



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

International Affairs, Communication & Coordination (IACC) Department

PRESS RELEASE

FOR IMMEDIATE RELEASE

SECP relaxes condition of license to non-profit associations under Section 42

ISLAMABAD, January 19: The SECP has made amendment to the conditions for grant of license to not-for-profit associations under Section 42 of the Companies Ordinance, 1984, regarding allowing of investment in associated companies.

The condition in this regard required that the not-for-profit association shall make no investment, whatsoever, in its associated companies, was originally imposed to restrict improper use of funds by the associations. However, it has been observed that the condition was causing problems for transactions backed by genuine reasons.

The SECP has, therefore, amended the said condition of license. Now investment in associated companies can be made after prior approval of the SECP. After amendment, the above condition shall read: "The Association shall make no investment, whatsoever, in its associated companies except with the prior approval of the Commission and subject to such conditions as it may deem fit to impose."

It is hoped that the amendment shall facilitate genuine transactions by the not-for-profit associations which was earlier not possible.

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