

FOR ALL LISTED COMPANIES AND OTHER CONCERNED

**APPROVED AMENDMENTS TO PAKISTAN STOCK EXCHANGE LIMITED (PSX)
REGULATIONS IN RELATION TO REVAMPING OF DEFAULTERS' SEGMENT OF PSX,
SUSPENSION OF TRADING AND DELISTING**

This is with reference to PSX Notice No. PSX/N-98 dated January 30, 2023, whereby, proposed amendments to PSX Regulations in relation to the revamping of Defaulters' Segment were notified for seeking public comments.

In this regard, we are pleased to inform that after detailed consultation and with the approval of Securities and Exchange Commission of Pakistan (SECP), PSX has amended its Regulations in relation to placement of Listed Companies in the Defaulters' Segment, suspension of trading in shares and delisting.

As per the approved amendments, PSX has made following significant amendments with an aim to enhance transparency and protect the rights and interests of minority shareholders:

(A) Restructuring of Defaulters' Segment:

The existing Defaulters' Segment has been replaced with the following two segments:

- (i) Non-Compliant Segment; and
- (ii) Winding-up Segment.

(B) Removal of certain events leading to placement of a Listed Company in Defaulters' Segment [to be replaced with "Non-Compliant Segment" and "Winding-up Segment"]:

The following events, which previously led to placement of Listed Companies in the Defaulters' Segment, have been removed from PSX Regulations:

- (i) Non-commencement of commercial production or business operations within ninety (90) days of the date of commencement of commercial production/ business operations disclosed in the Prospectus;
- (ii) Suspension of Central Depository System (CDS) eligibility by CDC;
- (iii) Issuance of a qualified opinion on the going concern assumption by the statutory auditor in the audit report; and
- (iv) Issuance of Show Cause Notice by SECP for initiation of winding-up proceeding.

(C) Events leading to placement of a Listed Company in Non-Compliant Segment:

A Listed Company may be placed in the "Non-Compliant Segment" upon:

- (i) Suspension of commercial production/business operations in its principle line of business for a continuous period of one year;

- (ii) Failure to hold its one Annual General Meeting (“AGM”)/ Annual Review Meeting (“ARM”), as per the law;
- (iii) Failure to submit its annual audited financial statements for the immediately preceding financial year, as per the law;
- (iv) Failure to pay annual listing fee for two years, penalties and/ or any other dues payable to the PSX within the time specified by PSX;
- (v) Failure to join the CDS after the security has been declared CDS eligible;
- (vi) Revocation of CDS eligibility by the CDC;
- (vii) Issuance of a disclaimer or an adverse opinion in audit report by its statutory auditor;
- (viii) Cancellation or revocation of license by the SECP or licensing authority; and
- (ix) Failure to comply with any provision of Chapter 5 of PSX Regulations.

(D) Events leading to placement of a Listed Company in Winding-up Segment:

A Listed Company may be placed in the “Winding-Up Segment” upon:

- (i) Passing of Order by SECP to file winding-up petition in Court;
- (ii) Filing of winding-up petition by the SECP in the Court;
- (iii) Filing of winding-up petition by the creditor(s) or shareholder(s) in the Court; and
- (iv) Commencement of voluntary winding-up proceedings through passing of special resolution.

(E) Introduction of Risk Warning Alert:

In the interest of greater transparency and to facilitate investors in taking well-informed decisions, PSX shall attach a ‘Risk Warning Alert’ with a Listed Company in the following events indicating in advance the risk of possible suspension or delisting, as the case may be, in the shares of such Listed Company:

- (i) Failure to hold its AGM/ ARM even after 6 months of placement on the Non-Compliant Segment;
- (ii) Failure to submit its annual audited financial statements even after 6 months of placement on the Non-Compliant Segment;
- (iii) Failure to pay annual listing fee for two years, penalties and/ or any other dues payable to PSX within the time stipulated in PSX Regulation 5.11.3 (c);
- (iv) Failure to join the CDS after a security has been declared eligible security;
- (v) Failure to comply with any provision of PSX Regulations; and
- (vi) Passing of Order by SECP to file winding-up petition in Court within the time stipulated in PSX Regulation 5.11.3 (c).

(F) Events leading to suspension of trading in shares:

The list of events leading to suspension of trading in the security of a Listed Company has been reduced. Resultantly, the suspension shall occur only in the following events:

- (i) Failure to hold its AGM/ ARM for two consecutive years;
- (ii) Failure to submit its annual audited financial statements for two consecutive years;
- (iii) Failure to join CDS;
- (iv) Revocation of CDS eligibility by CDC;

- (v) Cancellation or revocation of a license by the SECP or licensing authority;
- (vi) Filing of winding-up petition by the SECP in the Court;
- (vii) Filing of winding-up petition by the creditor(s) or shareholder(s) in the Court; and
- (viii) Commencement of voluntary winding-up proceedings through passing of special resolution.

(G) Delisting of a Listed Company:

PSX shall only initiate delisting of a Listed Company upon appointment of Liquidator/ Official Liquidator by the Court. However, in case of appointment of Liquidator through passing of special resolution by the shareholders, PSX shall delist such Listed Company upon submission of relevant documents including Auditor's Certificate confirming disbursement of sale proceeds by the Liquidator to the concerned shareholders.

In other cases of violation where a Listed Company fails to ensure regulatory compliance(s) even after the provision of ample opportunities by PSX in accordance with the regulatory provisions, PSX shall forward such cases to SECP for initiating winding-up proceeding against such Company under relevant provisions of the Companies Act, 2017.

The updated version of PSX Regulations, incorporating all approved amendments, is available under Legal Framework section of PSX website.

Note: Consequent to the approved amendments, the Listed Companies of which share trading has been restored were notified vide PSX Notices No. PSX/N-505 and PSX/N-520 dated May 29, 2024 and May 31, 2024, respectively. The other resulting changes including revision in the status of certain Listed Companies shall be notified separately for the information of public.



AJEET KUMAR

Chief Regulatory Officer, PSX

Cc:

1. The Executive Director/HOD (PRDD), SMD, SECP
2. The Chief Executive Officer, PSX
3. The Chief Executive Officer, CDC
4. The Chief Executive Officer, NCCPL
5. The Chief Executive Officer, PMEX
6. The Chief Executive Officer, ECLear
7. The Chief Executive Officer, IFMP
8. The President and Chief Executive Officer, PICG
9. The Listed Companies of PSX through PUCARS