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SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

(Specialized Companies Division)

NOTIFICATION

S.R.O. 319 (I)/2002. – In exercise of the powers conferred by section 33 of the Securities and Exchange Ordinance, 1969 (XVII of 1969), the Federal Government is pleased to direct that the following amendments shall be made in the Credit Rating Companies Rules, 1995, namely: -

In the aforesaid Rules,-

(1) in rule 2, for clause (a) the following shall be substituted, namely:-

"(a) Commission means the Securities and Exchange Commission of Pakistan;";

(2) in rule 3,-

(a) in clause (b), after the word "institution" the words "for a period of not less than five years" shall be inserted;

(b) in clause (c), the word "and", at the end, shall be omitted; and

(c) in clause (d), for the full stop, at the end, the semicolon and word "and" shall be substituted and thereafter the following new clause shall be added, namely:- "(e) that the chief executive of the company is not chief executive of any other company or holding similar position in any other company.";

(3) in rule 4,-

(a) in sub-rule (1), for the word "Authority" the word "Commission" shall be substituted; and

(b) in sub-rule (3), for the word "Authority" the word "Commission" shall be substituted; and

(4) in rule 5,-

in sub-rule (2), for the word "Authority" the word "Commission" shall be substituted;

(5) in rule 6, for the word “Authority”, occurring twice, the word “Commission” shall be substituted;

(6) in rule 7, for the word “Authority” the word “Commission” shall be substituted;

(7) in rule 8,-

(a) in the marginal heading for the word “Authority” the word “Commission” shall be substituted; and

(b) for sub-rule (1) the following shall be substituted, namely:-

“(1) Every credit rating company shall submit to the Commission a report giving sector-wise details of credit rating notified during the year, fee structure and any other information, as may be specified by the Commission in writing from time to time, within four months of the close of its accounting year.”;

(8) in rule 9, -

(a) for the full stop, at the end, a colon shall be substituted;

(b) the existing rule shall be renumbered as sub-rule (1) of that rule and thereafter the following provisos shall be added, namely:-

“Provided that this restriction shall not apply to a director of a rating company nominated as a director of an entity by the Federal Government or a Provincial Government or an institution which is directly or indirectly owned or controlled by the Federal Government or a Provincial Government:

Provided further that the director of the rating company shall inform the Commission of such nomination within fifteen days of the receipt of rating mandate from such entity together with an undertaking that he shall not participate in the rating process of that entity.”; and

(c) after sub-rule (1) renumbered as aforesaid, the following new sub-rules shall be added, namely:-

“(2) Neither any change in the shareholding of a rating company shall be made nor the chairman and chief executive of a rating company shall be changed without prior approval of the Commission, in writing.

(3) The Commission may, after expiry of the minimum period as prescribed in clause (b) of rule 3, order cessation of the applicability of the provisions of rule 3 to a rating company where the Commission is of the opinion that it would be in the interest of capital market so to do.”.