

# The Balloters, Transfer Agents and Underwriters Rules, 2001

## \*Arrangement of Rules

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\*This Arrangement of Rules is not part of the Notification or Gazette containing it and has been prepared for convenience of readers.

## THE BALLOTTERS, TRANSFER AGENTS AND UNDERWRITERS RULES, 2001

**SRO 472(I)/2001, dated June 27, 2001.**— In exercise of the powers conferred by section 33 of the Securities and Exchange Ordinance, 1969 (XVII of 1969), read with clause (b) of section 43 of the Securities and Exchange Commission of Pakistan Act, 1997 (XLII of 1997), and in pursuance of section 32C of the said Ordinance, the Securities and Exchange Commission of Pakistan, with the approval of the Federal Government hereby makes the following rules, namely:—

**1. Short title and commencement.**— (1) These rules may be called the Balloters, Transfer Agents and Underwriters Rules, 2001.

(2) They shall come into force at once.

**2. Definitions.**— (1) In these rules, unless there is anything repugnant in the subject or context,—

- (a) “Act” means the Securities and Exchange Commission of Pakistan Act, 1997 (XLII of 1997);
- (b) “Company” means a company as defined in the Companies Ordinance, 1984 (XLVII of 1984);
- (c) “Ordinance” means the Securities and Exchange Ordinance, 1969 (XVII of 1969);\*

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\*there should have been a full stop instead of semi-colon

(2) All words and expressions used but not defined in these rules shall have the same meaning as in the Securities and Exchange Ordinance, 1969 (XVII of 1969), the Companies Ordinance, 1984 (XLVII of 1984), or the Securities and Exchange Commission of Pakistan Act, 1997 (XLII of 1997).

**3. Restriction on acting as balloter, transfer agent or under writer.**— No person shall offer his service, or act as a balloter, transfer agent or an underwriter unless such person fulfils the eligibility conditions specified in rules 4.

**4. Conditions for acting as a balloter, transfer agent or underwriter.**— No person shall act as a balloter, transfer agent or underwriter unless such person fulfils the following conditions, namely :—

- (i) it is a company;
- (ii) it employs persons possessing managerial experience for discharging functions offered by it;
- (iii) it has on its pay roll a person who possesses a degree in law recognized by the Pakistan Bar Council, or who is a chartered accountant or a cost and management accountant;
- (iv) owns computer hardware and software, and employs persons who are expert in the operation of such hardware and software to discharge the services offered;
- (v) its directors and employees have not been convicted of an offence involving fraud or breach of trust;
- (vi) its directors and employees have not been punished for an offence under the Ordinance, the Act any rules made or directive issued thereunder; and
- (vii) its directors and employees remain in compliance with the conditions aforesaid or any other requirements notified by the Commission generally or in any particular case.

**5. Contractual arrangements mandatory.**— (1) A balloter, transfer agent or underwriter shall not perform services offered by him except pursuant to an agreement in writing that shall state in detail the services to be performed by him and the compensation payable to him for performing the services.

(2) The agreement referred to in sub-rule (1) shall contain a provision stating that the arrangement for performing the services or discharging the function on behalf of the client and responsibilities which are placed on the client, pursuant to the Ordinance or the Act or any other law, for the time being \*enforce, does not substitute for, or otherwise diminish, the obligation of the client to perform such responsibilities.

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\*should have been "in force"

**6. General obligations.**— (1) A person working as balloter, transfer agent or underwriter shall keep and maintain proper books, records, agreements and documents to show transactions, dealings, receipt and transmission of documents, applications and correspondence.

(2) The records referred to in sub-rule (1) shall be preserved in good order for a period of not less than five years and shall be open to inspection by any person appointed by the Commission for the purpose.

(3) A balloter, transfer agent or underwriter shall be bound to comply with all general or special directives issued by the Commission.

**7. Relaxation of rules.**— Where the Commission is satisfied that it is not practicable to comply with any requirement of these rules in a particular case or class of cases, the Commission may, for reasons to be recorded in writing, relax such requirement subject to such conditions as it may deem fit.