



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Through Courier

EMD/233/401/2002-19

July 15, 2011

Syed Adil Gilani
Transparency International Pakistan
5-C, 2nd Floor,
Khayaban-e-Ittehad, Phase VII
Defense Housing Authority
Karachi

RE: APPLICATION OF COMPANIES ORDINANCE 1984 SECTION 187
INELIGIBILITY OF CERTAIN PERSONS TO BECOME DIRECTOR.

Dear Sir,

Thank you for your letter dated July 11, 2011, addressed to the Chairman, Securities and Exchange Commission of Pakistan (the "Commission"), in which attention of the Commission is drawn towards the provision of Section 187 of the Companies Ordinance (the "Ordinance").

2. Provisions of Section 187(j) of the Ordinance as amended in 2008 states that
No person shall be appointed as director of the Company, if he
 - j. *is engaged in the business of brokerage, or is a spouse of such person or is a sponsor, director or officer of a corporate brokerage house.*
3. In this connection following is submitted:
 - a. The name of "Arif Habib Securities Limited" has been changed to "Arif Habib Corporation Limited (the 'Corporation')".
 - b. **Mr. Arif Habib is the Chairman of the Corporation; however the Corporation is not engaged in the brokerage business. The principal activity of the Corporation as mentioned in the Accounts for the period ended March 31, 2011 is "to make strategic investment in subsidiary companies and associated companies engaged in chemical, fertilizer, financial services, construction material, industrial metal, steel and other sectors. The Company also invests in the listed securities".**
 - c. Arif Habib Limited ("AHL"), which is subsidiary of Arif Habib Corporation Ltd, is a brokerage house and is member of all the three stock exchanges of Pakistan.
 - d. Membership of stock exchange of Arif Habib Securities Limited had been transferred to AHL on November 10, 2005.
 - e. Accounts for the period ended March 31, 2011, of AHL shows that Mr. Arif Habib is neither the Chairman nor on the board of AHL; and
 - f. Pattern of shareholding of AHL submitted along with Accounts for the year ended June 30, 2010, shows that Mr. Arif Habib is not sponsor, director or officer of a corporate brokerage house.
4. Furthermore, Mr. Arif Habib or his spouse is not member/broker of any Stock Exchange in their personal capacity, and are not on the board of director of any brokerage house registered with this Commission under Broker and Agent Registration Rules 2001.



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Enforcement Department

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5. Hence, in view the above, no violation of the provisions of Section 187(j) of the Ordinance has been observed.

6. However, Commission hereby appreciates the initiative taken by Transparency International Pakistan by highlighting the matter of probable non compliance with the provision of Ordinance. The Commission always welcomes the positive feedback/suggestions which helps improving good governance for fostering the corporate sector in the country.

Yours truly

Abid Hussain
Director - Enforcement

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