



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

International Affairs, Communication & Coordination (IACC) Department

PRESS RELEASE

FOR IMMEDIATE RELEASE

SECP acts to discourage benaami transactions in shares

ISLAMABAD, August 4: The SECP has approved a notification directing all listed companies to issue dividend warrants only in the name of the registered members crossed as “A/C payee only”, which is now pending publication in the official gazette. It has further been advised that where a shareholder has specifically instructed a company to issue dividends in the name of any third person it should also be issued through a similarly crossed dividend warrant bearing the name of the nominated person.

Since a general crossing leaves no trail of the ultimate beneficiary, besides aiding transparent reporting at all levels, this will also discourage the prevalent trend of benaami transactions in shares. This will also ensure that a complete financial trail with regard to the ownership of shares, recipients of dividends, and share of profits distributed by listed companies is available.

Section 250 of the 1984 Companies Ordinance provides that a company shall only pay dividend to its registered shareholders or to his order or to his bankers or to a financial institution nominated by him for the purpose and not otherwise. Over the years it has been observed that a number of companies had been issuing dividend warrants crossed as “& Co.” making it negotiable, instead of “A/C payee only”.

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