



Securities and Exchange Commission of Pakistan Internal & External Communications Department

PRESS RELEASE

FOR IMMEDIATE RELEASE

ISLAMABAD – JANUARY 5, 2009: The Securities and Exchange Commission of Pakistan (SECP) has promulgated the Group Companies Registration Regulations, 2008 to provide a regulatory framework for the formation of group companies, comprising a holding company and its subsidiaries. The Regulations will also empower the Commission to designate the group companies contemplating to avail group relief and group taxation benefits from the Federal Board of Revenue (FBR).

The Regulations will enable a holding company desirous of forming a group with its subsidiary companies to apply to the Commission along with specified documents for registration as a Group for the purpose of designation to claim underlying tax benefits from FBR, as envisaged under the relevant provisions of the Income Tax Ordinance, 2001.

The Commission would register the holding company and its subsidiary companies as a Group in prescribed form. The Regulations also provide for change in the composition of a group for which the holding company would be required to apply to the Commission along with the specified documents, and the Commission would issue a certificate of change in the composition of the Group in prescribed form. The Commission would also be empowered to cancel the registration of the group if any company within the group fails to comply with the requirements of the Regulations or any direction given by the Commission.

After registration of the group, the holding company should ensure that the group is in compliance with the requirements of the Code of Corporate Governance, International Financial Reporting Standards as applicable in Pakistan, and that transactions by any company within the Group with its associated companies and associated undertakings are carried out and recorded on an arm's length basis.

The Regulations would also facilitate streamlining of the group ownership structures and consolidation of the present complicated cross-company ownership to make the corporate sector internationally competitive.

Sd.

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