

PRESS RELEASE

For immediate release

March 1, 2019

SECP temporarily relaxes condition about female directors

ISLAMABAD, March 1: The Securities and Exchange Commission of Pakistan (SECP) has granted a temporary general relaxation/exemption to listed companies from appointment of female director on their board of directors as required under Regulation 7 of the Listed Companies (Code of Corporate Governance) Regulations, 2017.

The regulations were notified vide S.R.O. 1216(I)/2017 dated November 22, 2017, to come into effect on January 1, 2018. Regulation 7 requires that the BOD shall have at least one female director when it is next reconstituted not later than expiry of its current term or within the next one year from the effective date of these regulations, whichever is later.

The SECP received numerous applications from listed companies subsequent to notification of the regulations seeking exemptions/relaxation from Regulation 7 where the board of the company was reconstituted immediately after the commencement of the regulations but before the expiry of one year from the effective date the regulations. They argued that it was not feasible to change the board of director's structure halfway. The SECP keeping in view the impediments involved and with the aim to facilitate the companies granted general relaxation/exemption to such listed companies from Regulation 7 in exercise of power conferred under section 510 of the Companies Act, 2017, read with regulation 42 of the regulations. According to the SECP's circular No. 3 of 2019, all such listed companies shall appoint a female director on their respective boards either on the date of next election of board of directors or on occurrence of a casual vacancy before the date of next election of directors.

The circular has also been placed on the SECP's website, which can be downloaded from the following link:

<https://www.secp.gov.pk/document/circular-no-3-of-2019-relaxation-from-the-requirement-contained-in-regulation-7-of-the-listed-companiescode-of-corporate-governance-regulations-2017/?wpdmdl=33827>