

Issuance of bonus shares, SECP reminds cos to comply with conditions

ISLAMABAD: The Securities and Exchange Commission of Pakistan (SECP) has reminded the companies to comply with the conditions for issuance of bonus shares including approval of the board and communication of board resolution to the Commission.

Through an SRO 1399(I)/2018, the SECP had issued companies (further issue of shares) regulations. The updated regulations were placed on the SECP website on Friday.

A company, in accordance with the provisions of the articles of association of the company, may issue bonus shares subject to the laid down conditions: Firstly, the board shall approve the decision to issue bonus shares. Secondly, the resolution of board to issue bonus shares shall be communicated to the Commission on the same day and in case of listed company, the decision shall also be communicated to the securities exchange on the same day. Thirdly, a company can issue bonus shares either out of share premium account under the section 81 of the Act or out of free reserves.

The decision to issue bonus shares, once announced by the board, cannot be withdrawn, the SECP added.

A company may have more than one kind of share capital and may have different classes of shares under each kind having different rights and privileges (“collectively referred in these regulations as shares with differential rights”) as provided under the articles of association of the company, the SECP said.

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