

GOVERNMENT OF PAKISTAN
SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Islamabad, the 15th August, 2022

NOTIFICATION

S.R.O. 1546 (I)/2022. — In exercise of the powers conferred by section 41B of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980) read with clause (xii) of regulation 9 of the Modaraba Regulations, 2021, the Securities and Exchange Commission of Pakistan is pleased to notify that a Modaraba can hold, deal or trade in real estate projects, subject to the following conditions:

1. In case of a multipurpose Modaraba, where investment in real estate is upto one-third (1/3rd) of the total assets of the Modaraba, the Modaraba shall comply with the following conditions:
 - a) Investments shall be made only in assets recognized by development authorities i.e. Karachi Development Authority, Capital Development Authority, Rawalpindi Development Authority, Lahore Development Authority and/or any other Development Authority in any city of Pakistan and should be accompanied by NOC relating to real estate project from the aforesaid authority; and
 - b) The purpose of investment can be to develop properties for rental or development or mix (both rental and development) projects.
2. In case of a specific-purpose Modaraba for investment in real-estate or where investment in real estate is one-third (1/3rd) or more, of the total assets of the Modaraba, the Modaraba, in addition to conditions stipulated at (1) above, shall also comply with the following additional conditions:
 - a) At least two directors of the Modaraba Company shall have a minimum of five (5) years of experience of dealing with the real estate projects;
 - b) A valuation report from the independent valuer shall be obtained; and
 - c) The prospectus of the Modaraba shall, contain information relating to the management experience of sponsors of the Modaraba Company in the real estate business, the type of real estate project to be undertaken, potential locations of the real-estate, investment objectives, valuation report, feasibility study, the legal status of the property, funds required, sponsors contribution and the compliance with the lock in period requirement for the sponsors.

No. SC/M/PRDD/NBFI/2022-


(Ejaz Alam Khan)
Joint Director (CS)