

Below is a summary of comparison between key areas of SME Regulations and Ready market (Main Board) Regulations.

Particulars	SME Board	Main Board
1. <b>Paid-up Capital</b>	Post issue paid up capital should be between Rs. 25 million to Rs. 200 million.	Post issue paid up capital should be <b>atleast</b> Rs.200 million.
2. <b>Initial Offering</b>	<ul style="list-style-type: none"> <li>• Initial subscribers at least five.</li> <li>• Initial subscribers buy at least Rs. 1million shares each.</li> </ul>	<ul style="list-style-type: none"> <li>• No. of subscribers in IPO should be at least 500. In Book Building Portion number of bids should not be less than 40.</li> <li>• <b>Minimum amount of subscription:</b>  For IPO ... at least 500 shares  For book building ... at least Rs. 1 million</li> </ul>
3. <b>Eligible Investors</b>	QIBs and HNWIs. [QIB = Qualified Institutional Buyer HNWI = High Net Worth Individual]	General Public (All investor types allowed)
4. <b>Advisor and Consultant</b>	<ul style="list-style-type: none"> <li>• Corporate brokerage houses, CA firms, investment banks etc. licensed by SECP could act Advisor and Consultant.</li> <li>• Responsible for assisting the SME in listing and will provide an appraisal report.</li> </ul>	No requirement of Market Advisor.
5. <b>Market Maker (MM)</b>	<ul style="list-style-type: none"> <li>• SME can appoint Market Maker (Optional).</li> </ul>	No concept of Market Making.
6. <b>Trading and Settlement</b>	<ul style="list-style-type: none"> <li>• Trading through KATS.</li> <li>• In secondary market minimum order size will be Rs. 100,000.</li> </ul>	<ul style="list-style-type: none"> <li>• Trading through order driven system.</li> <li>• Minimum order size ranges from 20 shares to 500 shares depending price of shares.</li> </ul>
7. <b>Circuit Breakers (CB)</b>	Higher of 10% or Rs.2	Higher of 5% or Rs.1
8. <b>Restriction on Shares of Sponsors</b>	<ul style="list-style-type: none"> <li>• 100% to be frozen in CDC for 1 year.</li> <li>• 25% to be frozen in CDC for 3 years.</li> </ul>	<ul style="list-style-type: none"> <li>• Similar to the SME Board</li> <li>• The sponsors of the issuing company shall retain their entire shareholding in the company for a period of not less than <b>twelve months</b> from the last date for public subscription or from the date of commencement of commercial operation or production, whichever is later.</li> </ul>

Particulars	SME Board	Main Board
		<ul style="list-style-type: none"> <li>The sponsors of the issuing company shall retain not less than <b>twenty – five percent</b> of the paid-up capital of the company for not less than three financial years from the last date for the public subscription or from the date of commencement of commercial operations or production, whichever is later.</li> </ul>
<p>9. <b>Minimum Free Float</b></p>	<p>20% of paid up capital.</p>	<p><b>Requirement of Public Offer</b></p> <ul style="list-style-type: none"> <li>If post-issue paid up capital of the company is upto Rs. 500million ... 25% of post-issue paid-up capital.</li> <li>If post-issue paid-up-capital of the company is above Rs.500 million ... higher of 12.5% or Rs. 125 million. Subsequently it should be raised to 25% within 4 years.</li> </ul>
<p>10. <b>Listing Fee</b></p>	<ul style="list-style-type: none"> <li>Initial listing fee ... 20K to 50K</li> <li>Annual listing fee ... 20K to 40K</li> </ul>	<ul style="list-style-type: none"> <li>Initial listing fee ... min. Rs.200K to Rs.2.5 million</li> <li>Annual listing fee is calculated on the basis of Market Capitalization subject to a maximum of Rs. 1.5 million;</li> </ul>
<p>11. <b>Information Memorandum (IM)</b></p>	<ul style="list-style-type: none"> <li>No prospectus required.</li> <li>Only IM is required which should be placed on PSX &amp; SME websites.</li> </ul>	<p>Prospectus / Offer for Sale Document is required.</p>
<p>12. <b>Short Sale</b></p>	<p>Short sale is prohibited</p>	<p>Short sale is allowed with certain restrictions.</p>
<p>13. <b>Code of Corporate Governance (CCG)</b></p>	<p>CCG is not applicable on SMEs.</p>	<p>CCG is applicable.</p>
<p>14. <b>Compliance Status</b></p>	<p>CEO of SME should send half yearly compliance status report to PSX.</p>	<p>No such reporting requirement.</p>