



Securities and Exchange Commission of Pakistan
Specialized Companies Division
Policy, Regulation and Development Department
(Modaraba Wing)

No. SC/M/PRDD/PRM/2016-145

April 25, 2016

CIRCULAR NO.17 OF 2016

Subject: **Amendments in the Prudential Regulations for Modarabas**

The Securities and Exchange Commission of Pakistan has amended the existing Prudential Regulations for Modarabas issued vide Circular No. 4 of 2004 dated January 28, 2004 as under:

(A) In Regulation 5 of Part-IV, under the heading "Financial Soundness", after sub-clause (ii), the following new clause shall be inserted namely:

"(iii) whether any instance of overdue or past due payment to a financial institution, irrespective of amount, is appearing in the overdue column of latest CIB report of the person and of the companies, firms, sole proprietorship etc. where the person is a chief executive, director (other than nominee director), owner or partner etc.

Provided that the Registrar shall provide an opportunity of making representation to the person in case of overdue or past due payment;

Provided further that the following exceptions may be granted by the Registrar for the purpose of this sub-clause in case where:-

(a) amount overdue is under litigation and the same is also appearing as amount under litigation in the CIB report; and

(b) no overdue payment appearing in the overdue column in the subsequent latest CIB report;"

(B) Existing clauses (iii), (iv) and (v) shall be re-numbered as (iv), (v) and (vi).

(C) Sub-regulation (6) of Regulation 5 of Part-IV shall be substituted with the

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following:

"All persons subject to fit and proper criteria shall report any change with reference to their fitness and propriety to the respective Modaraba Company within three business days and such Modaraba Company shall within a period of seven business days report the same to the Registrar"

(D) In Annexure-B "Affidavit" under sub-regulation (3) of regulation 5, the following shall be inserted after clause 5, namely:-

"6. The companies, firms, sole proprietorship etc. where I am a chief executive, director (other than nominee director), owner or partner etc. has no overdue payment of any financial institution."

2. The aforesaid amendments in the Prudential Regulations for Modarabas are applicable with immediate effect.


(Shahid Mahmood)

Registrar

Modaraba Companies and Modaraba

Distribution:

1. The Chief Executives of all Modaraba Companies.
2. The Chairman, NBFIs & Modaraba Association of Pakistan.
3. The Institute of Chartered Accountants of Pakistan, Karachi.
4. The Institute of Cost and Management Accountants of Pakistan, Karachi.
5. Office copy.