

## Press Release

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*For immediate release*

### **SECP notifies regulations on selection of independent directors**

ISLAMABAD, March 16: The Securities and Exchange Commission of Pakistan (SECP) has notified draft regulations regarding manner and selection of independent directors of companies. Independent directors play a key role in good governance and efficient functioning of the board.

The Companies Act, 2017, defines qualifying criteria as an independent director and requires that such directors be chosen from databank maintained by an institute/body authorized by the SECP. Accordingly, in January 2018, the SECP had notified the Pakistan Institute of Corporate Governance (PICG) for maintenance of such databank. These regulations specify the manner and procedure of selection of independent directors from such databank who fulfill the qualifications and other requirements.

The qualification criteria specified through the said regulations is aimed at encouraging new professionally qualified entrants along with experienced individuals. Furthermore, minimum details required for inclusion in such databank is provided along with modus operandi for access of such details by independent directors as well as companies. The due diligence of selection of independent directors, as envisaged in the new law, continue to rest with the company.

The said draft regulations have been placed on the SECP's website at <https://www.secp.gov.pk/document/sro-359-i-2018-notification-of-manner-and-selection-of-independent-director-regulations-2018/?wpdmdl=30971> to obtain public opinion. Stakeholders are encouraged to provide their comments through post or through email to [ccg@secp.gov.pk](mailto:ccg@secp.gov.pk)

The regulations are aimed at strengthening the profile of independent directors as envisaged in the Companies Act and reinforce the best governance practices in companies.