

CCG 2002 Provisions omitted for being part of the Legal Framework

Sr. No.	Omitted Clause no. of CCG2002	Omitted Clause	Provided in	Provision of the relevant law
1.	(iv)	(iv) No person shall be elected or nominated as a director of a listed company if: b) he has been convicted by a court of competent jurisdiction as a defaulter in payment of any loan to a banking company, a Development Financial Institution or a Non-Banking Financial Institution or he, being a member of a stock exchange, has been declared as a defaulter by such the stock exchange; and	Section 187(i) of the CO1984	187. Ineligibility of certain persons to become director. - No person shall be appointed as a director of a company if he- (i) has been declared by a Court of competent jurisdiction as defaulter in repayment of loan to a financial institution, exceeding such amount as may be notified by the Commission from time to time;
2.	(v)	A listed company shall endeavour that no person is elected or nominated as a director if he or his spouse is engaged in the business of stock brokerage (unless specifically exempted by the Securities and Exchange Commission of Pakistan	Section 187(j) of the CO1984	187. Ineligibility of certain persons to become director. - No person shall be appointed as a director of a company if he- (j) is engaged in the business of brokerage, or is a spouse of such person or is a sponsor, director or officer of a corporate brokerage house:
3.	(vi)	The tenure of office of Directors shall be three years.	Section 180 of the	180. Term of office of directors. - (1) A director elected under section

			CO1984	178 shall hold office for a period of three years unless he earlier resigns, becomes disqualified from being a director or otherwise ceases to hold office.
4.	(viii)(d)	<p>(d) the following powers are exercised by the Board of Directors on behalf of the listed company and decisions on material transactions or significant matters are documented by a resolution passed at a meeting of the Board:</p> <ul style="list-style-type: none"> • write-off of bad debts, advances and receivables and determination of a reasonable provision for doubtful debts; • write-off of inventories and other assets; and • determination of the terms of and the circumstances in which a law suit may be compromised and a claim/ right in favour of the listed company may be waived, released, extinguished or relinquished; 	Section 196(2)(m) of the CO1984	<p>196. Powers of directors.-</p> <p>(2) The directors of a company shall exercise the following powers on behalf of the company, and shall do so by means of a resolution passed at their meeting, namely:—</p> <p>(m) having regard to such amount as may be determined to be material (as construed in the Generally Accepted Accounting Principles) by the Board,—</p> <p>(i) to write off bad debts, advances and receivables;</p> <p>(ii) to write off inventories and other assets of the company; and</p> <p>(iii) to determine the terms of and the circumstances in which a law suit may be compromised and a claim or right in favour of a company may be released, extinguished or relinquished.</p>
5.	(xi)	The Board of Directors of a listed company shall meet at least once in every quarter of the financial year.	Section 193(2) of the CO1984	<p>193. Proceedings of Directors. –</p> <p>(2) The directors of a public company shall meet at least once in each quarter of a year.</p>

6.	(xii)	The minutes of meetings shall be circulated to directors and officers entitled to attend Board meetings not later than 30 days thereof, unless a shorter period is provided in the listed company's Articles of Association.	Section 173(1) of the CO1984	173. Minutes of proceedings of general meetings and directors.- (1) A copy of the minutes of meeting of the board of directors shall be furnished to every director within <u>fourteen days</u> of the date of meeting.
7.	(xvii)	<p>No person shall be appointed as the Company Secretary of a listed company unless he is:</p> <p>(a) a member of a recognized body of professional accountants; or</p> <p>(b) a member of a recognized body of corporate/ chartered secretaries; or</p> <p>(c) a person holding masters degree in Business Administration or Commerce or being a Law Graduate from a University recognized by Higher Education Commission and having at least five years relevant experience.</p> <p>Provided that a person already engaged by a company as Secretary before the 26th October, 2002 may continue in that capacity if he has an experience of not less than five years in that position.</p>	Rule 14B of the Companies (General Provisions and Forms) Rules, 1985	<p>14B. Qualifications of company secretary.- (1) The directors of a public listed company shall take reasonable steps to ensure that the company secretary is a person who appears to them to have the requisite knowledge and experience to discharge his functions as company secretary, and who is:</p> <p>(a) a member of, -</p> <p>(i) a recognized body of professional accountants; or</p> <p>(ii) a recognized body of corporate or chartered secretaries; or</p> <p>(b) a person holding a master degree in business administration or commerce or being a law graduate from a university recognized by the Higher Education Commission and having at least two years relevant experience; or</p> <p>(c) a retired government servant in BS-19 or equivalent or above with at least fifteen years service:</p> <p>Provided that a person already</p>

				engaged by a public listed company as company secretary before the 26th October, 2002, may continue in that capacity if he has an experience of not less than five years in that position.
8.	(xxii)	All listed companies shall ensure that the annual audited financial statements are circulated not later than four months from the close of the financial year.	Section 233(1) of the CO1984	233. Annual accounts and balance-sheet.- (1) The directors of every company shall at some date not later than eighteen months after the incorporation of the company and subsequently once at least in every calendar year lay before the company in annual general meeting a balance-sheet and profit and loss account or in the case of a company not trading for profit an income and expenditure account for the period, in the case of the first account for the period since the incorporation of the company and in any other case since the preceding account, made up to a date not earlier than the date of the meeting by more than <u>four months</u> :
9.	(xxiv)	The Board, after consideration and approval, authorize the signing of financial statements for issuance and circulation.	Section 241(1) of the CO1984	241. Authentication of balance-sheet. - (1) Save as provided by sub-section (2), the balance-sheet and profit and loss account or income and expenditure account shall be approved by the directors.

10.	(xxvii)	<p>All listed companies shall ensure that the firm of external auditors or any partner in the firm of external auditors and his spouse and minor children do not at any time hold, purchase, sell or take any position in shares of the listed company or any of its associated companies or undertakings:</p> <p>Provided that where a firm or a partner or his spouse or minor child owns shares in a listed company, being the audit client, prior to the appointment as auditors, such listed company shall take measures to ensure that the auditors disclose the interest to the listed company within 14 days of appointment and divest themselves of such interest not later than 90 days thereof.</p>	Section 254(3)(f) of the CO1984	<p>254. Qualification and disqualification of auditors.</p> <p>(3) None of the following persons shall be appointed as auditor of a company, namely: —</p> <p>(f) a person or his spouse or minor children, or in case of a firm, all partners of such firm who holds any shares of an audit client or any of its associated companies:</p> <p>Provided that if such a person holds shares prior to his appointment as auditor, whether as an individual or a partner in a firm the fact shall be disclosed on his appointment as auditor and such person shall disinvest such shares within ninety days of such appointment.</p>
	(xxviii)	Every company which is proposed to be listed shall at the time of public offering, comply with the requirements of offer of shares to the general public as contained in the related Listing Regulations, unless the limit is relaxed by the stock exchange with the approval of Securities and Exchange Commission of Pakistan		Already provided in Form II of the listing regulations.
	(xxix)	In the event of divestiture of not less than 75% of the total shareholding of a listed company, other than a divestiture by non - resident shareholder(s) in favour of other	Listed Companies (Substantial Acquisition	Listed Companies (Substantial Acquisition of Voting Shares and Take-overs) Ordinance, 2002

		<p>non- resident shareholder(s) or a disinvestment through the process of privatization by the Federal or Provincial Government, at a price higher than the market value ruling at the time of divestiture, it shall be desirable and expected of the directors of the listed company to allow the transfer of shares after it has been ascertained that an offer in writing has been made to the minority shareholders for acquisition of their shares at the same price at which the divestiture of majority shares was contemplated. Where the offer price to minority shareholders is lower than the price offered for acquisition of controlling interest, such offer price shall be subject to the approval of the Securities and Exchange Commission of Pakistan.</p>	<p>of Voting Shares and Take-overs) Ordinance, 2002</p>	
11.	(xliv)	<p>Every listed company shall require a partner of the firm of its external auditors to attend the Annual General Meeting at which audited accounts are placed for consideration and approval of shareholders.</p>	<p>Section 255(6) of the CO1984</p>	<p>255. Powers and duties of auditors. - (6) The auditor of a company shall be entitled to attend any general meeting of the company, and to receive all notices of, and any communications relating to, any general meeting which any member of the company is entitled to receive, and to be heard at any general meeting which he attends on any part of the business which concerns him as auditor:</p> <p>Provided that, in the case of a listed company, the auditor or a person</p>

				authorized by him in writing shall be present in the general meeting in which the balance-sheet and profit and loss account and the auditor's report are to be considered.
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