



## Securities and Exchange Commission of Pakistan

### Internal & External Communications Department

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#### ***PRESS RELEASE*** ***FOR IMMEDIATE RELEASE***

**ISLAMABAD – JULY 27, 2009:** Securities & Exchange Commission of Pakistan while addressing misconception in general public regarding Real Estate Sector informed that:-

- (a) The Companies Ordinance, 1984 (“Ordinance”) deals with the incorporation of companies, and there is no legal restriction on real estate companies being incorporated under the Ordinance, as real estate is a lawful business.
- (b) SECP does not regulate the Real Estate Sector. Under the Constitution of Pakistan, this sector falls within the ambit of the Provinces and not Federal level institutions like SECP.
- (c) Most of the real estate development projects in the country are being carried out by societies, trusts, authorities and such other vehicles which in any case do not fall within the jurisdiction of SECP.
- (d) Advances received by companies as pre-payment for tangible assets agreed to be delivered at a future date do not fall in the definition of deposit. However, currently real estate development companies which do not possess the land are required to get approval from SECP for inviting advances through media advertisements. In this respect whatever limited role SECP has, it is pursuing it diligently. SECP’s role comes to an end after approval of advertisements.
- (e) Any disputes between the developer and a customer being contractual obligations between parties, also do not fall within jurisdiction of SECP and falls within the jurisdiction of the courts of law.
- (f) Despite this SECP has time and again launched public service campaigns against unscrupulous elements to bring into the knowledge of the general public, the fraudulent activities of such elements by publishing advertisements in print media.