



# SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

*Strategy, Development and External Relations Department*

*Press Release*

## **Regulatory framework for modaraba sector strengthened**

ISLAMABAD, April 3: The joint session of the parliament has unanimously approved the 2009 Modaraba Companies and Modaraba (Floatation & Control) Ordinance, (Amendment) Bill. The bill seeks to empower the Securities and Exchange Commission of Pakistan to make regulations and issue circulars, code and guidelines so as to strengthen regulatory framework for the modaraba sector and to enable the SECP to safeguard the interest of stakeholders in a more proactive and effective manner.

Through the bill, three new sections have been added to the 1980 Modaraba Companies and Modaraba (Floatation and Control) Ordinance. After Section 40, a new Section 41A has been inserted which empowers the SECP to make such regulations as are necessary to carry out the purposes of Modaraba Ordinance. Any contravention of the regulation shall be punishable with a fine which may extend to one hundred thousand rupees for every day after the first during which such contravention continues.

Similarly, another new Section 41B has been inserted, which empowers the SECP to issue such directives, circulars, codes, guidelines or notifications as are necessary to carry out the purposes of the Modaraba Ordinance and the rules and regulations made thereunder.

Further, after Section 18, a new Section 18A has been inserted, empowering the Registrar Modaraba to issue directions to prevent the affairs of any modaraba from being conducted in a manner detrimental to the interests of holders of modaraba certificates or to secure the proper management of any modaraba generally.

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