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## Banking Companies (Amendment) Bill 2009 passed by NA

# SBP given powers to take control of banks, impose losses on shareholders

**SOHAIL SAHFRAZ**  
ISLAMABAD: The National Assembly on Monday passed the Banking Companies (Amend-

ment) Bill 2009 enabling the State Bank of Pakistan (SBP) to change management in banks, impose losses on shareholders by

writing down their capital, intervene and take control of banks, appoint administrators to manage and restructure banks when

symptoms of crises are determined. The National Assembly Monday passed Banking

Companies Ordinance, 1962. (The Banking Companies (Amendment) Bill 2009 moved by Finance Minister Shaukat Tarin.

Minister for Health Shaukat Tarin tabled the bill in the House on behalf of Finance Minister following clearance from National Assembly standing committee on finance.

According to the objectives of the Banking Companies (Amendment) Act, 2009, the recent financial crises worldwide have clear linkages with weak supervisory regime. The ever-changing dimensions of banking business continue to create newer challenges and risks for bank depositors, regulators and financial systems as a whole. Therefore, it is necessary to provide matching tools to bank regulators for corrective measures with the view to maintain financial stability. The proposed amendments in banking companies Ordinance 1962 are in the context of strengthening necessary tools of bank regulation and supervision to safeguard against various risks. The amendments would enable State bank of Pakistan to change management in banks, impose losses on shareholders by writing down their capital, intervene and take control of banks, appoint administrators to manage banks and restructure

banks when symptoms of crises are determined.

The existing law provides these powers in one form or the other. However, there is need to bring coherence and certainty of measures to deal with the troubled situations. This would ensure enhanced confidence in the system through stability and soundness of banking sector, it added.

National Assembly standing committee on finance had recom-

mended an amendment in the Act, which required the banking company or board of directors of the banking company to furnish documents of commitment for compliance with the measures prescribed by the SBP and to secure the interest of its depositors.

In the Banking Companies Ordinance, 1962, in section 14, after sub-section (7), the following new sub-sections shall be

added, namely: The State Bank, if satisfied, may require any banking company, through an order in writing, to increase its paid up capital by such amount within such period and in such manner as may be specified in the order. Notwithstanding any provisions contained in any other law for the time being in force, if the State Bank has determined that a member of a banking



**OCCUPIED SRINAGAR:** Indian police stand guard at a barricade set up to stop a protest march here on Monday. India deployed thousands of police and paramilitary soldiers to prevent a planned march by Kashmiris to a UN office to protest against human rights violations by Indian occupation forces, police and witnesses said. —Reuters

**Textile seeks end to fertilizer sector cross subsidy**  
FABR AMIN  
ISLAMABAD: The Textile Ministry has asked Finance and Petroleum Ministries to withdraw cross-subsidy on fertilizer sector, which is putting additional burden on the textile sector, Business Recorder has learnt.

The government is giving subsidy on gas to domestic

**Brief recordings**  
Pakistan Tobacco Company  
[See Page 21]

**THE RUPEE**  
Inter-bank rates for dollar on Monday at 13:30 hrs.  
Buying Rs 84.94  
Selling Rs 84.97

**Dollar moves both ways**  
RECORDER REPORT  
KARACHI: Mixed patterns were witnessed on the local money market on Monday as the rupee gained slightly against dollar on the inter-bank market but on the other hand it fell sharply versus the US currency due to strong demand, dealers said. The

**KIBOR** 12.25  
**LIBOR** 8.38625

**NY MIDDAY**

EURO	1,370,000
STERLING	1,564,700
SWISS FRANC	1,069,100
YEN	89,3400
GOLD	1,065,7500
COTTON	69.16
DOW	10,804.98
NASDAQ	2,149.47
BRENT OIL (London)	69.65

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**Quick processing of refund claims**  
**Starr to have detailed info on business bank accounts**  
RECORDER REPORT  
ISLAMABAD: Detailed information on the business bank accounts of registered taxpayers would directly be available to the tax officials through the Sales Tax Automated Refund Repository System (Starr) for quick processing of refund claims.

Sources told Business Recorder on Monday that the taxpayers registered with Federal Board of Revenue e-portals would have to declare their relevant bank account numbers for registration. The

**LTU Karachi asks FBR to revise annual target**  
MOHAMMAD ALI  
KARACHI: Large Taxpayers Unit (LTU) Karachi has asked the Federal Board of Revenue (FBR) to revise downwards its annual target of Rs130 billion to Rs95 billion, making the overall revenue target of Rs139 billion easier to achieve.

Similar requisition has also been made by the RTO Karachi

**Sh Rasheed escapes attempt on life; 4 killed**  
ISHFAQULLAH SHAWL  
ISLAMABAD: Awami Muslim League Chief Sheikh Rasheed Ahmad narrowly escaped attempt on life while four persons including two guards were killed and eight others injured. Sheikh injured by a broken glass was rushed to District Headquarter Hospital Rawalpindi.

Rescue 1122 officials took the AML chief along with four injured to hospital, said a rescuer of 1122. Four persons including Anwar Ahmad alias Anwar, Muhammad Hussain, two personal guards, Irfan Ahmad alias Shada and Javed Ahmad were killed in the incident while Sheikh Rasheed, Hussain and Ilyas Abbasi were injured.

There were about 15 persons

**Soneri Bank eyes RBS Pakistan**  
RECORDER REPORT  
KARACHI: The Soneri Bank Limited (SBL) has expressed interest for acquisition of controlling shares of Royal Bank of Scotland (RBS) operation in Pakistan.

The Soneri Bank has notified the Karachi Stock Exchange (KSE) that the board of directors of SBL, in its meeting held on February 08, 2010 has authorized the President/Chief Executive of the bank to convey expression of interest on behalf of the bank for acquisition of controlling shares of their operation in Pakistan and fulfil all the regulatory/statutory requirements in this regard.

The decision was taken in

**Articles of agreement of IMF**  
**Cabinet to approve amendments tomorrow**  
MUSHTAQ GHUMMAN  
ISLAMABAD: The federal cabinet which is scheduled to meet on Wednesday (Feb 10) with Prime Minister Syed Yousuf Raza Gilani in the chair will approve amendments to the articles of agreement of the International Monetary Fund (IMF), sources close to the Finance Minister

told Business Recorder. "Though Pakistan has already voted in favour of amendments to the articles, federal cabinet has not been taken into confidence," the sources added. During the 2006 annual meetings of the IMF, a proposal to modernise and "reform quota and voice" of the members, was

**KSE index up 40.25 points**  
RECORDER REPORT  
KARACHI: The Karachi share market on Monday witnessed fresh buying which supported the KSE-100 index to close above 9,800 points level at 9,809.98 points with a gain of 40.25 points. However, fresh buying at low levels

**BRIndex30 gains 14.36 points**  
RECORDER REPORT  
KARACHI: On Monday, the BRIndex30 opened at 8,566.38 points and remained in positive



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