



# SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

## NEWSLETTER

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### Dr. Salman Shah, Mr. Umar Ayub Visit SEC's Head Office



*Adviser to Prime Minister on Finance, Dr. Salman Shah and Minister of State for Finance, Mr. Umar Ayub being briefed by the Chairman SEC, Dr. Tariq Hassan.*

Adviser to the Prime Minister on Finance, Dr. Salman Shah, accompanied by Minister of State for Finance, Mr. Umar Ayub Khan visited the head office of the Securities and Exchange Commission of Pakistan (SEC) and met Dr. Tariq Hassan, Chairman SEC and other senior officials.

Dr. Salman Shah expressed satisfaction over the developments taking place on demutualisation of stock exchanges and phase-out of carry-over trade. He praised SEC's efforts to encourage corporatisation and to promote the newly started Voluntary Pension System (VPS). The SEC made a detailed presentation on the blueprint it has evolved for regulation and development of corporate and non-banking

financial sectors. The SEC's blueprint seeks to improve the existing regulatory framework and facilitate the development of sectors under its purview. The Adviser to the Prime Minister appreciated the efforts of the SEC and stressed that a medium term strategy for the financial sector should be prepared.

### Voluntary Pension System Rules, 2005 Notified

The federal government has notified Voluntary Pension System Rules, 2005. Under the Rules, a new VPS has been introduced in the country, whereby asset management companies and life insurance companies would be licensed to act as Pension Fund Managers. In addition, life insurance companies would be authorized to offer annuity plans at the retirement age of participants. Pension Fund Managers would maintain separate pension accounts for each participant. The participant would be allowed to transfer the balance in his individual pension account maintained with a Pension Fund Manager, to another Pension Fund Manager.

Balance in the pension fund would be invested in accordance with the criteria laid down by the SEC from time to time. At the age of retirement, i.e. between sixty and seventy years, or earlier (in case participant develops

disabilities), the participant would be allowed to withdraw 25 percent of the amount in his individual pension account and the remaining amount would be used to buy an annuity contract from a life insurance company of his choice.

### Task Force on Corporate Tax Policy holds meeting with Corporate Bodies

The Task Force on Corporate Tax Policy held a meeting with chambers, associations and Tax Bars. Issues of tax rates, withholding tax, sales tax regime, tax audits and double taxation on divided incomes were discussed. Mr. Justice (retd.) Saleem Akhtar, who presided over the meeting, assured to give due consideration to their difficulties while formulating a new corporate tax policy. All members of the Task Force attended the meeting.

## SEC Conducts Training Workshop for Working Journalists

To further the Investors' Education Program, the SEC conducted a week-long training of the working journalists from print and electronic media. The workshop was aimed at equipping the participants with relevant knowledge and skills for better reporting on the corporate and financial sectors. The program included sessions on balance-sheet reading, accounting principles and standards, and credit rating mechanism. After evaluation, eight successful candidates were awarded certificates.

The Chairman SEC, Dr. Tariq Hassan, while addressing on the occasion said that such training workshops will continue to be held in future to help journalists covering the corporate sector better understand the role of the SEC and educate them on dynamics of capital market.



*Chairman SEC, Dr. Tariq Hassan along with the journalists at a training workshop organized by the SEC in Islamabad.*

### Consolidation and Mergers in Modaraba Sector Emphasized

The Chairman SEC, Dr. Tariq Hassan, has stressed the need for consolidation and mergers in the modaraba sector.

“Consolidation would facilitate expansion in the capital base of individual modarabas and help them achieve economies of scale, which would make them better utilize their resources and further improve their performance outlook,” Dr. Hassan told the participants at the launching ceremony of the 2004 yearbook of Modaraba Association of Pakistan (MAP).

He urged modarabas to explore new Shariah compliant avenues for resource mobilization and the possibility of introducing new financial products.

Chairman SEC further asked MAP to develop a roadmap for future course of activities and direction for its members to cope with the challenges posed by the WTO regime to the financial sector. “Modarabas should be poised to address the risks and opportunities arising in a liberalized financial sector,” he said.

### New Registrations

The SEC registered 224 companies during the month. The Company Registration Office (CRO) at Lahore registered ninety-one companies, followed by Cross in Karachi and Islamabad which registered sixty-four and fifty-two companies, respectively.

Aggregate authorized capital and paid-up capital of the newly registered companies amounted to Rs. 3,569.8 million and Rs. 161.26 million respectively.

By the end of February 2005, the total registered corporate sector increased to 45,373 companies, of which 2,811 are public companies, 41,245 are private companies and 209 are Single Member Companies.

### Tsunami Relief: SEC Employees Donate One-day Salary

Employees of the SEC donated their one-day salary to the President's Tsunami Relief Fund created by the President, General Pervez Musharraf.

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