



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

No.SC/M/RW/PRM/2006-

July 18, 2006

CIRCULAR NO. 11 OF 2006

Subject: **Enhancement in the upper limit on creation and building up of Reserves by Modarabas in terms of sub-Regulation (a) of Regulation 2 of Part-III of the Prudential Regulations for Modarabas**

In partial modification of the Prudential Regulations for the Modarabas (PRM) issued vide Circular No. 4 of 2004 bearing no. SC/M/RS/R/2004-666 dated January 28, 2004, sub-Regulation (a) of Regulation no.2 of Part-III of the PRM is substituted with the following:

Existing Regulation:

“2(a) an amount not less than **20% and not more than 30%** of its after tax profits till such time the reserve fund equals the amount of the paid up capital; and”

Substituted with:

“2(a) an amount not less than **20% and not more than 50%** of its after tax profits till such time the reserve fund equals the amount of the paid up capital; and”

2. The above amendment will come into force with immediate effect and until further order.

(Bilal Rasul)

Registrar

Modaraba Companies and Modarabas

Distribution:

1. Chief Executives of all Modaraba Companies.
2. The Chairman, 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. Media Consultant, SEC
6. Director I.T.
7. Office copy.

