

GUIDELINE FOR EXAMINEES ON MODEL PAPER OF CORPORATE LAWS

- Q.1 (a) For both decisions reply should be based on Regulation 14(xix) of the Listed Companies (Code of Corporate Governance) Regulations, 2019.
- (b) Any **eight** obligations may be derived from:
- (i) Regulation 12 of the Listed Companies (Code of Corporate Governance) Regulations, 2019.
 - (ii) Section 96(1) in light of Clauses (a) & (c), Sections 110 and 117 of the Securities Act, 2015.
 - (iii) Regulation 24 of the Listed Companies (Substantial Acquisition of Voting Shares & Takeovers) Regulations, 2017.
- Q.2 (a) Reply should be based on Regulation 9(iii), (v) and (xi) of the Companies (Further Issue of Shares) Regulations, 2018.
- (b) Final decision makers are shareholders; hence, the reply should be based on Regulation 10(1)(i) of the Regulations.
- (c) Reply should be based on the restriction imposed by Regulation 9(vi) of the Regulations.
- Q.3 (a) Reply should be based on Regulation 3 (relevant clauses only) of the Regulations. Moreover, since the status of MFL (Listed or otherwise) is not mentioned, the reply should also cover Regulation 3(2).
- (b) Reply should be based on Regulation 5(4) of the Regulations.
- Q.4 (a) Sweetest Ltd (SL) status is not mentioned in the question; hence examinees shall have to cover both possibilities:
- If SL is listed company or Asset Management Company or Deposit taking NBFC [Regulation 11A of NBFC & Notified Entities Regulations, 2008 requires both these entities to comply the said requirements as well] then the reply should be from Regulations 27(5), 10(3)(v), 28(6)(ii) and 31(2) of the Listed Companies (Code of Corporate Governance) Regulations, 2019.
 - If SL does not fall under above referred companies, then for both (i) and (ii) there is no specific requirements of law. Reply in such case should be that 'Company Secretary should comply with specific requirement, if any, provided in SL's Articles of Associations or as directed by the Board of Directors'.
- (b) Reply should be based on Rule 11(3) in the light of definition given under Rule 2(1)(g) of the Public Sector Companies (Corporate Governance) Rules, 2013.
- Q.5 (a) Reply should be based on Section 78 as well as Regulation 10 of the First Schedule of the Companies Act, 2017.
- (b) Once Bashir disassociates himself from ZL's shares then Fareed will become the sole owner, hence the examinees should state that Shahzad must be a relative as specified under Section 79(3) of the Companies Act, 2017. The rights and responsibilities should be covered from Section 79(1) and (2) as well as Regulation 14 of the First Schedule of the Companies Act, 2017.

Guideline for examinees on model paper of corporate laws

- Q.6 (a) The status of Alfa Company Limited should be established with the help of definition provided under Rule 2(1)(xxxiv) of the Non-Banking Finance Companies (Establishment & Regulation) Rules, 2003. Further, the status of Sadiqa and her business should be established with the help of definition of 'Microenterprises' given under Regulation 2 (xxvii b) of the NBFC & Notified Entities Regulations, 2008.
- In the light of above parameters, advice should be based on Regulation 17(3) of the NBFC & Notified Entities Regulations, 2008.
- (b) The course of action available with AL and FPL is provided under Section 291(1) of the Companies Act, 2017 that they may request SECP to take action. This course of action should be justified by proving that the conditions covered under Clauses (a), (d) & (f) of the aforesaid section are met which entitled creditors for such request.
- Q.7 (a) It is established from the question that ELCL is a listed company. Hence checklist should cover the following legal provisions:
- (i) Regulation 14 of Listed Companies (Code of Corporate Governance) Regulations, 2019.
 - (ii) Rule 5.6.1(b) of Pakistan Stock Exchange Rule Book.
 - (iii) Rule 5.6.1(a) with reference to Clause(xv) of Pakistan Stock Exchange Rule Book.
- (b) Reply should be based on restrictions provided under Section 24(1) of the Banking Companies Ordinance, 1962; along with the requirement of Section 24(2) of the said Ordinance wherever necessary.
- Q.8 It is established from the question that KL is a listed company. Hence the requirement of listed companies should be covered (relevant sub-sections/clauses only) as given under:
- Listed Companies (Code of Corporate Governance) Regulations, 2019: Regulation 14(xix) and Regulation 15.
 - Pakistan Stock Exchange Rule Book: Rule 5.6.1. (a) on the basis of Clause(iv);
 - The Securities Act, 2015: Section 96.
 - The Companies Act, 2017: Section 211.
- Q.9 ML's status is not mentioned i.e. whether it is a listed company or not. Hence reply should cover the requirements for both types of companies. Moreover, as the board of directors have not yet taken the decision, reply should cover the steps as provided below:
- (i) Regulation 11 of Listed Companies (Code of Corporate Governance) Regulations, 2019 for listed company. However, ML may opt for circular resolution given under Section 179 of the Companies Act, 2017 that is available for both listed and unlisted companies.
 - (ii) Requirements given under Sections 12 and 133 of the Companies Act, 2017.
 - (iii) ML may opt for circular resolution given under Section 149 of the Companies Act, 2017 (for unlisted companies only).
- Q.10 The reply should be based on following Regulations of the Public Offering Regulations, 2018:
- (a) Regulation 3 (relevant sub-regulations only)
 - (b) Regulation 5 (relevant sub-regulations only)
 - (c) Regulation 5(3)

(THE END)