



Effective date: 2067.8.15

## Securities (Public Offer) Directives, 2073

Preamble: It is expedient to make fair, transparent, easy and cost-effective of the purchase of securities at time of public offer;

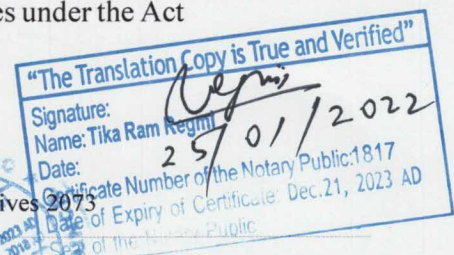
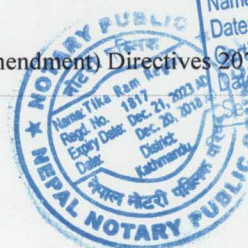
Now, therefore, in exercise of the power conferred by section 118 of the Securities Act, 2063 (2007), the Securities Board of Nepal hereby makes and issues the following directives, namely:-

### Chapter-1

#### Preliminary

1. Short name and commencement: (1) These directives may be called as the Securities (Public Offer) Directives, 2073.  
  
(2) They shall come into effect on such date and place as may be prescribed in a notice published by the Board
2. Definitions: In these directives, unless the context otherwise requires:—
  - (a) “Act” means the Securities Act 2063 (2007);
  - (b) “Account” means a current, call, or saving account maintained in the name of client at a bank or financial institution making application to purchase securities<sup>1</sup>;
  - (c) “Regulations” means the Securities Registration and Issue Regulations, 2073;
  - (d) “Issuer Company” means a company or a body corporate having obtained a license to issue securities under the Act and the Regulations;

<sup>1</sup> Amended by the Securities Purchase (Public offer) (1<sup>st</sup> amendment) Directives 2073





- (e) "Issue of securities" means an initial public offer of securities to public in accordance with rule 7 of the Regulations, and it includes issue of right shares and further public issue;
- (f) "Issue and Sale Manager" means a securities trader having licensed to act in accordance with clause (a) of regulation 16 of the Merchant Banker Regulations, 2064;
- (g) "Bank or financial institution" means any bank or financial institution having obtained a license by the Board in accordance with section 5 to collect applications to be made for purchase of securities during public offer;
- (h) "Investors" means a person who submits an application to purchase securities during public offer".

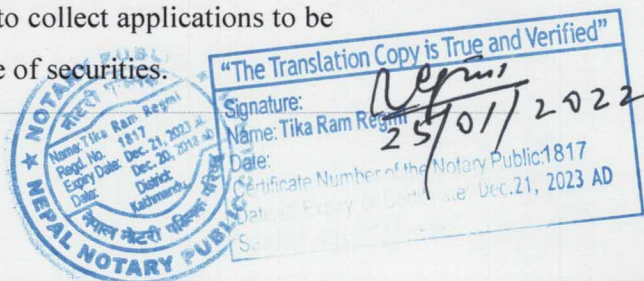
## Chapter-2

### Provision on License

3. To obtain license: (1) Any bank or financial institution willing to collect applications to be made by any person or a body corporate for the purchase of securities to be issued by an issuer who holds a bank account therewith, shall require to obtain a license by the Board.

(2) The bank or financial institution willing to obtain a license in accordance with sub-section (1) shall made an application to the Board in a format as prescribed in sechedule-1 along with an application fee of fifty thousand rupees and the following documents:

- (a) A copy of company registration certificate;
- (b) A copy of license issued by Nepal Rastra Bank to undertake financial transactions;
- (c) A decision of the board of directors obtaining a license by the Board to collect applications to be made for the purchase of securities.







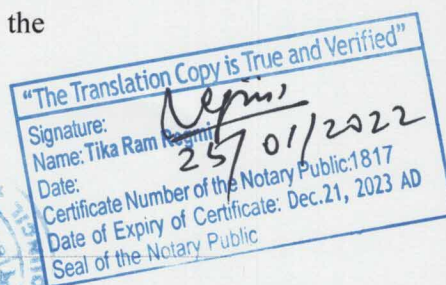
4. Qualification: (1) The bank or financial institution willing to make an application to obtain a license in accordance with section 3 shall hold the following qualifications:

- (a) Having obtained a license of "A", "B", "C", "D" category by the Nepal Rastra Bank<sup>2</sup> and maintained minimum paid-up capital as may be prescribed;
- (b) Having had value of per share net worth more than per share paid-up;
- (c) Having contentiously operated in five years and earned net profit at least in preceding two years;
- (d) Having had inactive capital less than five percent;
- (e) Having completed a five-year-period of financial insolvent, if declared by Nepal Rastra Bank;
- (f)<sup>3</sup> .....
- (g) Having got listing of the securities and issued;
- (h) Having had a provision in the memorandum of association and articles allowing to collect applications for the purchase of securities;

Provided that it shall not be deemed to have restricted to issue a license to collect applications for the purchase of securities under this directives up to one year from its effective date even if no any provision made in the memorandum of association and articles.

<sup>2</sup> Amended by the Securities Purchase (Public Offer) (1<sup>st</sup> amendment) Directives 2073

<sup>3</sup> Repealed by the Securities Purchase (Public Offer) (1<sup>st</sup> amendment) Directives 2073





(2) The Board may make changes in the qualifications as specified in sub-section (1).

(3)<sup>4</sup> Notwithstanding anything contained elsewhere in these directives, the provision as stated in clause (g) shall not be applicable to the commercial banks in which Government of Nepal holds more than fifty percent shares.

5. License to be issued: (1) The Board on being satisfied to the qualifications as specified in section 4 and other terms and conditions under this directives on obtaining a license following necessary examination into the application and the documents attached therewith may grant a license in a format as set forth in schedule-2 to the bank or financial institution to collect applications for the purchase of securities.

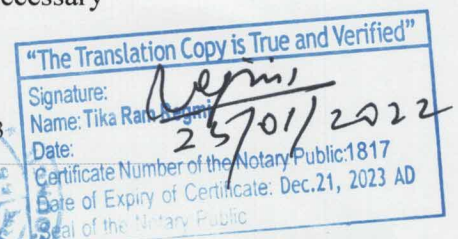
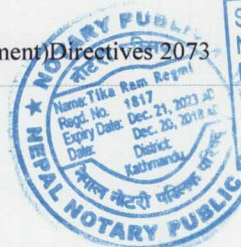
(2) There shall be levied twenty-five thousand rupees as fee in granting the license in accordance with sub-section (1). The bank or financial institution shall deposit such fee in an account designated by the Board and the original voucher thereof shall be provided thereto.

6. Period and renewal of license: (1) The license granted in accordance with section 5 shall remain valid for one fiscal year, and it shall be required to renew each year.

(2) The bank or financial institution willing to renew the license granted in accordance with section 5 shall make an application, in a format as set forth in schedule- 3, to the Board for its renewal prior to one month of the ending of its validity.

(3) The Board on being satisfied to the qualifications and terms and conditions of the bank or financial institutions under these directives on obtaining the license after making necessary

<sup>4</sup> Inserted by the Securities Purchase (Public Offer) (2<sup>nd</sup> amendment) Directives 2073







examination into the application and the documents attached therewith shall renew the license for another fiscal year by charging twenty-five thousand rupees as a renewal fee

7. Suspension and cancellation of license: (1) The Board may suspend a license on the following conditions granted to a bank or financial institution in accordance with section 5 for the collection of applications made for the purchase of securities:-

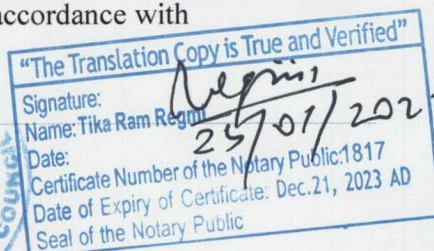
- (a) Having operated in loss;
- (b) Having bad/inactive loans more than five percent.

(2) The Board may cancel a license on the following conditions granted to a bank or financial institution in accordance with section 5 for the collection of applications to be filed for the purchase of securities:-

- (a) Having failed to maintain the qualifications as specified in section 4, except the qualifications as stated in sub-section (1) for a bank or financial institution;
- (b) Having failed to comply with the act, regulations and these directives by a bank or financial institutions.

(3) Before the suspension or cancellation of a license in accordance with sub-sections (1) and (2), an opportunity with reasonable time shall be provided to such bank or financial institution to provide their clarifications.

(4) Notwithstanding anything contained in sub-sections (1) & (2), the Board may retain the license for such period as may be prescribed by it if the bank or financial institution makes a commitment to maintain the qualifications in accordance with section 4.





8. List to be made public<sup>5</sup>: The Board may, from time to time, publish an updated list of banks or financial institution to which license has been granted in accordance with section 5 in national daily newspapers, and on its website.

<sup>6</sup>(2) The bank or financial institution licensed by the Board shall publish name, address & contact officer, and telephone number of their branch offices in national daily newspapers and on the website as well.

### Chapter-3

#### Provision on application to purchase securities

9. Application may be collected: (1) A bank or financial institution may collect applications from applicants willing to purchase securities of a body corporate at the time of public offer who maintains their bank accounts therein.

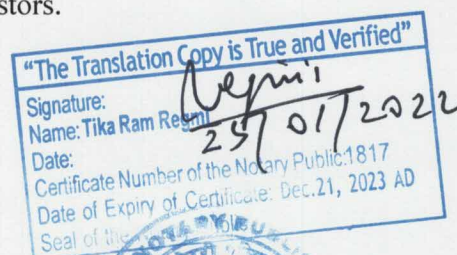
(2)<sup>7</sup> For the purpose of sub-section (1), the licensed bank or financial institution and their branch offices shall make available application forms with the details as set forth in schedule-4 to investors. Such applications may be uploaded to the website of the bank or financial institution. Investors shall be required to submit applications through the bank or financial institution where they maintain account(s).

(3) The bank or financial institution shall receive the application forms filed pursuant to sub-section (2), and provide receipts in a format as set forth in schedule- 4 to the investors.

<sup>5</sup> Amended by the Securities Purchase (Public Offer) (2nd amendment) Directives 2073

<sup>6</sup> Amended by the Securities Purchase (Public Offer) (2<sup>nd</sup> amendment) Directives 2073

<sup>7</sup> Amended by the Securities Purchase (Public Offer) (2<sup>nd</sup> amendment) Directives 2073







(4) The banks or financial institution shall make use of online system for the purpose of collecting applications pursuant to sub-section (1).

10. To keep hold moneys and transfer of application: (1) After making an examination into the applications made for the purchase of securities pursuant to section 9, the relevant banks or financial institution on being satisfied shall hold the required moneys for the purchase of securities as demanded in the applications, out of the moneys reserved in the bank account(s) of the investors till allotment of securities.

<sup>8</sup>**Explanation:** the expressions “reserved in the bank account” means the amounts remained in a bank account of the investor, except loan and overdraft.

(2)<sup>9</sup> The bank or financial institution collecting the applications pursuant to section 9 shall provide the issue and sale manager an abridged description pursuant to schedule-5 daily through electronic means and a detailed description in a format as prescribed in schedule- 6 within five working days in the case of Kathmandu valley, and within ten day in the case of out of Kathmandu valley. Such details shall be submitted as a system conformation report.

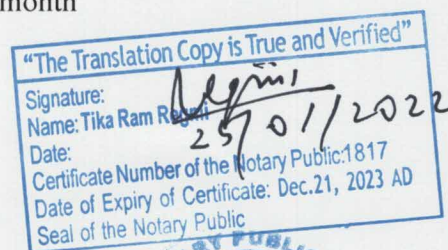
(2) The bank and financial institution shall forward all applications received to the issuer company within one month from the date of closing the sale of securities.

(3)<sup>10</sup> The bank or financial institution shall submit all applications registered therewith to the issuer within one month from the closing date of securities.

<sup>8</sup> Amended by the Securities Purchase (Public Offer) (2<sup>nd</sup> amendment) Directives 2073

<sup>9</sup> Amended by the Securities Purchase (Public Offer) (2<sup>nd</sup> amendment) Directives 2073

<sup>10</sup> Inserted by the Securities Purchase (Public Offer) (2<sup>nd</sup> amendment) Directives 2073





11. Examination of application<sup>11</sup>: (1) The issue and sale manager shall make an examination into the applications received for the purchase of securities through the bank or financial institution pursuant to sub-section (2) of section 10, and verification of bank accounts of the beneficiaries. The bank or financial institution shall also make necessary examination into the documents and details, and verification of the bank accounts as well.

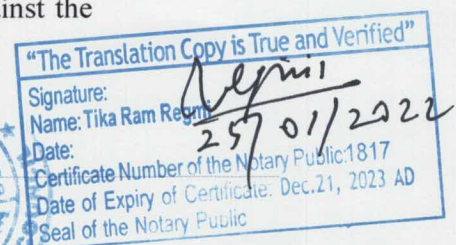
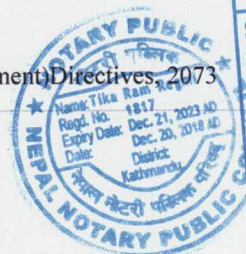
(2) The central depository service provider shall provide an electronic trading facility to the issue and sale manager or the relevant bank or financial institution for the purpose of making examination of applications pursuant to sub-section (1) and verification of bank accounts of the beneficiaries.

(3) The bank or financial institution shall require to pay two rupees per application form to the central depository service provider for the facility provided pursuant to sub-section (2). Further, the central depository service provider may, with the approval of the Board, charge additional fees for providing the electronic trading facility.

12. To cancel application: The issue and sale manager shall cancel application(s) on the following conditions:-

- (a) If it is found by the examination made pursuant to section 5 that more than one applications filed by one applicant;
- (b) If wrong statements are provided in the application or all required statements not given or left blanked;
- (c) While at the time of filing an application or after filing it and before making payment against the

<sup>11</sup> Inserted by the Securities Purchase (Public Offer) (2<sup>nd</sup> amendment) Directives, 2073







securities, if a restraint order is issued by an authorized officer or authority pursuant to the prevailing law to withheld an investor's bank account.

(2) The information about the cancellation of application pursuant to sub-section (1) shall be given to the investor forthwith, and released the moneys kept hold d for the purchase of securities.

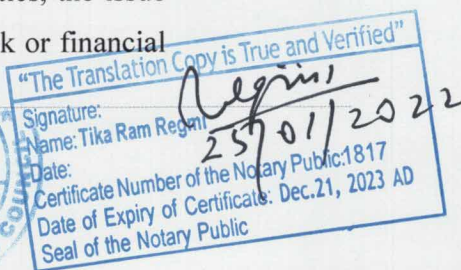
13. Information to be provided about allocation of securities: (1) Securities shall be allotted pursuant to the securities allotment directives, 2068 once the examination of applications pursuant to section 11 complete, and the information about allotment of securities in such a manner shall be provided to the investors, as a whole or individually.

(2) The information about allotment of securities shall be placed on the website, and be emailed to the investors in the email address provided in their application form and also sent SMS text to mobile phone.

(3) Notwithstanding anything contained in sub-section (3), if any order or direction is issued by the authorized entity to keep on hold of account of any investor, the relevant bank or financial institution shall keep on hold of such account forthwith and information to that effect be provided to the issue and sale manager.

(4) Subsequent to the receiving of such order pursuant to sub-section (3), the issue and sale manager shall not admit the application of such investor in allotment of securities.

14. Transfer of moneys and deposit of securities: (1) Following the next day of the completion of allotment of securities, the issue and sale manager shall inform to the relevant bank or financial





institution in a format as prescribed in schedule-7 to transfer the moneys as equivalent to the number of securities allotted from the account of the investors within three working days.

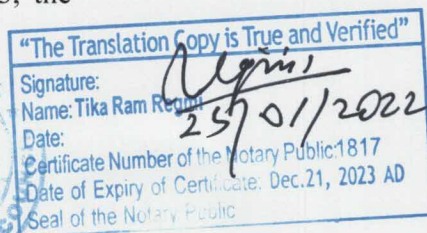
(2)<sup>12</sup> The bank or financial institution shall compulsorily transfer the moneys to the issue and sale manager for the securities allotted to the investors out of the moneys kept on hold in the account within three working days following the receipt of such notice pursuant to sub-section (1)

(3) The issue and sale manager shall transfer the moneys as specified in sub-section (2) to the issuer within two working days following the deposit of such moneys.

(4) The issue and sale manager shall deposit the dematerialized securities allotted pursuant to section 13 to the account of the investor within seven working days following the deposit of moneys in the account of the issuer pursuant to sub-section (3).

15. To release account: (1) For making allotment of securities pursuant to section 13, the moneys kept on hold as per the application filed for the purchase of securities by the investors who have not allotted securities shall be released within three working days at maximum following the receipt of the information pursuant to sub-section (1) of section 14.

(2) Following the transfer of the moneys to the issue and sale manager for the securities allotted to the investor pursuant to sub-section (2) of section 14 from the account of the investors who have allotted the securities pursuant to section 13, the remaining moneys shall be released.



<sup>12</sup> Amended by the Securities Purchase (Public Offer) (second amendment) Directives, 2073





## Chapter-4

### Miscellaneous

16. To charge service fees<sup>13</sup>: (1) A bank or financial institution may charge a fee of one hundred rupees at maximum for the service provided regarding the purchase of securities under these directives.

(2) The bank or financial institution shall inform to public about the service fee to be levied pursuant to sub-section (1) by posting such notice on its notice board, or website or publishing in national daily newspapers prior at least to three days of commencing<sup>14</sup> the collection of application pursuant to section 9.

(3)<sup>15</sup> The bank or financial institution shall be required to pay ten rupees per application to the issue and sale manager within one month from the closing date of public offer.

17. Details to be provided: (1) The bank or financial institution shall inform forthwith to the Board about the change or addition of branch office(s), or change of contact officer, if done so.

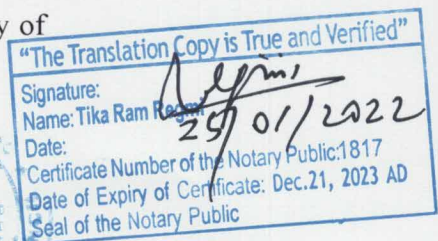
(2) The bank or financial institution shall provide to Board the notification, information, or any other necessary details related to the functions under these Directives as may be demanded from time to time.

18. Direction may be given by the Board: The Board may give necessary directions to a bank or financial institution for the implementation of these Directives, and it shall be the duty of

<sup>13</sup> Amended by the Securities Purchase (Public Offer) (2nd amendment) Directives 2073

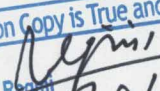
<sup>14</sup> Inserted by the Securities Purchase (Public Offer) (1st amendment) Directives 2073

<sup>15</sup> Amended by the Securities Purchase (Public Offer) (2nd amendment) Directives 2073





the bank or financial institution to comply with the directions so issued.

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Signature:   
Name: Tika Ram Regmi  
Date: 25/01/2022  
Certificate Number of the Notary Public: 1817  
Date of Expiry of Certificate: Dec. 21, 2023 AD  
Seal of the Notary Public







Schedule-1

(Relating to sub-section (2) of section 3)

A format of application to be made to obtain a license for the collection of application for the purchase of securities

The Securities Board of Nepal,

.....

Ref: regarding a license for the collection of application for the purchase of securities.

The ..... (plz. Specify name of bank or financial institution) is willing to collect applications from investors for the purchase of securities under section 3 of the securities (public offer) directives, 2073, and fulfils the qualifications as specified in section 4 of the said directives,

Now, therefore, this application is hereby submitted requesting for a license for the collection of applications to be made by investors for the purchase of securities of an issuer company.

It is further requested that applications for the purchase of securities will be collected from the following offices if a license is granted for this purpose.

SN	Name and address of branch office	Name, designation and contact number of contact officer

"The Translation Copy is True and Verified"  
Signature:   
Name: Tika Ram Regmi  
Date: 25/01/2022  
Certificate Number of the Notary Public: 817  
Date of Expiry of Certificate: Dec. 21, 2023 AD  
Seal of the Notary Public





Name of authorized official:

Signature:

Designation:

Stamp:

Documents attached:

- (a) A copy of company registration certificate;
- (b) A copy of memorandum of association and articles;
- (c) A copy of license issued by Nepal Rastra Bank for undertaking financial transactions
- (d) A copy of decision made by the board of directors about obtaining license by the Board to collect applications for the purchase of securities.







Schedule-2

(Relating to sub-section (1) of section 5)

Securities Board of Nepal

License

To.....

While taking necessary actions into the application filed by that bank or financial institution to get a license for the collection of applications from investors at the time of public issue of securities;

It is hereby granted this license in accordance with section 5 of the securities purchase (public offer) directives, 2073 for the collection of applications from investors at the time of public issue of securities and incidental works thereto subject to the Directives and the following terms & conditions:

Terms & conditions:

- 1.
- 2.
- 3.

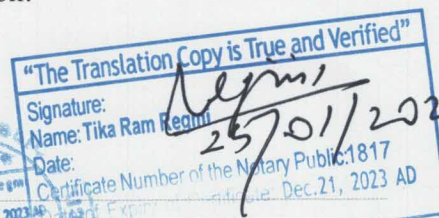
Officer's Signature:

Name:

Designation:

Date:

Renewal of License

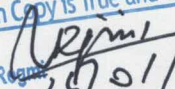


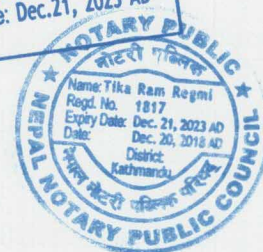


Renewal Date:

Renewal period	Official to renew			Date of renewal
Date.... from ..... to	Name	Designation	Signature	

"The Translation Copy is True and Verified"

Signature:   
Name: Tika Ram Regmi  
Date: 29/01/2022  
Certificate Number of the Notary Public: 1817  
Date of Expiry of Certificate: Dec. 21, 2023 AD  
Seal of the Notary Public







Schedule-3

(Relating to sub-section (2) of section 6)

A format of application to be filed for renewal of license

To the Securities Board of Nepal,

.....

Date:

Ref: regarding renewal of license

In accordance with sub-section (2) of section 6 of the securities purchase (public offer) directives, 2073, this application is hereby made for renewal of license as the validity of license granted in accordance with section 5 of the said directives by the Board expires on .....date.

A fee to be levied for renewable of license will be paid at the time as such may be called by the Board.

Seal of bank or financial institution

Of the authorized official,

Signature:

Name:

Designation

"The Translation Copy is True and Verified"  
Signature: *[Signature]*  
Name: Tika Ram Regmi  
Date: 25/01/2022  
Certificate Number of the Notary Public: 1817  
Date of Expiry of Certificate: Dec. 21, 2023 AD  
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<sup>16</sup>Schedule-4

(Relating to sub-section (2) of section 9)

Minimum details to be included in an application form of the  
purchase of securities (public offer)

- 1 Name of securities issuer company;
- 2 Applicant's name, surname, address, citizenship No., signature,  
phone no, email;
- 3 Guardian's name, surname, and relations, in the case of minor  
and insane person;
- 4 Authorized person's name, surname and designation, in the case  
of a body corporate;
- 5 Number of securities willing to purchase, (in figure and words);
- 6 Moneys against securities willing to purchase (in figure and  
words);
- 7 Bank's name, address and account No. where applicant held  
account, and its type;
- 8 Applicant's beneficiary account No (Dmat).

Note: a decision of the board of directors, including the  
authorized person on filing application for the purchase of  
securities and moneys to hold therefore shall be included, in the  
case of a body corporate.



<sup>16</sup> Amended by the Securities Purchase (Public Offer) (2<sup>nd</sup> amendment) Directives, 2073





Schedule-5

(Relating to sub-section (2) of section 10)

Sri..... name and address of the issue and sale manager

Ref: submission of a brief statement

It is hereby requested that the securities collected till the date  
on..... of the ..... company limited issued from  
..... to ..... under the management of the .....  
(Specify the name of issue and sale manager) are as follows:-

S.N.	Name and address of bank or financial institution and its branch office(s) collecting application	Number of applications collected	Amounts to be held	Name and phone No of contact officer
Total				

Details submitted by:

Name and address of bank or financial institution:

Of the authorized official:

Name:

Designation:





Schedule-6

(Relating to sub-section (2) of section 10)

Sri

Name and address of the issue and sale manager

Ref: regarding submission of detailed particulars

It is hereby requested that the applications collected for the purchase of securities of the ..... Company limited from ..... to ..... under the management of the ..... (Specify the name of issue and sale manager) are as follows. Further, the total number of applications .....registered at this office and its branch offices are attached herewith.

S.N.	Application No	Applicants' details					
		Name	No of securities requested	Amounts to be kept on holding Rs.	Savings member (eight digit)	Investor's account No. (eight digit)	Bank account No. (draw lines as per account No.

Details submitted by:

Name and address of bank or financial institution:

Of the authorized official:

Name:

Designation:

Seal of company

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Signature:   
Name: Tika Ram Regmi  
Date: 25/01/2022  
Certificate Number of the Notary Public: 1817  
Date of Expiry of Certificate: Dec. 21, 2023 AD  
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Sechedule-7

(Relating to sub-section (1) of section 14)

To.....

(Name and address of bank or financial institution)

Sub: To release the remaining money after making payments  
for allotted shares.

It is hereby informed that the following number of securities are  
allotted to the following applicants based on the details received  
on 20 .../.../ .../ about the securities of ..... Company  
issued from 20.../.../ .. to 20.../.../.../ by the issue and sale  
manager of this organization in accordance with the securities  
purchase (public offer) directives, 2073;

It is therefore requested to deposit total amount Rs. (In  
words.....) as per allotment of securities in the account of  
this .... Organization maintained in ..... Bank limited and  
the remaining moneys be released to the related applicants.

S.N.	Application No	Name of applicant	No. of securities requested	Moneys deposited for purchase of securities	No. of securities allotted	Total moneys to be deducted against securities	Moneys to be released	Bank account No.

Sincerely'

Name and address of the Issue and Sale Manager

Name of authorized person:

Signature:

Company's seal

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Signature:   
Name: Tika Ram Regmi  
Date: 25/01/2022  
Certificate Number of the Notary Public: 1817  
Date of Expiry of Certificate: Dec. 21, 2023 AD  
Seal of the Notary Public

