

## AN ACT

*further to amend the Banking Companies Ordinance, 1962*

WHEREAS it is expedient further to amend the Banking Companies Ordinance, 1962, (LVII of 1962) for the purposes hereinafter appearing;

It is hereby enacted as follows:

**1. Short title and commencement:-** (1) This Act may be called the Banking Companies (Amendment) Act, 2008.

(2) It shall come into force at once.

**2. Amendment to Section 3-A:** In the Banking Companies Ordinance, 1962 (LVII of 1962), hereinafter referred to as the said Ordinance, the existing sub-section (2) shall be renumbered as sub-section (5), existing subsection (1) shall be substituted as per (1) given below and two new sub-sections shall be added namely (2) and (3) as follows,--

(1) The provisions of sections 6, 13, 25, 25A, 25AA, 29, 31, 32, 33, 40, 41, 41A, 41B, 41C, 41D, 42, 47, 48, 49, 51, 58, 83, 84, and 94 of this Ordinance, with such modifications as the State Bank may determine from time to time shall apply to Development Finance Institutions (DFIs) and such other companies, corporations or institutions or class of companies, corporations or institutions, as the Federal Government may, from time to time, by notification in the official Gazette, specify in this behalf.

**Explanation:** For the purpose of this subsection, DFI means the Pak-Libya Holding Company Limited, the Saudi-Pak Industrial and Agricultural Investment Company Limited, the Pak-Oman Investment Company (Pvt) Limited, the Pakistan Kuwait Investment Company Limited, Pak-Brunei Investment Company Limited, Pak-China Investment Company Limited, Pak-Iran Investment Company Limited, and House Building Finance Company Limited and such other company as the Federal Government may, on the recommendations of State Bank, by notification in the official Gazette, specify in this behalf

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(2) The provisions of sections 6, 13, 14, 15, 15A, 15B, 15C, 16, 17, 18, 19, 20, 23, 25, 25A, 27, 27A, 27B, 28, 29, 31, 32, 34, 35, 36, 37, 40, 40A, 41, 41A, 41B, 41C, 41D, 42, provisions of Part III, Part IV, and sections 83, 84, 88, 89, 90, 93, and 94 of this Ordinance, with such modifications as the State Bank may determine from time to time, shall apply in relation to the activities of Leasing Companies, Investment Finance Companies, and Housing Finance Companies.

(3) The provisions of sections 13, 14, 15, 15A, 15B, 15C, 16, 17, 18, 19, 20, 21, 23, 27, 29, 32, 33, 34, 35, 40, 40A, 41, 41A, 41B, 41C, 41D, 42, provisions of Part III and Part IV, sections 83, 88, 89, and 94 of this Ordinance, with such modifications, as the State Bank may determine from time to time, shall apply to non-operating bank holding companies.

**Explanation:** The provisions of sub-section (1), (2) & (3) shall be in addition to the provisions of the Ordinance which are expressly applicable to the entities specified under the said sub-sections.

**3. Amendment to Section 5:-**In the said Ordinance, in section 5,-

(a) After clause (a) the following new clause shall be inserted, namely:-

(aa) "associated company" and "associated undertaking" shall have the same meaning as assigned thereto under the Companies Ordinance 1984 (XLVII of 1984).

(b) After clause (c), the following new clause shall be inserted, namely:-

(ca) "Banking group" means—

(i) a group consisting of a banking company or an entity specified in Section 3A and a company or companies controlled by that banking company or by the entity specified in Section 3A;

(ii) a group consisting of a banking company or an entity specified in Section 3A and one or more companies or institutions engaged in the business of financial services which are under common control and a company or companies controlled by them.

(c) The existing clause (e) shall be renumbered as (ea) and after clause (ea) renumbered as aforesaid, the following two clauses namely (eb) and (ec) shall be inserted,-

(eb) "control" in relation to an undertaking, means the power to exercise a controlling influence over the management or the policies of the undertaking, and, in relation to shares, means the power to exercise a controlling influence over the voting power attached to such shares;

(eb) "controller" means a person or group of related or associated persons acting in concert that are in a position to control or exert significant influence over the business or financial operations of a financial entity that is licensed or supervised by the State Bank.

Provided that the provisions related to grant of or cancellation of authorization as controller shall not apply to Federal or a Provincial Government acting or contemplating to act as controller of a banking company or an entity specified in Section 3A.

**Explanation:** For the purposes of this clause,

(i) any person or group of persons, including a foreign banking company, holding ten per cent or more of the voting shares of a banking company or holding company of a banking company or any company specified in 3A shall be deemed to have 'significant influence'.

(ii) "acting in concert" means acting pursuant to an agreement, arrangement or understanding, whether formal or informal, to actively co-operate in holding voting shares of a company.

(iii) the following persons shall be deemed to be persons acting in concert –

- (a) an individual and his family members;
  - (b) a company and its associated companies or associated undertakings; and
  - (c) a cooperative society and its subsidiaries, and associated companies and associated undertakings of such subsidiaries.
- (iv) The State Bank may, by directives, set a percentage higher or lower than that specified in (i) above, either generally or in a class of cases specified in the directives.
- (v) Notwithstanding anything contained to the contrary in this clause, the State Bank may declare in writing that a specified person is or is not a controller of a specified banking company or a banking group.
- (vi) The State Bank shall not make a declaration under paragraph (v) above that a person is a controller of a banking company or a banking group unless—
- (a) the person has been given notice of the proposed declaration and a reasonable opportunity to make representations to the State Bank in the matter; and
  - (b) having regard to any such representations, the State Bank is satisfied that the person is in a position to control or exert significant influence over the business or financial operations of the banking company or banking group.
- (d) Existing clause (ffa) shall be substituted with the following:-

(ffa) “financial services”: means:

- i. Banking and other forms of business as provided in Section 7 of the Ordinance
- ii. Development Finance
- iii. Leasing
- iv. Exchange business and money transmission services
- v. Modarba
- vi. Brokerage business, securities trading
- vii. Trading in money market instruments, foreign exchange, financial futures and options, and exchange and interest rate instruments
- viii. Mutual fund, Pension fund, Venture Capital, and other services offered by Asset Management Companies
- ix. Real Estate Investment under REITs
- x. Discounting services
- xi. Portfolio management and financial advisory
- xii. Consultation and advice on capital structure, business strategy, and mergers & acquisitions.
- xiii. Micro Finance,
- xiv. Insurance of all kinds, and
- xv. Any other form of service that may be deemed and notified as financial service by State Bank

(ffb) “foreign banking company” means a banking company, not incorporated in Pakistan, which has a branch or branches doing banking business in Pakistan under a licence issued by the State Bank in this behalf, or which has been authorised by the State

Bank under Section 14A of this Ordinance to control a banking company or banking group;

(ffc) “functional supervisor” means the primary regulatory body of a person in respect of its undertaking under relevant laws for the time being in force.

- (e) The existing clause (gg) shall be omitted and after clause (g) the following shall be inserted, namely:-

(gg) “lead supervisor” for the purpose of consolidated supervision, State Bank of Pakistan shall be the lead supervisor in respect of banking groups, and non-operating bank holding companies and controllers thereof.

(gga) “loans, advances, and credit” includes “finance” as defined in the Financial Institutions (Recovery of Finance) Ordinance, 2001

- (f) After clause (h), the following shall be inserted namely.-

(hh) “non-operating bank holding company” means a holding company authorised by the State Bank the principal function of which is to act as an owner or controller of a banking company or an entity specified in Section 3A and which:

- (i) does not carry on a business other than a business consisting of the ownership or control of other companies; and
- (ii) is incorporated in Pakistan.

(hha) “person” includes a Hindu undivided family, a firm, an association or body of individuals, whether incorporated or not, a company and every other juridical person

- (g) The Explanation to existing clause (o) shall be omitted

- (h) After existing clause (o), the following shall be inserted

(p)“undertaking” means any concern, institution, establishment or enterprise engaged in the production, supply or distribution of goods, or in the provision or control of any financial or other services.

- 4. Insertion of new sections -** In the said Ordinance, after section 14, the following shall be inserted, namely:-

#### **14A. Controller to be authorised by the State Bank**

- (1) No person shall be a controller of a banking company or a company specified in Section 3A unless that person is authorised to be a controller by the State Bank. Provided that if a person has become a controller by operation of law, he shall apply to the State Bank within thirty days of his acquiring such control.
- (2) Before authorisation as a controller, the State Bank may satisfy itself through inspection or through any other means of gathering information about shareholding pattern, voting power, financial, personal and professional background and reputation of the person to be the controller. State Bank may, for the purpose of evaluating applications for controllership, prescribe application procedures, including information requirements and criteria for fitness and propriety.

- (3) State Bank may refuse any application for authorisation to be a controller if it is not satisfied with any of the conditions or information submitted for the purpose.
- (4) Without limiting the grounds on which the State Bank may reject an application to be a controller of a banking company or an entity specified in Section 3A, the State Bank shall reject an application if it is satisfied that any of the following circumstances apply:
  - (a) the State Bank is unable to determine the ultimate beneficial owner of a proposed controlling interest;
  - (b) any information contained in the application for or any information submitted in connection therewith is found to be false, misleading or inaccurate;
  - (c) the State Bank has determined that there are indications that the applicant would not comply with any of the requirements under this Ordinance or any other law in Pakistan;
  - (d) the State Bank has determined that there are indications that the influence to be exercised by the applicant would threaten the sound and prudent management of a banking company or an entity specified in Section 3A if application is granted;
  - (e) the internal control and risk management procedures of the applicant – in particular, the procedures for managing potential conflicts of interest between the applicant and the banking company or an entity specified in Section 3A - would be inadequate; or
  - (f) the applicant is connected to a group of persons where the State Bank considers that such connection would threaten the sound and prudent management of the banking company or an entity specified in Section 3A or hinder, delay or frustrate the State Bank in the discharge of its regulatory and supervisory responsibilities.
- (5) The State Bank shall inform the applicant in writing of its decision whether to issue or refuse an authorisation to be a controller under this Ordinance.

#### **14B. Approval of changes in the level of control or transfers of control**

- (1) No controller of a banking company or banking group or a non-operating bank holding company shall enter into any subsequent agreement or arrangement to acquire any more voting shares in the banking company or banking group or non-operating bank holding company, regardless of the percentage of the shares subject of such subsequent acquisition, without seeking prior approval from the State Bank.
- (2) Any controller intending to dispose of any part of its holdings in a controlled banking company or an entity specified in Section 3A shall inform the State Bank of the planned disposal in writing not less than two weeks before the date of such disposal or such other period as may be specified by the State Bank. The sale of shares as aforesaid will be materialized unless State Bank considers such sale as detrimental to the interest of the company or its depositors or the depositors of any of its controlled entity..
- (3) Disposal of a controlling interest in a banking company or an entity specified in Section 3A to another controller is subject to the new controller being authorised by the State Bank under section 14A or any other arrangement to be granted by State Bank.

(4) Upon incorporation of a new company by them the controller(s) of the company (ies) of a banking group or a non-operating bank holding company shall inform State Bank in writing, within fifteen days of such incorporation, about all the particulars of such company..

#### **14C. Power to impose, vary or revoke restrictions or conditions**

The State Bank may at any time impose restrictions or conditions on an authorisation issued under this section, or vary or revoke any restriction or condition imposed on such authorisation.

- (1) Such restrictions and conditions should be consistent with the objective of preserving the safety, soundness, and efficiency of the banking company or an entity specified in Section 3A to which the authorisation relates.
- (2) Without prejudice to subsections (1), such restrictions and conditions may include:
  - (a) access to information about the ownership, control or financial condition of entities under the control of the controller that are not directly regulated or supervised by the State Bank;
  - (b) the right of the State Bank to inspect entities under the control of the controller whether directly regulated or supervised by the State Bank or not;
  - (c) the right of the State Bank to investigate suspected irregularities in or breaches of financial sector laws by entities under the control of the controller that are not directly regulated or supervised by the State Bank, where those suspected irregularities or breaches could threaten the safety or soundness of the banking company or an entity specified in Section 3A;
  - (d) limits on intra-group exposures from the banking company or a company licensed or supervised by State Bank to other members of the group controlled by the controller;
  - (e) the use of common brands that could imply that the banking company or a company licensed or supervised by State Bank supports other entities under the control of the controller; and
  - (f) the right of the State Bank to set regulatory capital adequacy and other prudential requirements for the consolidated group of entities under the control of the controller.

#### **14D. Power of State Bank to require a banking group to establish a non-operating bank holding company as controller**

Where the State Bank is satisfied that it is not practicable to adequately monitor and supervise the risks to the banking company or banking group posed by potential conflicts of interest between the commercial interests of a controller and the interests of the banking company or banking group, the State Bank may require a controller(s) or controlling entity(ies) to establish a non-operating bank holding company to control the banking group and may limit the nature, size and scope of entities that may be included in the banking group.

#### **14E. Cancellation of authorisation to a controller**

The State Bank may suspend or cancel the authorisation to be a controller of a banking company or an entity specified in Section 3A if:

- (a) the authorisation was issued based on information in support of application that was found to be false and misleading subsequent to the issue of the license;
  - (b) the State Bank determines that the controller no longer satisfies the requirements of authorisation or is no longer in compliance with any conditions or restrictions imposed on the controller's authorisation, or is not in compliance with any applicable provisions of this Ordinance;
  - (c) the banking company or an entity specified in Section 3A has been liquidated and the State Bank has determined that all its obligations have been discharged; or
  - (d) all of the assets and liabilities deriving from the business of the banking company or an entity specified in Section 3A have been vested in another banking company or an entity specified in Section 3A.
- (1) Before an authorisation is cancelled under either clause (a) or clause (b) of subsection (1), a notice shall be served by the State Bank on the controller concerned specifying the reasons for the proposed cancellation and inviting the controller to a hearing on a date specified in the notice.
  - (2) The State Bank may allow an extension of time for the controller to meet any condition that the State Bank deems necessary for the control to continue or may cancel the authorisation.

**5. Insertion of new sub-sections** - In the said Ordinance, after sub-section (3) of section 15, the following shall be inserted, namely,--,

(4) Notwithstanding any thing contained to the contrary in this Ordinance or any other law, State Bank may specify the percentage of independent directors on the board of a non-operating bank holding company.

**6 The existing Section 18 shall be substituted with the following:**

#### **18. Prohibition of charge on assets**

(1) Notwithstanding anything contained in any other law for the time being in force no company licensed or supervised by State Bank shall create a charge, on the undertaking or any property of the company or any part thereof, unless the creation of such charge is certified in writing by the State Bank as not being detrimental to the interest of the depositors of the company or the companies controlled by such company. Provided that State Bank may exempt any company or class of companies, generally or in specific cases, from the application of this Section.

(2) Any such charge created without obtaining the certificate of the State Bank shall be invalid.

(3) Any company aggrieved by the decision may, within ninety days, appeal to the Board of Directors of the State Bank and the decision of the Board of Directors of the State Bank shall be final.

**7. Amendment to Section 19:** The following amendments shall be made in section 19 of the said Ordinance

(i) In sub-section (1) and (2) for the words “banking company” the words “company licensed or supervised by State Bank” shall be substituted.

(ii) Sub-section (3) shall be substituted as follows:

(3) Notwithstanding anything contained in sub-section (1) or in the Companies Ordinance, 1984 (XLVII of 1984), if a company licensed or supervised by State Bank or a non-operating bank holding company meets the minimum capital requirement and capital adequacy ratio, on stand alone and on consolidated basis, respectively, as specified by State Bank from time to time, and has also accounted for the portion of capitalized expenses, goodwill or any other class of assets as specified by State Bank, for the year to the satisfaction of the auditor of the company or the non-operating bank holding company, it shall also be eligible for payment of dividend out of profits of the company or the non-operating bank holding company for the said year.

A new sub-section (4) shall be added as follows:

(4) Notwithstanding anything to the contrary contained in subsection (1) or sub-section (2) or in the Companies Ordinance, 1984 (XLVII of 1984), a non-operating bank holding company may pay dividends on its shares without writing off the depreciation, if any, in the value of its investments in shares, in any case where adequate provision for such depreciation has been made to the satisfaction of the auditor of the non-operating bank holding company;

**8. Amendment in Section 21:** In section 21, after sub-section (2), following sub-section (3) shall be added

(3) In case of non-operating bank holding company the requirement of reserve fund as provided for in sub-section (1) clause (a) shall be ten per cent, while that in clause (b) shall be five percent.

**9. Amendments in section 23:** A new sub-sections (4) shall be added after sub-section (3) as follows.

(4) A non-operating bank holding company shall not form any subsidiary company except a subsidiary company formed for providing one or more kinds of financial services subject to prior permission from the State Bank.

Provided that the non-operating bank holding company shall obtain prior permission from the State Bank before investing in shares of any company not being its subsidiary company and State Bank may place restrictions and conditions as it deems appropriate on such investments and acquisitions.

**10. Amendment in section 29:** A new sub-section (4) shall be added after sub-section (3) as follows

(4) A banking group or a non-operating bank holding company shall ensure that all the companies controlled by it maintain adequate liquidity in accordance with the requirements specified by the State Bank on stand alone as well as on consolidated basis.

**11. In Section 35, the following new sub-sections namely (8) and (9) shall be added.-**

- (8)
- (a) The State Bank may require a banking group or a non-operating bank holding company to appoint common auditor(s) for all the entities of the group involved in financial services or the subsidiaries or controlled entities of the non-operating bank holding company from amongst the panel of auditors maintained for this purpose. The auditor(s) would also give their opinion on the consolidated financial statements of the group or of the non-operating bank holding company in addition to their opinion on the stand alone financial statements of the entities.
  - (b) The State Bank may require auditors to give their opinion or report on certain matters of any or all the entities of the banking group or of the non-operating bank holding company.
  - (c) The State Bank shall have powers to designate an auditor(s) for special audit of any entity of the banking group or of the non-operating bank holding company at the cost of that entity. The auditor(s) shall submit its report directly to State Bank.
- (9) In addition to the matters which, under the subsection (8) and the guidelines issued by the State Bank under sub-section (6), the auditor is required to state in his report, he shall also state—
- (a) whether or not the information and explanations required by him in respect of all the group entities of banking group and all the subsidiaries and controlled entities of a non-operating bank holding company have been found to be satisfactory;
  - (b) whether or not the transactions of the non-operating bank holding company which have come to his notice have been within the powers of the company;
  - (c) whether or not the financial statements of the subsidiaries and other controlled entities of the non-operating bank holding company and of the individual companies of the group have been duly audited by the auditors and any qualification or concern therein have been incorporated in the audit report given on the consolidated financial statements of the banking group or of the non-operating bank holding company;
  - (d) any other matter which should be brought to the notice of the shareholders of non-operating bank holding company or the controllers of the group entities.

**12. Insertion of new sections -** In the said Ordinance, after section 36, the following new section namely- 36A shall be inserted,

**36A. Power to call returns and other information and specify consolidated public financial statements**

- (1) Every banking group, through designated entity, or a non-operating bank holding company shall furnish to State Bank such information and returns on stand alone and on consolidated basis, in respect of its constituents and associated companies, in such manner and with such periodicity as State Bank may specify from time to time.

- (2) State Bank may specify the form in which a designated banking group or a non-operating bank holding company shall prepare consolidated financial statement for submission to State Bank and the periodicity of these statements. The State Bank may also require the designated banking groups or non-financial holding companies to prepare and publish such consolidated financial statements on a uniform date.

**13. Insertion of new sections -** In the said Ordinance, after section 40A, the following shall be inserted namely:

**40B. State Bank of Pakistan to act as lead supervisor**

Notwithstanding anything contained in any other law, the State Bank shall act as lead supervisor in respect of all banking groups or the entities controlled by a non-operating bank holding company. The functional supervisor shall assist the State Bank in resolution of supervisory issues as and when required by the State Bank.

**40C. On-going Coordination between supervisors**

- (1) Where entities within a banking group or entities under the control of a non-operating bank holding company are regulated with respect to prudential matters by a regulator other than the State Bank, or where entities licensed by the State Bank are subject to the jurisdiction of another regulatory or governmental bodies in certain matters, an effective framework for coordination between State Bank and another regulatory or governmental body shall be established on an on-going basis to promote adequate surveillance and supervision of the banking group or a non-operating bank holding company on a consolidated basis including exchange of information and supervisory resources as well as carrying out of on-site inspection, on periodical or need basis.
- (2) The State Bank may enter into similar arrangements, where appropriate, with organisations outside Pakistan that have responsibilities under law for the regulation and supervision of financial institutions.

**40D. Power of State Bank to designate Banking Group**

The State Bank may designate the entities which shall be considered the constituents or part of a designated “banking group”, considering the common control, financial conditions and safety of a banking group or an entity of a banking group or its relationship with an entity or entities of a banking group as deemed necessary for the purpose of this Ordinance.

**40E. Designated Entity within Banking Group**

- (1) State Bank may designate an entity within a banking group as a “designated entity” for ensuring timely and accurate supply of information, data or returns to the State Bank related to the banking group for the purpose of compliance with the provisions of this Ordinance.
- (2) Designation under subsection (1) shall not absolve the other entities of the group from their obligations under the provisions of this Ordinance, either as a separate legal entity or as a member of the banking group.

**40F. State Bank to supervise non-operating bank holding companies**

- (1) Notwithstanding anything to the contrary contained in any other law, the State Bank shall be the sole authority for regulating and supervising the prudential matters of non-operating bank holding companies.
- (2) The State Bank shall have all such powers as may be necessary for or in connection with, or incidental to, the performance of its functions under this ordinance including in relation to the maintenance of the safety, soundness, and efficiency of the banking and financial system in Pakistan.

**40G. Consolidated Supervision not to entail any right to liquidity support from State Bank or deposit protection:**

No entity shall be entitled to any liquidity support or deposit protection scheme solely for the reason that it is a non-operating bank holding company or part or member of a banking group if it is not so entitled under the applicable law for the time being in force.

**14. Insertion of new sub-section in section 41 -** In the said Ordinance, after sub-section (3) of section 41, the following new sub-section namely (4) shall be inserted.--

- (4) Without prejudice to sub-section (1), (2) & (3), State Bank may issue regulations and give directions to a banking group and its controlled entities licensed and supervised by State Bank, from time to time in respect of the operations of all or part (s) of the banking group and its intra-group relationships as well as relationships with other related and non-related entities. Such regulations may include, but are not limited to, exposure limits on group basis to other counter parties and groups, minimum capital requirements for the banking groups on consolidated basis, capital adequacy requirements on consolidated basis, limits on transactions within groups as well as with other entities or groups, appointment of directors on the board of group entities from the banking companies and companies licensed or supervised by State Bank.

**15. Insertion of new sections -** In the said Ordinance, after section 41D, the following new section namely- 41E shall be inserted,

**41E. Power to take actions**

(1) The State Bank may take necessary actions against a banking group and its controlled entities licensed or supervised by State Bank, in case of failure to comply with the regulations, restrictions and limits notified under this Ordinance for the purpose of consolidated supervision.

(2) The State Bank may make recommendations of certain actions to the respective functional supervisor to be taken against other associated entities of the banking group which shall be binding upon that supervisor.

**16. Amendments in section 83**

The following amendments shall be made to Section 83 of the said Ordinance, namely

(a) Before the full stop at the end of subsection (7) of section 83, the following shall be inserted, namely,--

“or the State Bank may, by order in writing, require any banking company or entity specified under section 3A and holding an amount on account of the person in default, to pay to the

State Bank the amount of default or a part thereof and any payment so made to the State Bank shall be considered to be made under the authority of the person in default and a receipt of State Bank shall be a sufficient discharge of the liability of such entity to the person in default to the extent of amount referred in the receipt”

(b) Before the full stop at the end of proviso to subsection (8 ) of section 83, the following shall be inserted, namely

“or the State Bank may, by order in writing, require any banking company or entity specified under section 3A and holding an amount on account of the person in default, to pay to the State Bank the amount of default or a part thereof and any payment so made to the State Bank shall be considered to be made under the authority of the person in default and a receipt of State Bank shall be a sufficient discharge of the liability of such entity to the person in default to the extent of amount referred in the receipt”

#### **17. Amendment to section 94**

The existing section 94 shall be substituted with the following --

**94. Protection of actions taken in good faith.**—No suit or other legal proceeding shall lie against the Federal Government, the Provincial Government, the State Bank or any officer of such Government or Bank for any actions taken or intended to be taken in pursuance of this Ordinance or of any rules or orders made thereunder, or for any damage caused or likely to be caused by anything done or intended to be done in pursuance of this Ordinance unless it can be established that such actions were taken in bad faith.

#### **18. Transitional provisions**

(1) Every guideline, circular, regulation, or rule issued by the State Bank or any other functional supervisor or authority to the entities specified under Section 3A before the commencement of this Act, shall be deemed to have been lawfully issued under the Banking Companies Ordinance, 1962 in relation to the particular provision of the said Ordinance corresponding to the matter dealt with in the guideline, circular or note, and shall remain in full force and effect until it is amended, rescinded, or replaced under the said Ordinance;

(2) Every banking company or an entity specified in Section 3A or a controller of a banking company or an entity specified in Section 3A holding a valid authorisation, license, permission, or approval issued by the State Bank or any other authority shall be deemed to be valid under the said Ordinance unless State Bank may require and issue fresh authorisation, license, permission, or approval as the case may be, for such entities.

(3) The State Bank will make provisions in regulations to establish transition arrangements to enable existing entities and controllers to comply with the provisions of this Ordinance

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**ACT**

*further to amend the Companies Ordinance, 1984*

WHEREAS it is expedient further to amend the Companies Ordinance, 1984, for the purposes hereinafter appearing;

It is hereby enacted as follows:

**1. Short title and commencement.-** (1) This Act may be called the Companies Ordinance (Amendment) Act, **2008**.

(2) It shall come into force at once

**2. Amendment in Section 282-A of Companies Ordinance 1984:** - In the Companies Ordinance 1984, hereinafter referred to as the said "Ordinance", Sub-clause (i), (ii) & (iii) of clause (a) of Section 282A under part VIIIA of the Ordinance shall be omitted and the existing clause (iv) shall be renumbered as (i) and so on.