

March 8, 2021

Mr. Amir Khan Afridi
Director,
Securities & Exchange Commission of Pakistan
NIC Building, 63, Jinnah Avenue, Blue Area,
Islamabad

Dear Sir,

Draft amendment in the Companies (Distribution of Dividends) Regulations, 2017

We are writing with reference to the SECP S.R.O. 229 (I)/2021 dated February 18, 2021 regarding draft amendment in respect of making payment of cash dividends within a period of three (3) working days from the date of its approval by the shareholders in general meeting, in case of final dividend; and the Board, in case of interim dividend.

The Pakistan Business Council (PBC) is a representative forum of Pakistan's largest corporate entities and its members represent the majority of the private sector market value of companies listed on the PSX. PBC would like to place on record its appreciation of the SECP's efforts for facilitating the corporate sector, especially during COVID restrictions when most companies were unable to function in a normal manner. The PBC would especially like to appreciate the SECP's initiatives to allow the use of virtual connectivity in meeting compliance requirements.

On the draft amendment on distribution of dividends, the PBC supports the spirit behind the initiative. However, it believes that input needs to be solicited from all stakeholders involved in the process before moving forward. Our interactions with members, their share registrars, the CDC and the PSX has led us to believe that though each would like to help reduce the time period for the payment of dividends, there are certain operational and legal hitches that need to be addressed.

To ensure that the spirit behind the SECP initiative on payment of dividends is achieved, the PBC suggests that the SECP form a Joint Working Group comprising of representatives of the SECP, the PBC, PSX, CDC, SBP, Pakistan Bank Association and ICAP to map the current payment process, review the regulatory requirements and other factors affecting speed of disbursement in order to come up with recommendations to reduce the timeline. As more organized and established jurisdictions like the UK allow up to a month to pay dividends, it is essential that we jointly develop a robust and sustainable method in Pakistan to compress the payment time from the current 15 days. To reiterate, the PBC supports the direction of your initiative.

Yours faithfully,



Ehsan A. Malik
CEO