



TRANSPARENCY INTERNATIONAL-PAKISTAN

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Advisory Committee

11th July 2011

Mr. Muhammad Ali,
Chairman,
Securities and Exchange Commission of Pakistan,
National Insurance Corporation Building,
Jinnah Avenue,
Islamabad-44000,

Fax No. (92-51) 9205692, 9204915

Sub: Application of Companies Ordinance 1982 Section 187 Ineligibility of certain persons to become Director

Dear Sir,

We would like to inform you that Transparency International - Pakistan is in receipt of a complaint on the subject matter whereby it has been reported to us that the Chairman of Arif Habib Securities Limited is director on board of companies in violation of the Sections referred in the subject.

According to the Section 187 (J) of the Companies Ordinance 1984, a member of a Stock Exchange engaged in the business of brokerage and or his spouse and other persons specified in the Section are not entitled to become director of listed company whereas the Chairman of Arif Habib Securities Limited is Director in a number of listed companies including SNGPL.

Moreover, it has also been reported that he is the Chairman of Arif Habib Securities Limited which is a Pakistan-based company engaged in the business of investments in listed and unlisted securities and allegedly the Company's subsidiaries include Arif Habib Limited, Arif Habib Investments Limited, Arif Habib DMCC, SKM Lanka Holdings (Private) Limited, Pakistan Private Equity Capital Management Limited, Real Estate Modaraba Management Company Limited and Arif Habib Bank Limited.

Transparency International Pakistan request SECP to kindly investigate the reported facts to confirm that reported information is correct or not, and also clarify that whether a Chairman of brokerage house which has subsidiaries companies listed on KSE, LSE and ISE can be approved under the Companies Ordinance 1982 and SECP Act 1997 by SECP as director of a listed company. And if that is the case and SECP has accorded approval, kindly apprise under which relevant provisions of the law quoting the exemptions clauses, as SECP law is clear that a member of a Stock Exchange engaged in the business of brokerage and or his spouse is ineligible to be appointed as director.

With regards,


(Syed Adil Gilani)
Chairman,

Copy forwarded for the information of;

1. Chairman, PAC, Islamabad
2. Registrar, Supreme Court of Pakistan, Islamabad
3. Chairman, NAB, Islamabad.