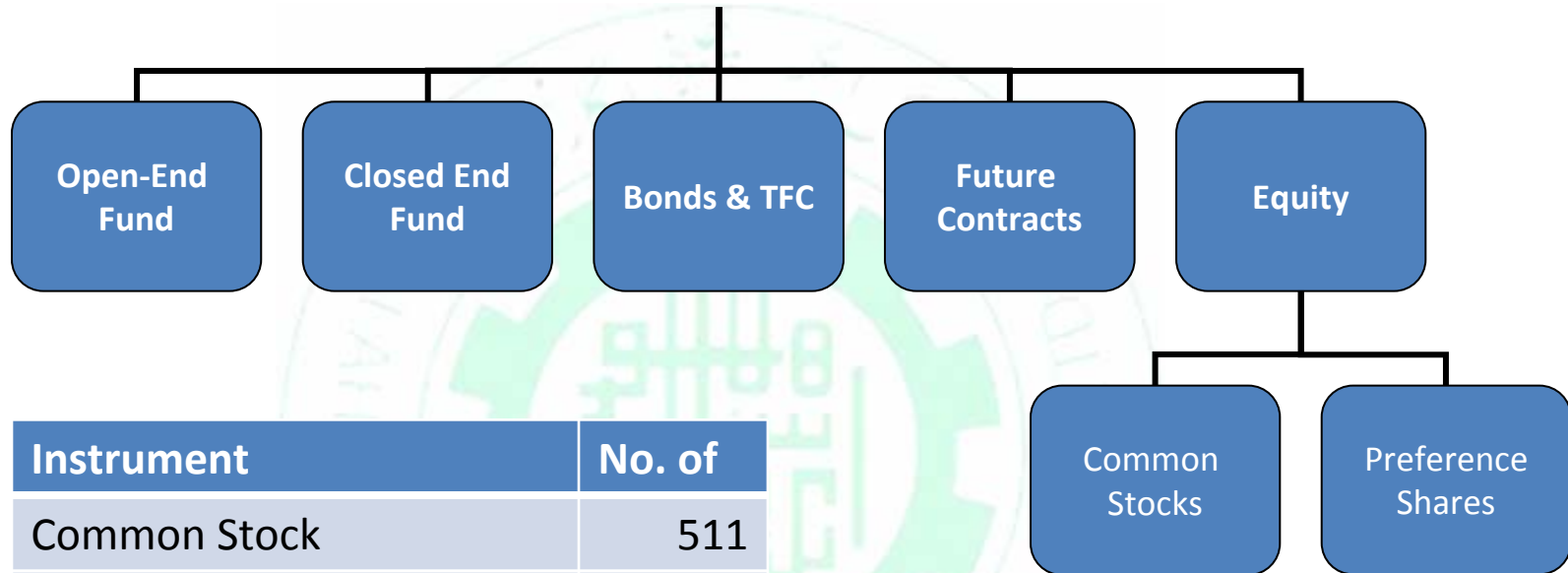




# LSE Listings Overview



# Instruments listed at LSE



Instrument	No. of
Common Stock	511
Preference Shares	5
Term Finance Certificates	14
Open-End Funds	86
Closed-End Funds	16



# Statistical Comparison of Exchanges

\* As on June 30, 2009

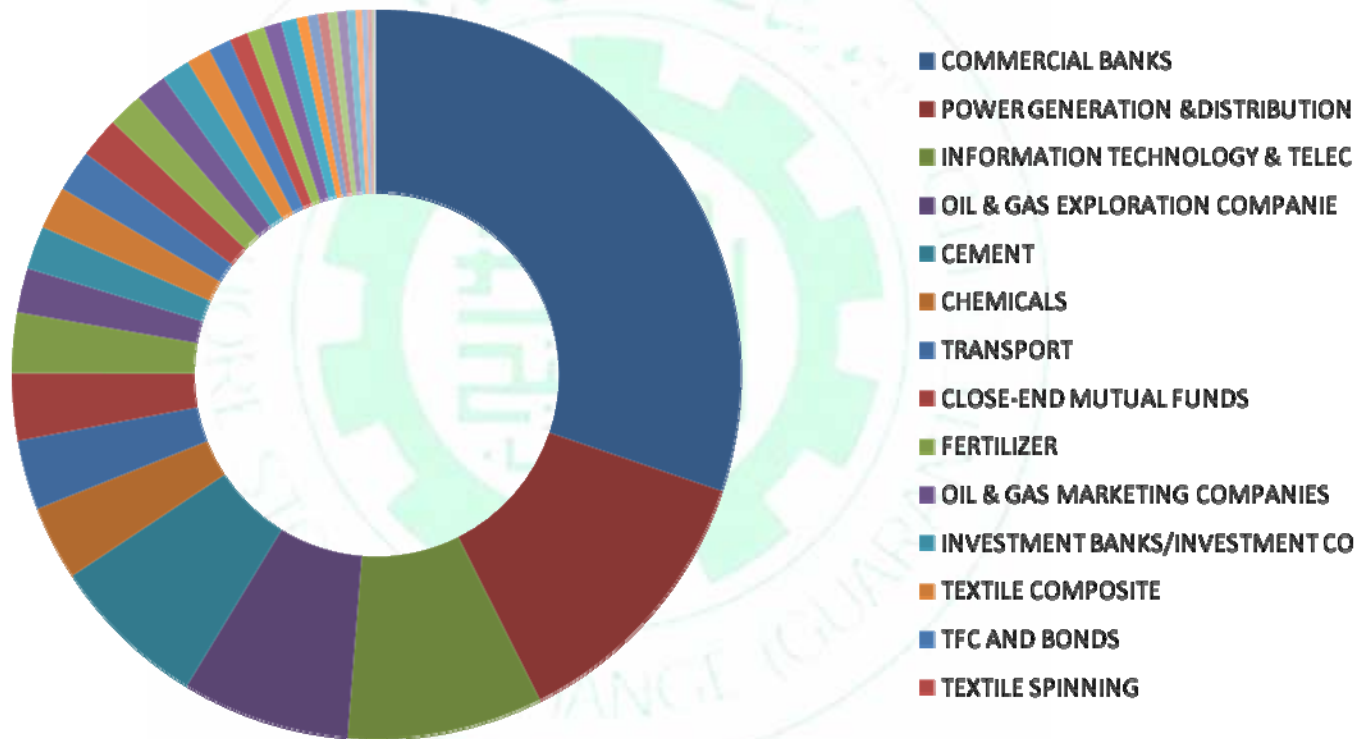
Particulars	LSE *	KSE *	ISE *
Total No. of Companies listed	511	651	261
Listed Capital (Rs. in billion)	728.331	781.794	608.420
Market Capitalization (Rs. in billion)	2,018.232	2,120.651	1,705.017
Annual turnover	2,719.706	28,332.78	272.300
Average Daily (Million shares)	11.100	115.64	1.11
Securities listed during the year (C D F P)	9 (2 2 4 1)	18 (8 1 9 0)	N/A

C: Companies, D: Debt, F: Funds, P: Preference Shares



# Breakup of Listed Paid-up Capital

## Sectorwise Breakup of Paidup Capital





# Costs to Consider

- Advisor & Arranger to the Issue
- Legal Advisor to the Issue
- Computer Balloter & Registrar to the Issue
- Commission to Bankers to the Issue and the Underwriters
- Brokerage to the Members of Stock Exchange
- Advertising, Printing and Publication of a Prospectus
- LSE initial listing fee & Annual fee
  - Initial Listing: 0.1% of paid-up-capital
- Central Depository Company (CDC) fee





# Book Building Process

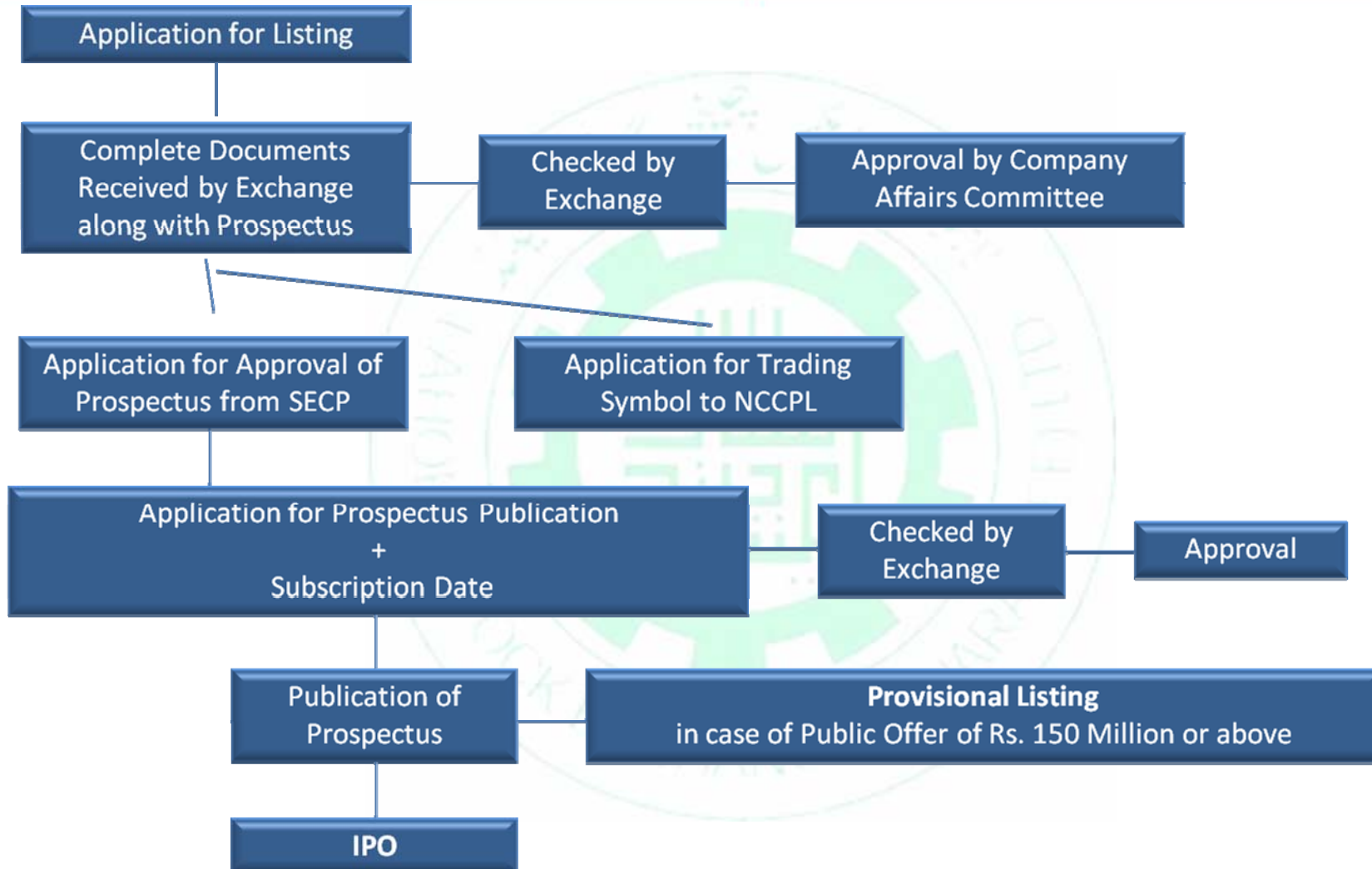
Bidder	Price (PKR per share)	Quantity (shares in million)	Cumulative number of shares	Category of order	Date
Institution A	<del>15.00</del>	<del>25.00</del>	25.00	<del>Limit price</del>	<del>December 02, 2009</del>
Institution B	14.00	37.50	37.50	Step bid	December 03, 2009
Institution A	14	25	62.50	Revised bid	December 04, 2009
HNWI A	13.50	43.75	106.25	Limit price	December 03, 2009
Institution C	12.00	43.75	150.00	Limit price	December 04, 2009
Institution E	X	25.00	175.00	Strike order	December 05, 2009
HNWI B	<del>11.00</del>	<del>56.25</del>	<del>231.25</del>	<del>Limit price</del> <del>Withdrawn bid</del>	<del>December 04, 2009</del>
Institution B	11.00	50.00	281.25	Step bid	December 05, 2009
Institution D	11.00	56.25	343.75	Limit price	December 06, 2009

STRIKE PRICE DETERMINED THROUGH THE DUTCH AUCTION METHOD

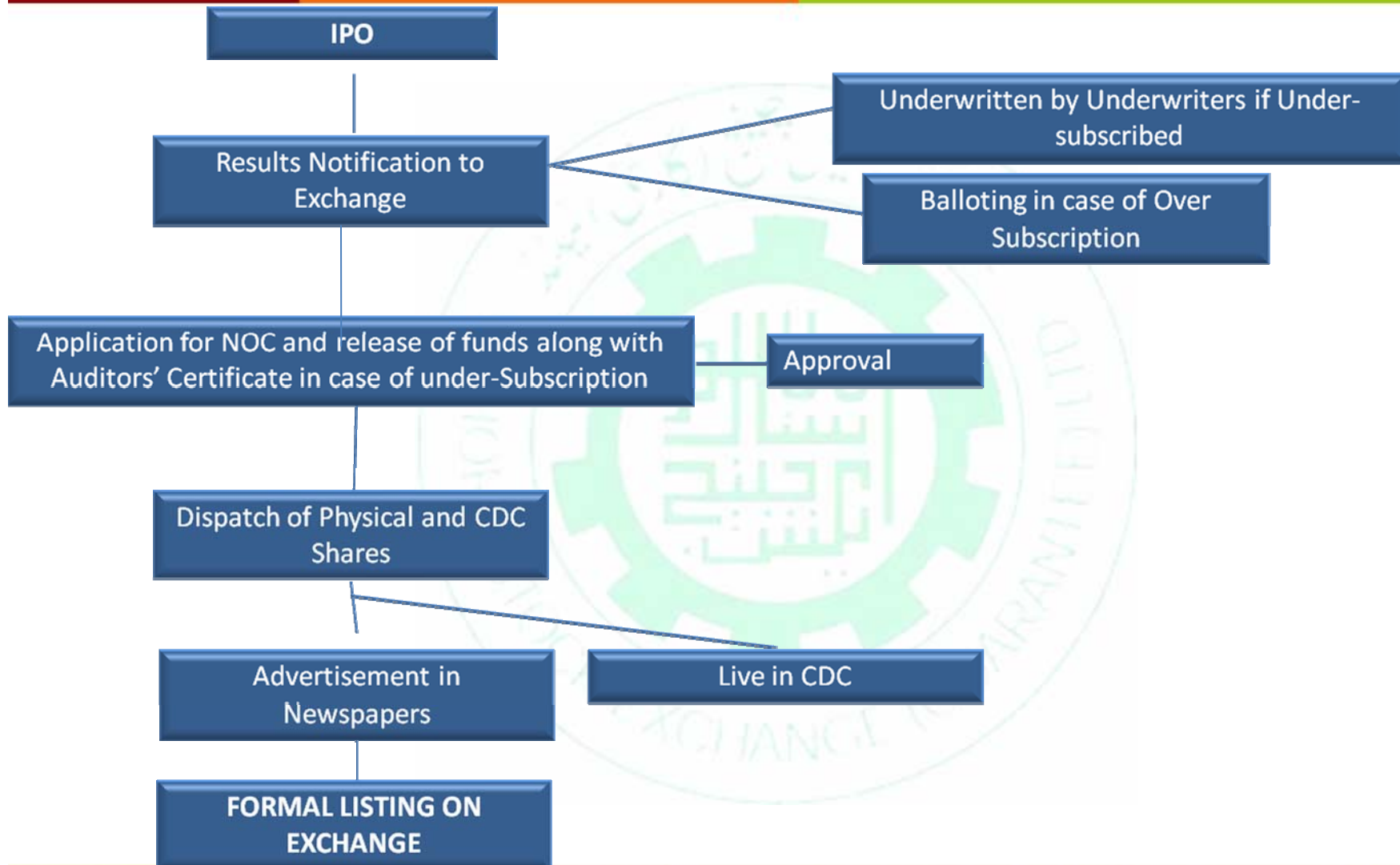
TOTAL SHARES SUBSCRIBED



# Listing Process



# Listing Process(Cont'd)





# Listing Regulations



# Listing Regulations

- Only companies listed may be traded at the Exchange
- Listing Requirements
  - Memorandum & Articles of Association.
  - Copies of all material contracts and agreements
  - Names of Directors along with directorship of other companies
  - Draft Prospectus/Offer for Sale.
  - Auditor's Certificate, separately indicating the number of shares,
  - Audited accounts for the last 5 years
  - Copies of the Consent Letters from bankers to the issue
  - Statement showing the cost of project and means of finance.



# Listing Regulations

- **Stocks**

- Minimum paid-up-capital not less than 200 million
- Offer of shares to the general public shall not be less than Rs. 100 million or 25% of the share capital of the company, whichever is higher. Issuer may allocate:
  - upto twenty percent of the public offer to overseas Pakistanis.
  - upto five percent of the public offer to its employees.

- **Modarabas**

- 30% of the total Paid-up capital shall be subscribed by the sponsors or their associates or friends, relatives and associated undertakings
- and the balance of 70% shall be offered to General Public



# On-Going Compliance

- Dividends: Information to be sent to exchange prior to release
- Communication of price sensitive information
- Sending copies of annual reports 21 days before meeting of shareholders
- Sending copies of quarterly accounts
- Annual meeting within 4 months of closing of annual financial year
- Furnish certified copies of minutes of AGM and EOGM in 60 days
- Compliance of Code of Corporate Governance
- **Quality of Audit**



# SUSPENSION AND DEFAULTERS' COUNTER

- A listed company may be placed in Defaulters Segment, suspended or delisted for any of the following reasons:-
  - (a) if its securities are quoted below 50 percent of face value for a continuous period of three years.
  - (b) if from three years of the date of formal listing, it has not started commercial production in the case of a manufacturing company or has not commenced business in the case of any other company.
  - (c) if it has failed to hold its annual general meeting for a continuous period of three years.
  - (d) if it has gone into liquidation either voluntarily or under court order;
  - (e) if it has failed to pay the annual listing fees as prescribed in these regulations payable to the Exchange for a period of 2 years or penalty imposed under these regulations or any other dues payable to the Exchange;
  - (f) if it has failed to comply with the requirements of any of the listing regulations;
  - (g) if the company for any reason whatsoever refuses to join the CDS after its securities have been declared eligible securities by the CDC.



# Delisting

- **Voluntary Delisting:** Any company intending to seek voluntary de-listing from the Exchange shall intimate to the Exchange, immediately, of the intention. Minimum purchase price proposed by the sponsors will be the highest of the benchmark price based on any of the following:
  - Market Price
  - Average Market Price (Annualized)
  - Intrinsic value per share (estimated net realizable value of assets of the company)
  - Earnings Multiplier approach (for profitable companies)
  - The maximum price at which the Sponsors had purchased these shares from the open market in the preceding one year.





**THANKYOU**

