



Securities and Exchange Commission of Pakistan
(COMPANY LAW DIVISION)
CORPORATISATION & COMPLIANCE DEPARTMENT

Courier

No. CLD/RD/ROC/CG/2004

29th May, 2014

Circular no. 12 of 2014

The Chief Executive,

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Subject: PUBLIC SECTOR COMPANIES (CORPORATE GOVERNANCE) RULES, 2013

Dear Sir,

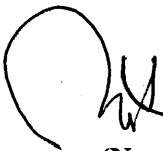
The Federal Government approved the Public Sector Companies (Corporate Governance) Rules 2013 (the "Rules") under section 506 of the Companies Ordinance, 1984 read with section 43(b) of the Securities and Exchange Commission of Pakistan Act, 1997, which were published in the official gazette vide SRO 180(I)/2013 dated 8th March, 2013, and became effective from 8th August, 2013 in terms of SRO 677(I)/ 2013 dated July 24, 2013, and are available for reference at http://www.secp.gov.pk/CG/SRO_180_PublicSectorCompanies_CGRules_2013.pdf.

2. For reporting compliance with the provisions of the Rules, a statement of compliance required under rule 24 of the Rules, approved by the Commission, in terms of the Public Sector Companies (Corporate Governance Compliance) Guidelines, 2013 (the "Guidelines"), has already been circulated to the stakeholders and is available for reference at http://www.secp.gov.pk/CG/CorporateGovernanceCompliance_Guidelines2013.pdf. The statement is required to be furnished to the Commission and the registrar concerned alongwith the annual audited accounts of the company for the financial years ending on or after June 30, 2014.

3. Although the Rules provide an elaborate framework to optimize corporate governance in the public sector companies, it is first and foremost important to ensure compliance with the provisions of substantive law, viz, the Companies Ordinance, 1984 (the "Ordinance"). However, it has been observed, on the basis of the reports received from the registrars concerned, that very few companies have complied with the statutory requirements under the Ordinance including, primarily, those relating to the holding of annual general meeting (section 158), filing of annual return (section 156) and annual audited accounts (section 242), and notification of appointment of chief executive, directors and auditors (section 205), etc. In some cases, it has also been reported to this Commission that the articles of association of a few companies contain certain provisions which are inconsistent with the provisions of the Rules.

4. In view of the above, it is advised to ensure meticulous compliance with the provisions of the Ordinance and the Rules, if not already done. Moreover, in the event of any of the articles of association found to be contrary to the provisions of the Rules, the company may amend its articles. The resolution for alteration in the articles is carried by the members as special resolution (i.e. supported by 3/4th majority of the members). Copy of the special resolution on Form 26 along with copy of articles of association duly amended is filed with the registrar concerned within 15 days of passing of special resolution, under section 172 of the Ordinance.

5. Please do not hesitate to contact us if you need any further information or clarification to ensure compliance with the statutory framework applicable on your company.



(Nazir Ahmed Shaheen)
Executive Director
(Corporatisation & Compliance)