



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Strategy, Development and External Relations Department

Press Release

Guarantee companies required to ensure 3-years term of office for their directors: SECP

ISLAMABAD – February 16: The SECP has noted that some companies incorporated under the Companies Ordinance, 1984, as companies limited by guarantee are contravening Section 180 of the Ordinance by appointing directors for a term of less than three years. Further, some of the Articles of Association of such companies also contain provisions to this effect which are contrary to section 180 of the Ordinance and are void in terms of section 6 of the Ordinance.

The provision of aforesaid Section 180 requires that the term of office of directors of a company elected under Section 178 of the Ordinance shall be three years unless he earlier resigns, becomes disqualified from being a director or otherwise ceases to hold office. Similarly, Section 6 of the Ordinance provides that any provision contained in the memorandum and Articles of Association of a company shall be void to the extent to which it is repugnant to the provisions of the Ordinance.

The SECP has now directed all such companies to strictly comply with the provisions of Section 180 of the Ordinance and ensure that their directors are elected for a period of three years notwithstanding the term of office of directors, if any, provided in the Articles of Association and also take necessary steps towards the alteration of their Articles of Association immediately to bring these in line with the law.

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