

NATIONAL BANK OF PAKISTAN
(Incorporated under Ordinance No.XIX of 1949)

ORDINANCE

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NATIONAL BANK OF PAKISTAN

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THE NATIONAL BANK OF PAKISTAN

ORDINANCE NO. XIX OF 1949

AN ORDINANCE

TO CONSTITUTE A NATIONAL BANK OF PAKISTAN

Preamble

WHEREAS an emergency has arisen which renders it necessary to extend banking facilities generally and also to provide credit for agriculture and agricultural produce;

Now, THEREFORE, in exercise of the powers conferred by section 42 of the Government of India Act, 1935, the Governor General is pleased to make and promulgate the following Ordinance:-

CHAPTER I

PRELIMINARY

Short title, extent and commencement.

1. (1) This Ordinance may be called the National Bank of Pakistan Ordinance, 1949.
(2) It extends to the whole of Pakistan.
(3) It shall come into force at once.

Definitions.

2. In this Ordinance, unless there is anything repugnant in the subject or context,-
 - (a) "the bank" means the National Bank of Pakistan constituted by this Ordinance;
 - (b) "The Central Board" means the Central Board of Directors of the Bank;
 - (c) "Local Board" means a Local Board of Members at Karachi, Dacca or Lahore;
 - (d) "Director" means a Director for the time being of the Central Board;
 - (e) "Member" means a Member for the time being of a Local Board;
 - (f) "dividend" includes bonus;
 - (g) "goods" includes bullion, wares and merchandise;
 - (h) "general meeting" means the annual meeting of the shareholders of the Bank;
 - (i) "local meeting" means the annual meeting of the shareholders whose names are registered in a branch register;
 - (j) "meeting" includes an adjourned holding of a meeting;
 - (k) "Prescribed" means prescribed by bye-laws made under this Ordinance;
 - (l) "Managing Director" means the Managing Director of the Bank;

- (m) "special meeting" means a meeting of the shareholders of the Bank convened for transacting some particular business specified in the notice convening the meeting;
- (n) "special local meeting" means a meeting of the shareholders whose names are registered in a branch register, convened for transacting some particular business specified in the notice convening the meeting;
- (c) "special resolution" means a resolution passed at a special meeting; and
- (d) "special local resolution" means a resolution passed at a special local meeting.

CHAPTER II

ESTABLISHMENT, INCORPORATION AND SHARE CAPITAL OF THE NATIONAL BANK OF PAKISTAN

Establishment and incorporation of the Bank.

3. (1) As soon as may be after the commencement of this Ordinance, there shall be constituted in accordance with the provisions of this Ordinance a bank to be called the National Bank of Pakistan to carry on the business of banking.
(2) The Bank shall be a body incorporate having perpetual succession and a common seal, and shall by the said name sue and be sued.

Share Capital.

4. (1) Subject to the provisions of this Ordinance the authorised capital of the Bank shall be one thousand million of rupees divided into one hundred million ordinary shares of ten rupees each.
(2) Out of the said capital there shall, from time to time, be issued such number of shares and on such terms, if any, including the terms of brokerage and underwriting, as the Central Board may decide.
(3) The liability of the shareholders of the Bank shall be limited to the amount not fully paid up on their shares.
(4) The shareholders of the Bank may, subject to the sanction of the Federal Government, by special resolution, increase or reduce the capital of the Bank.

CHAPTER III
SHARES

Nature of shares.

5. The shares of the Bank shall be movable property and each share shall be distinguished by its appropriate number.

Principal register of shareholders.

6. The Bank shall maintain at its Head Office established under Section 11 a register, to be called the principal register, of all shareholders of the Bank, and shall enter therein such particulars as may be prescribed.

Branch registers.

7. (1) The Bank shall cause to be maintained at the offices of its Local Boards branch registers of the shareholders qualified and entitled to be registered thereon, containing such particulars as may be prescribed.
(2) Subject to the provisions of this Ordinance shares shall be transferable from one branch register to another.

Qualifications of shareholders.

8. (1) No person shall be qualified to be registered as a shareholder who by reason of anything contained in any law for the time being in force is not competent to enter into any contract.
(2) A person who subsequent to his registration, is discovered to have been not qualified as aforesaid at the time of registration shall not be entitled to exercise any of the rights of a shareholder otherwise than for the purpose of the sale of his shares under the orders of a competent court.
(3) (a) A shareholder shall be entitled to be registered in any area defined in sub-section (5) in which he ordinarily resides or has his principal place of business.
(b) A shareholder who neither resides nor has a place of business in the areas defined in sub-section(5) shall be registered in such branch register as the Central Board may from time to time decide.
(c) No person shall be registered as a shareholder in more than one branch register.
(4) The Government of an Acceding State shall be qualified to be registered as a shareholder.
(5) The area served by the branch register maintained at Karachi shall consist of the Provinces of Sind and Baluchistan including the Provincially Administered Tribal Areas; the area served by the branch register maintained at Lahore shall

consist of the Provinces of the Punjab and North West Frontier including the Provincially Administered Tribal Areas, the Islamabad Capital Territory and the Centrally Administered Tribal Areas, and the area served by the branch register maintained at Dacca shall consist of East Pakistan.

Federal Government a shareholder.

9. Notwithstanding anything contained in section 8, the Federal Government shall be a shareholder of the Bank and shall purchase at par not less than twenty five per cent of the shares issued by the Bank from time to time.

No notice to be taken of trusts.

10. No notice of any trust, express, implied or constructive shall be entered on the principal or any branch register or be receivable by the Bank.

CHAPTER IV

MANAGEMENT

Head Office of the Bank.

11. The Head Office of the Bank shall be at Karachi.

Central Board.

12. The general superintendence and direction of the affairs and business of the Bank shall be entrusted to the Central Board which may exercise all powers and do all such acts and things as may be exercised or done by the Bank and are not by this Ordinance expressly directed or required to be done by the Bank in general meeting.

Local Boards.

13. Three Local Boards shall be established for the areas mentioned in sub-section (5) of section 8, one each at Karachi, Dacca and Lahore, and shall without prejudice to the powers conferred by section 12, have power, within the prescribed limits, generally to transact all the usual business of the Bank.

Constitution of the Central Board.

14. (1) The Central Board shall consist of the following Directors, namely:-
(a) The Managing Director appointed by the Federal

(b) four Directors elected in local or special local meetings by the shareholders in such manner that the shareholders registered in a branch register maintained for an area mentioned in sub-section (5) of section 8, shall elect from amongst themselves such number of Directors for that area as may be decided before election by the Federal Government having regard to the proportion which the share capital subscribed by the shareholders of that area bears to the whole;

Provided that the Federal Government may, at any time, by order in writing, direct that, for such period as may be specified in the order, no Director shall be elected for any area so specified, and, where it makes such an order, shall allocate to the other areas the seats of the Directors who would have been elected for that area had no such order been made; and

(c) five Directors appointed by the Federal Government.

(2) The Chairman of the Central Board shall be appointed by the Federal Government from amongst the Directors.

Constitution of Local Boards.

15. A Local Board shall consist of the following members, namely:-

(a) The Managing Director

PROVIDED THAT in the event of the inability of Managing Director to attend the meeting of a Local Board, he may nominate an officer of the Bank to attend as an ex-officio Member;

(b) One Member appointed by the Central Board from amongst the Directors elected by the shareholders registered in the branch register of that area;

(c) two Members appointed by the Federal Government from the area in which the Local Board is established;

(d) three Members elected in a local or special local meetings from amongst themselves by the shareholders registered in the branch register of that area.

Managing Director and Deputy Managing Directors.

16. (1) The Managing Director shall be appointed by the Federal Government for a period not exceeding five years and on such salary and terms and conditions of service as the Federal Government may determine:

PROVIDED THAT neither the salary nor the terms and conditions of service shall be varied to his disadvantage during his tenure of office:

PROVIDED FURTHER THAT the appointment may be terminated by six months' notice in writing given by the Federal Government to him or by him to the Federal Government.

- (3) The Managing Director shall on the expiry of his term of office be eligible for re-appointment:

PROVIDED THAT no person shall hold office as Managing Director who is a member of the Central or a Provincial Legislature.

- (4) The Managing Director shall be the chief executive officer of the Bank and shall, subject to any bye-laws made in this behalf, direct and control, on behalf of the Central Board, the affairs of the Bank.

Qualifications and disqualifications of Directors and Members.

17. (1) No person not appointed by the Federal Government to serve as a Director or Member shall be qualified to serve as a Director or Member unless he is a holder in his own right of unencumbered shares of the Bank to the nominal amount of ten thousand rupees at the least.

- (2) No person shall be qualified to serve as a Director or Member -

(b) if he is a salaried officer of any Government, whether within or without Pakistan, and is not authorised by the Federal Government to serve as a Director or Member;

(c) if he has been convicted of an offence involving moral turpitude;

(d) if he was at any time in the service of the Bank and was dismissed or his services had been terminated by the Bank;

(e) if he is a Director of any commercial bank other than a bank sponsored or established by or under the authority of the Federal Government or the State Bank of Pakistan for the development of industry or agriculture in the country, or a bank which is a society registered under the Co-operative Societies Act, 1942 or any other law for the time being in force in Pakistan relating to co-operative societies;

- (f) if he is in the employment of any banking company, whether on salary or on commission, or is engaged in the performance of any continuous service for remuneration for any such company;
- (g) if he is for the time being disqualified for membership of an elective body under the Elective Bodies (Disqualification) Order, 1959 or under any other law for the time being in force;
- (h) if having been a Director or Member, his office as such has been vacated, or deemed to be vacated under the provisions of clause (h) of sub-section(3); or
- (i) if he has vacated his office as Director or, as the case may be, Member under clause (i) of sub-section (3) unless a period of three years has elapsed since the date he so vacated his office.
- (3) The Office of a Director or Member shall be vacated -
- (a) if the person holding it resigns his office or dies;
 - (b) if he accepts or holds any other office of profit under the Bank;
 - (c) if he is, or at any time has been, adjudicated an insolvent, or compounds with his creditors or suspends payment;
 - (d) if he is found Lunatic, or becomes of unsound mind;
 - (e) if he has absented himself from three consecutive meetings of the Central or a Local Board, as the case may be, or from all such meetings for a continuous period of six months, whichever is longer, without leave of absence from the Board concerned;
 - (f) if he ceases to hold in his own right the amount of shares required to qualify him for the office;
 - (g) if he incurs any of the disqualifications mentioned in sub-section (2);
 - (h) if, in relation to the Bank, he has failed to pay any advance, loan or credit limit or any instalment thereof or interest thereon, or any amount due on any guarantee, or to do or perform any act agreed or undertaken in writing to be done or performed by him, and such failure continues for a period of one month after notice in writing has been served on him by the Bank calling upon him to make the payment or to do or perform the act; or

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(i) if he has been a Director or Member for a continuous period of six years from the date when he was first elected as such Director or Member or, as the case may be, was appointed by name and otherwise than by designation of office, as such Director or Member.

EXPLANATION :

In computing the period of six years for the purpose of this clause any break of less than three years in the continuity of office shall be disregarded.

- (4) No two persons who are partners of the same mercantile firm, or who are directors of the same private company, or one of whom is the general agent of, or holds a power of procuration from the other or from a mercantile firm of which the other is a partner, shall be eligible or qualified to serve as Directors of the Central Board, or as Members of the same Local Board at the same time.
- (5) Nothing in sub-section (1), or in clause (b) of sub-section (2), or in clauses (b) and (i) of sub-section (3) shall apply to the Managing Director or an officer nominated by the Managing Director under the proviso to clause (a) of Section 15.

Removal of Directors and Members.

18. (1) The shareholders may, by a special resolution passed by the votes of shareholders holding in the aggregate more than one half of the paid-up capital for the time being, remove any Director, other than a Director appointed by the Federal Government, before the expiration of his period of office, and appoint in his stead a qualified person who shall hold office subject to sub-section (2) of section 21.

(2) The shareholders on a branch register may, by a special local resolution passed by the votes of shareholders holding in the aggregate more than one half of the paid-up capital for the time being on the branch register concerned, remove any Member, other than a Member appointed by the Federal Government or the Central Board, of the Local Board concerned, before the expiration of his period of office, and appoint in his stead a qualified person who shall hold office subject to sub-section (2) of section 21.

- (3) Directors and Members appointed by the Federal Government and the Central Board may be removed and replaced by other Directors and Members at the discretion of the appointing authorities concerned.
19. (First Constitution of Central and Local Boards) Omitted by the National Bank of Pakistan (Amdt.) Ordinance, 1960 (LII of 1960), s.9.
- Terms of office of Directors and Members.
20. (1) At every general meeting one-third of the elected Directors and Members for the time being, or if their number is not three or a multiple of three then the number nearest to one-third, shall retire from office; but the retired Directors or Members shall, subject to the provisions of Section 17, be eligible for re-election.
- (2) The Directors and Members to retire at every general meeting shall be those who have been longest in office, and as between those Directors and Members who are to retire and who have been in office for an equal length of time the Director and Member to retire shall in default of agreement amongst themselves be determined by lot, the length of time a Director or Member has been in office being subject to sub-section (2) of section 21, computed from his last election.
- (3) A Director or Member appointed by the Federal Government other than the Managing Director, shall hold office during the pleasure of the Federal Government.
- (4) A Member appointed by the Central Board shall cease to hold office when he ceases to be a Director.

Vacancies.

21. (1) Any vacancy occurring on the Central or a Local Board by the death, resignation, removal or disqualification of any Director or Member shall be filled by the remaining Directors or Members, as the case may be, who shall co-opt a duly qualified person to fill the vacancy:
- PROVIDED THAT where a vacancy occurs in the office of a Director or Member appointed by the Federal Government or the Central Board, the vacancy shall be filled only by appointment by the Federal Government or the Central Board, as the case may be.

- (2) Any Director or Member so appointed shall be deemed to have held office from the date on which the Director or Member in whose place he is appointed was appointed, or, when such Director or Member was appointed under this sub-section, from the date on which his immediate or immediate predecessor was appointed, as the case may be.
- (3) Any Director or Member co-opted under sub-section (1) shall retire at the next general or local meeting, as the case may be, and the vacancy so occurring on the Central or a Local Board shall be filled by election as provided in clause (b) of sub-section (1) of section 14 or clause(d) of section 15, as the case may be.

General and Special Meetings.

22. (1) In the first week of March in every year, or as soon thereafter as is convenient, a general meeting shall be held annually in rotation at the towns where the Local Boards are established, at such time as may be determined by the Central Board and at the meeting the shareholders present shall be entitled to discuss the annual account, the report of the Central Board on the working of the Bank throughout the year, and the auditors' report on the annual balance sheet and accounts, made up to the preceding thirty-first day of December;
- PROVIDED THAT the first general meeting shall be held at Karachi.
- (2) Special meetings shall be convened and held in such manner and at such time and place as may be prescribed.

Local and Special Local Meetings.

23. Local and special local meetings shall be convened and held in such manner and at such time and place as may be prescribed.

Votes of shareholders.

24. (1) Every shareholder shall be entitled to attend any meeting and each shareholder who has been registered as such for a period of not less than three months prior to the date of such meeting shall when present in person and on a show of hands, have one vote; and on a poll each shareholder so registered for a like period shall have one vote for every ten shares, subject to a maximum of ten votes:

PROVIDED THAT no shareholder shall be entitled to vote at any meeting unless all calls or other sums presently payable by him in respect of shares of the Bank have been paid.

- (2) On a poll votes may be given either personally or by proxy, but the Federal Government as a shareholder may appoint any person to be present at any General Meeting and to vote on its behalf.

CHAPTER V

BUSINESS OF THE BANK

Business which the Bank is authorised to transact.

25. The Bank is authorised to carry on and transact the several kinds of business hereinafter specified, namely:-

- (1) The advancing and lending of money, and opening of cash credits upon the security of -
- (a) stocks, funds and securities in which a trustee is authorised to invest trust money by any law for the time being in force in Pakistan and shares of the State Bank of Pakistan;
 - (b) debentures or other securities for money issued under the authority of any law for the time being in force in Pakistan by, or on behalf of, a port trust authority or a district board or a municipal board or committee or, with the sanction of the Federal Government, debentures or other securities for money issued under the authority of the Government of an Acceding State;
 - (c) goods which, or the documents of title to which, are deposited with, or assigned to, the Bank as security for such advances, loans or credits;
 - (d) subject to such directions as may be issued by the Central Board, debentures of companies with limited liability;
 - (e) shares of companies with limited liability, in accordance with such directions in this regard as may be issued from time to time by the State Bank of Pakistan;
 - (f) goods which are hypothecated to the Bank as security for such advances, loans or credits;

(g) accepted bills of exchange and promissory notes endorsed by the payees and joint and several promissory notes of two or more persons or firms unconnected with each other in general partnership;

(h) immovable property or documents of title relating thereto, subject to such directions as may be issued by the Central Board;

(i) subject to such directions as may be issued by the Central Board, tea crops;

PROVIDED THAT any advances or loans which are guaranteed by the Federal Government or any Provincial Government in Pakistan may be made without any specific security;

(2) the selling and realisation of proceeds of sale of any such promissory notes, debentures, stock receipts, bonds, annuities, stocks, shares, securities or goods which, or the documents of title to which, have been deposited with, or pledged, hypothecated, assigned or transferred to, the Bank as security for such advances, loans or credits or which are held by the Bank or over which the Bank is entitled to any lien or charge in respect of any such advance or loan or credit or any debt or claim of the Bank, and which have not been redeemed in due time in accordance with the terms and conditions (if any) of such deposit, pledge, hypothecation, assignment or transfer;

(3) the advancing and lending of money to Courts of Wards upon the security of estates in their charge or under their superintendence and the realisation of such advances or loans and any interest due thereon:

PROVIDED THAT NO such advance or loan shall be made without the previous sanction of the Provincial Government concerned;

(4) the drawing, accepting, discounting, buying and selling of bills of exchange and other negotiable securities;

(5) the investing of the funds of the Bank in, or the underwriting of, any stocks, funds, shares, securities, debentures, bonds or scripts or other securities for money issued by any public limited company or any corporation established by or under any law for the time being in force or under the authority of the Federal Government or the State Bank of Pakistan, and converting the same into money when required, and altering, converting and transposing.

- (7) the buying and selling of gold and silver whether coined or uncoined;
- (8) the receiving of deposits and keeping cash accounts on such terms as may be agreed on;
- (9) the acceptance of the charge of plate, jewels, title-deeds or other valuable goods on such terms as may be agreed on;
- (10) the managing, selling and realising of all property whether movable or immovable which may in any way come into the possession of the Bank in satisfaction or part satisfaction of any of its claims, and the acquisition and holding of, and generally the dealing with, any right, title or interest in any property movable or immovable which may be the Bank's security for any advance or loan or may be connected with any such security:

PROVIDED THAT the Bank shall not take over the management of any such property except in pursuance of an agreement with the debtor or of an order, judgement or decree of a Court of competent jurisdiction;

- (11) the transacting of pecuniary agency business on commission and the entering into of contracts of indemnity, suretyship or guarantee with specific security or otherwise, and the underwriting, participating in, and carrying out of the issue of any stock, shares, debentures and other securities;
- (12) the administration of estates for any purpose whether as an executor, trustee or otherwise and the acting as agent on commission in the transaction of the following kinds of business, namely:-
- (a) the buying, selling, transferring and taking charge of any securities or any shares in any public company;
 - (b) the receiving of the proceeds whether principal, interest or dividends, of any securities or shares;
 - (c) the remittance of such proceeds by public or private bills of exchange, payable either in Pakistan or elsewhere;
- (13) the drawing of bills of exchange and the granting of letters of credit payable out of Pakistan;
- (14) the buying of bills of exchange payable out of Pakistan;

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- (15) the borrowing of money for the purpose of the Bank's business, and the giving of security for money so borrowed by pledging assets or otherwise;
- (16) the paying, receiving, collecting and remitting money, bullion and securities under any agreement with the State Bank of Pakistan as its agent on behalf of any Government in Pakistan, or undertaking and transacting any business which the State Bank of Pakistan may from time to time entrust to it;
- (17) the establishing and discontinuing of branches and agencies;
- (18) the acquiring, maintaining and transferring of the Bank's residential and business premises;
- (19) the taking over of the business, including the capital, assets and liabilities of any other Bank, with the sanction of the Federal Government;
- (20) the granting of advances or loans to any other Bank for the purpose of averting or facilitating its winding up;
- (21) with the previous permission in writing of the State Bank of Pakistan,-
 - (a) the investing of the funds of the Bank in any bank incorporated outside Pakistan, and
 - (b) participating in the management and administration of any such bank in which the funds of the Bank have been invested; and
- (22) generally, the doing of all such matters and things as may be incidental or subsidiary to the transacting of the various kinds of business including foreign exchange business hereinbefore specified.

Business which the Bank is not authorised to transact.

26. The Bank shall not transact any kind of banking business other than those specified in section 25, and in particular -

- (1) the Bank shall not make any advance or loan upon the security of its shares;
- (2) the Bank shall not discount or buy or advance or lend to any individual or partnership firm an amount exceeding in the whole at any one time such sum as may be prescribed;
- (3) the Bank shall not discount or buy or advance or lend or open cash-credit on the security of any negotiable instrument of any individual or partnership firm, payable in the town or at the place where it is presented for discount, which does not carry on it the several responsibilities

of at least two persons or firms unconnected with each other in general partnership:

PROVIDED THAT nothing in this section shall be deemed to prevent the Bank from granting overdrafts and loans, without security, to such extent as may be prescribed;

- (4) the Bank shall not grant to any person who has been elected or appointed as a Director or Member and for so long as he continues to hold that office any advance, loan, credit limit, guarantee or other facilities, or alter to his advantage the terms and conditions of any advance, loan, credit limit, guarantee or other facilities granted before his election or appointment as a Director or Member;

PROVIDED THAT nothing in this clause shall prevent the Bank from continuing or renewing any such advance, loan, credit limit, guarantee or other facilities as may have already been granted to such person before his election or appointment as a Director or Member.

Exceptions,

- 26-A. Notwithstanding anything contained in sections 25 and 26 the Bank is authorised to -

- (1) grant advances or loans to its officers and staff for the purpose of building residential houses, including the cost of land, on such security, including immovable property, and on such terms and conditions and for such periods as may be prescribed;
- (1a) grant advances or loans for any period exceeding one year but not exceeding five years, to such small and medium industries as may, from time to time, be specified by the Central Board on such terms and conditions as may be prescribed:

PROVIDED THAT the amount of advances and loans outstanding at any time under this clause shall not exceed five per cent of the total amount of bank deposits at such time;

- (2) grant or subsidise, from time to time, pensions, gratuities, bonuses or other funds created for the benefit of its officers and staff or their dependents;
- (3) contribute to the promotion of research in banking and allied subjects; and
- (4) donate funds for any charitable objects or to any charitable institutions or societies.

MISCELLANEOUS

Auditors.

27. (1) Not more than two auditors who shall be Registered Accountants shall be elected and their remuneration fixed at the general meeting. The auditors may be shareholders, but no Director or Member or other officer of the Bank shall be eligible during his continuance in office. Any auditor shall be eligible on quitting office for re-election.
- (2) The first auditors of the Bank may be appointed and their remuneration fixed by the Central Board before the general meeting and if so appointed shall hold office only until the first general meeting. All auditors elected under this section shall severally be and continue to act as auditors until the first general meeting after their respective elections;
- PROVIDED THAT if any casual vacancy occurs in the office of any auditor elected under this section, the vacancy may be filled by the Central Board.

Government Auditors.

28. Without prejudice to anything contained in the foregoing provisions, the Federal Government may appoint such auditors as it thinks fit to examine and report upon the accounts of the Bank.

Rights and Duties of Auditors.

29. (1) Every auditor shall be supplied with a copy of the annual balance-sheet and statement of profit and loss and it shall be his duty to examine the same, with the accounts and vouchers relating thereto. Every auditor shall have a list delivered to him of all books kept by the Bank, and shall at all reasonable times have access to the books, accounts and other documents of the Bank, and may, at the expense of the Bank if appointed by it, and at the expense of the Federal Government if appointed by it, employ accountants or other persons to assist him in investigating such accounts, and may, in relation to such accounts, examine any Director, or any Member or any other officer of the Bank.
- (2) The auditors shall make a report to the shareholders or to the Federal Government, as the case may be, upon the annual

balance-sheet, the statement of profit and loss and accounts, and in every such report they shall state whether, in their opinion, the balance-sheet and the statement of profit and loss are full and fair statements containing the prescribed particulars and properly drawn up so as to exhibit a true and correct view of the state of the Bank's affairs, and in case they have called for any explanation or information from the Central Board or a Local Board, whether it has been given and whether it is satisfactory. Any such report made to the shareholders shall be read together with the report of the Central Board at the general meeting.

Acceptance of liabilities.

30. The Bank shall accept and honour all liabilities, obligations and commitments incurred and made by the Promoters Company, Limited, formed to provide for the establishment of the Bank in accordance with the rights and powers with which that Company is invested by its Memorandum of Association.

Liquidation of the Bank, VII of 1913.

31. Nothing in the Companies Act, 1913, shall apply to the Bank, and the Bank shall not be placed in liquidation save by order of the Federal Government, and in such manner and under such terms and conditions, including the terms as to calls on and forfeiture of shares, as the Federal Government may by its order of liquidation direct.

Power of the Central Board to make bye-laws.

32. (1) The Central Board may, with the previous approval of the Federal Government, make bye-laws not inconsistent with this Ordinance to provide for all matters for which provision is necessary or convenient for the purpose of giving effect to the provisions of this Ordinance.
- (2) In particular and without prejudice to the generality of the foregoing provisions, such bye-laws may provide for all or any of the following matters, namely:-
- (i) the maximum amounts which may be advanced or lent to, or for which bills may be discounted for or purchased from, any individual or partnership-firm with or without security;
- (ii) the conditions subject to which alone advances may be made to Directors, Members or officers or other staff of the Bank, or the relatives of such Directors, Members or officers or other staff or to companies,

firms or individuals with which or with whom such Directors, Members, officers or other staff or relatives are connected as partners, directors, managers, servants, shareholders or otherwise;

- (iii) the manner in which and the conditions subject to which the Bank may take over the business, including the capital, assets and liabilities, of any other bank;
- (iv) the granting of advances or loans to any other bank for the purpose of averting or facilitating its winding up;
- (v) the procedure and manner in which the capital of the Bank may be increased or reduced;
- (vi) the acquisition, maintenance and transfer of the Bank's residential and business premises;
- (vii) the contents, maintenance, inspection and closure of the principal and branch registers of shareholders;
- (viii) the books and accounts to be kept at the various offices of the Bank;
- (ix) the balancing of accounts and ascertainment of profit and loss;
- (x) the form and manner in which the balance-sheet and the statement of profit and loss shall be drawn up;
- (xi) the determination and payment of dividend and transfer of profits to reserves;
- (xii) the preparation and transmission of returns to the Registrar of Joint Stock Companies and to the Federal Government;
- (xiii) the evidentiary value, form, issue and renewal of certificates of shares;
- (xiv) the calls on shares, the payment of such calls, joint and several liabilities of shareholders in respect of such calls, the Bank's lien on shares, the manner of its enforcement, forfeiture and the application of proceeds of sale;
- (xv) the manner in which and the conditions subject to which shares may be allotted, held, transferred and transmitted and generally all matters relating to the rights and duties of shareholders;
- (xvi) the manner in which general and special meetings shall be convened and held, the quorum thereto, the procedure to be followed at such meetings, the manner in which votes may be exercised and the appointment and election of Chairmen of such meetings;
- (xvii) the manner in which local and special local meetings shall be convened and held, the quorum thereat, the procedure to be followed at such meetings, the manner

- in which votes may be exercised and the appointment and election of Chairman of such meetings;
- (xviii) the powers exercisable by local and special local meetings;
- (xix) the holding and conduct of elections under this Ordinance;
- (xx) the final decisions on doubts and of disputes regarding the qualifications of candidates or the validity of elections;
- (xxi) the manner in which meetings of the Central and Local Boards shall be convened and held, their quorum, the procedure to be followed at such meetings, votes of Directors, Members and ex-officio members and the manner in which they may be exercised, and the appointment or/and election of Chairman of such Boards;
- (xxii) the effect of vacancies in the Central or Local Boards and of subsequent discovery of disqualifications of a Director or Member
- (xxiii) the obligations and immunities of Directors and Members;
- (xxiv) the distribution of business amongst the Directors and Members and their remuneration, if any;
- (xxv) the powers of the Local Boards and the limits within which they shall exercise such powers;
- (xxvi) the delegation of any powers of the Central or Local Boards, to committees consisting of Directors or Members as the case may be, and the conduct of business in such committees;
- (xxvii) the establishment and discontinuance of branches and agencies in Pakistan or elsewhere and the nature and extent of the business any branch or agency may transact;
- (xxviii) the recruitment of officers and staff of the Bank including the terms and conditions of their service, and the constitution and management of staff and superannuation funds for the officers and servants of the Bank;
- (xxix) the authority to draw, accept, endorse and execute documents on behalf of the Bank;
- (xxx) the provision of common and official seals of the Bank and the manner and effect of their use;
- (xxxi) the manner and form in which contracts binding on the Bank may be executed;
- (xxxii) the conduct, institution and defence of legal proceedings and the manner of signing pleadings;
- (xxxiii) the addresses of shareholders and the issue and service of notices;
- (xxxiv) the service of notice on the Bank; and
- (xxxv) generally, for the efficient conduct of the business discharge of functions and management of the Bank.

33. Transitional provisions Omitted by the National Bank of Pakistan (Amdt.) Ordinance, 1960 (LII of 1960), s.18. KH. NAZIMUDDIN,
Governor-General.

Banks Nationalization
Act, 1974

(AS PASSED BY THE NATIONAL ASSEMBLY)

A

BILL.

to provide for the nationalization of banking business in Pakistan

WHEREAS it is expedient in the public interest to provide for the nationalization of banking business in Pakistan;

It is hereby enacted as follows:

1. Short title, extent and commencement.—(1) This Act may be called the Banks (Nationalization) Act, 1974.

(2) It extends to the whole of Pakistan.

(3) It shall come into force at once and shall be deemed to have taken effect on the 1st day of January, 1974.

2. Act to override other laws.—This Act shall have effect notwithstanding anything contained in any other law for the time being in force or in any agreement, contract, award, memorandum or articles of association or other instrument.

3. Definitions.—In this Act, unless there is anything repugnant in the subject or context,—

(1) "bank" means—

(a) a company registered under the Companies Act, 1913 (VII of 1913), and transacting, in or outside Pakistan, the business of banking as defined in clause (b) of section 5 of the Banking Companies Ordinance, 1962 (LVII of 1962), in respect of which no proceedings under Part III or Part IV of the said Ordinance have been taken or are pending immediately before the commencing day; and

(b) a banking company incorporated by or under any law within the legislative competence of Parliament, including the State Bank, the National Bank of Pakistan, the Industrial Development Bank of Pakistan and the Agricultural Development Bank of Pakistan, but does not include—

(i) a bank which is an enemy firm within the meaning of the Defence of Pakistan Rules, or

(ii) a banking company incorporated outside Pakistan and transacting banking business in Pakistan, or

(iii) a cooperative bank registered under the Cooperative Societies Act,

(vi) A corporation or company established in Pakistan in pursuance of an agreement between the Government of Pakistan and a foreign Government or institution for transacting banking business in or outside Pakistan."

(2) "commencing day" means the 1st day of January, 1974;

(3) "Council" means the Pakistan Banking Council constituted under this Act;

(4) It shall come into force at once.

2: Amendment of section 3, Act XIX of 1974.—In the Banks (Nationalisation) Act, 1974 (XIX of 1974), in section 3, after clause (4) the following new clause shall be inserted, namely :—

"(4A) "loans and advances" means "loans, advances and credit" as defined in the Banking Companies Ordinance, 1962 (LVII of 1962);"

4. Exclusive right to establish bank.—The Federal Government or a corporation wholly owned or controlled by the Federal Government shall have the exclusive right to establish a bank.

5. Transfer and vesting of ownership, etc., of banks.—(1) The ownership, management and control of all banks shall stand transferred to, and vest in, the Federal Government on the commencing day.

(2) All shares in the capital of a bank held by persons other than the Federal Government, a Provincial Government, a corporation owned or controlled by the Federal Government or the State Bank shall stand transferred to, and vest in, the Federal Government on the commencing day, free of all trusts, liabilities and encumbrances.

(3) The vesting of any shares in the Federal Government under sub-section (2) shall not affect the rights *inter se* of a shareholder and any other person who may have an interest in such shares and such other person shall be entitled to enforce his interest against the compensation awarded to the shareholder under section 6.

(4) The safety of all deposits in banks shall stand guaranteed by the Federal Government.

(5) The provisions of this Act and the vesting of the shares of the banks in the Federal Government thereunder shall not in any way affect the status of the banks as bodies corporate under the Companies Act, 1913 (VII of 1913).

2. Insertion of new section 5A, Act XIX of 1974.—In the Banks (Nationalisation) Act, 1974 (XIX of 1974), hereinafter referred to as the said Act, after section 5, the following new section shall be inserted, namely :—

5A. Transfer of powers and functions to Provincial Government.

Notwithstanding anything contained in this Act, the Federal Government may, by notification in the official Gazette, direct that, in respect of Punjab Provincial Cooperative Bank Ltd., such of the powers and functions of the Federal Government or the Council under this Act as may be specified in the notification shall be exercised and performed by the Government of the Punjab".

Provided that, in formulating the redemption programme, the Federal Government may make provision for preferential redemption of the bonds of such class of persons who are of meagre means such as orphans, widows and pensioners, and the amount of compensation payable to whom does not exceed such maximum amount, as the Federal Government may deem fit:

Provided further that, where the amount so determined is not an exact multiple of one hundred rupees, the amount in excess of the nearest lower multiple of one hundred rupees shall be paid in cash.

(2) The bonds shall be negotiable and eligible as security for advances.

7. Assessment of compensation.—The amount of the compensation shall be the amount equal to the break-up value of the share as determined by an auditor appointed by the Federal Government from the balance sheet of the bank as on the 31st December, 1973, according to the principles laid down in rule 8 of the Wealth Tax Rules, 1963:

Provided that in case of a share of the State Bank the amount of the compensation shall be the average of the closing quotations during six working days immediately preceding the commencing day on the Karachi Stock Exchange:

Provided further that, in respect of any share obtained at par from the Federal Government by any directors of the Central Board of Directors of the State Bank or a member of the Local Board of that Bank under the provisions of sub-section (3) of section 13 of the State Bank of Pakistan Act, 1956 (XXXIII of 1956), the amount of compensation shall be calculated at the rate of one hundred rupees per share.

8. Removal of previous management.—(1) Every person holding office in any bank as chairman, director or chief executive by whatever name called, other than a person who holds such office by virtue of his appointment or nomination by the Federal Government or the State Bank, shall stand removed from his office on the commencing day and this removal shall not entitle him to any compensation and no such claim shall be entertained, by any court, tribunal or other authority.

(2) The vacation of his office by a chairman, director or chief executive under sub-section (1) or otherwise shall not in any way absolve him of his liability, if any, under any law, contract or otherwise howsoever subsisting immediately before the commencing day or the day on which he ceases to hold such office.

(3) A chairman, director or chief executive by whatever name called ceasing to hold office under any of the aforesaid provisions shall entrust or cause to be entrusted to the person succeeding him in that office, in tact and in as good order as they existed on the day immediately preceding the commencing day all properties, all books of accounts and other records and documents belonging to or in the custody or control or pertaining to the affairs, of the bank.

(4) Central Boards of the banks mentioned in the Schedule, and all local bodies, area boards, managing committees, executive committees and similar other bodies, for the management of any bank shall stand dissolved, and all members of such bodies shall stand removed from office, on the commencing day.

(5) For banks other than those mentioned in the Schedule, vacancies occurring under sub-section (1) and vacancies existing before the commencing day or occurring thereafter shall be filled by the Federal Government by appointing such persons as it deems fit.

9. Pakistan Banking Council.—(1) This section and section 11 shall apply to the banks mentioned in the Schedule and any new bank which may be constituted after the commencing day, whether by merger or reorganisation of the said banks or under the Companies Act, 1913 (VII of 1913).

(2) The Federal Government shall, by notification in the official Gazette, constitute a Council to be called the Pakistan Banking Council and consisting of:—

- (i) a Chairman;
- (ii) a Deputy Governor of the State Bank;
- (iii) an official of the Ministry of Finance, Government of Pakistan; and
- (iv) not more than five and not less than three members:

Provided that not less than three members shall be full-time members one of whom shall be appointed by the Federal Government to be the Secretary of the Council;

(3) The Council shall be a body corporate having perpetual succession and a common seal, with power to acquire and hold property, and shall by the name given to it by sub-section (2) sign and be styled.

(4) The functions of the Council shall be—

- (i) formulating operational policy guidelines for the banks;
- (ii) laying down performance criteria for banks; and
- (iii) establishing a Research Department to conduct banking research and, in particular, study over-all banking operations and problems of agricultural financing;
- (iv) establishing a Central Training Institute for imparting pre-service and in-service training to the personnel of the banks;
- (v) acting as arbiter in the settlement of inter-bank disputes;
- (vi) appointing lead banks and apportioning share of advance among the five banks in respect of consortium loans only, in accordance with the resource availability of each bank;
- (vii) watching the progress of the implementation of the rulings made in State Bank's Annual Inspection Reports and the remedial and corrective measures taken by the banks with a view to removing imbalances both in respect of commodities and regions; and
- (viii) exercising and performing such powers and functions of the Federal Government under this Act, and such other functions, as the Federal Government may assign to it."

(6) The Council may appoint such officers, employees, experts and consultants as it may deem fit.

10. Funds of Council.—(1) There shall be constituted for the Council a fund to which shall be credited all sums received by the Council under sub-section (2) and out of which shall be defrayed all expenditure incurred by the Council, including expenditure on the emoluments of the Chairman, members and officers, servants, experts and consultants of the Council.

(2) Every bank to which the provisions of sections 9 and 11 apply shall make to the Council each year such payment to enable it to defray its expenses as the Council may, with the approval of the Federal Government, demand of the bank.

11. General provisions pertaining to management of banks.—(1) A bank shall have an Executive Board consisting of a President and not less than two and not more than four other members to be appointed by the Federal Government.

(2) The general direction and superintendence of the affairs and business of a bank shall vest in its Executive Board which may exercise all such powers and do all such acts, deeds and things as the bank was competent, immediately before the commencing day, to exercise or do in a meeting of the Board of Directors.

(4A) A bank shall have a Board of Directors consisting of the President and all the other members of the Executive Board, one member of the Council to be nominated by the Council and an official of the Ministry of Finance to be nominated by the Federal Government.

(4B) The Board of Directors shall be responsible for overall policy-making in respect of the bank's operations and shall also consider -

(a) loans and commitments to the extent of seventy-five per cent per borrower limit for the time being or loans and commitments exceeding twenty million rupees whichever is less; and

(b) all loans and commitments to public-sector agencies or textile mills.

(4C) The President shall preside at the meetings of the Board of Directors.

(5) The banks shall -

(i) operate within the operational policy laid down by the Council and make every effort for observance of the performance criteria laid down for them; and

(ii) furnish to the Council such information, returns or reports as may be required of them.

(v) he is a person against whom any action has been taken or any proceedings are pending under section 235 of the Companies Act, 1913 (VII of 1913), or section 83 of the Banking Companies Ordinance, 1962 (LVII of 1962);

Provided that the Federal Government shall, before appointing any person satisfy itself that the person will have no such financial or other interest as is likely to affect prejudicially the performance by him of the functions of the office to which he is being appointed.

(8) The Chairman and members of the Council, the members of the Board of Directors and the President and members of an Executive Board shall, in the discharge of their functions act on sound business principles and be guided by such directives in matters of policy involving the public interest as may be given to the Council by the Federal Government, which shall be the sole judge as to whether or not any matter is a matter of policy involving the public interest.

(9) No directive by the Federal Government or operational policy guidelines or decisions by the Council or the Board of Directors or Executive Board of a bank or the President of the Board shall be in contravention of the provisions of the State Bank of Pakistan Act, 1956 (XXXIII of 1956), or the Banking Companies Ordinance, 1962 (LVII of 1962).

12. Fidelity and secrecy.—(1) The Chairman and members of the Council, every bank, members of its board of management and chief executive, by whatever name called, shall observe, except as otherwise required by law, the practices and usages customary among bankers and, in particular, shall not divulge any information relating to the affairs of its constituents except in circumstances in which it is, in accordance with law or practice and usages customary among bankers, necessary or appropriate for a bank to divulge such information.

(2) The Chairman and members of the Council, members of the board of management of every bank, every administrator, auditor, adviser, officer or other employee of the Council or a bank shall, before entering upon his office, make a declaration of fidelity and secrecy in such form as may be prescribed.

Explanation.—In the case of any such person employed in connection with the affairs of a bank as is not required by any provision of this Act to vacate any office held by him, the requirements of this sub-section shall be deemed to be satisfied if such person has already filed with the bank a declaration more or less to the effect of the prescribed form.

13. Provisions regarding staff.—Save as otherwise provided in this Act, all officers and other employees of a bank shall continue in their respective offices and employments on the same terms and conditions, including remuneration and rights as to pension and gratuity, as were applicable to them immediately before the commencing day.

(2) Notwithstanding any law or any provision contained in a contract, agreement, letter of appointment, rules or regulations of a bank, every officer and employee of a bank shall be liable to transfer to any of its branches in or outside Pakistan or to any other bank:

Provided that his status and emoluments shall not be adversely affected.

14. Certain claims for compensation barred.—No person including a chairman, director, chief executive by whatever name called, a shareholder, a constituent or an officer or employee of a bank shall have any right, whether in contract or otherwise, to any compensation other than that expressly provided for by this Act, for any loss or damage directly or indirectly incurred by reason of the operation of any of the provisions of this Act or any rule or order made or direction issued thereunder.

15. Schemes for reorganisation of banks, etc.—(1) The Council may, in consultation with the State Bank and with due regard to the interest of the depositors, prepare a scheme for improving the management and operation of a bank or group of banks to serve the needs of development of the economy.

(2) A scheme prepared under sub-section (1) may *inter alia* provide for all or any of the following matters, namely:—

- (i) the reconstitution of a bank or a group of banks into a new bank registered under the Companies Act, 1913 (VII of 1913), or a Corporation incorporated under a Federal law, the amalgamation of two or more banks or the merger of one or more banks in another bank;
- (ii) formulation or reformulation of memorandum or articles of association of a bank or reconstituted or amalgamated bank;
- (iii) modification of the capital structure of a bank or reconstituted or amalgamated bank;
- (iv) additions to or deletions from the kind of business in which a bank may engage and the place or places where it may carry on its business; and
- (v) changing the name of an existing bank or naming a reconstituted or amalgamated bank.

(3) A scheme prepared under sub-section (1) shall be submitted to the Federal Government for approval and shall, after it has been approved by the Federal Government with or without modification, be published in the official Gazette and shall take effect on such date as may be specified therein.

16. Removal of doubts.—For the removal of doubts, it is hereby declared that—

- (a) all assets, rights, powers, authorities and privileges and all property, movable or immovable, cash balances, reserve funds investments and all other rights and interests arising out of such property as were immediately before the commencing day in the ownership, possession, power or control of a bank whether within or outside Pakistan, shall, unless other provisions are made for their redisposition in accordance with a scheme prepared under sub-section (1) of section 16, continue to vest in that bank, and all borrowings, liabilities, including contingent liabilities, and obligations of a bank of whatever kind subsisting immediately before the commencing day shall, unless other provisions as aforesaid are made for their discharge or performance, continue to be the borrowings, liabilities and obligations of that bank;
- (b) all contracts, deeds, bonds, agreements, powers of attorney, other than those in favour of a person vacating his office under this Act, grant of legal representation and other instruments of whatever kind subsisting or having effect immediately before the commencing day to which a bank is a party or which are in favour of a bank shall be of as full force and effect against or in favour of a bank as they were immediately before the commencing day; and
- (c) if, on the commencing day, any suit, appeal or other legal proceeding of whatever nature which is by or against the bank or to which the bank is a party is pending in any court or before a tribunal or other authority, the same shall not abate, be discontinued or be, in any way, prejudicially affected by any provision of this Act.

17. Disposal of profits.—Subject to the provisions of the law by or under which a bank has been established and the provisions of the State Bank Act, 1956 (XXXIII of 1956), and the Banking Companies Ordinance, 1962 (LVII of 1962), a bank shall not declare any dividend on its share capital unless—

- (a) it has drawn up its annual balance sheet and profit and loss account and has its accounts audited by an auditor qualified to act as such under the Banking Companies Ordinance, 1962 (LVII of 1962);
- (b) it has made adequate provision for bad and doubtful debts, depreciation in assets, contributions to staff and superannuation funds and all other contingencies for which provision is necessary under any law or which are usually provided for by bankers; and
- (c) a copy of the balance sheet and profit and loss account along with the audit report has been supplied to the State Bank and the Federal Government and the latter has approved the declaration of such dividend;

Provided that, before according such approval, the Federal Government may, of its own motion or on the recommendation of the State Bank, order a second audit of the accounts of the Bank and appoint such auditor for the purpose as it thinks fit.

18. Indemnity.—No suit, prosecution, or other legal proceedings shall lie against the Federal Government, the State Bank, the Chairman or members of the Council, the President or members of the Executive Board or any officer of the Federal Government or the State Bank or a bank for any thing in good faith done or purporting to be done under this Act or any rule or order made or direction issued thereunder or for any damage caused or likely to be caused by anything done or purporting to be done as aforesaid

19. Bar of jurisdiction.—No provision of this Act or of any rule or order made or direction issued thereunder shall be called in question by or before any court or other authority.

20. Power to make rules.—The Federal Government may, by notification in the official Gazette, make rules to provide for all matters for which provision is necessary or expedient for the purpose of giving effect to the provisions of this Act.

21. Adaptation of laws.—Any court, tribunal or authority required or empowered to enforce the Companies Act, 1913 (VII of 1913), or the memorandum or articles of association of a bank registered thereunder, or any other law for the time being in force shall construe the said Act, memorandum or articles of association or such other law with such adaptations as are necessary to bring the same into accord with the provisions of this Act.

22. Penalty.—(1) Whoever contravenes any of the provisions of this Act or the rules made thereunder shall be punishable with imprisonment for a term which may extend to five years, or with fine, or with both.

(2) No person shall be prosecuted under this Act except with the sanction of the Federal Government or an officer authorised by it in this behalf.

23. Removal of difficulties.—If any difficulty arises in giving effect to any provision of this Act, the Federal Government may make such order not inconsistent with the provisions of this Act as may appear to it to be necessary for the purpose of removing the difficulty.

24. Repeal of Ordinance I of 1974.—The Banks (Nationalisation) Ordinance, 1974 (I of 1974), is hereby repealed.

THE SCHEDULE

(see section 8 and 9)

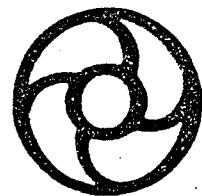
- (1) Australasia Bank Limited.
- (2) Bank of Bahawalpur Limited.
- (3) Commerce Bank Limited.
- (4) Habib Bank Limited.
- (5) Lahore Commercial Bank Limited.
- (6) Muslim Commercial Bank Limited.
- (7) National Bank of Pakistan.
- (8) Punjab Provincial Co-operative Bank Limited.
- (9) Standard Bank Limited.
- (10) United Bank Limited.
- (11) Sarhad Bank Limited.
- (12) Premier Bank Limited.
- (13) Pak Bank Limited.
- (14) Habib Bank (Overseas) Limited.

*Certified
True Copy*



National Bank of Pakistan

(Constituted under Ordinance No. XIX of 1949)



BYE-LAWS

Issued by the Central Board of Directors

(AUGUST, 1970)

NATIONAL BANK OF PAKISTAN

BYE-LAWS

In exercise of the powers conferred by Section 32 of the National Bank of Pakistan Ordinance XIX of 1949, the Central Board of the National Bank of Pakistan has, with the previous approval of the Central Government, made the following bye-laws:

1. In these bye-laws unless there is anything repugnant in the subject or context:

(a) "The Ordinance" means the National Bank of Pakistan Ordinance 1949;

(b) Other words and expressions have the same meaning as in the Ordinance.

2. (a) Except upon the security mentioned in clauses (a), (b) and (c) of sub-section (1) of Section 25 of the Ordinance the Bank shall not make advances or loans to, or discount bills for or purchase bills from, any individual or partnership firm of an amount exceeding in the aggregate at any one time twenty lakhs of rupees.

Maximum Limits of Advances.

(b) Accounts may be overdrawn without security to the extent of rupees five lakhs provided that loans and overdrafts in excess of this limit may be made with prior approval of the Central Board of Directors of the Bank, to any foreign Government without Security.

3. (a) No Director or Member shall sit, judge or vote on any matter connected with any business of the Bank in which he is personally concerned or on any motion respecting the advance or loan of money or otherwise giving credit to himself, his partner, co-trustee, servant or relative or to a firm, company or individual, with which or with whom such Director or Member is connected as partner, director, manager, servant, shareholder or otherwise.

Advances to Directors, Members, Officers, or Servants.

(b) Directors and Members shall notify to the Bank the names of all companies in which they are interested and shall also declare such interest any time when an advance to any of the said companies is being considered.

(c) No advance shall be made without the sanction of the Central Board to the Managing Director and without the sanction

of the Managing Director or officers authorised by him in this behalf to any other officer or servant of the Bank save on the security mentioned in clauses (a), (b), (c) and (e) of sub-section (1) of Section 25 of the Ordinance.

**Aquisition of
Premises,**

4. For the purpose of providing buildings and places for carrying on the business of the Bank, and for providing residences for its officers and servants, the Bank may acquire any interest in immovable property, and may sell, buy, exchange, let, furnish, repair, insure against fire and other risks or otherwise deal with such property in such manner as may be conducive to the interests of the Bank.

Contents, main-
tance, inspection
and closure of the
Principal and
Branch Registers.

5. (a) The Principal register of shareholders of the Bank shall be maintained at its Head Office at Karachi and shall contain in alphabetical order the name of every shareholder, his occupation and registered address, the branch register on which his shares are registered the number of shares standing in his name, the date on which he was registered on such branch register and the date on which he ceases to be a shareholder. The entries in this register shall be made from the statements received from the Local Boards under para (e) below.

(b) The branch registers of shareholders shall be maintained at the offices of the Local Boards and shall contain the following particulars in respect of the shareholders qualified to be registered therein:

(i) the name and occupation, if any, of each of such shareholders and a statement of the shares held by him, distinguishing each share by its number;

(ii) the address at which each shareholder is ordinarily resident or has his principal place of business;

(iii) the date on which each shareholder is registered as such, the manner in which he has acquired his shares and, except in the case of first allotment, the name of the previous holder of the shares and the register on which the shares were last entered;

(iv) the date on which any person ceases to be a shareholder and the name of the person to whom and the register to which the shares have been transferred.

(c) In the case of joint-holders of any shares, their names and other particulars required under this bye-law shall be grouped

under the name of the first of such jointholders.

(d) No person either singly or jointly with other, shall be registered as a shareholder in more than one branch register.

(e) A copy of every entry made in the branch register shall be forwarded immediately to the Head Office for entry in the Principal register.

(f) Except when closed under this bye-law, the Principal register or any branch register shall during business hours, and subject to such reasonable restrictions as the Bank may impose so that not less than two hours in each day shall be allowed for inspection, be open to the inspection of any shareholder gratis.

(g) A shareholder shall not have the right himself to make a copy of any entry in any such register, but may, except when the register is closed, obtain a copy of any such register or of any part thereof on prepayment therefor at the rate of one rupee for every hundred words or fractional part thereof.

(h) The Central Board may, by giving notice by advertisement, close the principal or any branch register for any period not exceeding in the aggregate sixty days in each year. Registration of transfers of shares may be suspended during such periods of closure of registers.

6. (a) Books showing the overall position of the Bank's business and accounts of the Bank shall be maintained at the Head Office and books showing the overall position of the Bank's business and accounts of the respective areas of the Local Board shall be maintained at the offices of the Local Boards and the usual and proper banking and account books shall be maintained at the branches and agencies of the Bank, but the Central Board or the Managing Director may direct the maintenance of any additional ledger, register or book for use at any office, Branch or agency.

(b) Not more than two suspense accounts (i.e. accounts in which items which cannot be passed at once into their proper accounts are in the meantime debited or credited) shall be kept at any office or branch. Each branch shall forward monthly to the Local Board concerned a detailed statement of the suspense accounts kept showing all the items outstanding.

7. (a) The Bank shall within thirty days from the date of the general meeting in each year file with the Registrar of Joint Stock

Companies and transmit to the Central Government a copy of the principal register of shareholders.

(b) The Bank shall within two months from the date on which the annual accounts of the Bank are closed file with the Registrar of Joint Stock Companies three copies and transmit to the Central Government one copy of the annual balance sheet and statement of profit and loss signed by a majority of Directors and certified by the auditors. A copy of the last audited balance sheet and statement of profit and loss shall be displayed at all offices of the Bank.

(c) From such date as the Central Government may determine a weekly statement of the Bank's affairs shall be compiled in the following form: *K*

8. (a) A certificate issued under the official seal of the Bank specifying the shares held by any shareholder shall be prima facie evidence of the title of the shareholder to the shares therein specified.

(b) Every person whose name is entered as a shareholder in a branch register shall, without payment, be entitled to a certificate under the official seal of the Local Board concerned specifying the shares held by him and the amount paid thereon;

Provided that in respect of shares held jointly by several persons, the Bank shall not be bound to issue more than one certificate, and delivery of a certificate to one of several joint holders shall be sufficient delivery to all.

(c) A fee of one rupee per certificate shall be payable for the renewal of a certificate of shares which has become mutilated or has been lost or destroyed, or for the sub-division of a share certificate.

Provided that a Local Board may refuse to issue a new certificate for a certificate which has become mutilated or has been lost or destroyed until the procedure prescribed by the Local Board with the previous approval of the Central Board has been followed and the indemnities demanded by the Local Board have been furnished.

9. (a) The Bank shall have a first and paramount lien on every share registered in the name of a shareholder (whether solely or in partnership with others) for the payment of any amount due to the Bank's lien, calls and forfeiture of shares.

NATIONAL BANK OF PAKISTAN

Statement of Affairs as on

LIABILITIES	(In nearest thousands of Rupees)	ASSETS	(In nearest thousands of Rupees)
1. CAPITAL:—		1. CASH:—	
(i) Authorised		(i) in hand	
(ii) Issued and subscribed		(ii) With State Bank of Pakistan	
(iii) Called up		(iii) With other Banks	
(iv) Less Calls unpaid (if any)		2. MONEY AT CALL AND SHORT NOTICE.	
(v) Add amount on forfeited shares (if any)		3. BULLION.	
2. RESERVE LIABILITY OF SHAREHOLDERS.....		4. INVESTMENTS:—	
3. RESERVE FUND.....		(i) Governments Securities including Treasury Bills	
4. DEPOSITS:—		(ii) Other Authorised Securities	
(i) Fixed and Short Term		5. ADVANCES:—	
(ii) Savings		(i) Loans	
(iii) Current		(ii) Cash Credits & Overdrafts	
(iv) Call Deposits		(iii) Bills Discounted & Purchased	
(v) Other Accounts		6. LIABILITY OF CONSTITUENTS FOR ACCEPTANCES PER CONTRA.	
5. BORROWINGS:—		7. DEAD STOCK.....	
(i) From S. B. P.		8. SUNDRIES.....	
(ii) From Other Banks		Total Rs... .	
6. ACCEPTANCES FOR CONSTITUENTS PER CONTRA.....			
7. SUNDRIES.....			
	Total Rs... .		

or jointly with others) and upon the proceeds of sale thereof for debts, liabilities and engagements solely or jointly with any other person to or with the Bank, whether the period for the payment, fulfilment or discharge thereof shall have actually arrived or not and such lien shall extend to all dividends from time to time declared in respect of such shares.

(b) The Bank may sell, in such manner, as it thinks fit any shares on which it has a lien, but no sale shall be made unless some money in respect of which the lien exists is presently payable nor until the expiration of fourteen days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable has been given to the registered holder for the time being of the share, or to the person entitled by reason of his death or insolvency to the share.

(c) The proceeds of the sale shall be applied in payment of such part of the amount in respect of which the lien exists as is presently payable, and the residue shall (subject to like lien for sums not presently payable, as existed upon the shares prior to the sale) be paid to the person entitled to the shares at the date of the sale. The purchaser shall be registered as the holder of the shares, and he shall not be bound to see to 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.

(d) The Bank may, subject to the provisions of sub-section 2 of Section 4 of the Ordinance, from time to time, make calls upon the shareholders in respect of any moneys unpaid on their shares, provided that no call shall be payable at less than two months from the last call; and each shareholder shall (subject to receiving at least one month's notice specifying the time of payment) pay to the Bank at the time so specified the amount called on his shares.

(e) The joint-holders of a share shall be jointly and severally liable to pay all calls in respect thereof.

(g) If a shareholder fails to pay any call or any part of a call on the day appointed for payment thereof, the Central Board may, at any time thereafter during such times as any part of such call remains unpaid, serve a notice on him requiring payment of so much of the call as is unpaid, together with any interest which may have accrued.

(h) The notice shall specify a date (not earlier than the expiration of fourteen days from the date of the notice) on or before which the payment required by the notice is to be made, and shall state that, in the event of non-payment at or before time so specified, the shares in respect of which the call was made shall be liable to be forfeited.

(i) If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Central Board to that effect.

(j) A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Central Board may think fit and at any time before a sale or disposition the forfeiture may be cancelled on such terms as the Central Board impose.

(k) A person whose shares have been forfeited shall cease to be a shareholder in respect of the forfeited shares, but shall notwithstanding, remain liable to pay to the Bank all monies which, at the time of forfeiture were presently payable by him to the Bank in respect of the shares, but his liability shall cease if and when the Bank receives payment in full of the nominal amount of the shares.

10. (a) All powers in regard to the allotment of shares shall be exercised by the Local Board of the place at which his share is registered to have his name transferred to another register and both Local Boards concerned, if they are satisfied that there has been a bonafide change of the ordinary place of residence or of the principal place of business of such shareholder, shall cause their registers to be amended accordingly. A sum of rupee one shall be payable to the Bank for such amendment of the registers.

(b) A shareholder may apply to the Local Board of the place at which his share is registered to have his name transferred to another register and both Local Boards concerned, if they are satisfied that there has been a bonafide change of the ordinary place of residence or of the principal place of business of such shareholder, shall cause their registers to be amended accordingly. A sum of rupee one shall be payable to the Bank for such amendment of the registers.

(f) If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest thereon at the rate of six per cent per annum from the day appointed for the payment thereof upto the time of the actual payment, but the Central Board may at its discretion waive payment of that interest wholly or in part.

(c) Subject to the restrictions contained in the Ordinance and in these bye-laws shares shall be transferable but every transfer shall be in writing in the following form:

I, _____ of _____, in consideration of the sum of rupees _____ paid to me by _____ of _____ (hereinafter called the transferee) do hereby transfer to the transferee the share (or shares) numbered _____ in the National Bank of Pakistan and registered in the _____ register to hold unto the transferee, his executors, administrators and assigns, subject to the several conditions on which I hold the same at the time to execution hereof, and I, the transferee, do hereby agree to take the said share (or shares) subject to the conditions aforesaid, and I the transferee do hereby declare that I am not by reason of any thing contained in any law for the time being in force incompetent to enter into any contract and request that I be registered in respect of the said share (or shares) in the _____ register,

Under our hands this _____ day of _____
Witness to the signature of etc.

(d) The instrument of transfer of any share shall be submitted to the Local Board of the place at which the share is registered and shall be signed by the transferor and the transferee and the transferor shall be deemed to remain the holder of such share until the name of the transferee is entered in the register concerned in respect thereof. Each signature to such transfer shall be duly attested by the signature of one credible witness who shall add his address and occupation.

(e) A Local Board may decline to recognise any instrument of transfer unless:—

(i) a sum not exceeding rupees two is paid to the Bank in respect whereof which sum shall not in any event be refunded;

(ii) the instrument of transfer is accompanied by the certificate of the shares to which it relates, and such other evidence as the Bank may reasonably require to show the right of the transferor to make the transfer.

(f) A Local Board may decline to register any transfer of shares to a person of whom it does not approve, and may also decline to register any transfer of shares on which the Bank has a lien.

(g) The executors or administrators of a deceased sole holder of a share, the holder of a succession certificate issued under Part X of the Succession Act, 1925, in respect of the share, and a person in whose favour a valid instrument of a transfer of the share was executed by the deceased holder during his life-time, shall be the only persons who may be recognised by the Bank as having any title to the share. In the case of a share registered in the names of two or more holders, the survivor or survivors and, on the death of the last survivor, his executors or administrators or any person who is the holder of a Succession Certificate in respect of such survivor's interests in the share, and person in whose favour a valid instrument of transfer of the share was executed by such survivor during his life-time, shall be the only persons who may be recognised by the Bank as having any title to the share. The Bank shall not be bound to recognise such executors or administrators unless they shall have obtained probate or letters of administration or other legal representation as the case may be from a duly constituted Court in Pakistan having effect at the place where the branch register in which the deceased was registered as a shareholder is maintained.

Provided that in any case where the Local Board concerned shall in their absolute discretion think fit, it shall be lawful for such Local Board to dispense with the production of a Succession Certificate, letters of administration or such other legal representation upon such terms as to indemnity or otherwise as they may think fit.

(h) Any person becoming entitled to a share in consequence of the death or insolvency of a shareholder or in consequence of a transfer by a deceased shareholder during his life-time shall upon such evidence being produced as may be required by the Bank, have the right, subject to the provisions of paras (e), (f) and (g) either to be registered as a shareholder 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.

(i) Any person qualified to be registered as a shareholder becoming entitled to a share in consequence 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 were the registered holder of the share, except that he shall not, before being registered as a shareholder in respect of the share, be entitled in respect of it to exercise any right conferred on a

shareholder in relation to the meetings of the Bank.

**Meetings of the
Central and Local
Boards.**

11. (a) Meetings of the Central Board shall be convened by the President or the Managing Director at least six times in each calendar year and at least once quarter.

Provided that the Central Board shall meet at least once in Dacca and once in Lahore in each calendar year.

(b) Any three Directors or any Local Board may require the Managing Director to convene a meeting of the Central Board at any time and the Managing Director shall forthwith convene a meeting accordingly.

(c) At meetings of the Central Board four Directors present shall form a quorum, and each Director present shall have one vote.

(d) The President of the Central Board shall, in the event of an equality of votes, have a second or casting vote.

(e) In the absence of the President from a meeting of the Central Board the Directors present shall elect from amongst themselves a Chairman for such meeting, who shall, in the event of an equality of votes have a second or casting vote.

(f) Not less than fifteen clear days' notice shall be given of each meeting of the Central Board and such notice shall be sent to every Director to his registered address. Whenever it is found necessary to convene an emergency meeting, five clear days' notice shall be given to those Directors only who are at that time in Pakistan.

PROVIDED THAT the first meeting of the Central Board shall, if the requisite number of Directors so form the quorum is present, be deemed to be properly and validly convened and its decisions and resolutions binding on the Bank notwithstanding any provisions in these by-laws to the contrary.

(g) No business other than that for which the meeting was convened shall be discussed at a meeting of the Central Board, except with the consent of the Chairman and a majority of the Directors present, unless one clear week's notice has been given of the same in writing to the Chairman.

(h) A copy of the minutes of each meeting of the Central Board shall be circulated as soon as possible after each meeting for the information of the Directors and shall be signed by the

Chairman at that or the next succeeding meeting.

(i) At each meeting of the Central Board the minutes of the next preceding meeting shall be submitted together with the minutes of the Committee meeting and copies of the minutes of the meetings of the Local Boards held in the interval.

(j) Meetings of a Local Board shall be convened from time to time by the Managing Director or Deputy Managing Director or the Chairman of the Local Board concerned.

(k) Any three Members may require the Secretary to convene a meeting of a Local Board at any time and the Secretary shall forthwith convene a meeting accordingly.

(l) At meetings of a Local Board three Members present shall form a quorum, and each Member shall have one vote.

(m) At the first meeting of a Local Board which takes place after the in-coming Members have assumed office the Local Board shall elect from among its Members a Chairman who shall hold office until he remains a Member, and whenever the office of Chairman becomes vacant the Local Board shall at its next meeting elect another Chairman who shall hold office for the remainder of the term.

(n) The Chairman shall, in the event of an equality of votes, have a second or casting vote.

(o) In the absence of the Chairman from a meeting of a Local Board the Members present shall elect from amongst themselves a Chairman for that meeting who shall, in the event of an equality of votes have a second or casting vote.

(p) The Managing Director may nominate a Senior Officer, by designation, in every area to be the ex-officio Secretary of the Local Board in that area.

(q) At the meetings of a Local Board ex-officio Members shall have the right of discussion but not of vote.

(r) As soon as possible after each meeting a copy of the minutes of each meeting of a Local Board shall be circulated for the information of the Members concerned and shall be signed by the Chairman of the Local Board concerned at that or the next succeeding meeting. Copies of such minutes together with copies of the minutes of the Committee meeting of the Local Board

concerned held in the interval shall be submitted forthwith to the Central Board for ratification.

(s) At each meeting of a Local Board the minutes of its previous meeting shall be submitted together with the minutes of the Committee meetings of the Local Board concerned held in the interval.

Acts of Directors and Members valid notwithstanding subsequent discovery or disqualification.

12. (a) No act or proceeding of the Central Board or of a Local Board shall be invalidated merely by reason of the existence of a vacancy or vacancies among its Directors or Members.

(b) All acts done at any meeting of the Central or a Local Board or by any committee of such Board or by any person acting in good faith as a Director or Member shall notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of such persons or that they or any of them were disqualified, be as valid as if every such person had been duly appointed and duly qualified.

Obligations and immunities of Directors and Members.

13. (a) Every Director or Member shall before entering upon his duties, sign a declaration pledging himself to observe strict secrecy respecting all transactions of the Bank with its customers and all matters relating thereto; and shall by such declaration pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of his duties except when required or authorised so to do by the Central or a Local Board or by any law for the time being in force.

(b) Every Director and every Member shall be indemnified by the Bank against all losses and expenses incurred by him in or about the discharge of his duties, except those caused by his own wilful act or omission.

(c) A Director or Member shall not be responsible for any other Director or Member or for any Officer or servant of the Bank or for any loss or expense caused to the Bank by the insufficiency or deficiency of value of, or title to, any property or security acquired or taken on behalf of the Bank, or by insolvency, bankruptcy or wrongful act of any customer or debtor of the Bank; or by any thing done in the execution of the duties of his office or in relation thereto, or otherwise than for his own wilful act or omission.

14. (a) Each Local Board shall to the extent provided in this bye-law have power generally to transact business within the area for which it is established.

(b) Each Local Board shall, in addition to the powers conferred on it under these bye-laws have power as regards entries in the branch registers concerned to examine and rectify transfers and transmission and to approve or refuse to approve transfers of shares and to issue or refuse to issue certificates of shares.

(c) A Local Board shall not without the previous sanction of the Central Board discount bills for or purchase bills from or advance or lend in any way to any Company or association with limited liability or to any individual or partnership firm amounts exceeding the following in the aggregate at any one time.

	Limited Companies	Individual and Partnership firms.
(1)	Under section 25 (1) (a) of the Ordinance.	50,00,000 12,00,000
(2)	Under section 25 (1) (b) of the Ordinance.	5,00,000 2,00,000
(3)	Under section 25 (1) (c) of the Ordinance.	20,00,000 20,00,000
(4)	Under section 25 (1) (d) of the Ordinance.	2,00,000 50,000
(5)	Under section 25 (1) (e) of the Ordinance.	1,00,000 25,000
(6)	Under section 25 (1) (f) of the Ordinance.	20,00,000
(7)	Under section 25 (1) (g) of the Ordinance.	1,00,000 25,000
(8)	Under section 25 (1) (h) of the Ordinance.	10,00,000 5,00,000
(9)	Under section 25 (11) of the Ordinance.	2,00,000 75,000
(10)	Under section 25 (13) of the Ordinance.	10,00,000 5,00,000
(11)	Under section 25 (14) of the Ordinance.	10,00,000 5,00,000

(d) For the purposes of this bye-law indebtedness to the Bank shall be deemed to include the maximum drawing powers sanctioned on fluctuating accounts and the maximum limits sanctioned for the discount and purchase of bills, even though the actual drawings or bills discounted or purchased are less than the maximum drawing powers and limits sanctioned.

(e) If at the time of consideration by a Local Board of an advance or loan to a joint stock company of which Members are directors and a majority of the Members present are directors of that Company, no advance or loan shall be finally sanctioned without the previous approval of the Central Board.

(f) These powers shall be the maximum that any Local Board may exercise and the Central Board shall with the previous approval of the Central Government have power to vary and withdraw all or any of them in respect of all or any Local Board.

(g) Notwithstanding anything contained in these bye-laws or rules made thereunder, the powers, authorities, privileges, duties, obligations and functions of Local Board may be exercised and performed by the Central Board as and when the Central Board deems it necessary and expedient.

Committees of the Central and Local Boards and Distribution of business amongst Directors and Members.

15. (a) There shall be a committee of the Directors to be called the Committee of the Central Board which shall ordinarily meet fortnightly to attend to the business of the Bank. Such Committee shall consist of the President, the Managing Director, and four Directors elected by the Central Board for a period of 6 months.

(b) Two Directors shall form a quorum of the Committee of the Central Board.

(c) The President of the Central Board or in his absence a Chairman elected by the Directors present shall preside at the meeting of the Committee of the Central Board and shall in the event of an equality of votes have a second or casting vote.

(d) The Committee of the Central Board shall be entitled to exercise all the powers of the Central Board excepting those specifically withdrawn from it by the Central Board.

(e) The proceedings of the Committee of the Central Board shall be submitted to the Central Board for ratification.

(f) There shall be a Committee of each Local Board to be

called the Committee of the Local Board concerned which shall ordinarily meet once a week. Such Committee shall consist of the Secretary and three Members of the Local Board concerned elected by the Local Board for a period.

(g) Two Members excluding the Secretary shall form a quorum of the Committee of a Local Board.

(h) The Chairman of a Local Board or in his absence a Chairman elected by the Members present shall preside at meetings of the Committee of a Local Board and shall in the event of an equality of votes have a second or casting vote.

(i) The Committee of a Local Board shall exercise such powers as are delegated to it by the Local Board concerned.

(j) The proceedings of the Committee of a Local Board shall be submitted to the Local Board concerned for ratification.

16. (a) All Directors except the Managing Director and the Government Officials nominated under Section 14 (c) of the Bank's Ordinance, shall receive a fee of Rs. 100/- for each Meeting of the Central Board and a fee of Rs. 50/- for each Meeting of the Committee of the Central Board or of a technical Committee, or subcommittee appointed by the Central Board attended by them, in addition to travelling expenses, if any. A Director other than the Managing Director and the Government Officials nominated under Section 14 (c) of the Bank's Ordinance shall also be entitled to receive a meeting fee of Rs. 100/- when called upon to preside over a meeting of the shareholders, in addition to the travelling expenses if, any.

(b) Members other than the Managing Director or Deputy Managing Director shall receive a fee of Rs. 50/- for each meeting of the Local Board and a fee of Rs. 25/- for each meeting of the Committee of the Local Board attended by them in addition to the amount of actual travelling expenses, if any. A Member other than the Managing Director or Deputy Managing Director shall also be entitled to receive a fee of Rs. 50/- when called upon to preside over the meeting of the shareholders, in addition to the travelling expenses, if any.

(c) Directors and Members shall be paid travelling and Diem Allowances on the following scales provided that Directors shall also be entitled to the travelling allowance and Diem Allowance at these rates if depoted by the Central Board to visit any place on the Bank's business or to serve on any technical

Committee or Sub-committee:-

(i) one first-class rail or steamer fare or air passage;

(ii) road mileage @ Paisa 0.62 per mile of the journey or any part thereof performed by road; "Provided that travelling allowance for journeys undertaken by road between places connected also by rail or steamer, will be admissible on the basis more economical to Bank";

(iii) diem allowance of Rs. 40/- for the actual days of journey and a maximum of 3 days halt, if actually made out of the station of residence, the allowance to be increased by 50% for journey or halt outside Pakistan;

(iv) the cost actually incurred for making reservation of the accommodation, including air-conditioned accommodation, or any tax on the fare etc.;

(v) actual cost of premia in respect of aviation policy for an amount not exceeding Rs. one lac if taken and other incidental charges such as portage, luggage freight etc., when actually paid;

(vi) the travelling allowance will ordinarily be admissible on the basis of a journey by the shortest route but where journey is performed by a route which is not the shortest but is cheaper than the shortest, Travelling Allowance will be paid according to the route actually used.

Provided that Government-officials-nominated under Section 14 (c) of the Bank's Ordinance shall be paid Travelling and Diem Allowance according to the Government Rules applicable to them.

(vii) the travelling allowance will ordinarily be admissible from the station of residence to the station of meeting and back, but where the journey undertaken from a place other than the station of residence is more economical to the Bank the travelling allowance will be paid on the basis of the journey actually performed.

Establishment and discontinuance Board may ;
of Branches and Agencies.

(1) establish branches or agencies at such places, whether in Pakistan, or elsewhere, as it deems advantageous for the interest of the Bank ; and

(ii) discontinue any branch or agency established under this bye-law.

(b) The Central Board may define the nature and extent of the business which any branch or agency established under this bye-law may transact.

18. (a) The Central Board shall have power :—

Officers of the Bank.

(i) to appoint and engage such officers, servants and persons as it may consider necessary for the efficient conduct of the business of the Bank ;

(ii) to suspend, remove, dismiss and discharge any such officer, servant or person ;

(iii) to frame, with the previous approval of the Central Government, rules to which the Officers and staff of the Bank shall be subject;

(iv) to make provisions, with the previous approval of the Central Government, to grant salaries, pensions and other emoluments to officers and staff, and to grant gratuities or other financial assistance, either temporary or permanent, to widows, children or other dependents of deceased officers or staff; and

(v) to constitute, with the previous approval of the Central Government, Provident, Pension and Guarantee Funds for Officers and Staff and to frame rules for the administration of such funds and the payments to be made therefrom.

(b) No Managing Director, Deputy Managing Director, Officer or employee of the Bank shall, without the previous sanction of the Central Board, engage in any other banking or commercial business either on his own account or on behalf of any other person or persons or shall act as agent for the sale or purchase of Government or other securities.

(c) Every auditor, officer, servant or person employed or engaged by the Bank shall before entering upon his duties sign a declaration required by bye-law 13 (a).

(d) The Central Board may authorise the Managing Director, Deputy Managing Director, and any other officer or employee of the Bank to exercise powers specified by the Central Board.

(e) Notwithstanding anything contained in Byelaw 18 (d), the Central Board may with the previous approval of the Central Government authorise the Managing Director and other officers of the Bank to incur such expenditure and in such manner as may be specified by the Central Board from time to time.

Signings of Accounts receivables and documents of the Bank.

19. The Managing Director and Deputy Managing Director, and such other officers and employees of the Bank as the Central Board may authorise in this behalf by notification in the official Gazette of Pakistan are hereby severally empowered, for and on behalf of the Bank, to endorse and transfer promissory notes, stockreceipts, stock debentures, shares, securities and documents of title to goods, standing in the name of or held by the Bank, and to draw, accept and endorse bills of exchange and letters of credit, in the current and authorised business of the Bank, to sign all other accounts receipts and documents connected with such business and to execute proxies to vote at meetings on behalf of shareholders from whom the Bank holds general powers of attorney.

Seals of the Bank.

20. (a) The common seal of the Bank shall not be affixed to any instrument except in the presence of at least three Directors including the Managing Director, who shall sign their names to the instrument in token of their presence, and the signatures so affixed shall not be deemed to be signatures as witness to the instrument and unless so signed such instrument shall be of no validity.

(b) The Bank shall have for use by the Local Boards official seals which shall be facsimiles of the common seal of the Bank with the addition of the name of the Local Board by which it is to be used.

(c) The official seal shall be affixed to the certificates issued in respect of shares entered in the branch register kept at those places and may be used for the purposes specified in para (f).

(d) An instrument to which an official seal duly affixed shall bind the Bank as if it had been sealed with the common seal of the Bank.

(e) An official seal shall not be affixed to any instrument except in the presence of at least two Members of the Local Board concerned and the Secretary who shall sign their names to the instrument in token of their presence and the signature so affixed shall not be deemed to be signature as witness to the instrument and unless so signed such instrument shall be of no validity.

(f) The official seal may be affixed by Local Boards to instruments of the following descriptions in connection with business at offices under their respective jurisdiction, namely :—

- (i) leases of office premises, godowns, houses and other property acquired in connection with the business of the Bank and surrenders and transfers of such leases ;
- (ii) conveyances of property bought or sold by the Bank ;
- (iii) instruments whereby any property is mortgaged to the Bank, conveyances on sale or by way of transfer of mortgage, and re-conveyances, surrenders and release of such property ;
- (iv) powers of attorney granted by the Bank ;
- (v) agreements for service of employees whom the Local Boards are empowered to appoint ;
- (vi) contracts of indemnity, suretyship or guarantee with specific security or otherwise ; and
- (vii) instruments of appointment or discharge of the Bank as trustees of any trust, or connected with the administration of any estate in which the Bank is concerned as executor, trustee, or otherwise.

21. (a) Contracts on behalf of the Bank may be made as follows :—

- (i) Any contract which, if made between private persons, and required by law to be in writing, may be made on behalf of the Bank in writing, signed by any person acting under its authority, express or implied, and may in the same manner be varied or discharged ;
- (ii) Any contract which if made between private persons, not required by law to be in writing and not reduced to writing may be made by parole on behalf of the bank by any person acting under its authority, express or implied, and may in the same manner be varied or discharged.

(b) All contracts made according to the provisions of this byelaw shall be effectual, and shall bind the Bank and all other parties thereto and their legal representatives.

Conduct and
defence of legal
proceedings.

22. Plaints, written statements, petitions and applications may be signed and verified, affidavits may be sworn or affirmed, bonds may be signed, sealed and delivered and generally all other documents connected with legal proceedings whether contentious or noncontentious may be made and completed on behalf of the Bank by any officer empowered by or under byelaw 19 to sign documents for and on behalf of the Bank.

Notices.

23. (a) A notice may be given by the Bank to any shareholder either personally or by sending it by Post to him to his registered address or, if he has no registered address in Pakistan, to the address, if any, supplied by him to the Bank for giving of notice to him.

(b) 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, shall be deemed to have been effected at the time at which the letter would have been delivered to him in the ordinary course of post.

(c) A shareholder who has no registered address in Pakistan, and has not supplied to the Bank an address for the giving of notice to him shall not be entitled to any notice, notwithstanding anything contained in these byelaws.

(d) A notice may be given by the Bank to the jointholders of a share by giving the notice to the jointholder named first in the register in respect of the share and such notice shall be deemed to be sufficient notice to all other jointholders.

(e) Any notice given in accordance with the foregoing provisions shall be deemed to have been duly given notwithstanding that the shareholder be then deceased and whether or not the Bank had notice of his death and shall in that event be deemed to be a notice to his legal representative.

(f) A notice may be served on the Bank by leaving it at, or sending it by post to, the Head Office of the Bank.

Taking over of the
business of any
other bank.

24. (a) The Bank may with the sanction of the Central Government enter into negotiation with another bank for the amalgamation or purchase of in any other manner taking over the business of that bank including its capital, assets and liabilities and may pay the consideration for such arrangement either in cash or by the allotment of shares of the Bank or partly in cash or partly in

shares, or in any other manner approved by the Central Government and may (subject to the provisions of the Ordinance relating to the increase of capital) for the purpose of such payment, increase the capital of the Bank by the issue of such additional number of shares as may be determined by the Bank.

(b) Any business so acquired shall after the acquisition be carried on by the Bank subject to the provisions of the Ordinance.

25. (a) The Bank may, either alone or conjointly with others, for the purpose of averting the winding up of any other bank or where any such bank is being wound up for facilitating the winding up, advance or lend money to, or open a cash credit in favour of, such bank or the liquidators thereof, as the case may be, for any period, upon the security of all or any of the assets whatsoever of such bank.

(b) All advances, loans or cash credits granted to any bank under this by-law shall be subject to the prior sanction of the Central Board, or, in case of urgency should the sanction of the Central Board be not available, subject to the prior sanction of its committee, and the Bank shall not make or grant such advance, loan or cash credit until a valuation of the assets of the bank seeking such accommodation has been made, submitted and accepted, but in no case shall such advance, loan or cash credit exceed such proportion of the assets so disclosed by valuation as the Central Board or its committee shall fix.

26. (a) When a special resolution to increase the capital of the Bank has been passed the Central Board may, subject to the provisions of the Ordinance and to the special directions if any, given in reference thereto by the meeting of the shareholders at which such resolution has been passed :

(i) make such orders as it thinks fit for the opening subscriptions by the shareholders towards such increase of capital ;
(ii) allow to the shareholders such period to pay up the subscriptions as it thinks fit.

(iii) direct the manner in which the shareholders shall subscribe and pay into the Bank the proportions of new capital ;
(iv) make such orders as it thinks fit for the disposal and allotment of the amount of new capital that may not be subscribed for and paid up in the manner aforesaid.

6. ACCEPTANCES FOR CONSTITUENTS.

7. ADJUSTING ACCOUNT OF INTEREST
COMMISSION ETC., (WHEN IN CREDIT).

(b) Any new shares shall be subject to the same provisions with reference to the payment of calls, lien, transfer, transmission, forfeiture or otherwise, as the shares in the original capital, and shall rank *Pari Passu* with them.

(c) When a special resolution to reduce the capital of the Bank has been passed, the Central Board may, subject as aforesaid, determine the manner in which the reductions shall be carried into effect.

Balancing of accounts and ascertainment of profit and loss.

27. (a) The Central Board shall cause the books of the Bank to be balanced on every thirtyfirst day of December, and a balance sheet in the form given in bye-law 28 shall be prepared.

(b) An Account of the profit and loss of the Bank during the previous year shall be taken on or immediately after every thirtyfirst day of December.

28. (a) The annual balance sheet shall be in the following form or as near thereto as circumstances admit and shall contain the particulars specified hereunder, namely:

A. LIABILITIES.

1. CAPITAL..

- (i) Authorised.
- (ii) Issued and Subscribed.
- (iii) Called Up.
- (iv) Less call unpaid (if any).
- (v) Add amount paid up on forfeited shares (if any).

2. RESERVE LIABILITY OF SHAREHOLDERS.

3. RESERVE FUND (S).

4. DEPOSITS

- (i) Fixed and Short Term Deposit.
- (ii) Savings Bank.
- (iii) Current Account.
- (iv) Other Accounts.

5. LOANS AGAINST SECURITIES PER CONTRA.

6. ACCEPTANCES FOR CONSTITUENTS.

7. ADJUSTING ACCOUNT OF INTEREST
COMMISSION ETC., (WHEN IN CREDIT).

8. DIVIDENDS :—

- (i) For the year ended
- (ii) Unclaimed.
- (iii) Profit and Loss Account
- (iv) Contingent Liabilities (if any).

B. ASSETS:

1. INVESTMENTS : _____

- (i) Government Securities.
- (ii) Other Trustee Securities.
- (iii) Other Authorised Securities.
- (iv) Immovable Properties at or below cost.

2. ADVANCES : _____

- (i) Loans.
- (ii) Cash Credits and Overdrafts.
- (iii) Bills discounted and Purchased.

Particulars of Advances :—

- (1) Debts considered good in respect of which the Bank is fully secured (This amount includes debts due by Directors, Members and Employees, or by them jointly with others, and by firms in which a Director or a Member is a Partner, aggregating Rs. _____ including Rs. _____ advanced to Directors and Members since 31st December* and recoverable).
- (2) Debts considered good for which the Bank holds no security other than the debtors personal security (This amount includes debts due by Directors, Members and Employees, or by them jointly with others, and by firms in which a Director or a Member is a partner, aggregating Rs. _____ including Rs. _____ advanced to Directors and Members since 31st December* and recoverable).

- (3) Liability of Constituents for Acceptances per contra.
- (4) Dead Stock :

* Date to be 12 months prior to the date of the Balance Sheet.

Premises, furniture, fittings and equipment.

- (i) Total cost upto 31st December*
- (ii) Additions since 31st December*
- (iii) Less sales since 31st December*
- (iv) Total Depreciation written off upto the 31st December @

(5). Sundries (Stationery, Stamps, etc.)

- (6) Adjusting Account of interest, commission etc., (when in debit).

- (7) Bullion
(8) Cash
 (i) in hand and with the State Bank of Pakistan.
 (ii) balances with other banks.

(b) The annual statement of profit and loss shall be in the following form or as near thereto as circumstances admit and shall contain the particulars specified hereunder :—

INCOME

- (1) Amount brought forward (if any).
- (2) Interest, Exchange, Commission, Discount, etc. for the year less usual and necessary provisions.

EXPENDITURE:

- (1) Establishment
(2) Directors' and Members' fees and expenses
(3) Travelling Expenses
(4) Auditor's Fees
(5) Rent, Taxes, Insurance, Lighting, etc.
(6) Pay of Guards
(7) Depreciation on Bank's Property
(8) Repairs to Bank's Property
(9) Law Charges
(10) Postage and Telegrams
(11) Stationery
(12) Miscellaneous expenses.

Total net available balance.

* Date to be 12 months prior to the date of the balance sheet.

@ Date to be that of the balance sheet.

ALLOCATION:

- (1) Amount set aside for payment of a dividend at per cent per annum.
- (2) Amount transferred to Reserve Fund.

- (3) Amount transferred to Provident and other Funds.
- (4) Bonus to Staff.
- (5) Balance carried forward.

(c) The Bank's investments in securities shall be divided into two accounts, namely, "Bank's Investments Permanent Account" "Bank's Investments Floating Account". The "Bank's Investments Permanent Account" shall not exceed ten crores of rupees. The valuation of securities forming the "Bank's Investments Permanent Account" and "Bank's Investments Floating Account" shall be made on the basis either of their cost or of their market value on the last day of the year; and the method adopted (whether cost or market value) shall be shown in the balance sheet. Where the value of the investments shown in the outer column of the balance sheet is higher than the market value, the market value shall be shown separately in brackets.

29. (a) A dividend may be declared as soon as may be after the thirtyfirst of December and the amount of such dividend shall be determined by the Central Board.

- (b) No unpaid dividend shall bear interest as against the Bank.

(c) The Central Board may, before declaring any dividend, set aside out of the profits of the Bank such sums as it thinks proper as a reserve or reserves which shall, at the discretion of the Central Board, be applicable for meeting contingencies, or for equalising dividends, or for any other purpose to which the profits of the Bank may be properly applied, and pending such application may, at the like discretion, either be employed in the business of the Bank or be invested in any of the securities specified in clauses (a) and (b) of subsection (1) of section 25 of the Ordinance.

(d) If several persons are registered as joint holders of any share, any one of them may give effectual receipts for any dividend

payable on the share.

General and Special meetings.

30. (a) General meetings shall be convened by the Central Board and a notice convening such meeting, signed by the Managing Director or Deputy Managing Director, shall be published in the official Gazette of Pakistan and in such other manner as the Central Board may direct, at least fifteen days before the meeting is held.

(b) The Central Board shall convene a special meeting at such time and place as it may determine on the requisition of any three Directors or of not less than one hundred shareholders holding shares of the aggregate nominal value of not less than five hundred thousand rupees, and entitled to vote under section 24 of the Ordinance, if such requisition is signed by the requisitionist and addressed to the Managing Director or Deputy Managing Director stating the objects of the proposed meeting and deposited at the Head Office of the Bank.

(c) The requisition may consist of several documents in like form, each signed by one or more of the requisitionists.

(d) Sixty days' previous notice of any special meeting shall be given by the Central Board under the hand of not less than three Directors and such notice shall state the objects for which the meeting is convened and the time and place of such meeting, and shall be published in the Official Gazette of Pakistan and in such other manner as the Central Board may direct.

Provided that not less than three months' previous notice shall be thus given of any special meeting held for the purpose of increasing or reducing the capital of the Bank.

(e) If the Central Board does not proceed within 21 days from the date of deposit of the requisition to convene a meeting, the requisitionists or any of them holding more than half of the total nominal value of shares held by all of them, may themselves call the meeting, but a meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition. If the requisition consists of several documents then the date of deposit of the requisition shall be deemed to be the date of deposit of the last document.

(f) A meeting convened under this bye-law by the requisitionists shall be convened in the same manner, as nearly as possible, as that in which meetings are to be convened by the

Central Board.

(g) No business shall be transacted at any meeting, whether general or special, unless a quorum of two hundred shareholders, in person or by proxy, is present at the commencement of such business.

(h) If within one hour from the time appointed for the meeting a quorum is not present, the meeting, if convened by shareholders not been Directors, shall be dissolved; in any other case, it shall stand adjourned to the same day in the following week at the same time and place, and if at such adjourned meeting a quorum is again not present, the shareholders present at that meeting shall constitute a quorum.

(i) Without the consent of the Chairman, no business other than that for which the meeting was convened shall be transacted or discussed at that meeting, unless not less than one clear month's notice of the same has been given in writing to the Chairman by not less than ten shareholders qualified to vote at such meetings.

(j) Save as is otherwise provided in section 18 of the Ordinance every matter submitted to a meeting, whether general or special, shall be decided by a majority of votes.

(k) A declaration by the Chairman of any meeting, that a resolution has been carried or rejected thereat upon a show of hands, shall be conclusive and an entry to that effect in the book of proceedings of the Bank shall be sufficient evidence of that fact, without proof of the number or proportion of the votes recorded in favour of or against such resolution, unless, immediately on such declaration a poll be demanded in writing by ten shareholders present and entitled to vote at such meeting.

(l) If a poll be duly demanded, it shall be taken either at once or at such time and place either by open voting or by ballot, as the Chairman directs and the result of the poll shall be deemed to be a resolution of the meeting at which the poll was demand. At such poll voting shall be either in person or by proxy.

(m) In the case of joint holders of shares the person whose name stands first in the register of shareholders shall for the purpose of voting at any meeting be deemed to be the sole proprietor thereof; and on all occasions the vote of such first named shareholder

the following form and dated :--

either in person or by proxy, shall be allowed as the vote in respect of such share, without proof of the concurrence of other holders thereof.

I,

being a shareholder of the National Bank of Pakistan holding shares No.

(n) A shareholder of unsound mind, or in respect or whom an Order has been made by any court having jurisdiction in lunacy, may vote whether on a 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.

(o) Any shareholder duly qualified to vote and desirous of voting personally or by proxy for another or others shall attend on the date and at the time and place fixed for the meeting.

(p) (i) No instrument of proxy shall be valid unless in the case of any individual shareholder it is signed by him or his attorney duly authorised in writing or in the case of a joint holder it is signed by the shareholder first named in the register or his attorney duly authorised in writing or in the case of a corporation it is executed under its common seal or signed by its attorney duly authorised in writing, provided that an instrument of proxy shall be deemed to be sufficiently signed by any shareholder who is, for any reason, unable to write his name, if his mark is affixed thereto and attested by a Judge, Magistrate, Registrar or Sub-Registrar of Assurance or other Gazetted Officer of the Government.

(ii) No person shall be appointed a proxy who is not an individual shareholder and qualified to vote at the meeting in respect of which the proxy is given.

(iii) No proxy shall be valid for any meeting unless it is made out specifically for the purpose of voting at such meeting or at any adjournment thereof.

(iv) No proxy shall be valid unless it is duly stamped and unless it, together with the power of attorney or other authority (if any), under which it is signed, or a notarially certified copy of that power or authority, is deposited at the Principal Office of the Bank at which the shares of the shareholder granting the proxy are registered not later than 4 p.m. on the day not less than 10 clear days before the date fixed for the meeting.

(v) No instrument of proxy shall be valid unless it is in

NATIONAL BANK OF PAKISTAN.

the following form and dated :--

NATIONAL BANK OF PAKISTAN.

the following form and dated :--

being a shareholder of the National Bank of Pakistan holding shares No.

HE REBY APPOINT

of also a shareholder of the National Bank of Pakistan (or failing him

also a shareholder of the National Bank of Pakistan) as my proxy to vote for me and on my behalf at the general/ special meeting of the shareholders of the National Bank of Pakistan to be held at

on the day of

and at any adjournment thereof.

Dated this day of

(vi) An instrument of proxy deposited in terms of this bye-law shall be irrevocable after 4 p.m. on the last date for the deposit of proxies unless on or before such time these shall have been deposited at the Principal Office of the Bank at which the shareholder who granted the proxy are registered a notice of revocation in writing under the hand of the grantor specifically stating the name of the person in whose favour the instrument was originally granted. In the case of an instrument of proxy granted in favour of two grantees in the alternative, it shall not be necessary to mention in a notice or revocation the name of the second or alternative grantee provided that the notice is otherwise sufficient to identify beyond doubt the instrument of proxy which it is intended to revoke.

(vii) If two or more instruments of proxy in respect of the same shares shall be deposited and if on or before the latest time for deposit of proxies all but one of such instruments of proxy shall not have been duly revoked in accordance with the procedure prescribed in sub-para (vi) above all such instruments of proxy

shall be deemed invalid. 30

(viii) The due revocation of an instrument of proxy shall in no way prohibit the deposit of another valid instrument of proxy within the time limited by sub-para (iv) above.

(ix) Notwithstanding anything to the contrary in these bye-laws, the grantor of an instrument of proxy which has become irrevocable under this bye-law shall not be entitled to vote in person at the meeting to which such instrument relates.

(q) A shareholder attending any meeting convened under this bye-law shall, for purposes of identification and to determine his voting rights, be required to sign and deliver to the Bank the form given hereunder :—

17

NATIONAL BANK OF PAKISTAN
General / Special
Meeting.

No 19

- (1) Name (in Block Letters)
- (2) Registered Address
- (3) Registered Nos. of Shares
- (4) Whether registered before
- (5) Register (Dacca, Karachi, Lahore)
- (6) Votes in Person
- (7) Votes by Proxy

*Certified that the Particulars entered herein are correct.

Signature of Shareholder,
Secretary,

Local Board
Area.

* (For use when the meeting is held in an area other than that in which the shareholder is registered.)

31

(r) The decision of the Chairman of the meeting as to the qualification of any shareholder to vote, and in the case of a poll, as to the number of votes any shareholder is competent to exercise, shall be final.

(s) The President of the Central Board shall be the Chairman at all meetings at which he is present.

(t) If the President of the Central Board is absent from any meeting, a Chairman shall be elected by the shareholders present from amongst the Directors present at that meeting and in the event of no Director being present the shareholders present at that meeting shall elect one from amongst themselves to be the Chairman of the meeting.

(u) The Chairman shall regulate the procedure at all meetings and in particular shall have full power to decide the order in which shareholders can address the meeting, to fix a time limit for speech to apply the closer when in his opinion any matter has been sufficiently discussed and to adjourn the meeting.

(v) The proceedings at any meeting and all resolutions and decisions of such meeting shall be valid and binding on the Bank so far as such proceedings, resolutions and decisions are consistent with the provisions of the Ordinance.

31. (a) Local meetings shall be held at least once in every year at the Principal Offices of the Bank at Karachi, Lahore and Dacca. They shall be held on such dates as the Central Board may direct. Local and special local meetings.

(b) The provisions of the next preceding bye-law shall, so far as may be, and subject to the provisions of this bye-law, apply to local and special local meetings:

Provided that references in the said revisions to shareholders shall be deemed to be references to shareholders on the branch register concerned, and references to directors, the Managing Director or Deputy Managing Director and the official Gazette of Pakistan shall be deemed to be references, respectively, to members Secretaries and the Local Official Gazette.

Provided further that ten or more shareholders holding shares of the aggregate nominal value of fifty thousand rupees may convene a special local meeting and that the number of shareholders to constitute a quorum and to demand a poll in the case of any local meeting shall be respectively, twenty and five.

(c) The Chairman of the Local Board concerned shall be the Chairman at all meetings at which he is present.

(d) If the Chairman of the Local Board concerned is absent from any meeting, a Chairman shall be elected by the shareholders present from amongst the Members present at the meeting, and in the event of no Member being present the shareholders present at that meeting shall elect one from amongst themselves to be the Chairman of the meeting.

Powers exercisable by local and special local meetings.

32. (a) Local and special local meetings shall only be empowered to transact the business specifically so authorised by the Ordinance.

(b) The proceedings of any local or special local meeting and all resolutions and decisions of such meeting shall, subject to the provisions of this bye-law be valid and binding on the Bank.



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