

Procedure for Handling of Specie Dividend Transaction through CDS

The procedure covers the requirement of chapter 8G of the CDC Regulations which deals in distribution of specie dividend.

For the purpose of this procedure, any issued securities of the Issuer that are to be distributed by way of dividend in specie are referred to as “**First Issuer**” while the Issuer who distribute the securities of the First Issuer amongst its shareholder is referred to as “**Other Issuer.**”

The transaction of distribution of specie dividend is based on the following two scenarios:

1 Issued Securities of the First Issuer that are to be distributed by way of dividend in specie by the Other Issuer are in Physical Form:

Under this scenario, the securities of the First Issuer will be directly credited into the respective accounts and sub-accounts/ Investor Accounts of the entitled shareholders of the Other Issuer into CDS through upload mechanism.

2 Issued Securities of the First Issuer that are to be distributed by way of dividend in specie by the Other Issuer are in book-entry form:

Under this scenario also the securities of the First Issuer will be directly credited into the respective accounts and sub-accounts/ Investor Accounts of the entitled shareholders of the Other Issuer into CDS through upload mechanism, However, CDC will first delete the securities of the First Issuer held in the CDS account(s) of the Other Issuer. (Please note that both deletion & credit of securities will take place simultaneously. Hence, all CDC related formalities should also be completed accordingly).

The documentation requirement & step-by-step process for execution of this transaction under both the aforesaid scenarios is as under:

- 1 The Other Issuer shall intimate CDC via corporate action notice in accordance with the provision of CDC Regulations 12.1.1 mentioning therein necessary details with respect to dividend in specie.
- 2 CDC on the basis of provided corporate action notice, will define book closure on CDR.
- 3 Share Book Details (SBD) as per the procedure will be made available to the R/TA.
- 4 On the basis of provided SBD, R/TA will complete formalities at its end.

- 5 Upon completion of the aforesaid formalities, R/TA of the First Issuer will request CDC for data upload as per the standard format (**Annexure A**) duly signed by its authorized signatory(ies). At this stage, the Other Issuer is also required to submit certified true copy of board resolution and minutes of the AGM authorizing issuance of dividend in specie.
- 6 Thereafter, CDC will provide upload facility to the R/TA of the First Issuer. Further, where securities of the First Issuer are in book-entry form, then such securities will first be deleted by CDC (*solely for the purpose of credit of dividend by way of specie*), Provided that such securities are not in Pledged Position or in Freeze Position. As stated above, deletion & credit will be executed simultaneously.
- 7 Deletion of securities of the First Issuer held by the Other Issuer will require the Other Issuer to provide letter to CDC to delete the securities along with the following details:
 - Participant Name & Id.
 - Account Number & Title.
 - Name of security & number of shares (of the first issuer) that needs to be deleted.

The above letter should be duly accompanied with “No Objection Certificate - NOC” as per standard format (**Annexure B**) from the custodian participant (*not applicable where shares are held under the custody of CDC-Investor Account Services*).

- 8 Upon completion of upload formalities, the First Issuer will require to provide to CDC confirmation letter as per the standard format (**Annexure C1 & C2 – as applicable**) duly signed by the authorized signatory (ies).
- 9 Upon receipt of confirmation letter & completion of verification formalities, CDC will define apply date in CDS.
- 10 On End of Day, system will automatically credit the securities present in the upload to the respective beneficiary Accounts and /or Sub-Accounts/ Investor Accounts into CDS.

Notes:

- As a prerequisite, securities of both the issuers i.e. first and other should be CDS eligible securities.
- Where shareholder(s) of the Other Issuer having principal holding in physical form if they so desire can also get their entitlement to specie dividend in book-entry

form. In this regard, the R/TA of First and Other Issuers shall ensure that necessary data with respect to such shareholders are uploaded in the CDS.

- Shareholders having shares in blocked account or in freeze form will get credit in book entry form. However, for freeze securities in any account the credit will fall into “**available**” bucket.
- For the purpose of scenario no. 1, where shares of First Issuer are in physical form, Issuer / R/TA is also required to confirm to CDC regarding cancellation of corresponding number of physical share certificates.
- Shareholder(s) who have closed their CDS account(s) subsequent to SBD generation will have to be provided shares in physical form.

(On First 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 Chapter 8G of the CDC Regulations, you are requested to please enable us to upload the data related to the distribution of shares (Specie Dividend) as per the relevant procedures, for the following security:

Name of security
<ABC Limited>

ISIN
<PK0000000000>

Also please note for billing purposes, approximate _____ shares / certificates are expected to be credited in CDS. Further, we would like to inform that currently these shares are in *physical/ book-entry form.

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

001,01111,123,"PK0012301010",11111
002,01111,123,"PK0012301010",22222

Yours truly,

Authorised Signatory (ies)

*Delete whichever is not applicable

Annexure B

(On Participant 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,

No Objection Certificate

This is with reference to the announcement made by (insert the name of the Other Issuer) regarding distribution of shares of (insert the name of First Issuer) by way of specie dividend.

In this regard, please note that we have no objection regarding deletion of _____ (no. of shares) of (insert name of security of first issuer) by CDC in accordance with the procedure from sub-account no. _____ titled _____ maintained under our Participant I.D _____ for the purpose of distribution of such securities by way of dividend in specie.

Yours truly,

Authorized Signatory (ies)

(On First Issuer Letterhead)

Annexure C1
For Securities of First Issuer held in Physical Form

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

Specie Dividend Distribution by (insert the name of the **Other Issuer**) of the shares of (insert the name of the **First Issuer**)

This is with reference to the decision of “(insert name of Other Issuer)” Annual General meeting held on _____ to distribute shares of (insert security name of First Issuer) to the shareholders of the (insert the name of the Other Issuer) as specie distribution in the ratio of ____:____ (_____ share of _____ for every _____ shares held of _____).

In view of above decision, we hereby confirm that the data for credit of Book-entry Securities of (insert security name of First Issuer) are based on the names as appearing on the Members Register of (insert name of Other Issuer) as at close of business of _____.

We hereby also confirm the transfer of _____ securities of (insert security name of First Issuer) in the name of the Central Depository Company of Pakistan Limited in the Members’ Register. Further, we also confirm that corresponding number of shares held in physical form have been cancelled.

Please credit _____ number of Book-entry Securities to respective Accounts and/or Sub-Accounts/Investor Accounts in accordance with the list of Successful allottees 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 _____ and as of today, no other payment to CDC is pending at our end.

Yours truly,

Authorized Signatory (ies)

(On First Issuer Letterhead)

Annexure C2
For Securities of First Issuer already in Book Entry Form

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

Specie Dividend Distribution by (insert the name of the **Other Issuer**) of the shares of (insert the name of the **First Issuer**)

This is with reference to the decision of “(insert name of Other Issuer)” Annual General meeting held on _____ to distribute shares of (insert security name of First Issuer) to the shareholders of the (insert the name of Other Issuer) as specie distribution in the ratio of ____:____ (_____ share of _____ for every _____ shares held of _____).

In view of above decision, we hereby confirm that the data for credit of Book-entry Securities of (insert security name of First Issuer) is based on the names as appearing on the Members Register of (insert name of Other Issuer) as at close of business of _____.

Please credit _____ number of Book-entry Securities to respective Accounts and/or Sub-Accounts/Investor Accounts in accordance with the list of Successful allottees 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 deleted and credited in CDS had been paid by us via _____ and as of today, no other payment to CDC is pending at our end.

Yours truly,

Authorized Signatory (ies)