

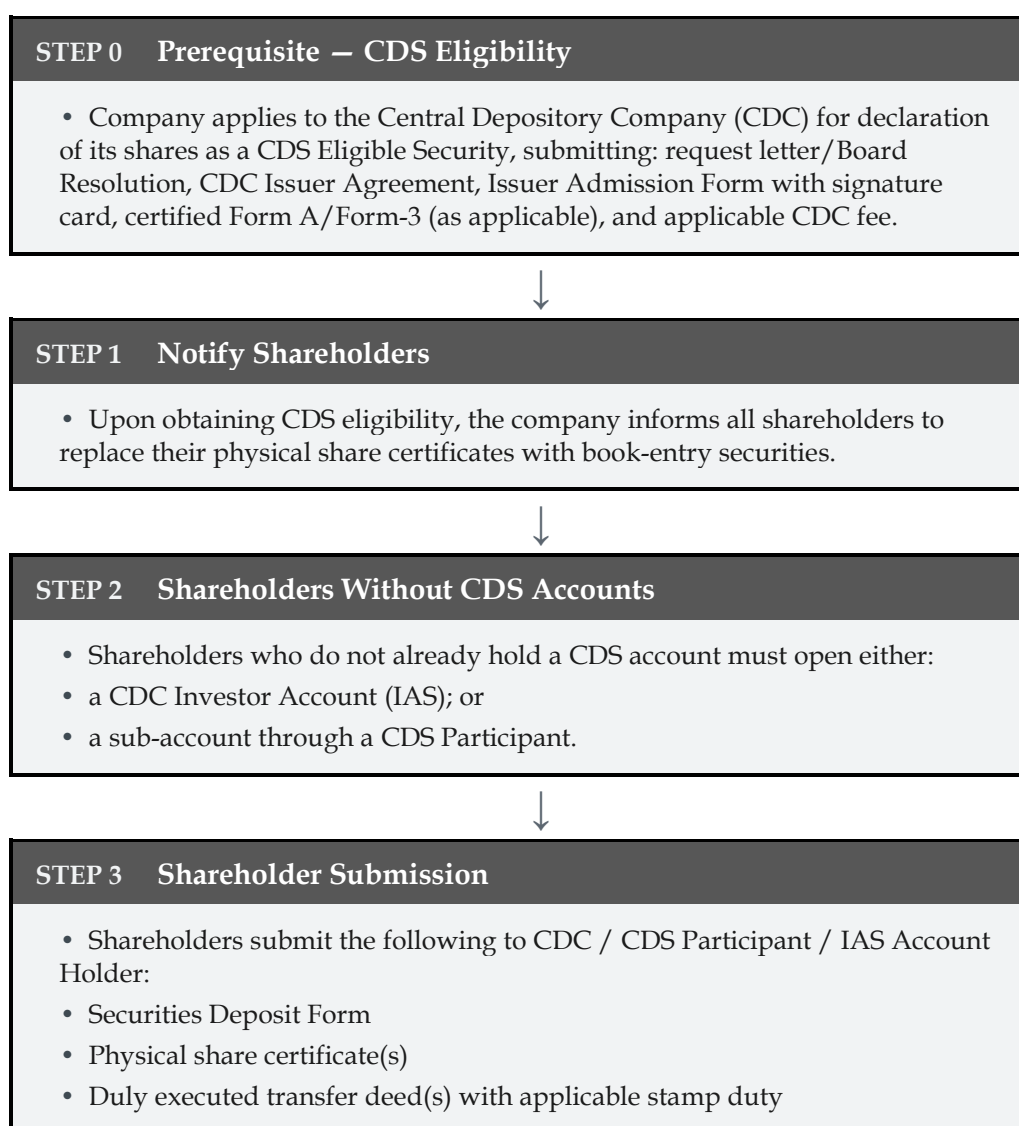
CONVERSION OF PHYSICAL SHARES INTO BOOK-ENTRY FORM

The Securities and Exchange Commission of Pakistan (SECP), vide Notification S.R.O. 328(I)/2026 dated 19th February 2026¹, has reinforced the provisions of Section 72 of the Companies Act, 2017. The Notification mandates that all public unlisted companies and private limited companies must convert their physical shares into book-entry form through the Central Depository System (CDS) prior to undertaking any share-related transaction.

Share-related transactions include, but are not limited to, transfers, allotments, bonus issues, rights issues, and buy-backs. All such transactions are now required to be executed exclusively through the CDS.

In case of non-compliance with S.R.O. 328(I)/2026, the company shall be liable to a Level 3 penalty of Rs. 100 million, together with a further penalty of Rs. 500,000/- for each day during which the default continues.

STEP-WISE PROCEDURE FOR PUBLIC UNLISTED AND PRIVATE LIMITED COMPANIES HAVING SHARE CAPITAL²



¹ <https://www.cdcpakistan.com/assets/uploads/2026/03/SRO-Notification-Replacement-of-physical-shares-into-book-entry.pdf>

² <https://www.cdcpakistan.com/businesses/central-depository-system/conversion-and-issuance-of-shares-in-book-entry-form-for-existing-private-public-unlisted-companies-having-share-capital/>



STEP 4 Deposit Request Initiated

- The CDC Participant or IAS Account Holder initiates the deposit request in CDS and forwards the documents to the company or its share registrar.



STEP 5 Verification by Company / Registrar

- The company or its share registrar verifies the documents against the Members' Register and approves the deposit request in CDS.



STEP 6 Shares Credited

- Upon approval, the shares are credited into the shareholder's respective IAS account or sub-account, completing the conversion into book-entry form.

CONNECT WITH OUR CORPORATE TEAM

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