



ANNEX-B

SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

COMPANY LAW DIVISION

(REGISTRATION DEPARTMENT)

No. CLD/CO. 88/1/2002

Islamabad, October 15, 2003

CIRCULAR NO. 26 OF 2003

Attention is invited to SRO 954 (I)/2003 dated October 01, 2003 notifying the amendments made in the Companies (Invitation and Acceptance of Deposit) Rules, 1987 that bring the advances taken by real estate companies, automobile or other companies within the ambit of the Rules. Now, the real estate companies, automobile or other companies that collect deposits through schemes advertised in the electronic or print media or by any other means as an advance against the promise to supply the property or commodity, at some future date, are directed to comply with the provisions of said Rules. Some of the features of these Rules are enumerated below for guidance.

- (1) A company cannot invite directly or through any other person any deposit unless such deposits are invited in accordance with the Companies (Invitation and Acceptance of Deposits) Rules, 1987.
- (2) Banking companies or such other class of companies as specified by the Commission is exempt from the provisions of section 88 and rules made thereunder.
- (3) The deposits accepted renewed or retained by a company under the provisions of section 88 of the Ordinance and the rules shall not exceed the limit of twenty five percent of the aggregate of the paid up capital and free reserves of a company.
- (4) No company shall utilize the deposits received for financial assistance to any other person
- (5) Any company that accepts deposits shall invest or deposit in prescribed liquid assets of atleast ten percent of its deposits maturing during the next calendar year.
- (6) Every company intending to invite deposits shall issue an advertisement including therein a statement showing the financial position of the company on the authority and in the name of the board of directors of the company.
- (7) The provision of the Companies Ordinance, 1984 relating to prospectus shall be applicable to such an advertisement issued by a company inviting deposits.

- (8) The advertisement issued in accordance with the rules shall be valid until the expiry of six months from the date of closure of the financial year.
- (9) The advertisement to be issued by a company requires prior approval of the Commission. A company not making advertisement and intending to invite deposits otherwise, in the manner permissible under these rules has to file a statement in lieu of advertisement.
- (10) A private company is allowed to invite and accept deposits from persons not exceeding twenty persons with the prior approval of the Commission.
- (11) The company shall send to every depositor a statement containing specified particulars and information within six months of the close of the accounting year.
- (12) Every company, which has accepted or renewed the deposit, shall maintain register(s) at its registered office regarding specified particulars of each depositor separately.
- (13) No company shall employ an agent for soliciting or collecting deposits or pay any commission of brokerage to any one on deposits received by it.
- (14) The company shall file with the registrar and the Commission a return in Form-II every year.
- (15) The Commission may exempt any company from the application of above said Rules after consultation with the concerned Trade Association duly licensed and registered under the Trade Organizations Ordinance, 1961.
- (16) The schemes advertised by the companies to accept and retain deposits under the rules encompass any marketing campaign launched by a company itself, or by someone else on its behalf, through the print or electronic media or by any other means inviting or soliciting the general public or any section thereof through a notice, circular, advertisement or other communication to apply for the purchase of a property or commodity or any other product against payment in full or in part, whether or not described as a deposit, if:-
 - (a) the property or commodity is not in possession of the company at the time when the notice, circular, advertisement or communication is issued; or
 - (b) it offer sale a product for which the company does not have adequate production facility; or

(c) It contains a promise for a gift or reward or some unusual incentive so as to prompt an early booking.

(17) A company which invites deposits in contravention to the law is punishable with fine which may extent to twenty thousand rupees and a company which accepts deposits in contravention to the law is punishable with fine not less than the amount of deposit so accepted. Moreover, every officer of the company, which is in default, shall be punishable with imprisonment for a term which may exceed to two years and shall also be liable to fine.

3. The real estate and automobile companies are directed to comply with the provisions relating to prospectus and deposits contained in the Companies Ordinance, 1984 and the Companies (Invitation and Acceptance of Deposits) Rules, 1987 and not to make advertisements in electronic or print media except with the prior approval of the Commission for which application shall be furnished in the forms set out as Annexure-I and Annexure-II respectively.

Sd/-
(NAZIR AHMAD SHAHEEN)
Additional Registrar of Companies

Distribution

1. Chief Executives of all listed automobile companies.
2. The Institute of Chartered Accountants of Pakistan, Karachi.
3. The Institute of Cost and Management Accountants of Pakistan, Karachi.
4. All Pakistan newspapers Association of Pakistan, Karachi.
5. Chairman, PTV Corporation, Islamabad.
6. All CROs.
7. The Media Coordinator, SEC, Islamabad.
8. Development authorities of major cities.

Annexure-I

APPLICATION FORM FOR REAL ESTATE COMPANIES SEEKING APPROVAL OF THE COMMISSION TO MAKE ADVERTISEMENT FOR INVITING DEPOSITS

1.1	Name of the company.	
1.2	Date of incorporation.	
1.3	Registered office address of the company.	
1.4	Principal line of business of the company.	
1.5	Name(s) of holding, subsidiary and associated undertaking(s), if any.	
1.6	Name(s) of person(s) controlling the company.	
2.1	Authorized share capital of the company.	
2.2	Paid-up share capital of the company (sponsors' equity be indicated separately)	
2.3	Name of persons holding ten percent or more of paid up share capital of the company.	
2.4	Accumulated profit of the company.	
2.5	Other reserves of the company.	
3.1	Name of Schemes/colonies developed previously, if any.	
3.2	Date of the resolution passed by the board of directors of the company approving the text of the advertisement of which issuance the Commission's approval is sought. (Attach certified copy)	
3.3	Main features of the scheme (Attach copy of feasibility study and NOC obtained from the relevant authority).	
3.4	Sources of the investment for the purchase of the land and for construction of the houses / flats.	
3.5	Names of the persons holding title deed of the plot/property and their relation to the company.	
4.1	Name of the bankers of the company and account number.	
4.2	Amount of outstanding deposits in the manner: Outstanding for 30 days Outstanding for 30-90 days Outstanding for 90-120 days Outstanding for more than 120 days	

4.3.	Total amount of loan advanced to company by directors/other persons.	
4.4.	Total amount collected from general public for the sale / proposed sale of plots, houses, flats etc.	
4.5	Maximum maturity period of deposits.	
4.6	Policy whether the entire deposit holder will be entertained or balloting for allotment will be made.	
4.7	The procedure and time limit for allotment and repayment of the deposits to unsuccessful applicants in case of balloting.	

Attach the following statements:

Statement showing the names, addresses, relevant professional qualification, relevant experience, shareholding of the chief executive and each director of the company and their interest, direct or indirect, in any other company(ies) with details of such interest.

2. Declaration as to the correctness of the above information by the chief executive and two directors of the company.
3. Copy of the draft advertisement/pamphlet/brochure.

Dated:
Place:

Signatures:
Designation (Chief Executive)
Director(s)

Annexure-II

APPLICATION FORM FOR AUTOMOBILE COMPANIES SEEKING APPROVAL OF THE COMMISSION TO MAKE ADVERTISEMENT FOR INVITING DEPOSITS

1.1	Name of the company.	
1.2	Date of incorporation.	
1.3	Registered office address of the company.	
1.4	Principal line of business of the company.	
1.5	Name(s) of holding, subsidiary and associated undertaking(s), if any.	
1.6	Name(s) of person(s) controlling the company.	
2.1	Authorized share capital of the company.	
2.2	Paid-up share capital of the company (sponsors' equity be indicated separately)	
2.3	Name of persons holding ten percent or more of paid up share capital of the company.	
2.4	Accumulated profit of the company.	
2.5	Other reserves of the company.	
3.1	Main features of schemes previously launched, if any.	
3.2	Date of the resolution passed by the board of directors of the company approving the text of the advertisement of which issuance the Commission's approval is sought. (Attach certified copy)	
3.3	Has the manufacturing/assembling plant installed, if not the stage thereof.	
3.4	Main features of the scheme (Attach copy of feasibility study and NOC from the Ministry of Industries for importing, assembling automobiles)	
3.5	Sources of the investment for the purchase of the land and for construction of the houses / flats.	
3.6	Specify that whether the company will manufacture, assemble or import the vehicles.	
3.7	Installed capacity of the manufacturing/assembling plant.	
3.8	Capacity utilized in the current year and last two years.	

3.9	Specify the average period in which the vehicle would be delivered.	
3.9	Total number of vehicles booked but not delivered or to be booked during next year.	
4.1	Name of the bankers of the company and account number.	
4.2	Amount of outstanding deposits in the manner: Outstanding for 30 days Outstanding for 30-90 days Outstanding for 90-120 days Outstanding for more than 120 days	
4.3.	Total amount of loan advanced to company by directors/other persons.	
4.4.	Total amount collected from general public for the sale / proposed sale of plots, houses, flats etc.	
4.5	Maximum maturity period of deposits.	
4.6	Policy whether the entire deposit holder will be entertained or balloting for allotment will be made.	
4.7	The procedure and time limit for allotment and repayment of the deposits to unsuccessful applicants in case of balloting.	

Attach the following statements:

Statement showing the names, addresses, relevant professional qualification, relevant experience, shareholding of the chief executive and each director of the company and their interest, direct or indirect, in any other company(ies) with details of such interest.

2. Declaration as to the correctness of the above information by the chief executive and two directors of the company.
3. Copy of the draft advertisement/pamphlet/brochure.

Dated:
Place:

Signatures:
Designation: (Chief Executive)
Director(s)

Annexure-I

**APPLICATION FORM FOR REAL ESTATE COMPANIES SEEKING APPROVAL OF
THE COMMISSION TO MAKE ADVERTISEMENT FOR INVITING DEPOSITS**

Please complete in typescript or in bold block capitals.

1.1 Name of the company.

1.2 Date of incorporation.

PART -I Information about the Scheme

2.1 Name of Schemes/colonies developed previously, if any.

2.2 Scheme for which advertisement is being made.

2.3 Main features of the scheme stating therein location, site plan etc.

(Attach copy of feasibility study and NOC obtained from the relevant authority)

2.4 Names of the persons holding title deed of the plot/property and their position in the company.

2.5 Sources of the funds for purchase of land and construction of the houses/flats.

2.6 **Procedure and time schedule for allotment of plots/flats etc.**

(Attach detailed schedule)

2.7 Mention the policy whether the entire deposit holders would be allocated plots/flats or balloting for allotment will be made.

2.8 The procedure and time schedule for repayment of the deposits received to unsuccessful applicants in case of balloting.

2.9 Total estimated amount that would be collected from general public by the sale of plots/flats etc.

2.10 Date of the resolution of board of directors approving the advertisement to be issued in the press.

(Attach certified copy)

PART-II Information about the Company

3.1 Authorized share capital.

3.2 Paid-up share capital.
(Sponsors' equity be indicated separately)

3.3 Free reserves.

3.4 Accumulated profit/loss.

3.5 Other reserves/Surplus/profits.

3.6 Deposits.

3.7 Current liabilities and provisions.

3.8 Fixed assets.

3.9 Investments.

3.10 Current assets.

3.11 Name of the bankers of the company and account number.

3.12 Outstanding deposits.	<u>Amount</u>	<u>No of depositors</u>
Outstanding for 30 days		
Outstanding for 30-90 days		
Outstanding for 90-120 days		
Outstanding for more than 120 days		

3.13 Total amount of loan advanced to company by directors/other persons.

3.14 Name(s) of holding, subsidiary and associated undertaking(s), if any.

3.15 Name of persons holding ten percent or more of paid up share capital of the company.

(List to be attached)

Please enclose the following: -

- (a) Statement showing the names, addresses, professional qualification, relevant experience, shareholding of the chief executive and each director of the company.
- (b) Copy of the draft advertisement/pamphlet/brochure.

Dated:
Place:

Signatures:
Designation:

Annexure-II

APPLICATION FORM FOR AUTOMOBILE COMPANIES SEEKING APPROVAL OF THE COMMISSION TO MAKE ADVERTISEMENT FOR INVITING DEPOSITS

Please complete in typescript or in bold block capitals.

1.1 Name of the company.

1.2 Date of incorporation.

PART –I Information about the Scheme

2.1 Name of Schemes launched previously, if any.

2.2 Scheme for which advertisement is being made.

2.3 Main features of the scheme e.g. whether the company will manufacture/import/ assemble the vehicles etc.

(Attach copy of feasibility study and NOC obtained from Ministry of Industries)

2.4 Specify whether the manufacturing/assembling plant has been installed, if not the stage thereof.

2.5 Installed capacity of the manufacturing/assembling plant.

2.6 Capacity utilized in the current year and last two years.

- 2.7 Total number of vehicles booked but not delivered
- 2.8 Booking plan of the vehicles for the next year.
- 2.9 Specify the average period in which the vehicle would be delivered.
- 2.10 Mention the policy whether the entire deposit holders would be entertained or balloting would be made.
- 2.11 The procedure and time schedule for repayment of the deposits received to unsuccessful applicants in case of balloting.
- 2.12 Total estimated amount that would be collected from general public by the sale of vehicles.
- 2.13 Date of the resolution of board of directors approving the advertisement to be issued in the press.
(Attach certified copy)

PART-II Information about the Company

- 3.1 Authorized share capital.

3.2	Paid-up share capital.	(Sponsors' equity be indicated separately)		
3.3	Free reserves.			
3.4	Accumulated profit/loss.			
3.5	Other reserves/Surplus/profits.			
3.6	Deposits.			
3.7	Current liabilities and provisions.			
3.8	Fixed assets.			
3.9	Investments.			
3.10	Current assets.			
3.11	Name of the bankers of the company and account number.			
3.12	Outstanding deposits.	Outstanding for 30 days Outstanding for 30-90 days Outstanding for 90-120 days Outstanding for more than 120 days	Amount	No of depositors
3.13	Total amount of loan advanced to company by directors/other persons.			
3.14	Name(s) of holding, subsidiary and associated undertaking(s), if any.			

3.15 Name of persons holding ten percent or more of paid up share capital of the company.

(List to be attached)

Please enclose the following:-

- (a) Statement showing the names, addresses, professional qualification, relevant experience, shareholding of the chief executive and each director of the company.
- (b) Copy of the draft advertisement/pamphlet/brochure.

Dated:
Place:

Signatures:
Designation: