



Securities and Exchange Commission of Pakistan

12TH FLOOR, NIC BUILDING, 63-JINNAH AVENUE, BLUE AREA, ISLAMABAD

PRESS RELEASE

FOR IMMEDIATE RELEASE

CLASS OF COMPANIES EXEMPTED FROM REQUIREMENT OF SECTION 208 NOTIFIED

ISLAMABAD – NOVEMBER 07, 2007: The Securities and Exchange Commission of Pakistan (SECP) has notified the class of companies that will be exempted from the requirement of Section 208 of the Companies Ordinance, 1984 under which a company cannot make investments in any of its associated companies and undertakings unless the shareholders of such company approve the investment by a special resolution.

The government has omitted the relevant provisions from Section 208 of the Companies Ordinance through Finance Act 2007, under which the exemption was earlier granted to:

- (a) a banking company;
- (b) any other financial institution approved by the Commission;
- (c) a private company which is not a subsidiary of a public company; and
- (d) a company whose principal business is the acquisition of shares stock, debentures or other securities.

The Finance Act 2007 has empowered the Commission to specify, through notification, published in the official Gazette, the class of companies or undertakings to which the restriction provided in the aforesaid provisions of the Ordinance shall not apply. The Commission in exercise of its powers has, vide S.R.O. dated August 13, 2007, notified that the following classes of companies shall be exempted from the requirement of sub-section (1) of Section 208 of the Ordinance to the extent provided hereunder:

- (a) a banking company duly licensed by the State Bank of Pakistan, to the extent of investments made in the ordinary course of its business, excluding equity investments;
- (b) a Development Finance Institution duly licensed by the State Bank of Pakistan, to the extent of investments made in the ordinary course of its business, excluding equity investments;

Media Enquiries:

Media and Public Relations Unit (Chairman's Secretariat)

PHONE: 051-9218593, 9207091, FAX: 9204915, E-MAIL: - asfandiyar.khattak@secp.gov.pk

- (c) a NBFC duly licensed by the Commission, to the extent of investments made in the ordinary course of its business, excluding equity investments;
- (d) a NBFC duly licensed by the Commission to carry out Investment Advisory Services or Asset Management Services, to the extent of investments made in a Collective Investment Scheme being managed by such NBFC;
- (e) a Modaraba Management Company, to the extent of investments made in a Modaraba being managed by such company;
- (f) a holding company, to the extent of investments made in its wholly owned subsidiary:

Provided that any disinvestment by a holding company which would reduce its holding in the subsidiary, in which an investment was made pursuant to this exemption, to less than 75 percent shall be made under the authority of a special resolution.

- (g) a company whose principal business is the acquisition of shares, stock, debentures or other securities, to the extent of acquisition of such securities on behalf of its clients in the ordinary course of its business.

The above notification is available at the Commission website: www.secp.gov.pk

Since the SECP felt that these changes have not been properly disseminated to the public and the companies, it felt it necessary to issue this press release to rectify the situation.