



# THE REGIONAL DEVELOPMENT FINANCE CORPORATION AND SMALL BUSINESS FINANCE CORPORATION (AMALGAMATION AND CONVERSION) ORDINANCE 2001



## CONTENTS

1. Short title, extent and commencement
2. Definitions
3. Amalgamation of the R.D.F.C. and S.B.F.C
4. Registration of the company
5. Transfer and vesting of assets, contracts, liabilities, proceedings and undertakings
6. Continuation of taking deposits and other business
7. Continuation of service in the company
8. Contracts and proceedings
9. Bar to jurisdiction
10. Indemnity
11. Ordinance to override other laws, etc.
12. Power to make rules
13. Removal of difficulties
14. Repeal

THE PAKISTAN CODE

# THE REGIONAL DEVELOPMENT FINANCE CORPORATION AND SMALL BUSINESS FINANCE CORPORATION (AMALGAMATION AND CONVERSION) ORDINANCE 2001

## ORDINANCE No. LVI OF 2001

[19th October, 2001]

*An Ordinance to amalgamate the Regional Development Finance Corporation and the Small Business Finance Corporation and to convert them into a public limited company*

WHEREAS it is expedient to provide for the amalgamation and conversion of the Regional Development Finance Corporation and the Small Business Finance Corporation into a public limited company and for matters connected therewith or ancillary thereto;

AND Whereas the President is satisfied that the circumstances exist which render it necessary to take immediate action;

NOW, THEREFORE, in pursuance of the Proclamation of Emergency of the fourteenth day of October, 1999, and the Provisional Constitution Order No. 1 of 1999, read with the Provisional Constitution (Amendment) Order No.9 of 1999, and in exercise of all powers enabling him in that behalf, the President of the Islamic Republic of Pakistan is pleased to make and promulgate the following Ordinance:

**1. Short title, extent and commencement.**—(1) This Ordinance may be called the Regional Development Finance Corporation and Small Business Finance Corporation (Amalgamation and Conversion) Ordinance, 2001.

(2) It extends to the whole of Pakistan.

(3) It shall come into force at once.

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

### THE PAKISTAN CODE

- (a) “assets” means rights, and powers of every description and includes all properties, movable or immovable, tangible or intangible, mortgages, charges and claims in the name of the RDFC or SBFC, as the case may be;
- (b) “company” means the company, formed and registered pursuant to section 4;
- (c) “contracts” means; all contracts, agreements, bonds, guarantees, indemnities, representations, obligations, undertakings and other legal documents and instruments of every description executed by or on behalf of the RDFC or SBFC, as the case may be, including employment, investment, sales and financial contracts with whomsoever;
- (d) “effective date” means the date specified in the Order;

\* i.e. 1-1-2001, vide S.R.O. 898(I)/2001, dt. 29-12-2001.

- (e) “liabilities” means all liabilities lawfully incurred by the R.D.F.C or S.B.F.C, as the case may be, and includes duties of every kind imposed thereon;
- (f) “order” means an order made by the Federal Government under subsection (1) of section 5;
- (g) “proceedings” includes applications, appeals, awards, reviews and revisions filed of pending in any suit, arbitration or other legal or administrative proceedings;
- (h) “R.D.F.C.” means the Regional Development Finance Corporation established under the Regional Development Finance Corporation Ordinance, 1985 (XXXII of 1985);
- (i) “S.B.F.C.” means the Small Business Finance Corporation established under the Small Business Finance Corporation Act, 1972 (XXIX of 1972);
- (j) “transfer” means the transfer of assets, contracts, liabilities, proceedings and undertakings of the R.D.F.C. or S.B.F.C., as the case may be, to the company and
- (k) “undertaking” includes all projects, ventures and any other operations undertaken by the R.D.F.C. or S.B.F.C., as the case may be, individually or in collaboration with some other person,

(2) All expressions and words used but not defined in this Ordinance shall have the same meanings as in the Companies Ordinance, 1984 (XLVII of 1984).

**3. Amalgamation of the RDFC and SBFC**—Within ninety days of the promulgation of this Ordinance, the Federal Government shall, in consultation with the R.D.F.C. and S.B.F.C. and their shareholders, prepare a scheme for the amalgamation of the R.D.F.C. and S.B.F.C. into a company.

**4. Registration of the company.**—(1) Pursuant to the scheme for amalgamation made under section 3, the Federal Government shall, in collaboration with the shareholders of the R.D.F.C. and S.B.F.C., form a public limited company and register the same under the Companies Ordinance, 1984 (XLVII of 1984).

(2) Notwithstanding anything contained in section 470 of the Companies Ordinance, 1984 (XLVII of 1984), and the Sixth Schedule thereto, the company shall be exempt from the payment of any registration fee or any other charges for the purpose of its registration.

(3) The value ascribed to the assets and liabilities transferred to, and vested in the company by the Federal Government under the order shall represent the fair net value of the assets for taxation, depreciation or any other purposes.

(4) No stamp duty or any other charges shall be payable by the company under -any law for the time being in force for the transfer and vesting of the assets, contracts, liabilities, proceedings or undertakings of the R.D.F.C. and S.B.F.C. to the company or any shares or securities issued in favour of the shareholders or financiers of the R.D.F.C. and S.B.F.C. by the company.

**5. Transfer and vesting of assets, contracts, liabilities, proceedings and undertakings.—**

(1) Subject to section 3, after the registration of the company, the Federal Government shall by an order, published in the official Gazette, direct that all the assets, contracts, liabilities, proceedings and undertakings of the R.D.F.C. and S.B.F.C. stand transferred to, and vest in the company on the date specified therein, on such terms and conditions as may be determined by the Federal Government in this behalf.

(2) The order shall, inter alia, provide for the following, namely:—

- (a) the transfer of all the assets, contracts, liabilities, proceedings and undertakings of the R.D.F.C. and S.B.F.C., to the company;
- (b) the allotment of shares or debentures of the company to the shareholders, debenture-holders or bond-holders of the R.D.F.C. and S.B.F.C. in proportion to their shares, debentures, bonds or other securities in the R:D.F.C. or S.B.F.C, as the case may be, after determining the net asset value of both the R.D.F.C. and S.B.F.C. the effective date;
- (c) the dissolution of the R.D.F.C. and S.B.F.C. from the effective date; and
- (d) such incidental, consequential and supplemental matters as are necessary to secure the amalgamation and transfer under this ordinance.

(3) Without prejudice to the provisions of section 146 of the Companies Ordinance, 1984 (XLVII of 1984), the company shall, upon transfer, continue all undertakings of the R.D.F.C. and S.B.F.C. as were being carried on immediately prior to the effective date.

**6. Continuation of taking deposits and other business.—**(1) Notwithstanding anything contained in any other law for the time being in force, the company shall take and maintain existing deposits, continue, lending and any other business which were being undertaken by the R.D.F.C. and S.B.F.C., respectively, without prejudice to its application to the State Bank of Pakistan for a licence to transact banking business.

(2) The company shall be authorised to use the word “bank” or any of its derivatives as a part of its name.

**Explanation.—**For the purposes of this section the expression “existing deposits” means deposits received by the company as part of the transfer.

**7. Continuation of service in the company.—**(1) All permanent employees of the R.D.F.C. and S.B.F.C., who were continuously in the service of the R.D.F.C. or, as the case may be, S.B.F.C. for a period of one year immediately before the effective date shall stand transferred to, and become the employees of, the company as of the effective date on the same terms and conditions and shall be subject to the same rules and regulations as were applicable to them before the effective date.

(2) No person transferred to the company pursuant to subsection (1) shall be entitled to any compensation as a consequence of transfer to the company.

**8. Contracts and proceedings.—**(1) All contracts subsisting or having effect immediately before the effective date, to which the R.D.F.C. or S.B.F.C. may have been a party or beneficiary, shall be deemed to have been made by the company.

(2) All proceedings by or against or relating to the R.D.F.C. or al S.B.F.C. pending on the effective date before any Court, tribunal arbitrator or any other authority shall be continued, prosecuted of the defended, enforced and executed by or against the company in the same manner and to the same extent as might have been continued prosecuted, defended, enforced and executed by or against the R.D.F.C. or S.B.F.C., as the case may be.

**9. Bar to jurisdiction.**—No Court, tribunal, arbitrator or authority shall question, or permit to be called in question, any transfer or order made, anything done, or action taken or purported to be made, done or taken under this Ordinance.

**10. Indemnity.**— No suit, prosecution of other legal proceedings shall lie against the Federal Government, the R.D.F.C., the S. B. F. C. the company or any other person for anything which is in good faith hone or intended to be done under this Ordinance or any rule or order made thereunder.

**11. Ordinance to override other laws, etc.**—This Ordinance, shall have effect notwithstanding anything contained in any other law for the time being in force, or in any agreement, contract, decree, order or any other instrument whatsoever.

**12. Power to make rules.** The Federal Government may, by Notification in the official Gazette, make rules for carrying out the purposes of this Ordinance.

**13. Removal of difficulties.**—If any difficulty arises in giving effect to any provision of this Ordinance, the Federal Government may make such order, not inconsistent with the provisions of this Ordinance, as may appear to it to be necessary, for the purpose of removing the difficulty:

Provided that no such power shall be exercised after the expiry of two years from the commencement of this Ordinance.

**14. Repeal.**—The Regional Development Finance Corporation Ordinance, 1985 (XXXII of 1985), and the Small Business Finance Corporation Act, 1972 (XXIX), shall stand repealed on the effective date.

**THE PAKISTAN CODE**