



## Securities and Exchange Commission of Pakistan Internal & External Communication Unit

### ***PRESS RELEASE***

***FOR IMMEDIATE RELEASE***

#### **SECP ISSUES “FIT AND PROPER CRITERIA” FOR SPONSORS, PROMOTERS, CEO, DIRECTORS AND KEY EXECUTIVES OF MODARABAS**

**ISLAMABAD – JULY 1, 2008:** The Securities and Exchange Commission of Pakistan (SECP) through an amendment in the Prudential Regulations for Modarabas under circular No. 10 of 2008 has issued “Fit and Proper Criteria” for Modarabas and their Management Companies. According to the Circular, the Fit and Proper Criteria shall be applicable to the sponsors and promoters of a Modaraba Company/Modaraba and the Chief Executive, Directors and key executives of the Modaraba Company.

Prior to issuance of the said Circular, the Prudential Regulations for Modaraba did not provide guidelines for fitness and propriety of Promoters of a Modaraba Company/Modaraba and appointment of other executives of a Modaraba Company or a Modaraba. Similarly, the Regulations did not prescribe a thorough and comprehensive approach for evaluation of credentials of a proposed Chief Executive or Director or executive of a Modaraba Company/Modaraba.

In order to determine ‘fitness and propriety’ (reputation and track-record) of the promoters, Chief Executive, Director or key executive of a Modaraba Company, the SECP has issued “Fit and Proper Criteria” through circular No. 10 of 2008 which is applicable with immediate effect.

The circular No. 10 of 2008 has been issued to all concerned quarters and has also been placed on the SECP Website [www.secp.gov.pk](http://www.secp.gov.pk) for the information of the general public.

*Sd. Imran Ghaznavi (Head of Internal & External Communications/Official Spokesman)*

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