



# SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

NEWSLETTER

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*Prime Minister Shaukat Aziz presiding over the signing ceremony of Memorandum of Understanding to establish South Asian Securities Regulators Forum in Islamabad.*

## South Asian Regulators Forum Established

The Securities and Exchange Commission of Pakistan (SEC) and the capital market regulators of South Asian countries signed a memorandum of understanding (MoU) to establish a voluntary and cooperative body, the South Asian Securities Regulators Forum (SASRF). The Forum envisages mutual cooperation and exchange of information among the member countries.

The Prime Minister of Pakistan, Mr. Shaukat Aziz presided over the signing ceremony, which was held at the Prime Minister's Secretariat. He urged the regulators as well as stock exchanges in the South Asian region to establish greater level of cooperation and coordination.

The Chairman SEC, Dr. Tariq Hassan and the Chairman Securities Board Nepal, Mr. Deepak Raj Kafle were elected as the Chair and Vice-chair, respectively, of the SASRF in its first meeting held in Islamabad.

The main objectives of the Forum, are: (i) promotion of cooperation amongst South Asian regulators for fostering a common understanding on regional regulatory issues and facilitating regulatory activities; (ii) sharing of information and experiences; and (iii) harmonization of regulations, policies and financial reporting systems. Presently, Bangladesh, Bhutan, Mauritius, Nepal and Pakistan are members of SASRF while India, Sri Lanka and Maldives are seeking necessary approvals from their respective authorities to become its members.

## Malaysian Trade Delegation Visits SEC

A high level Malaysian delegation visited the SEC head office. The delegation was headed by Mr. Datuk Zamani Abdul Ghani, Deputy Governor of the Bank Negara Malaysia. It comprised chief executives and senior officials of Malaysian commercial banks, insurance companies, Takaful companies and other financial institutions.

The delegation was apprised of SEC's role as apex regulator of the corporate sector, capital market, insurance, pension and non-banking financial sector in Pakistan. The delegates expressed particular interest in the rules and regulations framed by the SEC for Takaful

operations in the country. They shared their own experience and offered valuable insight into operational issues of Pakistan. Malaysia has already invested in the First Takaful Insurance Company in Pakistan launched by Pak-Kuwait Investment Company. The delegation also shared their experience in the non-banking financial sector and the emerging trends in Malaysia.

The need to increase mutual cooperation in the fields of non-banking finance and insurance, particularly in Takaful, was expressed. A formal mechanism for cooperation would also be explored in future.

## CROs Empowered to Accept Petitions for Alteration in Memorandum of Association

The SEC empowered its Company Registration Offices (CROs) to accept petitions for alteration in Memorandum of Association of companies.

Previously, SEC's power to approve change in object clause of Memorandum of Association of a company which had been delegated to the Registrar of Companies at the SEC head office. In view of the difficulties faced by companies to approach the head office in Islamabad, the SEC delegated the relevant powers to CROs.

## SEC asks Firms to Abide by Rules

The SEC advised all registered companies to abide by applicable laws, rules and regulations and refrain from undertaking activities beyond those set out in their Memorandum of Association. Strict legal action would be taken against companies involved in ultra-vires activities.

The SEC had noticed that certain companies were inducing the general public to invest money in multi-level marketing and pyramid schemes etc., with the promise of high returns in a very short span of time. Investigations into the affairs of such companies revealed that most of them were involved in activities not contained in their Memorandum of Association or doing unauthorised businesses. The SEC took appropriate legal actions against such companies to protect public interest.

The SEC also advised the general public to be careful while dealing with companies offering unreasonable returns and dealing in multi-level marketing and pyramid schemes, etc.

## 366 Companies Registered in May

The SEC registered 366 companies in May 2005, as compared to 207 companies registered during the corresponding month of the previous year, showing an increase of 77 percent. Of the 366 companies, 357 were limited by shares, including thirteen public unlisted companies, 340 private companies and four single member companies. Apart from these, eight foreign companies and one not-for-profit association were also registered during the month.

The Lahore CRO registered the highest number of 142 companies, followed by Karachi and Islamabad, which registered 107 and sixty-five companies, respectively.

The highest number of sixty-seven companies was registered in services sector, followed by forty-three companies registered in trading, thirty one in real estate development, twenty-three in construction, twenty-two in information technology, twenty in communications and nineteen in textile sectors.

### *Sector wise incorporations during May 2005*

No.	Sector	No. of Companies
1	Services	67
2	Trading	43
3	Real Estate Development	31
4	Construction	23
5	Information Technology	22
6	Communication	20
7	Textile	19

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