



KARACHI STOCK EXCHANGE LIMITED

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KSE/N-2043

NOTICE

Dated: April 9, 2013

ALL LISTED COMPANIES AND ISSUERS OF LISTED SECURITIES

Subject: **Payment of Cash Dividend Electronically (e-Dividend)**

Reproduced hereunder letter No. 8(4) SM/CDC 2008 dated April 5, 2013 received from Securities & Exchange Commission of Pakistan for information and compliance on the subject.



Securities and Exchange Commission of Pakistan

Securities Market Division

Policy, Regulations and Development Department

No. 8(4) SM/CDC 2008

April 05, 2013

1. All Listed Companies
2. All Share Registrars/Transfer Agents

Subject: **Payment of Cash Dividend Electronically (e-Dividend)**

Dear Sirs,

The current mechanism for payment of cash dividends to the shareholders involves much inefficiency. The shareholders who do not provide dividend mandate get physical dividend warrants through post and have to deposit such warrants into their bank accounts for realization of payment. The shareholders who have provided dividend mandates get counterfoils through post whereas their dividend warrants are directly sent to their designated bank branches for realization of payment. In both of the above cases, listed companies, share registrars and shareholders face several issues such as risk of dividend warrants getting lost, none or wrong delivery of dividend warrants and delays in payment realization etc.

In order to make process of payment of cash dividend more efficient, e-dividend mechanism has been envisaged where shareholders can get amount of dividend credited into their respective bank accounts electronically without any delay. This mechanism eliminates requirement of printing, dispatch, deposit and realization of dividend warrants and instead provide for a mechanism for direct credit of dividend amounts into respective bank accounts through electronic fund transfer facilities. The shareholders can avail benefits of e-dividend mechanism by providing dividend mandates in their CDS accounts through their Participants or to the respective listed companies/share registrars.

The Securities and Exchange Commission of Pakistan (SECP), as part of its efforts to facilitate participants of capital market, has devised following strategy for implementation and promotion of e-dividend mechanism:

1. Keeping in view the importance of dividend mandate, listed companies and their share registrars are expected to approach and encourage shareholders to provide dividend mandates. Awareness letters, emails and other suitable communication modes should be used to invite shareholders to provide dividend mandates. In case of

book-entry securities in CDS, dividend mandate information is required to be provided to respective CDS Participants whereas in case of physical securities such information is required to be provided to the respective share registrars.

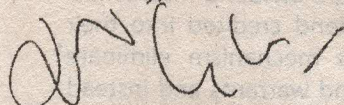
2. Listed companies and their share registrars are also advised to conduct awareness sessions for their shareholders so as to encourage dividend mandates by explaining benefits associated with the same such as instant credit of dividends, no chances of dividend warrants getting lost in the post, undelivered or delivered to the wrong address etc.

Listed companies will also make this as part of each communication with shareholders such as notice of general meeting, annual accounts, dividend warrants / bonus issuance etc. Further listed companies are also encouraged to periodically publish such advice in the newspapers.

3. The entitled shareholders who have provided bank mandates should be paid dividend through e-dividend mechanism as per following.
 - a) Listed companies should appoint a bank of their choice as Paying Agent. However, such appointed bank should have capability to provide inter-bank and intra-bank fund transfer facilities.
 - b) Cumulative Net dividend amount (after deducting tax and Zakat, if any), should be deposited into the designated bank account with the Paying Agent.
 - c) Instructions will be issued to the Paying Agent along-with softcopy of information of shareholders including name, amount, bank account number, bank and its branch address for electronic transfer of funds to the respective bank accounts. However, practice of sending information regarding deduction of tax & zakat amount to the entitled shareholders will continue.
 - d) For shareholders with no bank mandate, arrangement will be made by the listed companies for the printing of physical dividend warrants and their dispatch as per current practice.

All listed companies and their share registrars are expected to follow the above mechanism for implementation and promotion of e-dividend mechanism.

Yours truly,



Imran Iqbal Panjwani
Executive Director (SMD)

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Managing Director-KSE
Deputy Managing Director-KSE
All HoDs
KSE Website
S.E.C.P. Islamabad

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Lahore Stock Exchange (Guarantee) Limited
Islamabad Stock Exchange (Guarantee) Limited