

STATUTORY NOTIFICATION (S.R.O)

Government of Pakistan

SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

NOTIFICATION

PUBLISHED BY AUTHORITY

Islamabad the, August 03, 1999

August 03, 1999 – The Companies (Rehabilitation of Sick Industrial Units) Rules, 1999

S.R.O. 897 (I)/99.- In exercise of the powers conferred by section 296, read with section 506, of the Companies Ordinance, 1984 (XLVII of 1984), and clause (b) of section 43 of the Securities and Exchange Commission of Pakistan Act, 1997 (XLII of 1997), the Securities and Exchange Policy Board hereby makes the following rules, the same having been published previously as required under the said section 506, namely: -

THE COMPANIES (REHABILITATION OF SICK INDUSTRIAL UNITS) RULES, 1999

1. **Short title and commencement.-**
 - i. These rules may be called the Companies (Rehabilitation of Sick Industrial Units) Rules, 1999. (2) They shall come into force at once.
2. **Definition.-** In these rules, unless there is anything repugnant in the subject or context,-
 - i. "Bankers' Committee" means the Committee constituted by the State Bank of Pakistan comprising Heads of banks and financial institutions to implement the recommendations of the State Bank of Pakistan Coordination Committee relating to the revival of sick units;
 - ii. "Commission" means the Securities and Exchange Commission of Pakistan established under the Securities and Exchange Commission of Pakistan Act, 1997 (XLII of 1997);
 - iii. "Ordinance" means the Companies Ordinance, 1984 (XLVII of 1984); and
 - iv. "Task Force" means Task Force constituted under rule 3 of these rules.
3. **Constitution of Task Force.-**
 - i. The Federal Government shall constitute a Task Force to be known as the "Task Force for Revival of Sick Industrial Units" to exercise the jurisdiction and powers and to discharge the functions and duties conferred or imposed on it by section 296 of the Ordinance or under these rules.
 - ii. The Task Force shall consist of a Chairman, a Vice Chairman and not less than five and not more than twelve other Members.

- iii. The Chairman, Vice Chairman and other Members of the Task Force shall be persons of ability, integrity and standing who have special knowledge and experience in banking, industry, law, finance or accountancy.
4. **Secretariat of the Task Force.**- The Task Force shall have a secretariat at the head office of the Habib Bank Limited, Karachi.
5. **Declaration of sick company.**-
 - i. Where in the opinion of the Bankers' Committee a company owning an industrial unit is facing financial or operational problems, it shall make a report to the Task Force.
 - ii. If, after examining the report of the Bankers' Committee and such other evidence as it may like to call for, the Task Force is of the opinion that the company is a sick company, it shall make a reference to the Federal Government.
 - iii. If, after examining the report of the Bankers' Committee and the reference from the Task Force, the Federal Government is of the opinion that the company is a sick company, it may declare the company to be a sick company within the meaning of section 296 of the Ordinance.
6. **Plan in respect of sick company.**-
 - i. Where the Federal Government has declared a company as sick company, it shall ask the Task Force to prepare a plan for its rehabilitation.
 - ii. The Task Force shall prepare rehabilitation plan in accordance with the provisions of section 296 of the Ordinance, and submit to it to the Federal Government for its approval.
7. **Proceedings of the Task Force.**-
 - i. Subject to the provisions of the Ordinance and these rules, the Task Force shall, with the approval of the Commission, determine the parameters for declaring a company as a sick company and prescribe its own procedure for calling and conducting its meetings.
 - ii. The parameters determined by the Task Force may specify and segregate the financial and/or operational problems on the basis of which an industrial company may become sick.
 - iii. The procedure for the proceedings may cover all relevant matters including the power of the Chairman to call and conduct the meetings, quorum and frequency of the meetings, and the manner in which the decisions of the Task Force shall be taken.
8. **Appointment of advisers and consultants.**- The Task Force may, on such terms and conditions as it may deem fit, employ and pay consultants, technical, professional and other advisers including but not limited to, bankers, stock-brokers, surveyors, valuers, actuaries, accountants, lawyers, and other persons to assist it in the performance of its functions or for the better implementation of the purposes of these rules.
9. **Finances.**- All finances for the working of the Task Force shall be borne by the banks and financial institutions who are represented on the Bankers' Committee on voluntary basis..

No.296/Com.(CL)/99

(MUHAMMAD SIDDIQUE)
Joint Registrar of Companies (Hq.)