

**THE COMPANIES ORDINANCE, 1984**

**(COMPANY LIMITED BY SHARES)**

**MEMORANDUM OF ASSOCIATION OF PAKISTAN MERCANTILE<sup>1</sup> EXCHANGE LIMITED**

**I. NAME**

The name of the Company is PAKISTAN MERCANTILE<sup>2</sup> EXCHANGE LIMITED, hereinafter referred to as the "Company".

**II. REGISTERED OFFICE**

The Registered Office of the Company will be situated in the Province of Sindh.

**III. OBJECTS**

The objects for which the Company is established are as follows:-

- (1) To establish, conduct, regulate and control trade or business of futures commodity contracts in or outside Pakistan and to perform all allied and incidental functions in order to facilitate, set up and carry on the business of all kinds of commodities.
- (2) To maintain high standards of commercial honour and integrity, to promote and inculcate honourable practices and just and equitable principles of trade and business, to discourage and to suppress malpractices, to settle and decide points of practice, disputes, questions of usage, custom and courtesy in the conduct of trade and business.
- (3) To make and adopt regulations for grant and regulating the mode in which and conditions subject to which the Company may grant Licenses to the brokers to operate and conduct the business as the "Brokers Licencee" of the Company.
- (4) To construct, provide and maintain suitable buildings or works necessary for a Commodity Exchange and to regulate admission of Brokers to and prohibition of the use thereof and the nature and times of such user whether in the case of the general body or particular classes or any individual or firm or company; to provide forms of contracts compulsory or permissive and regulate the making, carrying out and enforcement or cancellation of contracts; to adjust by arbitration or otherwise controversies between persons engaged in the Commodity Trade; to establish just and equitable principles in the said Trade; to maintain uniformity of control of the said Trade; to fix or adopt standards of classification of Commodity; to acquire, preserve and disseminate useful information connected with the Commodity interest throughout all markets; to decrease or insure the local risk attendant upon business; and generally, to control, promote and regulate the Commodity Futures Trade in Pakistan; improve its stability and augment the facilities with which it may be conducted.
- (5) To establish and maintain or to arrange with or through a bank a Clearing House for the purpose of trade and dealing with Commodity Futures transactions, and to

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<sup>1</sup> Replaced with National Commodity vide special resolution dated January 07, 2011

<sup>2</sup> Replaced with National Commodity vide special resolution dated January 07, 2011

regulate admission to and prohibition of the user thereof and frame regulations under which such Clearing House shall function.

- (6) To regulate the handling exportation from and importation of Commodities into Pakistan.
- (7) To indemnify shipowners, master proters and other such persons against claims in respect of any Commodity exported from or imported into Pakistan, in such manner and by such instruments as the Company may deem advisable.
- (8) To levy, take, recover, and receive rates, tolls, charges and other sums of money; on, for and in respect of Commodity in which the Company and its Brokers are in any way interested or concerned.
- (9) To facilitate the due shipment and delivery of Commodity and to consider all questions as to the loading, carriage by land or sea, delivery and insurance of Commodity and to take such action therein as the Company may think fit.
- (10) To bring, prosecute or defend, or aid in bringing, prosecuting or defending any suits, actions, proceedings, applications or arbitrations on behalf of Brokers or otherwise as the Directors of the Company may think proper or conducive to the objects of the Company.
- (11) To obtain Acts of sanctions of the Government of Pakistan or the Provincial Governments or any other Government agency for enabling the Company to carry all or any of its objects into effect, or for amending the laws affecting any persons dealing in or handling Commodity and to promote, support or oppose legislative or other measures affecting the aforesaid trade or interest.
- (12) To prescribe the principle of framing of contracts with a view to eliminate the temptation and possibility of speculative manipulation.
- (13) To make and adopt from time to time Rules and Regulations for the control and regulation of trade, Brokers and of Commodity dealings in Pakistan and without prejudice to this generality for the maintenance and use or prohibition of the use of Clearing House or Clearing Houses, whether in the case of the general body or particular classes or any individual or firm or company using the same and the nature and times of such user; determining the classes of contracts and the obligations in respect of which differences shall be paid through a Clearing House; fixing and declaring market rates and settlement dates; the opening and closing of markets in Commodity and the times during which they shall be open or closed; the making, performance and determination of contracts and the consequences of death, supervening incapacity, insolvency, or breach of contracts; the forms of contracts to be used whether permissive or compulsory; the prohibition of specified classes of dealings and the time during which such prohibition shall operate; the prevention of and dealing with "Corners" or "Bear Raids" in any and every kind of Commodity and Commodity transactions so as to prevent or stop or mitigate undue speculation inimical to the Trade as a whole; the course of business between Brokers inter se or between any of them on the one hand and their constituents on the other hand, the forms of contracts between them and their rights and liabilities to each other in respect of dealings in commodities; the fixing of brokerage, commission and such other charges; the levying, compelling

payment of and recovering fines, fees, penalties and subscriptions in connection with any of the objects of the Company before or after mentioned: the arbitration and settlement of all manner of disputes or difficulties in connection with the said Trade; disciplinary Regulations including provision for suspension and expulsion of the Brokers; the appointment of Committees for the furtherance of any of the object or powers, express or implied of the Company including without prejudice to this generality Daily Rates Committees, Arbitration Committees, Appeal Committees, Trade Supervision Committees, Clearing House Committees, Standards Committees, Building Committees, Rules and Regulations Committees, or any other Committees requisite or expedient for the purposes of the Company or any of them, and to determine their powers, duties and remuneration, if any, and the conditions under which they are to hold office and operate.

- (14) To purchase, take on lease, or in exchange, hire or otherwise acquire any real and personal property and any rights or privileges which the Company may think necessary or convenient for the purposes of its business, and in particular any land, buildings and easements.
- (15) To build, acquire and manage Commodity warehouses, to warehouse Commodity and to undertake the transport of Commodity to and from such warehouse and elsewhere in Pakistan.
- (16) To insure, sell, improve, manage, develop, lease, mortgage, dispose of, or otherwise deal with all or any part of the property of the Company.
- (17) To insure the property of Company or Brokers against loss by fire.
- (18) To communicate with Chambers of Commerce and other Mercantile and Public Bodies in and outside Pakistan and concert and promote measures for the protection of the Commodity trade.
- (19) To license brokers, upon such terms and conditions as the Company may prescribe from time to time.
- (20) To provide for weighing, measuring or sampling of commodities either by licensing weighmen, measurers or samplers or by engaging servants under the Company to carry out any or all of these functions upon such terms and conditions to be observed by the licensees and with such fees payable by Brokers for these services as may be determined from time to time by the Company.
- (21) To establish and support or aid in the establishment and support of Associations, institutions, funds, trusts, and conveniences calculated to benefit the Brokers, servants or ex-servants of the Company or the dependents or connections of such persons, and to grant pensions and allowances and to make payments towards insurance and to subscribe or guarantee money for any charity or benevolent object or for any exhibition or for any public general or useful object.
- (22) To subscribe to become a member of, and cooperate with any other Company whether incorporated or not whose objects are altogether, or in part, similar to those of this Company and to procure from and communicate to any such Company such information as may be likely to forward the objects of the Company.

- (23) To invest or advance the moneys of the Company upon such securities or without any security, and with or without profit, as may from time to time be determined.
- (24) To receive money on deposit at profit or otherwise.
- (25) To raise money in such other manner as the Company shall think fit, and in particular by the creation and issue of debentures or debenture stock charged upon all or any of the Company's property (both present and future).
- (26) To enter into partnership, or into any arrangement for sharing profits, union of interests or cooperation with any person, firm, company, association, or institution or public body, or administration carrying on or interest in, or about to carry on, or be interested in any business which this Company is authorized to carry on, or any business or transaction capable of being conducted so as directly or indirectly to benefit this Company and to take or otherwise to acquire and hold shares or stocks or debentures or bonds of or in any such concern.
- (27) To promote any other company for the purpose of acquiring all or any part of property and liability of this Company, or of advancing directly or indirectly the objects or interest thereof and to take or otherwise acquire and hold shares, stocks or debentures in any such company and to guarantee the payment of any debentures or other securities issued by any such Company.
- (28) To take or otherwise acquire and hold shares in any other Company having objects altogether or in part similar to those of this Company, or carrying on any business capable of being conducted so as directly or indirectly to benefit this Company or the Brokers.
- (29) To purchase and otherwise acquire and undertake all or any part of the business, property, and liabilities of any person or Company carrying on any business which this company has to carry on, or possess property suitable for the purpose of this Company.
- (30) To sell the undertaking of the Company or any part thereof for such consideration as the Company may think fit and in particular for shares, debentures or securities of any other Company having objects altogether or in part similar to those of this Company.
- (31) To enter into any arrangements with any Government, and any local or other Authorities Railway, Municipal or otherwise which may seem conducive to the Company's objects or any of them, and to obtain from any such Government, or Authority any powers, rights, licenses, privileges, or concessions which the Company may think fit and desirable to obtain; and to carry out, exercise and comply with any such arrangements, rights, licenses, privileges and concessions.
- (32) To assign, seal, execute and deliver all instruments, deeds, documents and writings whatsoever usual, necessary or expedient in relation to the Company or its affairs or interests whether as grantors, consenters, or otherwise and to do the foregoing and all such other things as are incidental or conducive to the attainment of the above objects or any of them in any capacity whether as principals, or agents, or trustees or beneficiaries or otherwise.

- (33) To initiate, facilitate, promote, assist, undertake and manage all activities in relation to commodity, facilitating intra and inter market dealings and generally to facilitate clearing and settlement of transactions in Commodity dealings of all kinds.
- (34) To settle disputes and to decide all questions of trading, clearing and settlement methods, practices, usages, or custom in the conduct of trade and business of the Company, of clearing members and of all other concerned persons.
- (35) To fix, prescribe, charge, recover, receive security deposits, admission fee, fund subscriptions, subscription from clearing members of the Company and also to fix, prescribe, charge, recover and receive deposits, margins, penalties, ad-hoc levies and other charges.
- (36) To take part in the management of or setting up of an advisory or research division or divisions and to act as consultants and advisers in the field of clearing and settlement and to enter into an association or other arrangement with any other Commodity Exchange or other person or entity dealing in Commodities.
- (37) To acquire, preserve, and disseminate useful information connected with the business of the Company.
- (38) To subscribe to, become a member of, subsidize and cooperate with any association, whether incorporated or not, whose objects are altogether, or in part, similar to those of the Company, and to procure from, and communicate to any such association, such information as may be likely to further the objects of the Company.
- (39) To promote and undertake the formation and establishment of such institutions, business, pools, combines, syndicates as may be considered to be conducive to the interests of the Company.
- (40) To employ experts, consultants, advisers and appoint agents (not being managing agents) and constituted attorneys in connection with the business of the Company.
- (41) To give guarantees and indemnities for the payment of money or the performance of contracts or obligations and to enter into undertakings, obligations, agreements, contracts and other instruments in connection with the business of the Company.
- (42) To borrow any moneys for the purposes of the Company from the members or from any other persons, firms, companies, corporations, Government agencies, institutions or banks, multilateral and/or other international financial institutions and banks and secure the payment of money in such manner as the Company shall think fit.
- (43) To carry on such other business which the Company is capable of doing in connection with any business of the Company or calculated directly or indirectly to enhance the value of, or render profitable, any of the Company's property or rights for the time being.

- (44) To grant funds, donations, annuities, pensions, allowances, gratuities, bonuses to any employee or employees of the Company or any dependent thereof or to any charitable, religious, social, scientific, educational, industrial institutions or organizations.
- (45) Subject to the provisions of the Companies Ordinance, 1984, to receive, declare and distribute profits and to capitalize such portion of the profits of the Company as are not distributed among the members of the Company in the form of dividends and as the Directors of the Company may think fit, and to issue bonus shares, as fully paid-up, in favor of the members of the Company and to sell, improve, manage, develop, exchange, lease, mortgage, enfranchise, dispose of, turn to account or otherwise deal with, all or any part of the property, assets or undertaking of the Company for such consideration as the Company may think fit, and in particular for shares, stocks, debentures, or other securities of any other company whether or not having objects altogether or in part similar to those of the Company, and to distribute among the members in specie any property of the Company, or any proceeds of the sale or disposal of any property of the Company, whether or not such property or proceeds, are obtained in winding-up.
- (46) To amalgamate, consolidate, or merge, either in whole or in part, with any other company or entity carrying on business of a similar nature to that which this Company is authorized to carry on.
- (47) To invest surplus funds of the Company in any manner as the Company deems fit.
- (48) To do all and everything necessary, suitable or proper or incidental or conducive to the accomplishment of any of the purposes or the attainment of any of the objects or the furtherance of any of the powers hereinbefore set forth, either alone or in association with other corporate bodies, firms, or individuals and to do every other act or thing incidental or appurtenant to or arising out of or connected with the business or powers of the Company or part thereof, provided the same be lawful.

It is expressly declared that the several sub-clauses of this clause and all the powers expressed therein are to be cumulative but in no cases unless the context expressly so requires is the generality of any one sub-clause to be narrowed or restricted by the name of the Company or by the particularity of expression in the same sub-clause or by the application of any rule of construction such as the ejusdem generis rule, and accordingly none of such sub-clauses or the objects therein specified or the power thereby conferred shall be deemed subsidiary or auxiliary merely to the objects mentioned in any other sub-clause, of this clause , and the Company shall have full power to exercise all or any of the powers conferred by any part of this clause in any of part of the world.

#### **IV. LIABILITY**

The liability of Members is limited.

#### **V. SHARE CAPITAL**

<sup>3</sup>The authorized share capital of the company is Rs 500,000,000 (Rupees Five Hundred Million) divided into 50,000,000 (Fifty Million) ordinary shares of Rs 10 each. The

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<sup>3</sup> Clause V was replaced vide special resolution dated October 14, 2016

Company shall have the power to increase, reduce or re-organize the capital of the Company and divide shares in the capital for the time being into several classes in accordance with the provisions of the Companies Ordinance, 1984.

**INCORPORATED UNDER THE COMPANIES ORDINANCE, 1984**

**COMPANY LIMITED BY SHARES**

**ARTICLES OF ASSOCIATION OF PAKISTAN MERCANTILE<sup>1</sup> EXCHANGE LIMITED**

**PRELIMINARY**

**TABLE 'A' NOT TO APPLY**

1. The regulations contained in Table "A" in the First Schedule to the Companies Ordinance, 1984 shall not apply to the Company except in so far as they are repeated or contained in these Articles.

**INTERPRETATION**

2. The chapter headings shall not affect the construction hereof, and in these Articles, unless there is something in the subject or context inconsistent therewith:-

“Articles” means these Articles of Association, as originally framed or as altered from time to time by Special Resolution.

“Board” shall mean the Directors from time to time of the Company acting at a duly convened meeting at which a quorum is present or acting or pursuant to written consent under Article 81.

“Broker” means a person issued a brokers card by the Company and granted license to operate and conduct as the broker subject to the Rules & Regulations applicable for the purpose.

“Chairman” means the Chairman of the Board appointed from time to time pursuant to the Articles.

“Commission” means the Securities and Exchange Commission of Pakistan constituted under Section 3 of the Securities and Exchange Commission of Pakistan Act, 1997.

“Company” means Pakistan Mercantile<sup>2</sup> Exchange Limited.

“Commodity” means gold, silver, wheat, cotton, rice, sugar, pulses, beans, cereals, tea, corn, oats, barley, rye, flaxseed, grain sorghums, mill feeds, butter, eggs, wool, fats and oils (including lard, tallow, cottonseed oil, peanut oil, soybean oil, and all other fats and oils), cottonseed meal, cottonseed, peanuts, soybeans, soybean meal, livestock, livestock products, and frozen concentrated orange juice, and all other goods and articles as may be included by the company for the purpose of trade along with all services, rights, and interests in which contracts for future delivery are presently or in the future dealt in.

“Debenture” shall include Participation Term Certificate, Term Finance Certificate, and any instrument in the nature of redeemable capital.

“Directors” mean the Directors of the Company appointed from time to time pursuant to these Articles including Alternate Directors.

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<sup>1</sup> Replaced with National Commodity vide special resolution dated January 07, 2011

<sup>2</sup> Replaced with National Commodity vide special resolution dated January 07, 2011



“Dividend” means the distribution of profits of the Company to its Members.

“Managing Director” means the Chief Executive of the Company appointed from time to time pursuant to these Articles.

“Member” means a member of the Company within the meaning of clause (2) of sub-section (1) of Section 2.

“Memorandum” means the Memorandum of Association of the Company as originally framed or as altered from time to time in accordance with the provisions of the Ordinance.

“Month” means a calendar month according to the English calendar.

“Office” means the Registered Office of the Company.

“Ordinance” means the Companies Ordinance, 1984, as amended and now in force in Pakistan, and any amendment or re-enactment thereof for the time being in force.

“Person” shall include individuals, a body corporate, partnership firm and association.

“Register” means the Register of Members to be kept pursuant to Section 147.

“Seal” means the Common Seal of the Company.

“Section” means section of the Ordinance.

“Special Resolution” has the meaning assigned thereto by clause (36) of sub-section (1) of Section 2.

“In writing” and “Written” includes printing, lithography and other modes of representing or reproducing words in a visible form.

Words importing the singular number include the plural number and vice versa.

Words importing the masculine gender only include the feminine gender and words or expressions contained in the Articles shall bear the same meaning as in the Ordinance.

Words importing persons include bodies corporate, partnership firms and associations.

## **CAPITAL**

- <sup>3</sup>3. Subject to any Rules or other directions or notifications issued by the Commission, the company may have more than one kind of share capital divided into different classes of shares under each kind in accordance with the provisions of the Ordinance, and any rules made there under or as provided under these Articles. Each kind of share capital and classes thereof, if any, as may be specified in these Articles may have such rights, privileges or conditions as approved by the Company by passing a special resolution in accordance with Ordinance, these Articles or Regulations for the time being enforced. The Company shall have the power by passing a special resolution to vary, modify or abrogate any such rights, privileges or conditions in such manner as may for the time being provided by Ordinance, these Articles or the Regulations as the case may be.

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<sup>3</sup> Articles 3 replaced vide special resolution dated March 27, 2012

## **Power to Issue Shares with Different Rights**

<sup>4</sup>3A. Subject to Section 90 of the Ordinance, and any rules in that regard under the Ordinance and without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares, any share in the Company may be issued with different rights, restrictions and privileges, including but not limited to the following as may be approved by the Company by passing a special resolution:

- (1) different voting rights, voting rights disproportionate to the paid-up value of shares held, voting rights for specific purposes only, or no voting rights at all;
- (2) different rights for entitlement of dividend, rights shares or bonus shares or entitlement to receive the notices and to attend the general meetings;
- (3) rights and privileges for an indefinite period, for a specified period or for such period or periods as may from time to time be determined by the Company; and
- (4) different manner and mode of redemption, including redemption in accordance with the provisions of these Articles, subject to Sections 85, including but not limited to, by way of conversion into shares with such rights and privileges as approved by the Company by passing a special resolution.

## <sup>5</sup>3B. **Rights and Privileges Attached to Preference Shares**

### **A. DIVIDEND**

The profits which the Company may determine to distribute in respect of any financial year shall be applied:

- (i) first, in paying to the holders of the Preference Shares a preferential dividend on the capital paid up on the Preference Shares; and
- (ii) the balance of such profit shall be distributed amongst the holders of the Ordinary Shares according to the amount paid up on such Ordinary Shares.

### **B. CONVERSION**

Unless otherwise agreed, the following provisions shall have effect with respect to Preference Shares partly or wholly convertible at the option of the Preference Shareholder:

- (i) the conversion shall be effected by notice in writing given to the Company signed by the holders of the Preference Shares and the conversion shall take effect immediately upon the date of delivery of such notice together with the relevant share certificate(s) to the Company unless such notice state that conversion is to be effective any conditions specified in such notice have been fulfilled in which case conversion shall take effect when such conditions have been fulfilled;
- (ii) the Company shall issue to such holders respectively certificates for the Ordinary Shares resulting from the conversion;

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<sup>4</sup> Articles 3A inserted vide special resolution dated March 27, 2012

<sup>5</sup> Articles 3B inserted vide special resolution dated March 27, 2012

- (iii) the Ordinary Shares resulting from the conversion shall rank from the date of conversion pari passu in all respects with the remaining Ordinary Shares in the capital of the Company. Provided that in respect of the financial year in which the full or part conversion occurs, entitlement to dividend for Preference Shares and Ordinary Shares shall be calculated on time proportion basis.

**C. REDEMPTION**

Subject to provisions of the Ordinance, the redeemable preference shares shall be redeemed in accordance with the terms and conditions of the issue.

**D. DISTRIBUTION OF CAPITAL**

On a return of capital on liquidation or otherwise (except upon the redemption of shares of any class or the purchase by the Company of its own shares), the surplus assets of the Company remaining after payment of its liabilities shall be applied as follows:

- (i) first, in paying to the holders of the Preference Shares the paid up value per share together with any arrears of the preference dividend calculated down to the date of the return of capital; and
- (ii) the balance, if any, of such assets shall be distributed amongst the holders of the Ordinary Shares in proportion to the amounts paid up on the Ordinary Shares held by them.

**MINIMUM SUBSCRIPTION**

- 4. For the purposes of Section 68(8), the minimum subscription on which the Board may proceed to allotment shall be Rs. 500,000 (Rupees five hundred thousand only).

**ISSUE OF SHARES**

- 5. The Board shall, as regards any allotment of shares, duly comply with such provisions of sections 68 to 73 as may be applicable.
- 6. Subject to the provisions of the Ordinance, the shares shall be under the control of the Board who may allot or otherwise dispose of the same or any of them to such persons on such terms and conditions, and at such time as the Board thinks fit, and at a premium or at par or (subject to the provisions of the Ordinance) at a discount, and for such consideration as the Board thinks fit.
- 7. Subject to Section 86, where at any time the Board decides to increase the issued capital of the Company by issuing any further shares, then subject to any direction to the contrary that may be given by the Company in General Meeting by special resolution such shares shall be offered to the members in proportion to the existing shares held by each member, and such offer shall be in proportion to the existing shares held by each member, and such offer shall be made by notice specifying the number of shares to which the member is entitled, and limiting a time within which the offer, if not accepted, will be deemed to be declined and after the expiration of such time, or on receipt of information from the member to whom such notice is given that he declines to accept

the shares offered, the Board may dispose of or offer the same in such manner and to such persons as is approved by the Commission in writing.

#### **FRACTIONAL SHARES**

8. If and whenever as a result of an issue of new shares or any consolidation or sub-division of shares any member becomes entitled to hold shares in fractions, the Board shall not be required to offer or issue such fractional shares and all fractions less than a share shall be consolidated and disposed of by the Board and the proceeds of such disposition paid to the members entitled to such fractional shares in due proportion. For the purpose of giving effect to any such sale the Board may authorise any person to transfer the shares sold to the purchaser thereof, and the purchaser shall be registered as the holder of the shares comprised in such transfer but he shall not be entitled to see the application of the purchase money nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.

#### **SHARES IN PAYMENT FOR PROPERTY**

9. Subject to the provisions of the Ordinance and these Articles, the Board may allot and issue shares in the capital of the Company as payment or part payment for any property sold or transferred, goods, equipment or machinery supplied, or for services rendered to the Company in the conduct of the business or affairs, and any shares which may be so allotted may be issued as fully paid up shares, and if so issued, shall be deemed to be fully paid up shares.

#### **EVIDENCE OF MEMBERSHIP**

10. Any application for subscription signed by or on behalf of an applicant or subscriber for shares in the Company, followed by an allotment of any shares therein, shall, be an acceptance of shares within the meaning of the Articles, and every person who thus or otherwise accepts any shares and whose name is entered on the Register shall for the purpose of the Articles be a member.

#### **TRUST NOT RECOGNISED**

11. Save as herein otherwise provided, the Company shall be entitled to treat the person whose name appears on the Register as the holder of any shares as the absolute owner thereof, and accordingly shall not (except as ordered by a Court of competent jurisdiction or as by law required) be bound to recognise any trust or equity or benami, equitable, contingent or other claim to or interest in such shares on the part of any other person whether or not it shall have express or implied notice thereof.

#### **UNDERWRITING**

#### **UNDERWRITING**

12. Subject to section 82, the Company may at any time pay a commission to any person for subscribing or agreeing to subscribe, (whether absolutely or conditionally) for any shares or debentures or procuring or agreeing to procure subscription, whether absolute or conditional, for any shares or debentures of the Company, but so that the amount or rate of commission shall not exceed such amount or rate as is authorised by the Board (or such other rate as may be prescribed by the Commission under the Ordinance) of the price at which the shares are issued or of the nominal value of the debentures in each

case subscribed or to be subscribed. The commission may be paid or satisfied in cash or in shares or debentures of the Company. The Company may also pay brokerage not exceeding one (1) per cent (or such other rate as may be prescribed by the Commission) in respect of any subscription for shares or debentures.

## **CERTIFICATES**

### **MEMBER'S RIGHT TO CERTIFICATE**

13. Every member shall be entitled without payment to one Certificate for all the shares registered in his name, or upon paying such fee as the Board may from time to time determine, to several Certificates, each for one or more shares. If the Company obtains listing of its shares on any stock exchange, every member shall be entitled to one certificate for every marketable lot of the shares registered in his name. Every certificate of shares shall specify the number and denote the number of shares in respect of which it is issued, and the amount paid thereon, such certificate shall be issued under Seal, and shall bear the signature of one Director and shall be counter- signed by the Secretary or by a second Director, or by some other person appointed for that purpose by the Board. The Directors may, by resolution, determine either generally or in any particular case that the signature of any Director(s), Secretary or other person on share certificates may be affixed by some mechanical means in the mode and manner specified in such resolution. In respect of a share or shares held jointly by more than one person, the Company shall not be bound to issue more than one certificate, and delivery of a certificate for a share to one of the joint holders shall be sufficient delivery to all.

### **ISSUE OF NEW CERTIFICATE IN PLACE OF DEFACED LOST OR DESTROYED CERTIFICATE**

14. If any certificate is worn-out, defaced or rendered useless, then upon production thereof to the Board, it may order the same to be cancelled and may issue a new certificate in lieu thereof, and if any certificate is lost or destroyed, then on proof thereof, to the satisfaction of the Board and on such indemnity as the Board deems adequate being given, a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed certificate. The new certificate may be issued on such terms and fee as may be prescribed by the Board including payment of expenses incurred by the Company in investigating title.

## **TRANSFER AND TRANSMISSION**

### **EXECUTION OF TRANSFER**

15. (i) The instrument of transfer of any share in the Company shall be executed both by the transferor and transferee, and the transferor shall be deemed to remain holder of the share until the name of the transferee is entered in the Register in respect thereof.
- (ii) Notwithstanding anything contained in these Articles, no transfer of shares in the Company shall be registered by the Directors unless the Commission has accorded its prior approval to the transfer in writing.

### **TRANSFER**

16. The instrument of transfer of any share shall be in writing in the usual common form or in the form appearing in the next Article 17 or as near thereto as circumstances will admit.

**FORM OF TRANSFER**

17. Pakistan Mercantile<sup>6</sup> Exchange Limited

I, \_\_\_\_\_ son/daughter/wife of \_\_\_\_\_ of \_\_\_\_\_ being a \_\_\_\_\_ national (hereinafter called the "Transferor") in consideration of the sum of Rs. \_\_\_\_\_ (Rupees \_\_\_\_\_) paid to me by \_\_\_\_\_ son/daughter/wife of \_\_\_\_\_ of \_\_\_\_\_ a \_\_\_\_\_ national (hereinafter called the "Transferee") hereby transfer to the Transferee \_\_\_\_\_ share(s) numbered \_\_\_\_\_ in the undertaking called Pakistan Mercantile<sup>7</sup> Exchange Limited to hold the same unto the said Transferee, his (or her) successors, executors, administrators or assigns subject to the several conditions on which I held the same immediately before the execution hereof, and I, the Transferee, do hereby agree to take the said share(s) subject to the conditions aforesaid.

AS WITNESS our hands this \_\_\_\_ day of, \_\_\_\_\_

Signature of Transferor \_\_\_\_\_

Witness \_\_\_\_\_ Signature \_\_\_\_\_ dated \_\_\_\_\_

Full Address \_\_\_\_\_

Signature of Transferee \_\_\_\_\_

Full Name, Father's/ Husband's Name, Nationality, Occupation and Full Address of Transferee

\_\_\_\_\_

Witness \_\_\_\_\_ Signature \_\_\_\_\_

Full Address \_\_\_\_\_

The Board may from time to time alter or vary the transfer form.

**WHEN REGISTER MAY BE CLOSED**

18. The Board shall have power on due notice (given in the manner prescribed in the Ordinance) to close the Register for such period(s) of time not exceeding thirty days at a time or forty-five days in any year.

**TRANSMISSION OF SHARES OF DECEASED MEMBER**

19. In the case of the death of a shareholder, the survivor(s), where the deceased was a joint holder and (subject as hereinafter provided), where the deceased was a sole or any surviving holder, the executors or administrators of the deceased holding a Grant of Probate or Letters of Administration or the nominees of the deceased appointed under Section 80, or any person or persons mentioned in any Succession Certificate effective in Pakistan shall be the only persons recognised by the Company as having any title to the

<sup>6</sup> Replaced with National Commodity vide special resolution dated January 07, 2011

<sup>7</sup> Replaced with National Commodity vide special resolution dated January 07, 2011

shares, but nothing herein contained shall release the estate of a deceased holder (whether sole or joint) from any liability (whether sole or joint) in respect of any share solely or jointly held by him. In any case in which such a Grant of Probate or Letters of Administration or Succession Certificate has not been obtained or a nomination was not made by the deceased as above mentioned, the Board may, but shall not be bound to, recognise the title of any person claiming to be entitled to the deceased holder's share on production by such claimant of any other evidence of title as the Board may deem sufficient, and upon the claimant furnishing such indemnity, if any as the Board may require.

**NO LIEN, RESTRICTION OR TRANSFER FEE ON TRANSFER OF SHARES:**

20. The Company shall not exercise any lien on its shares nor shall there be any restriction on transfer of shares. The Company shall not charge any transfer fee for transfer of shares.

**RIGHT OF THE SURVIVOR TO BE REGISTERED AS A MEMBER OR TO TRANSFER SHARES**

21. Any person becoming entitled to a share in consequence of the death or insolvency of a member shall, upon such evidence being produced as may from time to time be required by the Board, have the right either to be registered as a member in respect of the share or, instead of being registered himself, to make such transfer of the share as the deceased or insolvent person could have made.

**RIGHT OF SURVIVOR TO RECEIVE DIVIDENDS AND OTHER ADVANTAGES**

22. A person becoming entitled to a share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he was the registered holder of the share, except that he shall not before being registered as a member in respect of the share, be entitled in respect of it to exercise any rights conferred by membership in relation to meetings of the Company.

**COMPANY NOT TO BE LIABLE**

23. The Company shall incur no liability or responsibility whatever in consequence of its registering or giving effect to any transfer of shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register) to the persons having or claiming any equitable right, title or interest to or in the same shares, notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer, and the Company shall not be bound or required to regard or attend or give effect to any notice which may be given to it of any equitable right, title or interest, or be under any liability whatsoever for refusing or neglecting so to do but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto, if the Board shall so think fit.

**ALTERATION OF CAPITAL**

**POWER TO INCREASE AUTHORISED CAPITAL**

24. The Company may from time to time by ordinary resolution increase the authorised share capital by such sum to be divided into shares of such amount as the resolution shall prescribe.

**CONDITIONS OF ISSUE OF NEW SHARES:**

25. Except and so far as otherwise provided by the conditions of issue or by the Article any capital raised by the creation of new shares shall be considered part of the authorised capital and shall be subject to the provisions herein contained with reference to transfer and transmission, voting and otherwise.

**POWER TO REDUCE SHARE CAPITAL**

26. The Company may by Special Resolution reduce its share capital in any manner and with and subject to any incident authorisation and consent required by law.

**POWER TO SUB-DIVIDE OR CONSOLIDATE SHARES OR CANCEL SHARES NOT TAKEN:**

27. Subject to Section 92, the Company may in General Meeting by Ordinary Resolution alter the conditions of its Memorandum as follows:
- a) consolidate and divide all and any of its share capital into shares of larger amount than its existing shares;
  - b) sub-divide shares or any of them into shares of smaller amounts than originally fixed by the Memorandum, subject nevertheless to the provisions of the Ordinance in that behalf;
  - c) cancel shares which at the date of such General Meeting have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

**POWER TO BORROW**

**POWER OF THE BOARD:**

28. The Board may from time to time borrow any moneys for the purposes of the Company from the members or from any other persons, firms, companies, corporations, Government Agencies, institutions or banks, or the Directors may themselves lend moneys or provide finance to the Company.

**GIVING OF SECURITIES:**

29. The Board may borrow moneys and secure payment thereof in such manner and upon such terms and conditions in all respects as it may think fit, and in particular by the issue of bonds, debentures, or by mortgage or charge or other security on the whole or any part of the property, assets, rights, book debts and receivables of the Company (both present and future) and/or the undertaking of the Company.

**CONDITIONS OF BONDS, ETC:**

30. Any bonds, debentures or other securities issued or to be issued by the Company shall be under the control of the Board which may issue them upon such terms and conditions and in such manner and for such consideration as shall be considered by the Board to be for the benefit of the Company.

**ISSUE AT DISCOUNT:**

31. Subject to the provisions of Article 30, in regard to any issue of bonds, debentures or other securities, the Directors may exercise all or any of the powers of the Company



arising under Sections 120 and 196 of the Ordinance and in particular the Board may issue any bonds, debentures or other securities at a discount, premium or otherwise and with any special privileges as to redemption, surrender, drawings, convertibility into shares or appointment of Directors.

**INDEMNITY TO DIRECTORS:**

32. If the Directors or any of them or any other person shall become personally liable for the payment of any sum primarily due from the Company, the Board may execute or cause to be executed and mortgage, charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Directors or persons so becoming liable as aforesaid from any loss in respect of such liability.

**GENERAL MEETINGS**

**STATUTORY MEETING:**

33. (a) The statutory General Meeting of the Company shall be held within a period of not less than three months, nor more than six months, from the date at which the Company is entitled to commence business.

**ANNUAL GENERAL MEETING:**

- (b) A General Meeting, to be called Annual General Meeting, shall be held in accordance with the provisions of Section 158, within eighteen months from the date of incorporation of the Company and thereafter once at least in every calendar year within a period of six months following the close of its financial year and not more than fifteen months after the holding of its last preceding Annual General Meeting as may be determined by the Board.

**EXTRAORDINARY GENERAL MEETING:**

34. All general meetings of the Company other than an Annual General Meeting shall be called Extraordinary General Meetings.

**WHO MAY CALL EXTRAORDINARY GENERAL MEETINGS:**

35. The Board may at any time call an Extraordinary General Meeting, and Extraordinary General Meetings shall also be called on such requisition, or in default, may be called by such requisitionists, as is provided by Section 159.

**NOTICE OF MEETINGS:**

36. Twenty-one days' notice at the least (exclusive of the day on which the notice is served or deemed to be served, but inclusive of the day for which notice is given) specifying the place, the day and the hour of General Meeting and, in case of special business, all material facts concerning such business, shall be given in a manner provided by the Ordinance for the General Meetings to such persons as are, under the Ordinance or the Articles, entitled to receive such notices from the Company. If the Company is listed on a stock exchange, the notice of a General Meeting in addition to its being dispatched to the Shareholders in the normal course shall also be published at least in one issue each of a daily newspaper in English language and a daily newspaper in the Urdu language having

circulation in the Province in which the Stock Exchange on which the Company is listed is situated.

**SPECIAL BUSINESS:**

37. All business shall be deemed special that is transacted at an Extraordinary General Meeting, and also all that is transacted at an Annual General Meeting with the exception of declaring a dividend, the consideration of the accounts, balance sheet and the reports of Directors and Auditors, the election of Directors, the appointment of, and the fixing of the remuneration of the Auditors. Where any special business is to be transacted at a General Meeting there shall be annexed to the notice of such meeting a statement setting out all such facts as may be material for the consideration of such business. Where it is proposed to pass a Special Resolution at a General Meeting, a draft of such resolution shall be annexed to the notice convening such meeting and the notice of the Meeting shall specify the intention to propose the Resolution as a Special Resolution.

**OMISSION TO GIVE NOTICE:**

38. The accidental omission to give notice of any General Meeting to any of the shareholders or the accidental non-receipt thereof shall not invalidate the proceedings at any such Meeting.

**PROCEEDINGS AT GENERAL MEETING**

**QUORUM:**

39. At least three members present personally who represent not less than twenty-five per cent (25%) of the total voting power in the Company either on their own account or as proxies shall be a quorum for a General Meeting. No business shall be transacted at any General Meeting unless the quorum requisite is present at the time when the Meeting proceeds to business.

**CHAIRMAN TO PRESIDE OVER GENERAL MEETING:**

40. The Chairman shall be entitled to take the chair at every General Meeting. If there is no Chairman or if at any Meeting he shall not be present within fifteen minutes after the time appointed for holding such Meeting or is unwilling to act, the Directors present may elect a Director as chairman and if none of the Directors is present or being present is unwilling to act as chairman, the members present shall choose one of the members to be the chairman.

**ADJOURNMENT OF MEETING FOR LACK OF QUORUM:**

41. If within half an hour after the time appointed for the holding of a General Meeting a quorum is not present, the Meeting if convened on the requisition of the members, shall be dissolved and in every other case shall stand adjourned to the same day in the week following at the same time and place. If at the adjourned meeting a quorum is not present the members present personally being not less than two shall be the quorum and may transact the business for which the meeting was called.

**ADJOURNMENT BY CHAIRMAN:**

42. The Chairman with the consent of a General Meeting may adjourn any meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than business left unfinished at the meeting from which the adjournment took place.

**VOTING ON RESOLUTIONS BY SHOW OF HANDS AND WHEN POLL DEMANDED:**

43. At any General Meeting a Resolution put to the vote of the meeting shall be decided on a show of hands, unless a poll is (before or on the declaration of the results of the show of hands) demanded by at least five members present in person or by proxy or by the Chairman of the meeting, or by any member or members present in person or by proxy and having not less than one-tenth of the total voting power in respect of the resolution or by any member or members present in person or by proxy and holding shares in the Company conferring a right to vote on the resolution being shares on which an aggregate sum has been paid up which is not less than one-tenth of the total sum paid up on all the shares conferring that right, and unless a poll is so demanded, a declaration by the Chairman that a resolution has been carried or carried unanimously or by a particular majority or lost, and an entry to that effect in the books of the proceedings of the Company shall be conclusive evidence of the fact without further proof of the number or proportion of the votes recorded in favour of or against such Resolution.

**POLL:**

44. If a poll is demanded as aforesaid it shall be taken in such manner and at such time and place as the Chairman of the meeting directs, and either at once or after an interval or adjournment of not more than fourteen days from the day on which the poll is demanded and the results of the poll shall be the resolution passed at the meeting at which the poll was held. The demand for a poll may be withdrawn at any time by the person or persons who made the demand.

**POLL ON ELECTION OF CHAIRMAN AND ADJOURNMENT:**

45. Any poll demanded on the election of a Chairman of a meeting or on any question of adjournment shall be taken at the meeting and without adjournment.

**EFFECT OF POLL:**

46. The demand for a poll shall not prevent the continuation of a meeting for the transaction of any business, other than the question on which the poll was demanded.

**MINUTES:**

47. Minutes shall be made in books provided for the purpose of all resolutions and proceedings at General Meetings, and any such Minutes if signed by any persons purporting to have been the Chairman of the Meeting or next following Meeting shall be receivable as evidence of the facts therein stated without further proof.

**MINUTE BOOKS OF GENERAL MEETING:**

48. The Books containing Minutes of proceedings of General Meetings of the Company shall be kept at the Office and shall during business hours (subject to reasonable restrictions as the Board may from time to time impose but so that no less than two hours each day is allowed for inspection) be open to the inspection of any member without charge.

## **VOTES OF MEMBERS**

### **VOTES OF MEMBERS:**

49. Except as provided in Article 64 hereof, upon a show of hands every member entitled to vote and present in person or by proxy shall have one vote, and upon a poll every member entitled to vote and present in person or by proxy shall have one vote for every share held by him.

### **RIGHT TO VOTE OF JOINT HOLDERS:**

50. In case of joint-holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint-holders; and for this purpose seniority shall be determined by the order in which the names stand in the Register.

### **CORPORATION ACTING BY REPRESENTATIVE:**

51. Any company or other corporation which is a Member of the Company may by resolution of its directors or other governing body authorise such person as it thinks fit to act as its representative at any meeting of the Company and the person so to act as its representative at any meeting of the Company and the person so authorised shall be entitled to exercise the same powers on behalf of the company or corporation which he represents as that company or corporation could exercise if it were an individual Member of the Company present in person. The production before or at the meeting of a copy of such resolution purporting to be signed by a director or the secretary of such company or corporation and certified by him as being a true copy of the resolution shall be accepted by the Company as sufficient evidence of the validity of the appointment of such representative. A company or corporation which is a Member of the Company but which is not resident in Pakistan may appoint a representative as aforesaid by cable, telex message or facsimile which is purporting to be sent by such company or corporation need not be certified as a true copy as aforesaid.

### **VOTING BY MEMBER OF UNSOUND MIND:**

52. A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on show of hands or on a poll, by his committee or other legal guardian, and any such committee or guardian may, on a poll, vote by proxy.

### **POLL BY PROXY:**

53. On a poll votes may be given either personally or by proxy.

### **PROXY:**

54. Every proxy shall be appointed in writing under the hand of the appointor or by an agent duly authorised under a Power of Attorney or if such appointor is a company or corporation under the Common Seal of the company or corporation or the hand of its Attorney. A proxy need not be a member. A proxy shall have such right as respects speaking and voting at a Meeting as are available to a member personally present at the Meeting. A member shall not be entitled to appoint more than one proxy to attend any one Meeting. If any member appoints more than one proxy for any one Meeting and

more than one instruments of proxy are deposited with the Company, all such instruments shall be rendered invalid.

**IRREVOCABLE PROXY:**

55. Any proxy declared expressly on its face to be irrevocable shall not be revoked or be deemed revoked by the member giving such proxy without the consent of the proxy-holder, whether by attendance at any General Meeting held during the period of such proxy or by any other action on his part whatsoever or otherwise during the term of such proxy if such proxy is furnished to and filed with the records of the Company, and the Company shall be bound to recognise and give effect to such proxy in accordance with the terms thereof.

**PROXY TO BE DEPOSITED AT THE OFFICE:**

56. No person shall act as proxy unless the instrument of his appointment and the Power of Attorney, if any, under which it is signed, shall be deposited at the Office at least forty-eight hours before the time for holding the Meeting at which he proposes to vote.

**FORM OF PROXY:**

57. An instrument appointing a proxy may be in the following form or a form as near thereto as may be:

"I \_\_\_\_\_ of \_\_\_\_\_  
\_\_\_\_\_ in the district of \_\_\_\_\_  
being a member of the Pakistan Mercantile<sup>8</sup> Exchange Limited hereby appoint  
\_\_\_\_\_ of \_\_\_\_\_ as my proxy  
to vote for me and on my behalf at the (annual, extraordinary, as the case may  
be) general meeting of the Company to be held on the  
\_\_\_\_\_ day of \_\_\_\_\_ and at any  
adjournment thereof."

**VALIDITY OF PROXY:**

58. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death of principal or revocation of the proxy or of any power of attorney under which such proxy was signed, provided that no intimation in writing of the death or revocation shall have been received at the Office before the Meeting or the adjourned Meeting at which proxy is used.

**VALIDITY OF VOTE:**

59. No objection shall be made to the validity of any vote except at the Meeting or at the poll at which such vote shall be tendered, and every vote whether given personally or by proxy not disallowed at such Meeting or poll shall be deemed valid for all purposes of such Meeting or poll.

**CHAIRMAN TO DECIDE:**

60. If any question is raised, the Chairman of the Meeting shall decide on the validity of every vote tendered at such Meeting in accordance with these Articles.

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<sup>8</sup> Replaced with National Commodity vide special resolution dated January 07, 2011

## DIRECTORS

### NUMBER OF DIRECTORS:

- <sup>9</sup>61. The number of Directors shall not be less than Seven (7). The Board shall fix the number of Directors of the Company not later than thirty-five (35) days before the convening of the General Meeting at which Directors are to be elected, and the number so fixed shall not be changed except with the prior approval of the General Meeting of the Company. Two-thirds of the directors shall be elected by the shareholders and one-third shall be independent directors nominated and appointed by the Commission. Provided that not more than half of elected directors may have trading rights or may be connected with entities having trading rights.

### FIRST DIRECTORS:

62. (a) The number and names of the first elected Directors shall be determined by the subscribers to the Memorandum.
- (b) The Majority of the Directors on the Board will be persons without trading rights, directly or indirectly, on the Company.

### TERM OF OFFICE, REMOVAL AND CASUAL VACANCIES

#### FIRST DIRECTORS TO RETIRE:

63. The first Directors of the Company shall stand retired from office at the first Annual General Meeting of the Company.

#### ELECTION OF DIRECTORS:

64. (i) After the first appointment of Directors, the number of elected Directors fixed by the Board under Article 61 shall be elected to office by the members in General Meeting in the following manner, namely:
- a member shall have such number of votes as is equal to the product of voting shares held by him and the number of Directors to be elected;
  - a member may give all his votes to a single candidate, or divide them between more than one of the candidates in such manner as he may choose;
  - the candidate who gets the highest number of votes shall be declared elected as Director and then the candidate who gets the next highest number of votes shall be so declared, and so on until the total number of Directors to be elected has been so elected.
- (ii) Where the number of candidates is equal to or less than the number of Directors to be elected it will not be necessary to hold an election as laid down in clause (i) of this Article and all the candidates shall be deemed to have been elected under this Article.

#### TERM OF OFFICE:

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<sup>9</sup> Clause 61 was replaced vide special resolution dated October 02, 2012

65. A Director elected under Article 64 shall hold office for a period of three years, unless he earlier resigns, becomes disqualified from becoming a Director or otherwise ceases to hold office. A retiring Director shall be eligible for re-election. An election of Directors in the manner prescribed by the preceding Article shall be held once in every three years.

**REMOVAL:**

66. The Company may by resolution in General Meeting remove a Director appointed under Article 62 or 68 or elected or deemed to have been elected under Article 64:

Provided that a resolution for removing a Director shall not be deemed to have been passed unless the number of votes cast in favour of such a resolution is not less than:

- (i) the minimum number of votes that were cast for the election of Directors, if the resolution relates to removal of a Director elected in the manner provided in or under Article 64; or
- (ii) the total number of votes for the time being computed in the manner laid down in Articles 64 divided by the number of Directors for the time being, if the resolution relates to removal of a Director appointed under Article 62 or 68.

**CONTINUING DIRECTORS TO ACT:**

67. The continuing Directors may act notwithstanding any vacancy in their body, but if the minimum falls below the number fixed by Article 61 hereof, the Directors shall not, except for the purpose of filling a vacancy in their number or of convening a General Meeting, act so long as the number remains below the minimum.

**FILLING CASUAL VACANCY:**

68. The Directors may at any time appoint any person to be a Director to fill a casual vacancy in the Board. Any Director so appointed shall hold office for the remainder of the term of the Director in whose place he is appointed.

**REMUNERATION OF DIRECTORS:**

69. Until otherwise determined by the Company in General Meeting, every Director (including an Alternate Director) shall be entitled to be paid as remuneration for his services for attending Board Meetings, a fee in such amount as may be fixed from time to time by the Board. Each Director (including each Alternate Director) shall be entitled to be reimbursed his reasonable expenses incurred in consequence of his attendance at meetings of the Directors, or of Committees of Directors.

**EXTRA REMUNERATION MAY BE PAID TO A DIRECTOR:**

70. Any Director who serves on any Committee or who devotes special attention to the business of the Company or who otherwise performs services which, in the opinion of the Board, are outside the scope of the statutory duties of a Director may be paid such extra remuneration as may be determined by the Board, provided that a Director shall not, without the sanction of the Company in General Meeting, accept or hold an office of profit under the Company other than that of chief executive or a legal or a technical adviser or a banker.

**SHARE QUALIFICATION FOR DIRECTORS:**

71. A Director must be a member, unless he represents an institution or is a whole time working Director, or a Chief Executive/Managing Director or a person representing a creditor on the Board.

## **POWERS OF DIRECTORS**

### **GENERAL POWERS OF COMPANY VESTED IN DIRECTORS:**

72. (a) The control of the Company shall be vested in the Board and the business of the Company shall be managed by the Board, which may pay all expenses incurred in forming and registering the Company, and may exercise all such powers of the Company as are not by the Ordinance or by these Articles required to be exercised by the Company in General Meeting, subject nevertheless to the regulations of these Articles, to the provisions of the Ordinance and such regulations (not inconsistent with the aforesaid regulations or provisions) as may be prescribed by the Company in General Meeting; but no regulation made by the Company in General Meeting shall invalidate any prior act of the Board which would have been valid if the regulation had not been made.
- (b) Without prejudice to or in any manner limiting the general powers conferred by Clause (a) above of this Article and the other powers conferred by the Articles, it is hereby expressly declared that the Directors shall have the following powers, that is to say, power:
- i) to grant license or authorisation to any person to act as broker.
  - ii) to pay the costs, charges and expenses preliminary and incidental to the promotion, establishment and registration of the Company and also to pay the promoters all costs and charges they may have incurred in acquiring assets, properties, and other rights which the Company may take over from them;
  - iii) to purchase or otherwise acquire for the Company any property, rights or privileges which the Company is authorised to acquire at such price and generally on such terms and conditions as they think fit, and subject to the provision of Section 196(3)(a) of the Ordinance to sell, let, exchange or, otherwise dispose of absolutely or conditionally any part of the property, privileges and undertaking of the Company upon such terms and conditions and for such consideration as they may think fit;
  - iv) at their discretion to pay for any property, rights and privileges acquired by or for services rendered to the Company either wholly or partially in cash or (subject to Section 86 of the Ordinance) in shares, bonds, debentures, or other securities of the Company and any such shares may be issued as fully paid-up or as may be agreed upon, and any such bond, debentures or other securities may be either specifically charged upon all or any part of the property of the Company or not so charged;
  - v) to secure the fulfilment of any contracts or engagements entered into by the Company, including contracts and engagements to borrow money, by mortgage or charge on all or any of the property of the Company for the time being or in such other manner as they think fit;



- vi) to appoint agents, managers, secretaries, officers, legal advisers, clerks and servants for permanent, temporary or special services as they may from time to time think fit and to determine their powers and duties and fix their salaries or emoluments and to require securities in such instance and to such amount as they think fit and to send any such person to foreign countries for technical education or training or otherwise for the purpose of the Company's business and pay all expenses therefore on such terms as the Directors may think fit and at the Directors' discretion to remove or suspend them;
- vii) to appoint any person or persons (whether incorporated or not) to accept and hold in trust for the Company any property belonging to the Company or in which it is interested or for any other purpose, and to execute all such trust and also all such deeds, documents and things as may be requisite in relation to any such trust and to provide for the remuneration of such trustee or trustees;
- viii) to institute, defend, conduct, extend, compound or abandon any legal proceedings including suits, appeals, applications and the like, before any court or authority by or against the Company or its officers or otherwise concerning the affairs of the Company and also to compound and allow time for payment or satisfaction of any debt due and of any claim or demands by or against the Company, subject to the provisions of Section 196(3)(b) of the Ordinance;
- ix) to refer any claim or demands by or against the Company to arbitration and observe and perform or resist the awards;
- x) to make and give receipts, release and other discharges for money payable to the Company;
- xi) to act on behalf of the Company in all matters relating to bankruptcy and insolvency;
- xii) to determine who shall be entitled to sign on the Company's behalf, bills, receipts, acceptances, endorsements, cheques, releases, contracts and documents;
- xiii) from time to time to provide for the management of the affairs of the Company either in different parts of Pakistan or elsewhere in such manner as they may think fit and in particular to establish branch officers with such powers (including power to sub-delegate) and in such manner as the Directors think fit;
- xiv) subject to the provisions of the Ordinance, to invest and deal with any of the money of the Company upon such securities (not being shares of the Company) and in such manner as they may think fit, and from time to time vary or realise such investments;
- xv) to execute in the name and on behalf of the Company, in favour of any Director or other person who may incur or be about to incur personal liability for the benefit of the Company, such mortgage of the Company's property (present and future) as they think fit, and such mortgage may

contain a power to sell and such other powers, covenants and provisions as they shall deem fit;

- xvi) to give to any person employed by the Company as remuneration for their services such commission on the profits of any particular business or transaction or share in general profits of the Company and such commission or share of profits shall be treated as part of the working expenses of the Company.
- xvii) from time to time to make, vary and repeal by-laws (not conflicting with or in derogation from these presents) for the regulation of the business of the Company, its officers and servants;
- xviii) to enter into all such negotiations and contracts and rescind and vary all such contracts and execute and do all such acts, deeds and things in the name and on behalf of the Company as they consider expedient for or in relation to any of the matters aforesaid or otherwise for the purpose of the Company;
- xix) to establish, maintain, support and subscribe to any charitable public object and any institution, society or club which may be for the benefit of the Company or its employees or may be connected with any town or place where the Company carries on business; to give pensions, gratuities or charitable aid to any person or persons who have served the Company or to the wives, children or dependents of such person, that may appear to the Directors just or proper whether, any such person, his widow, children or dependents have or have not a legal claim upon the Company;
- xx) subject to the provisions of Sections 226 and 227 of the Ordinance, before recommending any dividends to be set aside for portions of the profits of the Company, to form or supplement a fund to provide for such pensions gratuities or compensation or to create any provident fund or benefit in such or any other manner as the Directors may deem fit;
- xxi) to make and alter rules and regulations concerning the time and manner or payment of the contributions of the employees and the Company respectively to any such fund and the accrual, employment, suspension and forfeiture of the benefit of the said fund and the application and disposal thereof, and otherwise in relation to the working and management of the said fund as the Directors shall from time to time think fit;
- xxii) to open current, fixed, overdraft, loan and cash credit accounts with any bank as may be necessary, and to pay into and to draw out money from such accounts;
- xxiii) to make, draw, endorse, sign, accept, negotiate and give all cheques, drafts, orders, bills of exchange, promissory notes and other negotiable instruments required in the business of the Company;
- xxiv) to borrow and secure the payment of any sum or sums of money for the purposes of the Company including creation of security on the assets

properties and rights of the Company in favour of any person or persons including financing institutions;

xxv) to undertake any scheme for reorganisation and reconstruction of the Company including a scheme for amalgamation in accordance with law; and

xxvi) to do all such acts and things as are necessary and requisite for the proper management of the affairs of the Company.

**POWER TO OBTAIN FINANCES AND GIVING OF SECURITIES:**

73. Without in any way restricting the generality of any provisions contained in these Articles in regard to the powers and authorities of the Board, the Board may exercise all the powers of the Company to borrow and mortgage or charge its undertaking, property and assets (both present and future) and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company, or of any third party.

**MINUTE BOOKS OF BOARD MEETING:**

74. The Board shall cause Minutes to be made in books provided for the purpose:

- a) of all appointments of officers made by the Directors;
- b) of the names of Directors present at each meeting of the Board and of any Committee of Directors;
- c) of all resolutions and proceedings at all meetings of the Company, and of the Board, and of Committee of Directors;

Every Director present at any meeting of Board shall sign his name in a Book to be kept for the purpose.

Any such minutes of any Meeting of the Board or of a Committee of Directors or of the Company, if signed or purporting to be signed by the Chairman of such Meeting, or of the next succeeding Meeting, shall be receivable as evidence of the matters stated in such minutes.

**POWER TO PAY PENSIONS, ETC.:**

75. The Board may pay and agree to pay pensions or other retirement, superannuation, death or disability benefits or allowances to any Director or former Director or to any person in respect of any Director or former Director who may hold or may have held any executive office or employment under the Company and for the purpose of providing any such pensions or other benefits or allowances, may contribute to any scheme or fund and may make payments towards insurance or trusts in respect of such persons.

**DIRECTORS TO COMPLY WITH THE ORDINANCE:**

76. The Director shall duly comply with the provisions of the Ordinance, and in particular with the provisions in regard to the registration of the particulars of mortgage and charges affecting the property of the Company or created by it, to the keeping of a Register of Mortgage and Register of the Directors, and to the sending to the Registrar of

an annual list of members, and a summary of particulars relating thereto and notice of any consolidation or increase of share capital, or sub-division of shares, and copies of special resolutions and a copy of the Register of Directors and notification of any changes therein.

## **PROCEEDINGS OF DIRECTORS**

### **MEETINGS OF DIRECTORS:**

77. The Directors may meet together for the dispatch of business, adjourn, and otherwise regulate meetings of the Board as they think fit. A resolution moved at any meeting of Directors shall be passed by a simple majority vote. In the case of an equality of votes the chairman of the meeting shall have a casting or second vote. The Managing Director or the Secretary may at any time, and shall on the written requisition of two Directors at any time, summon a meeting of the Board. Unless otherwise decided by the Board, at least six clear days notice must be given to all Directors to summon a meeting of the Board, and such meeting shall set forth the purpose or purposes for which such meeting is summoned. With the consent of all the Directors entitled to receive notice of a meeting, or to attend or vote at any such meeting, a meeting of the Board may be convened by shorter notice than specified in this Article. Any Director may waive notice of the time, place and purpose of any meeting of Directors before, at or after such meeting.

### **QUORUM OF DIRECTORS' MEETINGS AND POWERS:**

78. A meeting of the Board for the time being at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretion by or under the Articles vested in or exercisable by the Board generally. The quorum for the meeting of Directors shall be three. If the Company obtains listing of its shares on any stock exchange, the quorum for a meeting of the Directors shall be one-third of their number or four (4), whichever is greater.

### **AS TO PRESIDING AT DIRECTORS MEETING:**

79. The Chairman shall, whenever present, preside as chairman at each meeting of the Board, but if at any meeting the Chairman is present and not willing to act or is absent beyond ten minutes after the time fixed for holding the same, the Directors present shall within fifteen minutes of the time fixed for the meeting choose one of their members to be chairman of such meeting.

### **WHEN ACTS OF MEETINGS OF THE BOARD OR COMMITTEE VALID NOTWITHSTANDING DEFECTIVE APPOINTMENT ETC.**

80. All acts done by any meeting of the Board or of a Committee of Directors, or by any person acting as a Director or Alternate Director shall, notwithstanding that it be afterwards discovered that there was some defect in the appointment of any such Directors or persons acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such Director or person had been duly appointed and was qualified to act. Provided that as soon as any such defect has come to notice, the Director or other person concerned shall not exercise the right of his office till the defect has been rectified.

### **RESOLUTION BY CIRCULATION:**

81. Subject to Section 196(2), a resolution in writing circulated to all Directors and signed by a majority of the Directors (including any Alternate Directors) shall be effective as if such resolution had been passed at a meeting of the Directors.

#### **ALTERNATE DIRECTOR**

##### **POWER TO APPOINT ALTERNATE DIRECTOR:**

82. Any Director not permanently resident in Pakistan or any Director so resident but intending to be absent from Pakistan for a period of not less than three months may appoint any person acceptable to the Board to be an Alternate Director of the Company to act for him. Every such appointment shall be in writing under the hand of the Director making the appointment. An Alternate Director so appointed shall not be entitled to appoint another Director, but shall otherwise be subject to the provisions of the Articles with regard to Directors, except that he need not be a member nor shall he require any share qualification. An Alternate Director shall be entitled to receive notices of all meetings of the Board, and to attend and vote as a Director at any such meeting at which the Director appointing him is not personally present, and generally to perform all the functions of his appointer as Director in the absence of such appointer. An Alternate Director shall ipso facto cease to be an Alternate Director if his appointer for any reason ceases to be a Director or if and when his appointer comes or returns to Pakistan, or if the appointee is removed from office by notice in writing under the hand of the appointer.

#### **COMMITTEE OF DIRECTORS & APPOINTMENT OF ATTORNEYS**

##### **COMMITTEE OF DIRECTORS:**

83. (i) The Board may from time to time delegate all, or any of their powers not required to be exercised at a meeting of the Board to a committee or committees consisting of two or more Directors as the Board thinks fit. Any committee so formed shall conform to any regulations that may be imposed upon it by the Board and shall be governed, in the exercise of the powers so delegated, by the provisions herein contained for regulating meetings and proceedings applicable to the Directors. Provided, however, the Board shall not delegate its authority relating to operational matters to any Director except to the Chief Executive appointed under Article 85 below.

##### **APPOINTMENT OF ATTORNEYS:**

- (ii) The Board may from time to time by power of attorney under the Seal appoint any attorney or attorneys for such purposes and with such powers, authorities and discretions and for such period and subject to such conditions or without any limitation as to period and conditions as the Board may from time to time resolve.

#### **CHAIRMAN AND MANAGING DIRECTOR / CHIEF EXECUTIVE**

##### **APPOINTMENT OF CHAIRMAN:**

84. Upon the first appointment, and thereafter upon each election of Directors or whenever the office of the Chairman becomes vacant for whatever reason, the Board shall appoint a Director who shall not have, directly or indirectly, the trading rights on the Company or any other Exchange, as the Chairman of the Board.

#### **APPOINTMENT OF MANAGING DIRECTOR/CHIEF EXECUTIVE:**

85. (i) The Board shall appoint an individual (including a Director) as the Chief Executive of the Company designated as the Managing Director. The first Managing Director shall hold office until the first Annual General Meeting of the Company (unless he earlier resigns or otherwise ceases to hold office) or until the expiry of a shorter period if the Board had fixed a shorter period of this appointment. If the Managing Director ceases to hold office before the first Annual General Meeting, the Board shall fill the vacancy within fourteen days, but the person appointed to fill the vacancy shall hold office only till the first Annual General Meeting.
- (ii) Within fourteen (14) days from the date of an election of Directors under Article 64 or within fourteen (14) days from the date on which office of the Managing Director falls vacant for whatsoever reason, the Board shall appoint any person (including an elected Director) to be the Chief Executive of the Company designated as Managing Director, but such appointment shall not be for a period exceeding three (3) years from the date of appointment.
- (iii) Upon the expiry of his term of appointment under clauses (i) and (ii) above, a Managing Director shall be eligible for re-appointment.
- (iv) The Managing Director shall, if he is not already a Director of the Company, be deemed to be its Director and be entitled to all the rights and privileges, and subject to all the liabilities of the office of Director of the Company.
- (v) The Directors of the Company may by a resolution passed by not less than three-fourths of the total number of Directors for the time being, or the Company may by special resolution, remove a Managing Director before the expiration of his term of office notwithstanding any thing contained (if any) in these Articles or in any agreement between the Company and the Managing Director.
- (vi) The terms and conditions of appointment of the Managing Director shall be determined by the Board.
- (vii) A person shall not be eligible for appointment as Managing Director if he has directly or indirectly, trading rights on the Company or on any other Exchange.

PROVIDED that the appointment, removal and termination of the Managing Director shall be made with the prior written approval of the Commission and for this purpose the term "removal and/or termination" shall include "non- renewal of this contract."

#### **POWERS AND FUNCTIONS OF THE MANAGING DIRECTOR / CHIEF EXECUTIVE:**

86. (a) The Managing Director shall have the executive powers to run, supervise and effectuate the day to day operations, administration and management of the Company, implement decisions and directions of the Board, enforce the Articles of Association, the Rules and Regulations of the Company and exercise such other powers, functions and authority as may be delegated or entrusted to him by the Board from time to time. He shall also have the general charge and control over the employees of the Company.

Provided that Board shall not delegate its authority, relating to operational matters, to any Director or Committee, except the Managing Director.

- (b) In the absence of the Managing Director or his inability to act as Managing Director, his powers and functions may be delegated to the Chief Operating Officer or any other officer as approved by the Board upon such conditions and limitations as it may deem fit.
- (c) Unless otherwise directed by the Board, the Managing Director shall act as the authorised representative of the Company before the Commission and other governmental agencies and authorities, institutions, companies, associated companies, general public and outsiders on all matters and affairs of the Company.
- (d) The Managing Director shall also have the powers in the matter which concern disciplining of the trading members' activities under the Articles of Association, Rules and Regulations of the Company.

### **DISQUALIFICATION OF DIRECTORS**

#### **VACATION OF OFFICE OF DIRECTORS:**

87. The office of a Director shall ipso facto be vacated if:

- (a) he becomes ineligible to be appointed a Director on any one or more of the grounds enumerated as follows, that is to say, he:
  - i) is a minor;
  - ii) is of unsound mind;
  - iii) has applied to be adjudicated as an insolvent and his application is pending;
  - iv) is an undischarged insolvent;
  - v) has been convicted by a court of law for an offence involving moral turpitude;
  - vi) has been debarred from holding such office under any provision of the Ordinance;
  - vii) has displayed lack of fiduciary behaviour and a declaration to this effect has been made by the Court under Section 217 at any time during the preceding five years;
  - viii) is not a member:

Provided that clause (viii) shall not apply in the case of:

- (i) a person representing an institution (including a multi-national company) or authority which is a member;
- (ii) a whole-time Director who is an employee of the Company;
- (iii) a chief executive; or

- (iv) a person representing a creditor.
- (b) he absents himself from three consecutive meetings of the Directors or from all the meetings of the Directors for a continuous period of three months, whichever is the longer, without leave of absence from the Directors. The appointment of an Alternate Director will constitute leave of absence from the Board to the Director for whom such Alternate is appointed during such Director's absence.
- (c) he or any firm of which he is a partner or any private company of which he is a director:
  - (i) without the sanction of the Company in General Meeting accepts or holds any office of profit under the Company other than that of chief executive or a legal or technical adviser or a banker; or
  - (ii) accepts a loan or guarantee from the Company in contravention of Section 195 (if applicable in terms of that section); and
- (d) he resigns his office by notice in writing to the Company.

#### **THE SEAL**

##### **CUSTODY OF SEAL:**

88. The Board shall provide a Common Seal for the purposes of the Company and for the safe custody of the Seal, and the Seal shall never be used except by the authority of the Board or a Committee of Directors previously given, and one Director at least shall sign (in the same manner as provided for in Article 13) every instrument to which the Seal is affixed; provided, nevertheless, that any instrument bearing the Seal of the Company and issued for valuable consideration shall be binding on the Company notwithstanding any irregularity touching any authority to issue the same. The Board shall also have power to destroy the Seal and substitute a new Seal therefore, if necessary.

#### **DIVIDENDS AND RESERVES**

##### **DECLARATION OF DIVIDENDS AND RESTRICTIONS ON AMOUNT THEREOF:**

89. The Company in General Meeting may declare dividends, but no dividends shall exceed the amount recommended by the Board.

##### **INTERIM DIVIDEND:**

90. The Board may from time to time pay to the members such interim dividends as appear to be justified by the profits of the Company.

##### **DIVIDEND OUT OF PROFITS ONLY:**

91. No dividends shall be paid otherwise than out of profits of the year, or any other undistributed profits from prior years.

##### **DISTRIBUTION OF DIVIDENDS:**

92. The profits distributed as dividends shall be distributed among the shareholders and all dividends shall be declared and paid according to the amounts paid on the shares.



**POWER OF BOARD TO CREATE RESERVE:**

93. The Board may before recommending any dividend, set aside out of the profits of the Company such sum as it thinks proper as a reserve or reserves, which shall, at the discretion of the Board, be applicable for meeting contingencies, or for equalising dividends, or for any other purpose to which the profits of the Company may be properly applied, and pending such application may, in the like discretion, either be employed in the business of the Company or be invested in such investments, (other than shares of the Company), as the Board may from time to time think fit.

**RECEIPTS FOR DIVIDENDS BY JOINT HOLDERS:**

94. If several persons are registered as joint holders of any shares, any one of them may give effectual receipts for any dividends payable on this share.

**NO INTEREST ON DIVIDENDS:**

95. No dividend shall bear interest against the Company. The Dividend shall be paid within the period laid down in the Ordinance.

**PAYMENT BY POST:**

96. (a) Any dividend may be paid by cheque or warrant sent through the post to the registered address of the member or person entitled thereto, or in the case of joint holders, to any one of such joint holders at his registered address, or to such other person at such address as the member or such joint holders, as the case may be, may direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent.
- (b) Unclaimed dividends may be invested or otherwise used by Board for the benefit of the Company until claimed.

**CARRYING FORWARD OF PROFITS:**

97. The Directors may carry forward any profits which they may think prudent not to distribute without setting them aside as a reserve.

**CAPITALISATION**

**CAPITALISATION OF RESERVES:**

98. Any General Meeting may, upon recommendation of the Board, by ordinary resolution resolve that any undistributed profits of the Company (including profits carried and standing to the credit of any reserve or reserves or other special accounts or representing premiums received on the issue of shares and standing to the credit of the share premium account and, in the event that the law should allow for this, capital reserves arising from realised or unrealised appreciation of the assets or goodwill of the Company or from any acquisition/sale of interests in other undertakings) be capitalised. Such capitalised undistributed profits and reserves shall be distributed amongst such of the shareholders as would be entitled to receive the same if distributed by way of dividend, and in the same proportions, on the footing that they become entitled thereto as capital. All or any part of such capitalised fund may be applied on behalf of such shareholders for payment in full or in part either at par or at such premium as the resolution may provide,

for any unissued shares or debentures of the Company which shall be distributed accordingly, and such distribution or payment shall be accepted by such shareholders in full satisfaction of their interest in the said capitalised sum.

## **ACCOUNTS**

### **BOOKS OF ACCOUNT TO BE KEPT:**

99. The Board shall cause to be kept proper books of account as required under the Ordinance.

### **WHERE TO BE KEPT:**

100. The books of account shall be kept at the Office or at such other place as the Board shall think fit and shall be open to inspection by the Directors during business hours.

### **INSPECTION BY MEMBERS:**

101. The Board shall from time to time determine whether and to what extent and at what time and places and under what conditions or regulations the accounts and books or papers of the Company or any of them shall be open to inspection of members, and no members (not being a Director) shall have any right of inspecting any account and books or papers of the Company except as conferred by law or authorised by the Board or by the members by Special Resolution.

### **PROFIT AND LOSS ACCOUNT AND BALANCE SHEET:**

102. Within eighteen months of the incorporation of the Company, and subsequently once at least in every calendar year, the Directors shall cause to be prepared and laid before the Company in General Meeting a balance sheet and profit and loss account, both made up in accordance with the Ordinance and to a date not more than six months before the date of the Meeting for the period, in the case of first balance sheet and profit and loss account, since the incorporation of the Company, and in case of any subsequent balance sheet and profit and loss account, since the preceding account. Every such balance sheet shall be accompanied by an Auditor's report and the Directors' report in accordance with the provisions of the Ordinance in that behalf.

### **COMPLIANCE WITH ORDINANCE:**

103. The Directors shall in all respects comply with Sections 230 to 236 in regard to accounts of the Company.

### **COPIES OF DIRECTORS' REPORT AND BALANCE SHEET TO BE SENT TO MEMBERS:**

104. A copy of the Balance Sheet and Profit and Loss Account together with a copy of the Auditor's report and Directors' report shall be sent to all members along with the notice convening the General Meeting before which the same are required to be laid at least twenty-one days preceding the Meeting.

## **AUDIT**

### **APPOINTMENT OF AUDITORS AND THEIR DUTIES:**

105. Auditors shall be appointed and their duties regulated in accordance with Sections 252 to 255 or any statutory modification thereof for the time being in force.

## **NOTICES**

### **HOW NOTICE TO BE SERVED ON MEMBERS:**

106. (i) A notice may be given by the Company to any member or Director either personally or by sending it by post to him at his registered address or, (if he has no registered address in Pakistan), to the address, if any, within or outside Pakistan supplied by him to the Company for the giving of notices to him. A notice may be given by telex or facsimile transmission.

### **SERVICE BY POST**

- (ii) Where a notice is sent by post, service of the notice shall be deemed to be effected by properly addressing, prepaying and posting a letter containing the notice, and, unless the contrary is proved, to have been effected at the time at which the letter would be delivered in the ordinary course of post.

### **NOTICE TO MEMBERS ABROAD BY ADVERTISING IN NEWSPAPERS:**

107. If a member or Director has no registered address in Pakistan and has not supplied to the Company an address within or outside Pakistan for the giving of notices to him, a notice addressed to him or to the shareholders generally and advertised in a newspaper circulating in the Province in which the Office is situated shall be deemed to be duly given to him on the day on which the advertisement appears.

### **NOTICE TO JOINT HOLDER:**

108. A notice may be given by the Company to the joint-holders of a share by giving the notice to the joint-holder named first in the Register in respect of the share.

### **NOTICE TO PERSONS ENTITLED BY TRANSMISSION:**

109. A notice may be given by the Company to the persons entitled to a share in consequence of the death or insolvency of a Member by sending it through the post in a prepaid letter addressed to them by name, or by the title of representatives of the deceased, or assignee of the insolvent, or by any like description, at the address (if any) in Pakistan supplied for the purpose by the persons claiming to be so entitled, or (until such an address has been so supplied) by giving the notice in any manner in which the same might have been given if the death or insolvency had not occurred.

### **NOTICE OF GENERAL MEETING:**

110. Notice of every General Meeting shall be given in same manner hereinbefore authorised to (a) every member of the Company except those members who, having no registered address within Pakistan, have not supplied to the Company an address within or outside Pakistan for the giving of notices to them and also to (b) every person entitled to a share in consequence of the death or insolvency of a member, who but of his death or insolvency would be entitled to receive notice of the meeting, and (c) to the auditors of the Company for the time being.

### **NO SHAREHOLDERS TO ENTER THE PREMISES OF THE COMPANY WITHOUT PERMISSION:**

111. No member or other person (not being a Director) shall be entitled to enter the property of the Company, or to inspect or examine the Company's premises or properties of the Company, without permission of the Board or the Managing Director, and to require disclosure of any information respecting any detail of the Company's business and affairs, or any matter which is or may be in the nature of a trade secret, mystery of trade or secret to/of the conduct of the business of the Company and which in the opinion of the Board or the Managing Director will be inexpedient in the interest of the members to communicate.

#### **SECRECY**

#### **SECRECY**

112. Every Director, Managing Director, Chairman, Manager, Auditor, Trustee, member of committee, officer, servant, agent, accountant or other person employed in the business of the Company shall, if so required by the Board before entering upon his duties, sign a declaration in the form approved by the Board pledging himself to observe strict secrecy in regard to the matters which may come to his knowledge in the discharge of his duties and shall by declaration pledge himself not to reveal any such matters except when required to do so by the Board, or by any General Meeting, or by a court of law, and except so far as may be necessary in order to comply with any provisions in these present contained.

#### **CHANGE OF MANAGEMENT**

113. Any Change in the Management of the Company shall be subject to prior approval of the Commission.

#### **AMENDMENTS IN ARTICLES**

114. NOTWITHSTANDING anything contained anywhere in these articles, the Commission may, by Order in writing, amend any Articles which shall be binding upon the Company. Similarly, any amendment in the Articles shall be subject to prior written approval of the Commission.

#### **APPLICABILITY OF CODE OF CORPORATE GOVERNANCE**

115. The Code of Corporate Governance notified by the Karachi Stock Exchange on the directives of the Commission presently enforced and as may be amended from time to time shall be applicable to the Company.

#### **WINDING UP**

#### **DISTRIBUTIONS OF ASSETS ON WINDING UP**

116. (i) If the Company shall be wound up (whether voluntarily or otherwise), the liquidators may, with the sanction of a Special Resolution and any other sanction required by the Ordinance, divide amongst the Members in specie or kind, the whole or any part of the assets of the Company, whether they consist of property of same kind or not.

- (ii) For purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the Members of different classes.
- (iii) The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories as the liquidator, with the like sanction, thinks fit, but so that no Member shall be compelled to accept any shares or other securities whereon there is any liability.

#### **INDEMNITY**

117. Every Director, Managing Director, Chairman, Manager or Officer of the Company or any person (whether an office of the Company or not) employed by the Company as Auditor or adviser, shall be indemnified out of the funds of the Company against any liability incurred by him as such Director, Managing Director, Chairman, Manager, Officer, Auditor, or adviser, and in particular against all liabilities incurred by him in defending any proceedings whether Civil or criminal in which judgment is given in his favour or he is acquitted, or in connection with any application under Section 488 in which relief is granted by the Court.

#### **INDIVIDUAL RESPONSIBILITY OF DIRECTORS**

118. No Director, Managing Director, Chairman or other officer of the Company will be liable for the acts, receipts, neglects or defaults of any other Director or Officer or for joining any receipt or other act for conformity, or for any loss or expense happening to the Company through the insufficiency or deficiency of title to any property acquired by order of the Director, Managing Director, Chairman, or other officer for or on behalf of the Company, or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested, or for any loss or damage arising from the bankruptcy, insolvency or tortuous act of any person with whom any money, securities or effects shall be deposited, or for any other loss, damage or misfortune whatever which shall happen in the execution of duties of his office or in misfortune whatever which shall happen in the execution of duties of his office or in relation thereto, unless the same happens through his own wilful act, neglect, default or dishonesty.