



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN
SPECIALIZED COMPANIES DIVISION
(MODARABA WING)

No. 6(90)R.M./2009- 94

March 6, 2009

CIRCULAR NO. 10 OF 2009

**SUBJECT: CONDITIONS APPLICABLE TO PROMOTERS / MAJOR SHARE
HOLDERS OF MODARABA MANAGEMENT COMPANIES / MODARABAS**

Attention is invited to the shares/modaraba certificates of sponsors/major shareholders deposited in physical form with the Securities & Exchange Commission of Pakistan (SECP) in compliance of Circular 10 of 2006.

2. As you are aware, the Central Depository Company (CDC) provides custodial services to individuals as well as companies for the safekeeping of the shares/modaraba certificates in data entry form. You are, hereby, directed to make necessary arrangements to collect the physical shares/modaraba certificates deposited with SECP. For this purpose, an application for release of specific shares along with an undertaking on stamp paper duly signed by the Chief Executive shall be submitted to SECP stating that the physical shares of the sponsors/majority shareholders upon receipt from SECP shall be deposited in a blocked CDC account after completing necessary formalities for opening the CDC account.

3. For your convenience, we are enclosing herewith the procedure to be followed along with the schedule of fee for conversion and depositing shares with CDC in a blocked account. This exercise shall be completed at the earliest but not later than March 31, 2009. After completing the process, the Modaraba Companies shall arrange to send a letter from CDC confirming having blocked the account with details of shareholding.

4. In case of any clarification please contact the undersigned or Mr. Shahid Mahmood, Deputy Registrar (Modarabas) on the following contact:

Phone number: 051 9207091-4 Ext. 233

E-mail shahid.mahmood@secp.gov.pk

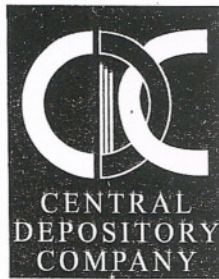
(Bilal Rasul)

Registrar (Modarabas)

Distribution:

1. Chief Executives of all Modaraba Companies.
2. Modaraba Association of Pakistan.
3. Central Depository Company of Pakistan Limited.
4. Managing Directors of all Stock Exchanges.
5. Director (IS & T), SECP.
6. Office Copy.

Encl: As above



CDC/CS/SK/040/09
February 21, 2009

Formalities pertaining to declaration:

[This compliance pertains to the NBFC/Modaraba where their securities have not already been declared as CDS Eligible Securities]

1. Submission of certain standardized certificates under the CDC Regulations (specimen are provided by CDC on standard formats) and a certified copy of memorandum and articles of association along with the following documents:
 - a. Latest Annual Audited Accounts (Published copy) or Auditors' certificates confirming the present paid-up capital of the NBFC/Modaraba;
2. Where an NBFC or a Modaraba is listed on any stock exchange, an independent Registrar/Transfer Agent ("R/TA") shall be appointed in accordance with section 204A of the Companies Ordinance, 1984 and provide following additional documents to CDC:
 - a. A representation by NBFC/Modaraba on prescribed format w.r.t appointment of R./TA along with certified copy of Board resolution or power of attorney authorizing appointment of R/TA;
 - b. A certified true copy of Memorandum & Article of Association of R/TA;
 - c. Latest certified true copy of Form 'A' Form 29 related to R/TA;



- d. Confirmation from Stock Exchange (in case of provisionally listed security, Prospectus would suffice this requirement); and
 - e. Specimen signatures of authorized signatories of R/TA.
3. Based on the above documents, CDC would declare the CDS Eligibility of securities of the company with effect from the desired date and a formal notice would be issued. Copy of said notice along with cover letter would be sent by CDC to the company and SECP as well as stock exchanges if listed;
 4. Completion of remaining formalities by the NBFC/Modaraba such as submission of Board resolution, signing and execution of Issuer Agreement and Admission Form besides payment of relevant fee & deposit (**please refer attached Fees & Deposits Schedule as Annexure "A"**). All these documents are standardized and can be obtained from CDC; and
 5. Upon completion of above formalities, CDC would set up securities of the NBFC/Modaraba on live CDS.

Formalities pertaining to opening of accounts:

Sponsors/sponsor directors/majority shareholders have following three options available for opening of CDS accounts:

- a) To have direct account with CDC Investor Account Services. For this, relevant form (for individual and corporate accounts) can be obtained from CDC offices (**please refer attached Fees & Deposits Schedule for charges to be paid by the shareholders as Annexure "B"**);
- b) To have sub-accounts with any Participant (stockbrokers); or
- c) Where the sponsor/majority shareholder is an Account Holder or a Participant, additional House Account can be opened for this purpose.

Note1: *Normally custody fee is charged at the rate of 0.015% p.a., however, for securities held in blocked status in the CDS due to any regulatory requirement, such as under SECP or SBP circulars or under directive of Privatization Commission etc., CDC charges custody fee at a reduced rate of 0.0075% p.a.*

Formalities pertaining to deposit of physical securities in to the CDS

- a) Specialized Companies Division (NBFC) of SECP to release the sponsors securities.
- b) Physical securities to be lodged with CDC (in case of Investor Account) or the Participant (in case of sub-account) along with duly verified Transfer Deed and securities deposit form. CDC or the Participant would then make a deposit request transaction in the CDS and send these documents to the relevant R/TA for verification / approval.



- c) After approval by R/TA the securities become available in the CDS account of the sponsor in book entry form.

Deposit formalities pertaining to blocking of accounts

- a) Once CDS account of a sponsor shareholder is opened, CDC would require NOC (specimen attached as Annexure "C" for Circular 9 and "D" for Circular 10) from the sponsor/sponsor director/majority shareholder to block the account along with a certified copy of his/her CNIC (in case of an individual shareholder) or a Board resolution authorizing issuance of NOC (in case of corporate account); CNIC and Board Resolution are not required (in case of Investor Account); and
- b) Upon receipt of above NOC along with relevant documents, CDC would block the account and formally inform the SECP and the concerned NBFC/Modaraba.

Note2: *As per the CDC Regulations, where the entity is acting as an Account Holder and an Issuer in the CDS and having an in-house share registration department, such Issuer shall outsource its share registration function to an independent transfer agent/share registrar.*

Note3: *Please note that CDC is in the process of facilitating blocking feature on security level which currently is available on account level. This facility would be provided shortly whereby existing account (if any) could be used to comply with SECP circulars.*

We hope that above procedures would suffice your inquest, however, if you need any further information, please feel free to contact us.

Regards,

Rasool Hooda
Manager, Compliance

THE CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED

SCHEDULE OF FEES & DEPOSITS@

SCHEDULE OF FEES						
S. No.	NAME	RATE	BASIS	LEVIED ON	COLLECTION	MODE
					WHEN	
1.	Initial Deposit Fee - for Shares - for TFCs* - for WAPDA Bonds ** - for Units***	Re. 0.01 Nil Nil Re. 0.01	(Note 1) Per share deposited - - Per Unit deposited	Participant/Account Holder	Month end - - Month end	P.O./Draft/Cheque - - P.O./Draft/Cheque
2.	Transaction Fee - for Shares - for TFCs* - for WAPDA Bonds ** - for Units***	Re. 0.0020 Re. 0.0020 Re. 0.0020 Re. 0.0020	(Note 2) Per share Per Unit* Per WAPDA Bond** Per Unit***	Participant/Account Holder	Month end (calculated on daily basis)	P.O./Draft/Cheque
3.	Custody Fee - for Shares - for TFCs* - for WAPDA Bonds ** - for Units*** - On Blocked Securities	0.015% p.a. 0.0125% p.a. 0.0125% p.a. 0.0125% p.a. 0.0075% p.a.	(Note 3) Market value Market value Market value Quoted or offer price -	Participant/Account Holder	Month end (calculated on daily basis)	P.O./Draft/Cheque
4.	CDS Connection Fee - Account Holder/Participant - Eligible Pledgee	Rs. 500 p.m. Rs. 10,000 p.m.	Fixed monthly per CDS connection (Note 4)	CDS Elements	Monthly in advance	P.O./Draft/Cheque
5.	Additional CDS Connection Fee	Rs. 10,000 p.m.	Fixed monthly per CDS additional connection	CDS Elements	Monthly in advance	P.O./Draft/Cheque
6.	Annual Fee for Eligible Security Issued Amount (Face Value) <u>For Shares & Long-term TFCs</u> -Upto Rs. 50m -Above Rs. 50m to Rs. 200m -Above Rs. 200m <u>For Short-term TFCs</u> -Upto Rs. 50m -Above Rs. 50m to Rs. 200m -Above Rs. 200m <u>For WAPDA Bonds**</u> -Upto Rs. 50m -Above Rs. 50m to Rs. 200m -Above Rs. 200m Annual Fee on CDS Eligibility of Units of open-end mutual funds	Rs. 16,875 p.a. Rs. 33,750 p.a. Rs. 67,500 p.a. Rs. 5,000 p.a. Rs. 7,500 p.a. Rs. 12,500 p.a. Rs. 18,750 p.a. Rs. 37,500 p.a. Rs. 75,000 p.a. Rs. 67,500 p.a.	Fixed annually per eligible security (Note 5)	Issuer/Asset Management Companies	Annually in advance	P.O./Draft/Cheque
7.	Redemption Fee	Nil	Units***	-	-	-
8.	Pledge Call Fee - for Shares - for TFCs* - for WAPDA Bonds ** - for Units***	Re. 0.005 Re. 0.005 Re. 0.005 Re. 0.005	Per share Per Unit* Per WAPDA Bond** Per Unit***	Eligible Pledgor/Pledgee	Month end	P.O./Draft/Cheque
9.	Fresh Issue Fee	Re. 0.01	Per share (Note 6)	Issuer/Asset Management Companies	With Application	P.O./Draft/Cheque
10.	Withdrawal Fee - for Shares - for TFCs* - for WAPDA Bonds ** - for Units***	Re. 0.10 Rs. 50 Rs. 50 Nil	Per share Per Unit* Per WAPDA Bond** -	Participant/Account Holder	Month end - -	P.O./Draft/Cheque - -
11.	Cancellation Fee	Re. 0.01	Per Share/TFC/ WAPDA Bond**/Unit*** (Note 7)	Issuer/Asset Management Companies	Upon Cancellation	P.O./Draft/Cheque
12.	Fee on Consolidation and/or Sub-	Re. 0.01	Per share (Note 8)	Issuer	With application	P.O./Draft/Cheque

SCHEDULE OF FEES						
S. No.	NAME	RATE	BASIS	LEVIED ON	COLLECTION	
					WHEN	MODE
	Division of Securities					
13.	Revocation Fee	Re. 0.01	Per share/TFC/ WAPDA Bond**/Unit*** (Note 9)	Issuer/Asset Management Companies	Upon Revocation	P.O./Draft/Cheque
14.	Documentation Fee	Rs. 2,500	One time, fixed	Participant/Account- Holder/ Eligible Pledgee	On account opening	P.O./Draft/Cheque
15.	Requested Statement Fee/ Statement Verification Fee	Rs. 10	Per page	Participant/Account Holder	With application	Cash/ P. O./Draft
16.	Requested Statement Fee/ Statement Verification Fee	Not exceeding Rs. 100	Per statement (Note 10)	Sub Account Holder	With application	Cash/ P. O./Draft
17.	Sub-Account Opening Fee	Rs. 100 p.a.	Per Sub-Account opened and maintained	Participant	Annually in advance	P.O./Draft/Cheque
18.	Short Messaging Service Fee	Rs. 25 p.m.	Fixed monthly per Sub-Account	Participants	Month end	P.O./Draft/Cheque
SCHEDULE OF DEPOSITS						
S. No.	NAME	RATE	BASIS	COLLECTION		
				WHEN	MODE	
1.	Security Deposit from Participants/Account Holders	Rs. 100,000	One time, fixed	On signing of agreement	P.O./Draft/Cheque	
2.	Security Deposit from Issuers Issued Amount (Face Value) -Upto Rs. 50 million -Above Rs. 50m to Rs. 125m -Above Rs. 125m to Rs. 250m -Above Rs. 250m to Rs. 500m -Above Rs. 500m to Rs. 1000m -Above Rs. 1000m	Rs. 12,500 Rs. 25,000 Rs. 37,500 Rs. 50,000 Rs. 75,000 Rs. 100,000	One time, fixed per eligible security (Note 11)	15 days before the eligibility date	P.O./Draft/Cheque	
3.	Security deposit from Asset Management Companies	Rs. 100,000	One time, fixed per eligible security	15 days before the eligibility date	P.O./Draft/Cheque	
4.	Security Deposit from Eligible Pledgees	Rs. 100,000	One time, fixed per eligible pledgee (Note 12)	On signing of agreement	P.O./Draft/Cheque	

* One unit of TFC (both long-term and short-term) is equivalent of marketable lot defined by the Karachi Stock Exchange (Guarantee) Ltd. which is presently Rs. 5000/-.

** The denomination of each WAPDA Bond is Rs 5,000 as prescribed by WAPDA.

*** Units of open-end mutual funds

Notes:

- To be levied on Participant/Account Holder depositing securities in the CDS. Also to be levied on Offeror of securities pursuant to offer for sale. Initial Deposit Fee owing to any privatization by the Government of Pakistan shall be 50% of applicable fee for Privatization Commission and State Bank of Pakistan.
- On all Inter-Participant/Account Holder Transactions - Levied on both delivery and receipt.
- Closing market value of last trading session of last trading day of the month at The Karachi Stock Exchange (Guarantee) Limited. Custody fee shall be 0.10% p.a. for Book-entry Securities of all kinds, types and class held in Group Account(s). Basis for calculating custody fee for un-listed securities shall be the face value of such securities. Basis for calculating custody charges shall be the quoted or offer price of units prevailing on last day of the month. Reduced custody fee is charged on Book-entry Securities remain under blocked position in the Accounts and/or Sub-Accounts in the CDS pursuant to the directive of statutory or governmental body or those held by State Bank of Pakistan on behalf of Government of Pakistan. Custody fee shall be waived in full where the Issuer goes under Liquidation (except voluntarily), Receivership or court-appointed Managership or equivalent form of Administration.
- Issuers will get the first CDS connection free of charge.
- Only those TFCs would be considered to be as 'Short-term' whose maturity period does not exceed one year. Annual Fee shall be refunded on pro rata basis where CDS Eligibility of a Security is revoked during the year.
- To be levied on bonus issue, right issue & new issue (including conversion of securities). Also to be levied on Transferee Company pursuant to merger and on Transferor Company pursuant to demerger. In case of Units, this fee shall only be applicable on freshly issued Units through initial public offering or upon conversion of a close-end fund to an open-ended scheme and not on subsequent issuance of Units.
- To be levied on Transferor Company pursuant to merger and on Transferee Company pursuant to demerger. Also to be levied on cancellation of securities.
- To be levied on Issuer consolidating or sub-dividing its securities.
- To be levied on Issuer upon Revocation of CDS Eligibility of its Securities based on number of Securities of such Issuer held on the CDR at the Relevant Time.
- Presently fixed at zero per statement may be varied by the CDC Board from time to time but to a maximum of Rs. 100 per statement.
- Issuers of both long-term and short-term TFCs have been exempted from levy of security deposit. This exemption shall also be applicable for WAPDA Bonds.
- Participants/Account Holders will not be required to pay this deposit if admitted as eligible pledgees. This exemption applies to first pledgee account only.
- Karachi, Lahore, Islamabad Stock Exchanges and National Clearing Company of Pakistan Limited have been exempted from the requirements of Schedule of Fees & Deposits.

UPDATED: FEBRUARY 2009

THE CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED

SCHEDULE OF FEES
FOR INVESTOR ACCOUNT SERVICES

					COLLECTION	
S. #	Name	Rate	Basis	Levied on	When	Mode
1a.	Initial Deposit Fee		(Note 1)			
	• for Shares	Re. 0.01	Per share deposited	Investor Account Holder	To be collected in advance	Cash/P. O./D.D/ Credit Voucher/Cheque
	• for TFCs*	Nil	-	(Individuals as well as other than Individuals)		
	• for WAPDA Bonds**	Nil	-			
	• for Units***	Re. 0.01	Per Unit deposited			
1b.	Securities Deposit Processing Fee	Re. 0.025	Per share/ unit of TFC/WAPDA Bond/Unit (Note 2)	Investor Account Holder (Individuals as well as other than Individuals)	To be collected in advance	-do-
2.	Transaction Fee					
	• For Share	Re. 0.0040	Per share/unit of TFC/WAPDA Bond/ Unit Delivered-Out	Investor Account Holder (Individuals as well as other than Individuals)	To be collected in advance	-do-
	• For TFCs*	Re. 0.0040				
	• For WAPDA Bond**	Re. 0.0040				
	• for Units***	Re. 0.0040				
3.	Custody Fee					
	• For Share	0.015% p.a.	Market value (Note 3)	Investor Account Holder (Individuals as well as other than Individuals)	To be collected in advance (calculated on daily basis)	-do-
	• For TFCs*	0.0125% p.a.				
	• For WAPDA Bond**	0.0125% p.a.				
	• for Units***	0.0125% p.a.				
	• On Blocked Securities	0.0075% p.a.				
4.	Annual Fee					
	• For Individuals	Rs. 500	Fixed annually per account	Investor Account Holder (Individuals as well as other than Individuals)	Annually in advance	-do-
	• For other than Individuals	Rs. 2,000				
5.	Redemption Fee					
	• For Units***	Nil	(Note 4)	-	-	-
6.	Withdrawal Fee		(Note 4)			
	• For Share	Re. 0.10	Per share	Investor Account Holder (Individuals as well as other than Individuals)	To be collected in advance	-do-
	• For TFCs*	Rs. 50	Per unit of TFC*			
	• For WAPDA Bond**	Rs. 50	Per WAPDA Bond**			
	• for Units***	Nil	-			
7.	Short Messaging Service Fee	Rs. 25 p.m.	Fixed monthly per Investor Account	Investor Account Holder (Individuals as well as other than Individuals)	To be collected in advance	-do-

* Unit of TFC as defined by The Karachi Stock Exchange (Guarantee) Limited

** The denomination of each WAPDA Bond is Rs 5,000 as prescribed by WAPDA.

*** Units of open-end mutual funds

Notes:

- Initial Deposit Fee owing to any privatization by the Government of Pakistan shall be 50% of applicable fee for Privatization Commission and State Bank of Pakistan.
- Subject to a minimum charge of Rs. 20 per security. Courier charges shall be recovered from the Investor-Accountholder on actual basis. Securities Deposit Processing Fee owing to any privatization by the Government of Pakistan shall be nil for Privatization Commission and State Bank of Pakistan.
- Closing market value of last trading session of last trading day of the month at the Karachi Stock Exchange (Guarantee) Ltd. Basis for calculating custody fee for un-listed securities shall be the face value of such securities. Basis for calculating custody charges shall be the quoted or offer price of units prevailing on last day of the month. Reduced custody fee is charged on Book-entry Securities remain under blocked position in the Accounts and/or Sub-Accounts in the CDS pursuant to the directive of statutory or governmental body or those held by State Bank of Pakistan on behalf of Government of Pakistan. Custody fee shall be waived in full where the Issuer goes under Liquidation (except voluntarily), Receivership or court-appointed Managership or equivalent form of Administration.
- Courier charges to be recovered from the Investor-Accountholder on actual basis on Redemption and Withdrawal of Units.

UPDATED: JUNE 2008

"C"

Dated _____

Mr. Kamran Ahmed Qazi
CFO & Company Secretary
Central Depository Company of Pakistan Limited
CDC House, 99-B, Block 'B',
S.M.C.H.S., Main Shahra-e-Faisal,
Karachi-74400

Dear Sir,

BLOCKING OF INVESTOR / SUB ACCOUNT

Pursuant to Circular No. 9 of 2006 bearing Reference No. NBFCD/D/Misc/271 dated June 14, 2006 issued by the Specialized Companies Division (NBFC) of the Securities and Exchange Commission of Pakistan, **we have no objection whatsoever over blocking of our following Investor / Sub Account by the Central Depository Company of Pakistan Limited** such that no movement, pledge and withdrawal of shares of [please insert name of company] held therein in our name shall be allowed without prior permission in writing of the Commission:

A/c Title	Participant ID No.	Investor / Sub Account #	No. of shares

The said Investor / Sub Account may remain blocked till further instructions from the apex regulator.

Authorized Signatory

Authorized Signatory

" D "

Dated _____

Mr. Kamran Ahmed Qazi
CFO & Company Secretary
Central Depository Company of Pakistan Limited
CDC House, 99-B, Block 'B',
S.M.C.H.S., Main Shahra-e-Faisal,
Karachi-74400

Dear Sir,

BLOCKING OF INVESTOR/ SUB ACCOUNT

Pursuant to Circular No. 10 Of 2006 bearing reference No. 6(90)RM/2006 Dated June 16, 2006 issued by the Specialized Companies Division (Modarabas Wing) of the Securities and Exchange Commission of Pakistan (SECP), **we have no objection whatsoever over blocking of our following Investor/ Sub Account by the Central Depository Company of Pakistan Limited** such that no movement of certificates of **[Modaraba name]** held therein in our name shall be allowed without prior permission in writing of the SECP:

A/c Title	Participant ID No.	Investor/ Sub Account #	No. of Certificates

The said House Account may remain blocked till further instructions from the SECP.

Authorized Signatory

Authorized Signatory