

SECP discourages wasteful expenditure on board meetings abroad

ISLAMABAD, November 3: In recent past it was observed that meetings of boards of directors of listed companies were being extensively held abroad, even at places that were unrelated to concerned companies' business activity or geographical location of their shareholders.

This undesirable practice on part of directors that owe a fiduciary duty towards the company was resulting in undue costs for the listed companies as well as their minority shareholders with no benefit thereof. In order to check such detrimental trend the Commission has, while taking serious note of this practice and in exercise of its powers, linked the number of board meetings that a listed company may hold abroad with the proportionate participation of foreign directors on its board/equity.

Accordingly, it has been directed that all listed companies incorporated in Pakistan having foreign equity participation, if required, can hold board meetings abroad, in any one financial year, as per thresholds prescribed below:

i.	Companies having more than 50% foreign shareholding	Maximum 4 board meetings
ii.	Companies having more than 40% but up to 50% foreign shareholding	Maximum 3 board meetings
iii.	Companies having more than 30% but up to 40% foreign shareholding	Maximum 2 board meeting
iv.	Companies having nil or up to 30 % foreign shareholding	Maximum 1board meeting