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(Karachi: June 7, 2012) The Directors of the Karachi Stock Exchange (Guarantee) Limited in an emergent Board meeting held on June 6, 2012 discussed the implications of the Finance Bill, 2012 on the Exchange. They appreciated the efforts put in by the Ministry of Finance and praised the Federal Budget 2012 announced by the Honorable Minister for Finance on June 01, 2012. They also were highly appreciative of the acceptance of some of the proposals submitted by the Karachi Stock Exchange (Guarantee) Limited.

The Directors of the Karachi Stock Exchange (Guarantee) Limited noted that various components of the Federal Budget 2012 would have healthy impact on the capital market in Pakistan. However, the Directors of the Karachi Stock Exchange were of the view that some of the important proposals presented by the Exchange which as to date are not part of the Finance Bill, 2012 need to be reconsidered by the Federal Government in the best interest of investors and stakeholders of the capital market and in particular with respect to the recently promulgated Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2009.

The Directors of the Karachi Stock Exchange (Guarantee) Limited decided to approach the Ministry of Finance for the Ministry's consideration and acceptance of the proposals submitted by the Karachi Stock Exchange (Guarantee) Limited which are given below:

- 1. Compulsory distribution of dividend by the profit making listed companies in order to improve both market liquidity and enable small investors to share in listed companies earnings. This will have additional revenue generation for the government also.**
- 2. Reduced rate of tax for listed companies so that the vast swathe of undocumented businesses come under documentation and become part of a better governance structure.**
- 3. Capital Gains on Corporatization and Demutualization which was accepted in the past but due to an oversight an anomaly continues to exist and needs to be rectified in respect of exemption of (i) Capital Gains on Corporatization and Demutualization, (ii) difference amount on to issuance of shares due to Corporatization and Demutualization and (iii) gain on subsequent sale of shares to the strategic investors and to the public.**

# THE KARACHI STOCK EXCHANGE (GUARANTEE) LIMITED



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4. **Appropriate method for calculation of Capital Gains for Non-Residents so that Pakistan can benefit from Non-Resident Pakistanis investments much like India and China have benefitted from their respective diasporas.**
5. **Reduction in powers for amending assessment in order to avoid economic uncertainty and to establish and enhance investor confidence.**

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