



Securities and Exchange Commission of Pakistan

Internal & External Communications Department

PRESS RELEASE
FOR IMMEDIATE RELEASE

ISLAMABAD — **SEPTEMBER 7, 2009:** The Securities and Exchange Commission of Pakistan has approved amendments in the Group Companies Registration Regulations, 2008 to further rationalize its provisions relating to designation of group companies contemplating to avail group relief and group taxation benefits from the Federal Board of Revenue (FBR) under the provisions of Income Tax Ordinance, 2001. The Regulations were promulgated on December 31, 2008 by the Commission to provide a regulatory framework for the formation of group companies, comprising a holding company and its subsidiaries.

Internationally as well as in Pakistan, business groups are characterized by complicated cross-company ownership structures, complex intra-group transactions, diversion of resources between group entities through tunneling or transfer pricing, and transfer of assets to the benefit of the ultimate owner, etc. The Commission, cognizant of the need to optimize the governance framework of group companies, promulgated the Regulations to facilitate streamlining of the presently complicated cross-company ownership structures, ensuring transparency in the intra-group transactions, consolidating corporate sector in line with the international best practices, and making the corporate sector internationally competitive.

After the notification of the Regulations, and on the basis of consultation with stakeholders including the Pakistan Business Council, a few provisions of the Regulations were found to contain jurisdictional overlaps with those under the regulatory purview of FBR. Such provisions have been amended so that both the corporate and tax regulators are able to effectively exercise their powers under their respective jurisdictions.

A notification of the amendments made in the Regulations has been placed on the Commission's website www.secp.gov.pk for information.

Ubaidullah S. Ansari

(Head of Internal & External Communications/Official Spokesman)

Ph: 051-9214005, 9207091, Fax: 9206459