

## **BOOK BUILDING PROCESS FOR PRIVATE PLACEMENT OF PAKISTAN ENERGY SUKUK II**

**Book Runner and Banker to the Book Building:** National Bank of Pakistan and Taurus Securities Limited

**Proposed Transaction Structure:** Total issue size will be offered through private placement to eligible investors via book building.

**Book Building Mechanism:** Book building is a mechanism of determining the cost of debt through a market based competitive bidding process. Book Building Mechanism will be used to determine the cut-off Spread (- / +) in basis points (bps) relative to the 6 Month KIBOR Rate that the Issuer will pay on semiannual basis to the respective Investors. Auction Method (defined below) will be used for determination of the cut-off Spread as per the following procedure:

### **PROCEDURE AND CONDITIONS FOR BIDDING:**

- i. Book Building shall be conducted only among eligible investors, as specified in the term sheet;
- ii. The Book Runner shall establish bid collection centers to collect bids from eligible investors.
- iii. The Book Runner shall provide a mechanism for registration of the bidders at the bid collection centers;
- iv. The Book Building Registration Forms can be accessed online through the following link [www.nbp.com.pk](http://www.nbp.com.pk); and [www.taurus.com.pk](http://www.taurus.com.pk); [www.psx.com.pk](http://www.psx.com.pk); and also at the bid collection centers specified on NBP webpage. Duly filled registration form along with all requisite documents mentioned in the form be submitted with the any of the Book runners (i.e. NBP and Taurus) at designated branches.
- v. The Registration of the bidders shall take place during May 11, 2020 till May 15, 2020 during banking hours. Those eligible investors who wish to remit funds through RTGS may register up till 01:00 pm on May 18, 2020;
- vi. Eligible investors other than Eligible individual investors shall be eligible for bidding against deposit of minimum 5% of bid money as margin money. Eligible individual investors shall make payment of full amount of the intended bid money with the Book Runner; The Book Runner shall ensure collection of margin money in respect of bids placed by the eligible investors;
- vii. All bidders are required to have a bank account with any of the Scheduled Bank in Pakistan;
- viii. Successful bidders who have deposited less than 100% of bid money must honour their bid and deposit full amount of bid money with in one day of intimation of successful bid. In case any bidder fails to do so, margin money shall be forfeited without any recourse.
- ix. The Book Runner shall put in place a mechanism to enter details of the Bidders into the Book Building System. All relevant details of the bidder (including the bid money) shall be entered in the book building system by the Book Runners.
- x. The Book Building System shall assign and communicate password and user ID to the bidders for access to the Book Building System;
- xi. Bidders shall use their specific user ID and password for placing the bid spread and quantity during May 18, 2020 and May 19, 2020 in the Book Building System;

- xii. Bidders shall be eligible to bid during May 18, 2020 and May 19, 2020 if margin money/investment amount (as applicable) is credited in the designated bank account of National Bank of Pakistan by May 19, 2020.
- xiii. Bid spread can only be entered in bidding software by the eligible investors. Bidder shall not disclose bid spread to any one including the Book Runner.

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- xiv. One unit of the sukuk will be of Rs 5,000. Minimum bid size would be 20 units or Rs 100,000/= (One Lac);
- xv. Bids can only be made in multiple of 20 units or Rs. 100,000/=;
- xvi. Bid spread can be entered both on positive and negative side in basis points over 6 months KIBOR;
- xvii. An eligible investor can submit multiple bids. Bid spread mentioned against one bid can only be revised downward during the allotted bidding time. Upward revision of the spread is not allowed;
- xviii. The bids can be placed online during May 18, 2020 till May 19, 2020 from 09:00 am till 02:00 pm in the book bidding system only by the eligible investors themselves;
- xix. The Book Runner will ensure that all bids are entered in the Book Building System and Bid Report containing all the bids are shared with the issuer at the earliest on May 19, 2020 without disclosing the identity of the bidder. Confidentiality of the bids will be ensured by PSX and the Book Runner at all times;
- xx. At the end of the Book Building the issuer would have the discretion to revise the issue size and the cut off spread would be calculated based on the revised issue size; At the close of the bidding period, cut-off Spread shall be determined on the basis of Auction Method by arranging all the bid spread in an ascending order along with the number of units and the cumulative number of units bid for, at each bid spread. The cut off spread is determined by increasing the bid spread to the extent that the total number of units offered under the Book Building portion are subscribed. The allotment shall be made on following basis:
  - a. The allotment shall be made on the basis of highest bid priority, i.e. the bid made at the lowest spread shall be considered first for allotment of units;
  - b. The bidders who have made bids at spreads less than the Cut-off Spread shall be allotted units at the Cut-Off Spread;
  - c. After allotment of units to the bids made below the Cut-Off Spread, remaining units shall be allotted first against the bids made at the Cut-Off Spread by Eligible Individual Investors;
  - d. In case units are still available for allotment, after allotment to Eligible Individual Investors (as specified in (c) above), such available units shall be allotted against the bids made at the Cut-Off Spread to rest of the Investors on proportionate basis;
  - e. The bidders who have made bids at higher than the Cut-off Spread shall not qualify for allotment.

- xxi. The successful bidders shall be intimated the Cut-off Spread and the number of units allotted to each of them on the same day after closing of the bidding time;
- xxii. The units allotted to successful bidders shall be in the form of book entry to be credited in their CDS account. All the bidders shall, therefore, provide number of their CDS account in the bid application.

**RESTRICTION ON BIDDERS:**

- i. The bidder shall not withdraw the Bid;
- ii. Bid spread can only be revised downward during the allotted bidding time. Upward revision of the spread is not allowed.
- iii. The bidder shall not make bid with mala fide intent to hamper the spread discovery process. If found guilty, the bidder shall be punishable under the applicable law

**RESPONSIBILITY OF THE BOOK RUNNER:**

The Book Runner to the Issue shall be responsible to:

- i. Ensure that details of the bids submitted including the particulars of bidders; number of bidders and bid amount are at all times kept confidential until the end of bidding process and be shared only with concerned parties as agreed.
- ii. Ensure that necessary infrastructure and electronic system is available to accept bids and to undertake the whole Book Building in a fair, efficient and transparent manner;
- iii. Ensure that the use of software provided by the PSX for the Book Building is as per the agreement;
- iv. Maintain record of all the bids received and compile the bids as per the procedure;
- v. Establish sufficient number of bid collection centers.
- vi. Ensure that within three working days of the close of bidding period, the bidding amount of the unsuccessful bidders is refunded.

**Auction method is defined below:**

Auction method means the method through which the spread is determined by arranging all the bid spread in an ascending order along with the number of units and the cumulative number of units bid for, at each bid spread. The cut off spread is determined by increasing the bid spread to the extent that the total number of units offered under the Book Building portion are subscribed.