

Organization of the Commission and allocation of work

March 16, 1999

Circular No. 5

Reference No.

In pursuance of sub-section (2) of section 20 of the Securities and Exchange Commission of Pakistan Act, 1997, the Commission shall, for the time being, be organized into the following four divisions:-

1. Securities Market Division.
2. Company Law Division.
3. Enforcement & Monitoring Division.
4. Specialized Companies Division.

1. The issue has been examined and it is hereby clarified that insertion of an arbitration clause in any agreement is optional and such a clause does not constitute an integral part of the agreement.

The work allocated to each of the above Divisions would be as under:-

1. 1. Securities Market Division
All matters relating to securities market, central depository and stock exchanges.
Prospectus, issue of shares and debentures to the general public.
Transfer of shares of listed companies.
Regulation of deposits from the general public.
Investments by listed companies in associated companies.
Beneficial ownerships and trading by management and majority shareholders in respective companies.
Computerization and automation.
Securitization.
Credit rating companies.
2. 2. Company Law Division
Administration of the Companies Ordinance, 1984 and the Companies (Appointment of Legal Advisers) Act, 1974, except for the following matters:-
 - (i) All matters relating to securities market, central depository and stock exchanges.
 - (ii) Prospectus, issue of shares and debentures to the general public.
 - (iii) Transfer of shares of listed companies.
 - (iv) Regulation of deposits from the general public.
 - (v) Investments by listed companies in associated companies.
 - (vi) Investigation into the affairs of listed companies.
 - (vii) Appointment of Administrator in listed companies.
 - (viii) Examination and evaluation of half-yearly and annual accounts of listed

companies.

Administration and human resources of the Commission.

3. Enforcement & Monitoring Division

Examination and evaluation of half yearly and annual accounts of listed companies other than special purpose companies the work of which has been allocated to 'Specialized Companies Division'.

Monitoring and enforcement of Corporate Laws to safeguard the interest of investors in listed companies.

Investigation into the affairs of listed companies.

Matters relating to appointment of Administrator in listed companies.

Finance and accounts of the Commission

4. Specialized Companies Division

Regulation of Modaraba Companies and Modarabas.

Establishment and regulation of mutual funds and leasing companies.

Examination of the accounts of all special purpose companies the work of which has been allocated to this Division.

Registration and regulation of special purpose companies including -

- (i) Investment advisers
- (ii) Investment companies.
- (iii) Asset management companies.
- (iv) Venture capital companies.
- (v) Housing finance companies.
- (vi) Investment banks.

2. In view of the above, modaraba companies may or may not include the arbitration clause in the relevant agreements.

(ABDUL REHMAN QURESHI)
COMMISSIONER