



SECURITIES & EXCHANGE COMMISSION OF PAKISTAN

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For immediate release

SECP seeks comments on Draft Regulations on Distribution of Dividends by Companies

ISLAMABAD, October 6: In order to facilitate shareholders, the Companies Act, 2017, requires every listed company to pay dividend payable in cash only through electronic mode directly into the bank account designated by the shareholder.

Since the International Bank Account Number (IBAN) is being extensively used to facilitate electronic funds transfer between different bank accounts, therefore it has also been made mandatory for the shareholders of listed companies to provide the IBAN through central depository system, if shares are held in book-entry form. For persons holding shares in physical form, the IBAN information is required to be provided through respective share registrars.

The Securities and Exchange Commission of Pakistan (SECP) has approved the draft Companies (Distribution of Dividends) Regulations, 2017, under section 512 read with sections 242 and 243 of the Companies Act, 2017, to solicit public comments. The draft regulations have been published in the official gazette and placed on the SECP's website at <https://www.secp.gov.pk/laws/draft-for-discussion/draft-rules-regulations/>. Comments received on the draft regulations within 15 days will be considered and evaluated.

In order to provide regulatory framework for distribution of dividends, the draft regulations provides for time period and manner of payment of dividends by both listed and unlisted companies. While distribution of dividends through electronic mode will be mandatory for all listed companies, the shareholders of unlisted companies may opt for any of the provided options, including electronic mode.

For electronic payment of cash dividends directly into designated bank accounts of entitled shareholders, a company may appoint any bank or central depository. In case of listed companies, the central depository company shall not only centrally maintain tax/zakat related records and made available the same electronically to respective shareholders and companies but also maintain dividend payment history of all listed companies.

Distribution of dividends through electronic modes is expected to significantly reduce time period required for distribution of cash dividends and therefore it is proposed to reduce time period for making payment of dividend from 30 days to 15 days.