



# THE SECURITIES AND EXCHANGE ORDINANCE, 1969



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**THE SECURITIES AND EXCHANGE ORDINANCE, 1969**  
**ORDINANCE NO. XVII OF 1969**

[28th June, 1969]

**An Ordinance to provide for the protection of investors, regulation of markets and dealings in securities.**

WHEREAS it is expedient to provide for the protection of investors, regulation of markets and dealings in securities and for matters ancillary thereto;

AND WHEREAS the national interest of Pakistan in relation to the achievement of uniformity requires Central legislation in the matter;

NOW, THEREFORE, in pursuance of the Proclamation of the 25<sup>th</sup> day of March, 1969, read with the Provisional Constitution Order, and in exercise of all powers enabling him in that behalf, the President is pleased to make and promulgate the following Ordinance :—

**CHAPTER 1**  
**PRELIMINARY**

**1. Short title, extent and commencement.**— (1) This Ordinance may be called the securities and Exchange Ordinance, 1969.

(2) It extends to the whole of Pakistan.

(3) It shall come into force on such <sup>1</sup>date as the <sup>2</sup>[Federal Government] may, by notification in the official Gazette, appoint.

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

**3[(a)** "agent" means a person appointed by a member to act on his behalf for the purposes recognized by [an] exchange ;

**(ab)** “associate” means any partner, employee, officer or director of a member;

**(ac)** “asset management company” means a company which offers investment schemes under trust deeds and issues redeemable securities ; and

**(ad)** "balloter" means a person who provides services to an issuer for selecting the required number of applications of public issue through a computer].

**(b)** “bank” means a banking company as defined in the Banking Companies Ordinance, 1962 (LVII of 1962);

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<sup>1</sup> 1<sup>st</sup> day of November, 1970, see Gaz. of P., 1970, Ext., Islamabad p. 1579.

*This Ordinance has been declared to be validly made by the competent authority see the Validation of Laws Act, 1975 (63 of 1975).*

<sup>2</sup> Subs. by F.A.O., 1975, Art. 2 and Table, for “Central Government”

<sup>3</sup> re-numbered, by ord.44 of 2000, s. 3.

<sup>4</sup> Ins by Act III of 2006, s. 10.

- (c) “broker” means any person engaged in the business of effecting transactions in securities for the account of others;
- <sup>1</sup>[(ca) “central depository” means a company formed to establish and operate a system for the central handling of securities, whether or not listed on <sup>2</sup>[an] exchange, whereby such securities are deposited with and held in custody by or registered in the name of, the company as a nominee for the depositors and dealings in respect of such securities are effected by means of entries in securities accounts without the physical delivery of scrips.]
- <sup>1</sup>[(cb) "Commission" means the Securities and Exchange Commission of Pakistan established under the Securities and Exchange Commission of Pakistan Act, 1997 (XLII of 1997);]
- <sup>2</sup>[(cc) "Commodity Exchange" means a company that provides or, proposes to provide, the physical facilities necessary for trading in Company Futures Contracts;]
- <sup>3</sup>[(cd) "Commodity Futures Contracts" means an agreement to purchase or sell a particular commodity for delivery <sup>4</sup>[or settlement] in the future at a price that is determined at the initiation of the contract that obligates each party to the contract to fulfill the contract at the specified price and that may be settled by delivery, cash or offset at an organized Exchange duly registered with the Commission and in the relation to Commodity Futures and the expression "commodity" means.—
- (i) agricultural, livestock, fishery forestry, mining or energy goods, and any product that is manufactured or processed from any such goods; and
- (ii) any other matter as may be notified by the Commission in the Official Gazette ;
- (ce) "corporation" means the conversion of a Stock Exchange from a company limited by guarantee to a company limited by shares;
- (cf) "demutualisation" means the segregation of the ownership of a Stock Exchange from the right to trade on such Stock Exchange;]
- (d) “equity security” means any stock or transferable share (preferred or common) or similar security representing ownership; any security convertible, with or without consideration, into such a security, or carrying any warrant or right to subscribe to or purchase such a security ; any such warrant or right itself; and such other security as may be prescribed;
- <sup>3</sup>[(da) "Exchange" means a stock Exchange or a Commodity Exchange ;]
- <sup>5</sup>[(dd) “free reserves”, for the purposes of an investment company include any amount which, having been set aside out of the revenue or other surpluses is free in that it is not retained to meet any diminution in value of the assets, specific liability, contingency or commitment of that company known to exist at the date of the balance sheet.]

<sup>1</sup>subs relettened by Ord. 44 of 2000, s. 3.

<sup>2</sup>Ins by Act I of 03, s. 6.

<sup>3</sup>Subs and ins by Act III of 06, s. 10.

<sup>4</sup>Ins by Act I of 2008, s. 6 (w.e.f. 1-7-08)

<sup>5</sup>Ins. by the Securities and Exchange (Amdt.) Ordinance, 1980 (27 of 1980), s. 2.

<sup>1</sup>[(**de**) "integration" means the merger of two or more Stock Exchange in accordance with a scheme approved by the Commission ;]

(**e**) "investment adviser" includes a person who is, for compensation, engaged in the business of advising others, either directly or through publications or writings, as to the value of securities or as to the advisability of investing in, purchasing or selling securities, but does not include—

(**i**) a bank;

(**ii**) any lawyer, accountant, engineer or teacher whose performance of such services is solely incidental to the practice of his profession;

(**iii**) any broker, jobber, member or associate whose performance of such services is solely incidental to the conduct of his business as a broker, jobber, member or associate and who receives no separate compensation therefor;

(**iv**) the publisher of any newspaper, news magazine, or other publication of general and regular circulation; or

(**v**) the Investment Corporation of Pakistan;

<sup>2</sup>[(**f**) "investment company" means a company engaged principally or wholly in buying and selling securities of other companies and includes a company, not being a holding company, the investment of which in the share capital of other companies at any one time is of an amount equivalent to eighty per cent of the aggregate of its own paid up capital and free reserves, but does not include a bank or any insurance company or a corporation which is a member of a Stock Exchange;]

(**g**) "issuer" means any person who has issued or proposes to issue any security;

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<sup>1</sup>Ins. by Act III of 2006, s. 10.

<sup>2</sup>Subs. *ibid.*, for cl. (f).