

Reproduced hereunder contents of two letters No. CDC/CS/COMPL/0293/06 dated July 14, 2006 & CDC/CS/COMPL/0295/06 dated July 20, 2006 received. from **CENTRAL DEPOSITORY COMPANY OF PAKISTAN LIMITED**, for information of all concerned.

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CDC/CS/COMPL/0293/06

July 14, 2006

Mr. M.A. Lodhi
Managing Director
The Karachi Stock Exchange (G) Ltd.
Stock Exchange Building,
Stock Exchange Road,
Karachi-74000

Dear Sir,

AMENDMENTS IN STAMP ACT, 1899 TO COVER ELECTRONIC TRANSACTIONS

The functionaries of Board of Revenue, Government of Sindh, Karachi ("BOR") have approached CDC in the recent past to obtain data with respect to transfer of shares to or through the CDS for the year 2005-06 with a view to include such electronic transactions in the ambit of Stamp Act of 1899.

Based on the legal opinion obtained, it was clarified to the officials of BOR that while stamp duty is paid at the time of deposit and withdrawal of shares to/from the CDS, which can be verified from the Issuers of CDS Eligible Securities, no stamp duty is applicable on transfer of Book-entry Securities through the CDS as no instrument of transfer i.e. transfer deed is signed and executed where transfer is effected through electronic means.

Subsequently, the Government of Sindh through Finance Bill of 2006 amended the Stamp Act, 1899 whereby covering electronic transactions in the ambit of the said Act. The said amendment has been effected mainly in the context of CDC operations to extend the definition of the expression "instrument" to non-physical shares scrips and share transfer deed pursuant to which issuance of shares and/or transfers thereof are recorded in CDC's electronic system. The aforesaid amendment would allow the Sindh Government to levy stamp duty on transfer of Book-entry Securities through CDS @ 0.10 percent of the face value of share.

In this regard, another meeting was held in the offices of BOR at Karachi wherein officials of BOR discussed various issues related to application of stamp duty on transfer of shares through CDS including modalities of collecting stamp duty. While they have not asked us to provide information with respect to transfer of

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