

## **For the Purpose of Merger**

**Transferor Company** → Target Company or Dissolving Company

**Transferee Company** → Predator Company or Surviving Company

## **Documentation Requirement**

### ***At the time of defining book closure***

1. Corporate Action Notice (**as per the standard format – Annexure 01**) which should include the following:
  - Final Book Closure Date
  - Swap Ratio
  - Date of Allotment
2. Certified true copy of Board Resolution (should be passed & provided by Transferee Company)
3. Certified true copy of Scheme of Merger / Amalgamation
4. Certified true copy of Order of applicable competent authority such as High Court, SECP or SBP.
5. Letter from the Issuer (as a shareholder) i.e. Transferor and/or Transferee (as applicable) for cancellation of inter-company holding.
6. NOC – No Objection Certificate from the custodian participant (**as per the standard format – Annexure 02**) for the cancellation of inter company holding under their control (not applicable to CDC Investor Account Services)

### ***At the time of credit***

At the time of credit the following documents are required from the Transferee Company:

7. Allotment Confirmation Letter (**as per the standard format – Annexure 03**).
8. Certificate from statutory auditor (**Annexure 04**).
9. CRO certified true copy of **Form 7** filed, where as a result of Merger the authorized share capital of Transferee Company needs to be increased.

**PROCEDURE FOR THE EXECUTION OF MERGER**

S. No	STEPS	Provided By/ To		Applicable to	
		Transferor	Transferee	Transferor	Transferee
1	<p>Notice of Corporate Action to CDC, which should include the following:</p> <ul style="list-style-type: none"> <li>●Date of Allotment</li> <li>●Swap Ratio</li> <li>●Book Closure Period</li> </ul>		√	√	
2	<p>The Notice would be accompanied by the following documents:</p> <ul style="list-style-type: none"> <li>●Board Resolution.</li> <li>●Certified true copy of Scheme of Amalgamation</li> <li>●Certified true copy of order of Competent Authority</li> </ul>		√		√
3	<p>Upon receiving the above said documents, CDC would define the Book closure and Swap Ratio into CDS.</p>			√	
4	<p>Any inter company holding needs to be cancelled before the commencement of book closure, which would require the following documents:</p> <ul style="list-style-type: none"> <li>●Letter from the issuer (as a shareholder) including the following details:                             <ul style="list-style-type: none"> <li>◇ Participant Name &amp; Id</li> <li>◇ Account Number &amp; Title</li> <li>◇ Name of Security and Number of shares that need to be cancelled</li> </ul> </li> <li>●No Objection Letter-NOC from the Custodian Participant.</li> </ul> <p>(Applicable to both the transferor and transferee depending on the scenario)</p>	√	√	√	√
5	<p>Upon commencement of Book closure period, CDC would restrict the following functionalities:</p> <ul style="list-style-type: none"> <li>●Deposit and Withdrawal Request</li> <li>●Free deliveries (Inter &amp; Intra Participant)</li> <li>●Pledge (including pledge release and call)</li> </ul>			√	
6	<p>At the End of 5th day of Book Closure the SBD can be downloaded by the Issuer from its CDS Terminal.</p>	√		√	

**PROCEDURE FOR THE EXECUTION OF MERGER**

S. No	Steps	Provided By/ To		Applicable to	
		Transferor	Transferee	Transferor	Transferee
7	At the End of 5 <sup>th</sup> day of Book Closure CDC would provide the Entitlement Report.		√	√	
8	At the time of allotment of securities the following documents are required: <ul style="list-style-type: none"> <li>● Notice of Allotment</li> <li>● Certificate from Statutory Auditor</li> <li>● CRO certified true copy of Form 7 filed, where as a result of Merger the authorized share capital of Transferee Company needs to be increased.</li> </ul>		√		√
9	After receiving the above documents, CDC would enter the apply date of the swap ratio.			√	
10	The CDS eligibility of securities of Transferor company would subsequently be revoked.			√	

**NOTES:**

**Competent Authority**

The relevant competent authority would depend on the nature of the entity

- ❖ **SBP** would provide the approval for Banks.
- ❖ **Court** would provide the approval for Joint Stock Companies.
- ❖ **SECP** would provide the approval for NBFCs.

**Pending Pledge Transactions**

CDC will enter securities of the Transferee Company credited in lieu of securities of the Transferor Company in Pledge position, where applicable This would be in favor of the same eligible Pledgee and in accordance with the swap ratio on the apply date.

**Fractional Holdings:**

CDC will only credit the integer portion of the holding to respective accounts / sub-accounts / investor accounts. The requirement of rounding off the fractional shares (if any) is handled by the Issuer.

**Transferor in the capacity of Participant / Account Holder / Pledgee:**

Where the Transferor Company is also inducted into CDS in the capacity of Participant / Account Holder / Pledgee, it is also required to get closed or replaced, the name and related records, of such element(s) in the name of the Transferee Company ( in accordance with the scheme of merger).

**Debt Instruments:**

Due to merger, the liabilities / debts of Transferor Company (that are in CDS) and also transferred to Transferee Company, therefore the debt instruments that exist in the name of the Transferor Company should also be replaced with the name of the Transferee Company.

**<Transferee Company's Letter Head>**

Head of Operations  
Central Depository Company of Pakistan Limited  
CDC House,  
99-B, Block-B,  
S.M.C.H.S. Main Shahrah-e-Faisal,  
Karachi.

Dear Sir / Madam,

**Corporate Action Notice**

**Name of Eligible Security:** \_\_\_\_\_

With reference to the provisions of Regulation No. 8C.2.1 of the CDC Regulations, we are pleased to inform you as follows:

Closure of Share Transfer Books	
SWAP Ratio	
Date of allotment of shares	

Please find enclosed relevant “**Scheme of Arrangement**” and “**Order of the Competent Authority**”.

You are advised to provide us the registration details of account holders and sub-account holders in accordance with the provisions of the Central Depositories Act, 1997 and the CDC Regulations.

Yours sincerely,

\_\_\_\_\_  
**Authorized Signatory (ies)**

**<On Participant's Letter Head>**

Head of Operations  
Central Depository Company of Pakistan Limited  
CDC House,  
99-B, Block-B,  
S.M.C.H.S. Main Shahrah-e-Faisal,  
Karachi

Dear Sir / Madam,

**No Objection Certificate**

With reference to the scheme of arrangement and/or approval from the competent authority regarding merger of \_\_\_\_\_ with and into \_\_\_\_\_, please note that we have no objection on cancellation of \_\_\_\_\_ (no. of shares) of \_\_\_\_\_ (name of security) by CDC in accordance with Regulation 8C.1 of the CDC Regulations from account no. \_\_\_\_\_ titled \_\_\_\_\_ maintained under our Participant I.D \_\_\_\_\_.

Yours sincerely,

\_\_\_\_\_  
**Authorized Signatory(ies)**

**<Transferee Company's Letter Head>**

Head of Operations  
Central Depository Company of Pakistan Limited  
CDC House,  
99-B, Block-B,  
S.M.C.H.S. Main Shahrah-e-Faisal,  
Karachi.

Dear Sir / Madam,

**Issuance of Securities by Transferee Company**

In compliance with the provisions of CDC Regulation No. 8C.2.11, we hereby write to confirm the allotment of \_\_\_\_\_ securities of (Name of Transferee Co) in the name of the Central Depository Company of Pakistan Limited (CDC) and entry of such securities in the Register of Members of the company in the name of CDC in accordance with Entitlement List of (Name of Transferor Co) (With an exception of the dissented share holders as appearing in the attached list).

Above allotment is in lieu of the securities of (Name of Transferor Co), which has been merged, into (Name of Transferee Co) and is in addition to the securities (Name of Transferee Co), already registered in the name of CDC.

Please credit the Book-entry Securities corresponding to the said allotment of -  
\_\_\_\_\_ Securities of (Name of Transferee Co) in the respective accounts and/or sub-accounts and/or Investors accounts in accordance with Entitlement List (with the exception of the dissented share holders, as appearing in the attached list) as on \_\_\_\_\_.

We also confirm that an amount of Rs. \_\_\_\_\_/- in respect of \_\_\_\_\_ shares credited and cancelled in CDS had been paid by us via Cheque # \_\_\_\_\_ against Invoice # \_\_\_\_\_ and as of today, no payment to CDC is pending at our end.

Yours sincerely,

\_\_\_\_\_  
**Authorized Signatory (ies)**

### Guidelines for Auditor's certificate

The Auditor's certificate to be submitted by the Issuer with CDC under these Procedures shall confirm the following as a minimum requirement:

1. Revised paid up capital of the transferee company after credit of merger.
2. That all requirements with regards to allotment of Securities in the name of CDC have been fulfilled by the Issuer, and
3. That conditions (if any) imposed by the competent authority / court have been satisfied by the Issuer in every respect.

**Note:**

1. Regarding serial number 3 above, the issuer instead of getting it certified from the statutory auditor can either submit final approval of Regulatory body stating that conditions imposed, if any, have been fulfilled or a confirmation from their legal advisor to this effect.
2. Where pursuant to Merger, securities of Transferee Company are issued in **physical** to the shareholders of the Transferor Company; the auditor certificate should confirm all the stated requirements of the guideline only with the exception of **point no. 2**.
3. It shall be specifically mentioned in the certificate that the Auditor issuing the certificate is the Statutory Auditor of the Issuer.