

**GOVERNMENT OF PAKISTAN
SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN**

NOTIFICATION

Islamabad, the 18th March, 2021

S. R. O. 310 (I)/2021.- The following draft amendment to the Companies (Further Issue of Shares) Regulations, 2020, proposed to be made by the Securities and Exchange Commission of Pakistan, in exercise of powers conferred under section 512 read with sections 58 and 83 of the Companies Act, 2017 (XIX of 2017), is hereby published for information of all persons likely to be affected thereby and notice is hereby given that comments, if any, received within fourteen days from the date of its publication in the official Gazette and placement on the website of the Commission, shall be taken into consideration, namely:-

DRAFT AMENDMENTS

In the aforesaid Regulations, -

- (1) in regulation 6,-
 - (i) existing sub-regulation will be numbered as (1);
 - (ii) clause (iv) of aforesaid sub-regulation (1) shall be omitted;
 - (iii) in clause (v) of sub-regulation (1), for the words “preference shareholders and the Commission”, the words “holders of such shares carrying differential rights” shall be substituted.
 - (iv) after sub-regulation (1), re-numbered as aforesaid, the following sub-regulation (2) shall be inserted, namely: —

“(2) Notwithstanding the requirements of sub-regulation (1), a company may convert its ordinary shares into preference shares or convert its shares (of a particular kind) from one class to another, on the basis of a special resolution:

Provided that the rights of holders of such converted shares are provided for in the articles of association of a company:

Provided further that a share that is not a redeemable preference share when issued cannot afterwards be converted into redeemable preference share.”
- (2) after Chapter VI, the following new Chapter VIA and regulations shall be inserted, namely:-

**“Chapter VIA
Registration and Valuation**

8A. Registered Valuers. (1) Where valuation is required in respect of any property, stocks, shares, debentures, securities or goodwill or any other assets (herein referred to as the assets) or net worth of a company or its liabilities under the provisions of this Act, the following persons shall be eligible to conduct the requisite valuation:

- (a) Consultant registered with Pakistan Engineering Council;
- (b) Valuers listed on the panel of Pakistan Banks Association; and
- (c) Firms of practicing chartered accountants having satisfactory Quality Control Review awarded by the Institute of Chartered Accountants of Pakistan.

(2) The valuers eligible under sub-regulation (1) with relevant entities or agencies shall also be deemed to be registered with the Commission and shall be entitled to conduct valuation as required under the Act, subject to fulfillment of the requirements of regulation 8A and 8B.

(3) All such valuers shall continue to be regulated, administered and monitored by the entities in which they are originally registered, and shall comply with all relevant rules, regulations, instructions etc. of such entities in addition to requirements of the Act.

8B. Qualification and Experience for Valuation.- (1) Following valuers who are independent shall be eligible to conduct valuation: -

- (a) in respect of plant and machinery, by valuer registered with the Pakistan Engineering Council as consultant and whose name appears, as a valuer, on the panel of Pakistan Banks Association;
- (b) in respect of immovable property i.e. land, building, etc., by valuer whose name appears, as a valuer, on the panel of Pakistan Banks Association;
- (c) in respect of services, intangible assets and net worth of an undertaking, by valuer who is a practicing chartered accountant having satisfactory Quality Control Review awarded by the Institute of Chartered Accountants of Pakistan;
- (d) in respect of natural resources and exploration thereof, by valuer on the panel of Pakistan Banks Association having an experience of at least five years in the relevant field; and
- (e) in respect of value of all other assets, not covered in clauses (a) to (d), by a valuer on the panel of Pakistan Banks Association having experience as a valuer of at least five years in the relevant field:

Explanation: For the purpose of this sub-regulation, the word “independent” shall mean the valuers that are not associated companies or associated undertakings of the issuing company.

(2) The valuation shall not be older than six months, or such other time period as may be notified by the Commission, from the date of submission to the registrar pursuant to section 70 of the Act in case of a private company and from the date of submission of application to the Commission in case of a public company seeking approval of the Commission pursuant to section 83(1)(b).

(3) The relevant entity/agency, on its own motion or on the reference by the Commission, may initiate necessary action against any valuer registered with it for any misconduct or failure to perform professional duties in accordance with its rules and regulations, and may cancel the registration of such a valuer.

(4) Upon cancellation under sub-regulation (3), such valuer shall not be eligible to conduct any valuation for the purposes of the Act.”