



**Securities and Exchange Commission of Pakistan  
Professional Services and Policy Division**

No.6(4)PSPD/PD/2004

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**CIRCULAR No. 03/2005**

**Sub: Holding of Election of Directors Pursuant to Companies (Amendment) Ordinance, 2002**

The election of directors is held in general meetings of the companies on completion of the term of office of directors after every three years, as enunciated in sections 178 and 180 of the Companies Ordinance, 1984. Mostly, the companies used to hold election in their annual general meetings (AGM) in December/June each year. However, consequent upon an amendment in section 158 of the Ordinance through the Companies (Amendment) Ordinance, 2002, the time period for holding of AGM has been reduced from six months to four months following the close of financial year and the AGMs relating to the financial year closed on 30<sup>th</sup> June/31<sup>st</sup> December are required to be held upto 31<sup>st</sup> October/30<sup>th</sup> April. Certain companies have enquired whether the election of directors can be held in October/April alongwith AGM instead of December/June.

2. This is to clarify that election can be held prior to the expiry of 3 years tenure. The AGM can be called even 2 or 3 months before the expiry of the 3 year period for the election of the directors. The directors-elect can become effective directors and sit on the Board of Directors after the 3 year tenure is completed by existing board. This will allow the directors-elect to become familiarized with the company, *inter-alia*, the Memorandum & Articles of Association and the Code of Corporate Governance.

3. The election of the directors in an AGM can take place in October/April instead of December/June, however the director elect will take office after the 3 year tenure of the director is completed.

4. This Circular supersedes Circular No.28/2004.

(Syed Fayyaz Mahmud)  
Director

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