SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Islamabad, the 31st December, 2008

NOTIFICATION

S.R.O. <u>1307(I)/2008</u>. In exercise of powers conferred by section 506A of the Companies Ordinance, 1984 (XLVII of 1984), the Securities and Exchange Commission of Pakistan hereby makes the following Regulations.

GROUP COMPANIES REGISTRATION REGULATIONS, 2008

1. Short title and commencement.- (1) These Regulations shall be called the Group Companies Registration Regulations, 2008.

(2) They shall come into force at once.

2. Definitions.- (1) In these Regulations, unless there is anything repugnant in the subject or context,-

- (i) "Group" means a holding company and its subsidiaries registered with the Commission under Regulation 4 of these Regulations;
- (ii) "Ordinance" means the Companies Ordinance, 1984 (XLVII of 1984); and
- (iii) "Regulations" mean the Group Companies Registration Regulations, 2008.

(2) Words and expressions used but not defined in these Regulations shall have the same meaning as assigned to them in the Ordinance.

3. Application for registration as a Group. - A company which is desirous of forming a group with its subsidiary companies shall furnish an application for registration as a Group to the Commission along with the following documents namely, -

- statement showing details of the holding company and its subsidiaries, their sponsors, directors and pattern of shareholding in the form attached as Annexure "A";
- (ii) affidavit by the directors of the holding company in the form attached as Annexure "B";
- (iii) the memorandum and articles of association of the holding company and its subsidiaries;
- (iv) resolution of the board of directors of the holding company and its subsidiaries for formation of a Group;
- (v) original bank receipt evidencing the payment of application fee of [two hundred thousand] rupees; and
- (vi) any other information required by the Commission.

4. Registration of a Group.- Where the Commission is satisfied with the application made under Regulation 3, it may register the holding company and its subsidiary companies as a Group in Form 1.

5. Alteration of composition of a Group.- (1) Where the composition of a Group changes, the holding company shall inform the Commission immediately by making an application for altering the details of registration granted in Form I and submit the following documents to the Commission, -

- (i) a revised statement showing details of the holding company and its subsidiaries, their sponsors, directors and pattern of shareholding in the form attached as Annexure "A";
- (ii) in case a company is joining the Group, a copy of its memorandum and articles of association;

- (iii) original bank receipt evidencing the payment of alteration fee of [fifty thousand]
 rupees; and
- (iv) any other information required by the Commission.

(2) The Commission shall, upon receipt of application and documents under Regulation 5(1), alter its record and issue a certificate of change in the composition of a Group in Form II.

(3) Where the holding company does not inform the Commission of the change in the composition of the Group, the Commission shall, after imposing a penalty on the holding company under Regulation 9, change the composition of the Group and issue a certificate of change in the composition of a Group in Form II.

6. Cancellation of registration of a Group.- (1) The registration granted to a Group may be cancelled by the Commission if any company within the Group fails to comply with the requirements of these Regulations or any direction given by the Commission:

Provided that the Commission shall provide the holding company an opportunity of hearing before cancellation of registration of a Group.

(2) The holding company may apply to the Commission for cancellation of its registration by stating the reasons for the request and the Commission, if satisfied with the reasons given by the holding company, may, through an order in writing, cancel the registration of the Group.

7. Obligations of the holding company within a Group. - The holding company shall ensure that,-

- the Group is in compliance with the requirements of the Code of Corporate Governance;
- (ii) the Group is in compliance with the requirements of International Accounting Standards and International Financial Reporting Standards, as applicable in Pakistan;

- (iii) transactions by any company within the Group with its associated companies and associated undertakings are carried out and recorded on an arm's length basis; and
- (iv) any other requirements specified by the Commission are complied with.

8. Application for designation as a Group.- (1) The holding company within a Group may apply to the Commission for designation of the Group for the purpose of availing tax relief under sections 59AA and 59B of the Income Tax Ordinance, 2001.

(2) The holding company applying for designation of the Group shall, along with the application required under Regulation 8(1), provide the Commission, -

- (i) in the case of a designation letter for Group taxation where the holding company has 100% owned subsidiaries,-
 - (a) a copy of the certificate of registration as a Group:
 - (b) a copy of the certificate of change in the composition of the Group, if any;
 - (c) the national tax numbers of the Group companies and their directors and a certificate that no tax demand is outstanding against any company within the Group;
 - (d) a certificate from a firm of Chartered Accountants that the Group is in compliance with the requirements of these Regulations; and
 - (e) any other document or record which the Commission deems appropriate;
- (ii) in the case of a designation letter for Group Relief,-
 - (a) a copy of the certificate of registration as a Group:
 - (b) a copy of the certificate of change in the composition of the Group, if any;
 - (c) the national tax numbers of the Group companies and their directors and a certificate that no tax demand is outstanding against any company within the Group;

- (d) evidence that there has been continued ownership of the share capital of the subsidiary companies to the extent of 55% in the case of a listed company and 75% in the case of other companies, for a period of at least five years;
- (e) a certificate that no company within the Group is engaged in the business of trading;
- (f) approval of the board of directors of the Group companies to the surrendering and claiming of loss;
- (g) a certificate from a firm of Chartered Accountants that the Group is in compliance with the requirements of these Regulations; and
- (h) any other document or record which the Commission deems appropriate.
- (3) The Commission shall on being satisfied that,-
 - (i) the Group is in compliance with these Regulations;
 - (ii) all companies within the Group are locally incorporated; and
 - (iii) the accounting period of the companies within the Group is the same;

issue a designation letter for Group taxation or Group relief, as the case may be.

(4) Where the Commission has issued a designation letter to a Group and it subsequently cancels the registration of a Group or issues a certificate of change in the composition of the Group, the Commission shall immediately inform the tax authorities of such action.

9. Penalty for contravention of the Regulations.- Whoever contravenes or fails to comply with any provision of these Regulations shall, in addition to any other liability under the Ordinance or the rules or regulations made thereunder, be punishable with fine which may extend to five hundred thousand rupees and, in the case of continuing failure, to a further fine, which may extend to ten thousand rupees for every day after the first during which the contravention continues.

-.-.-

FORM I

[see Regulation 4]

CERTIFICATE OF REGISTRATION OF A GROUP

Islamabad, the_____20___.

> Signature of the officer. Seal

FORM II

[see Regulation 5(2)]

CERTIFICATE OF CHANGE IN THE COMPOSITION OF A GROUP

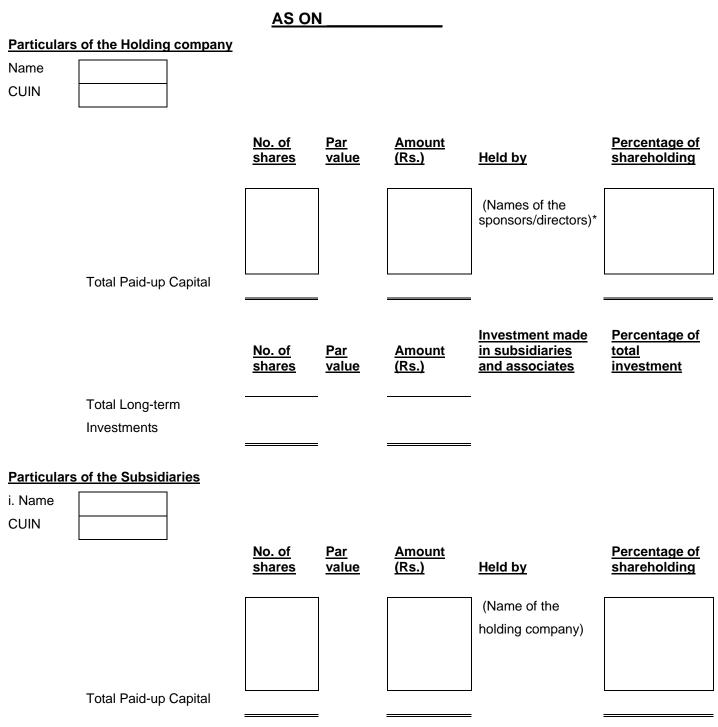
Islamabad, the_____20___.

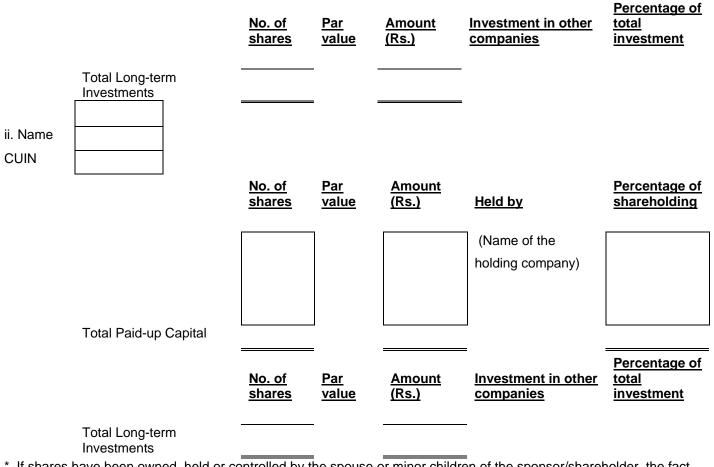
> Signature of the officer. Seal

Annexure "A"

See Regulation 3(i)

STATEMENT OF SHAREHOLDING





* If shares have been owned, held or controlled by the spouse or minor children of the sponsor/shareholder, the fact shall be disclosed separately.

Signature of Chief Executive/Company Secretary of the holding company

Annexure "B"

See Regulation 3(ii)

AFFIDAVIT

DEPONENTS

(Signature)

The Deponent(s) is/are identified by me

Signature _____

ADVOCATE

(Name and Seal)

Solemnly affirmed before me on this _____ day of _____ at ____ by the Deponent(s) above named who is/are identified to me by _____, Advocate.

Signature_____ OATH COMMISSIONER FOR TAKING AFFIDAVIT (Name and Seal)

No. RD/602(21)/2007

(Nazir Ahmed Shaheen) Executive Director (Registration)