



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN
Licensing and Registration Division
Licensing Department

No. CS/REG/PR(11)/2017

Islamabad, February 19, 2024

CIRCULAR NO. 05 OF 2024

SUBJECT: TERM OF THE OFFICE OF INDEPENDENT DIRECTOR UNDER SUB SECTION (2)(g) OF SECTION 166 OF THE COMPANIES ACT, 2017.

In exercise of powers conferred by section 510 of the Companies Act, 2017 ("the Act"), the Securities and Exchange Commission of Pakistan ("the Commission") is hereby pleased to clarify the word "*term*" used in section 166(2)(g) of the Act.

2. It is clarified that the Commission vide Guide Book on Corporate Governance dated June 05, 2020 and FAQs dated June 12, 2017 has already explained that no director shall be considered as independent if he/she has served on the board for more than three consecutive terms from the date of his/her first appointment, however, such person may be deemed independent after a lapse of one term.

3. In order to remove any further ambiguity regarding the duration of the word "*term*", it is clarified that in case of a director filling a casual vacancy for the remainder of term, shall be considered as appointed for a complete term.

4. All companies which are not in compliance with section 166(2)(g), shall comply with the aforementioned requirements and shall report such compliance to the Commission within sixty days of the date of this circular.

(Mubasher Saeed Saddozai)

Executive Director

Licensing and Registration Division

Distribution:

1. All Public Listed Companies/Public Sector Companies.
2. ICAP, ICMAP, All Chambers of Commerce & Industries.
3. All Companies Registration Offices.