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* Annexure D is applicable on both the parts.

Procedures for Partial Cancellation of Securities in CDS due to Redemption or Conversion

This document is sub-divided into following two parts:

- A. Cancellation of Securities in CDS
- B. Conversion of Securities in CDS

A. Cancellation of Securities in CDS

Partial Cancellation Functionality (the functionality) enables the Account Holder [refer note below] to request cancellation of specific volume of specific security(ies) which may be a partial cancellation or a whole cancellation of the securities from the system. Cancellation will be against any consideration within the system or outside like conversion of debt instrument into equity (*or vice versa*) or exercising of Put Option.

The Sub/IAS/Account Holders will generate the cancellation request through their respective Account Holder. Upon posting of such request, the posted volume of securities will not be available for any further transaction. After approval of cancellation by R/TA, paid-up capital / total issue will reduce by total number of securities cancelled as well as decrease in both CDC's nominee holding in the Members' / Debenture Holders' Register of the Issuer and Central Depository Register (CDR).

Applicability

As per the provision of clause 5.5B.1 of the CDC Regulations, the functionality is applicable on Redeemable Securities / Instruments including but not limited to redeemable preference shares or any other redeemable equity instruments, bonds, debentures, term finance certificates, participation term certificates, musharika certificates, sukuk certificates, commercial papers & Government Securities.

Detailed Procedure

1. Issuer will intimate CDC via notice in accordance with the provision of CDC Regulations 5.5B.1 mentioning therein necessary details w.r.t. granting of put option along with requisite documents to be specified by CDC on case to case basis depending upon on the nature of security and terms & conditions of issuance.
2. Upon receiving intimation from the Issuer for cancellation, CDC, will enable the Cancellation Request Transaction Functionality and consequently, the respective security will be available for account holders for cancellation.
3. Sub/IAS/Account holder will fill out the Securities Cancellation Form (SCF) (*Annexure A*) and will submit the same to their respective Account Holder.
4. The Account Holder after verification of signature and details provided by the Sub/IAS/Account holder in SCF will incorporate / input SCF details into CDS and deliver the system generated print out (*Post report*) to the Sub/IAS/Account Holder. After which the relevant security balance will not be available for any further transactions.

5. CDC will provide upload facility to Issuer / R/TA after receiving **“authorization to upload data request”** on standard format (*Annexure B*) duly signed by its authorized signatory(ies).
6. Issuer / R/TA will be able to download the cancellation requests initiated by the Account Holders in CDS and subsequently verify the details.
7. Issuer / R/TA will execute two uploads namely; First Upload and Final Upload.
8. Issuer / R/TA may approve/reject the cancellation requests by the way of uploading file. In case of rejection, the relevant security balance will again become available for any further transactions.
9. If First Upload process is completed successfully, i.e. without errors, then user can execute the process multiple times unless final process is executed.
10. After successful first upload (*with zero error*), Issuer / R/TA will initiate final upload Process.
11. After final upload, Issuer will provide confirmation letter on a standard format (*Annexure C*) signed by their authorized signatory(ies) duly accompanied by statutory auditor’s certificate (*in original*) in accordance with the guidelines as per (*Annexure D*).
12. Upon receipt of confirmation letter along with auditor’s certificate and other documents as may be required, contents of the letter will be verified and CDC will define the apply date in CDS.
13. On End of Day, system will automatically cancel the securities from the respective accounts on apply date & also update the paid-up capital / total issue accordingly.

Note:

For the purpose of these procedures, the term ‘Account Holder’ includes Participant & CDC - Investor Account Services (IAS).

Procedure for Execution of Partial Conversion into CDS

B. Conversion of Securities in CDS

These Procedures are applicable for redeemable securities having conversion option. The conversion would be executed through CDS, provided that; such conversion is made pursuant to provisions of sub-clauses (e) to (g) of clause (i) of Regulation 8F.1.

This procedure would be applicable simultaneously with the procedure of partial cancellation of securities only where cancellation results in issuance of securities.

Detailed Procedure

Procedure w.r.t. documentation requirement & execution of transaction is enumerated in the following points:

1. Issuer is required to intimate CDC through a letter duly signed by authorized signatory(ies) before exercising of option along with the applicable document(s). The documentation requirement can not be standardized for such type of transaction as these may vary depending on the case. In addition, Issuer is also required to provide any additional document(s) if CDC so requires.
2. Thereafter, for credit of securities into CDS that will be issued in lieu of conversion; CDC will provide upload facility to Issuer / R/TA based on “**data upload request**” on standard format (*Annexure E*) duly signed by authorized signatory(ies) along with **statutory auditor’s certificate** in original as per the guidelines of (*Annexure D*).
3. After completion of upload formalities, Issuer will provide confirmation letter on a standard format (*Annexure F*) duly signed by authorized signatory(ies).
4. Thereafter, CDC will define apply date (credit date) in CDS.
5. On End of Day, system will automatically credit the securities to the respective Accounts and /or Sub-Accounts/Investor Accounts in CDS.

Note:

Requirement of point no. 1 will not be applicable where documents have already been provided at the time of partial cancellation of securities.

CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED

Form No. : _____

SECURITIES CANCELLATION FORM (SCF)

Date

Account Holder / Participant ID

Account Holder / Participant Name

IAS / House / Sub-account No.

Account Title

Security ID

Security Name

Security Symbol

Security Type

TFC

Sukuk

Preference Shares

Others

(Please Specify) _____

Volume of Security to be Cancelled

In Figure

(In Words)

Reason of Cancellation

Redemption

Conversion

Others

(Please Specify) _____

R/TA ID

R/TA Name

Authorized Signatory (ies)

Name(s):

Signature(s):

Affix Company's Stamp (in case of corporate accounts)

FOR PARTICIPANT USE ONLY

Transaction ID

Saved by

Posted by

Date:

Date

(On Issuer / R/TA Letterhead)

Head of Operations
Central Depository Company of Pakistan Limited
CDC House, 99B, Block B,
S.M.C.H.S., Main Shahra-e-Faisal
Karachi-74400

Dear Sir,

Authorization to Upload Data

Under Regulation 5.5B of the CDC Regulations, you are requested to please enable us to upload the data related to the “cancellation of securities” as per the relevant procedures, for the following security:

Name of security: _____

Also, please note that for billing purposes, approximate _____ shares / certificates are cancelled from CDS.

We confirm that we will upload the data on the following format (extracted from the original data):

Security ID
Serial Number, Transaction ID, Participant ID, Account Number, Security Volume

PK0100101017
1,2010-10,00364,48215,1000
2,2010-11,03277,12156,500

Yours truly,

Authorized Signatory(ies)

Guidelines for the Auditor Certificate

The auditor's certificate issued in support of cancellation of Redeemable Securities of the Issuer shall confirm the following as a minimum requirement:

1. The fact that cancellation is inline & permissible under the clauses of Articles of Association / Trust Deed / or other applicable documents & the company has duly complied with all associated condition(s).
2. The fact that payment has been made to the holders of security in lieu of cancellation.
3. Pre & post factual position of paid-up capital / total issue (no of securities):

Paid-up capital / Total Issue (before cancellation)	xxx
Less: Number of securities cancelled	<u>xxx</u>
Paid-up capital / Total Issue (after cancellation)	<u>xxx</u>

4. Where cancellation results in issuance of securities, all relevant formalities have been duly complied and securities are issued in lieu of cancellation & recorded in the name of CDC. Accordingly, the pre & post factual position of paid-up capital/ total issue (no of securities) due to conversion is as follows:

Paid-up capital (before conversion)	xxx
Add: Number of securities (issued in lieu of conversion)	<u>xxx</u>
Paid-up capital (after conversion)	<u>xxx</u>

5. That the company / Issuer has completed all required regulatory formalities w.r.t. cancellation and conversion.
6. It shall be specifically mentioned in the certificate that the Auditor issuing the certificate is the Statutory Auditor of the Issuer.

(On Issuer / R/TA Letterhead)

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,

Authorization to Upload data.

Under section 8F.1 of the CDC Regulation, you are requested to please enable us to upload the data related to the “**Conversion of (insert type of security i.e. being converted) into (insert type of security)**” as per the relevant procedures, for the following security.

Name of security
<ABC Limited>

ISIN
<PK0000000000>

Total revised paid up capital of the company after the above said conversion of (insert type of security i.e. *being converted*) into (insert type of security) would be _____ shares.

Details of which are as follows:

Name of shares holders	Type & number (volume) of securities cancelled	Type & number (volume) of securities issued

We confirm that we will upload data on the following format (extracted from the original data):

001,01111,123,”PK0000001010”,11111
002,01111,123,”PK0000001010”,22222

Yours truly,

Authorized Signatory(ies)

(On Company's Letterhead)

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,

Confirmation Letter

In compliance with the requirement of CDC Regulations 8F.1 and the Procedures made thereunder, we hereby confirm that the data for the credit of Book-Entry Securities represented by *(insert type of target security)* in lieu of conversion of *(insert type of security i.e. being converted)* as per the ratio defined in *(insert name of applicable document)*, held by the Accounts Holders and/or Sub-Accounts (including Investor Account holders) has been prepared by us in accordance with the list of successful partial cancellation after final upload and the requirements of the CDC Regulations and Procedures made thereunder particularly considering the following requirements:

- a. Verification of details provided by the shareholder opted for conversion ;
- b. Ensuring that credit is only allowed to the respective Accounts and/or Sub-Accounts (including Investor Accounts) of actual shareholder(s) who opted for conversion; and
- c. Ensuring that credit is allowed in the jointly held Accounts and/or Sub-Accounts (including Investor Accounts) of shareholder(s) who opted for conversion in the CDS.

We hereby also confirm the allotment of [insert aggregate number of securities allotted in the name of CDC in the Members'/Certificate Holders' Register] (insert type of security) of the [insert name of eligible security] in the name of the Central Depository Company of Pakistan Limited in the Members'/Certificate Holders' Register.

As a consequence of conversion, following position appears:

CDC Nominee holding in Members' Register **before** allotment of shares/certificates _____.

CDC Nominee holding in Members' Register **after** allotment of shares/certificates _____.

Please credit the Book-entry Securities to respective Accounts and / or Sub-Accounts (including Investor Accounts) in accordance with the List prepared as aforesaid after final upload, containing inter alia names, Account Holder/Participant IDs, Account Nos. and the number of Book-entry Securities to be credited therein.

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

We shall be pleased to provide you with any other information / clarification, should you so require.

Yours truly,

Authorized Signatory(ies)