



No.ISE/CIR/2010/

September 6, 2010

C I R C U L A R

To: **All Members of the ISE**

Subject: **Election Reforms**

Keeping in view the issues faced during the last election of directors, the ISE Board of Directors had constituted a Special Committee in January 2010 to recommend appropriate election reforms to improve the existing election process of the ISE. The Committee after seeking input from the members finalized its recommendations which have been finally approved by the Board with certain changes in its recent meeting held on August 30, 2010.

The ultimate object of these election reforms is to streamline and to create more transparency in the existing process of election of Directors of the ISE. These reforms shall be effective from forthcoming elections of ISE Directors.

The approved election reforms are printed on the backside of this circular for the information of the members and the same are also available on the official website of the ISE.

Ahmed Noman
Secretary

ISLAMABAD STOCK EXCHANGE

ISE Towers, 55-B, Jinnah Avenue, Blue Area, Islamabad - Pakistan

Tel: 92 (51) 111-473-473 Fax: 92 (51) 111-473-329, info@ise.com.pk, www.ise.com.pk



Election Reforms Approved by the ISE Board

1. The ISE Board shall scrutinize and determine the list of entitled/disentitled members on the basis of dues payable by members on the last working day of August.
2. The Exchange Members served with notices under Article 61 shall be required to pay their dues payable on the last working day of August being the date of scrutiny at the earliest possible before September 30. In all events, the Exchange shall receive through its banking channels all payments from members which should stand fully cleared/credited in its designated bank accounts not later than September 29, 2010 till banking hours followed by an intimation duly conveyed to Secretary of the Exchange within the timeline mentioned. In case of holiday on September 29, it is the onus of the member to deposit and clear dues in full before September 29.
3. The list of entitled and disentitled members shall be issued by the Secretary of the Exchange under the authority of the ISE Board at the earliest but not later than the next working day afternoon from September 29 i.e. the last date of clearance of dues.
4. The authorization to attend the AGM must be submitted, with the Secretary of the Exchange, in original before three working days from the date of the election/general body meeting and no authorization that is received after this timeframe shall be allowed / entertained. All authorizations shall be required to be provided in original on the letterhead of the corporate members bearing stamp impression of the member concerned and accompanied by resolution of the Board in this regard, duly signed and affixed with stamp/seal of the company. However, in case of the Banks/Financial Institutions, the authorizations given under the general power of attorney to their Presidents/CEOs to nominate any representative to attend the meetings of the other institutions shall be accepted on the banks/institutions letter heads duly signed and stamped. However, no separate resolution shall be required from such institutions. The authorizations shall be available at ISE Secretariat for inspection by candidates. In addition to candidates, any member whose authorization is challenged may also inspect his authorization and any candidate or member whose authorization is challenged, may raise an appeal in writing accompanied by the evidence to any authorization before the Scrutinizers (appointed by the Board under Article 71) at least one clear working day prior to date of election. In addition, the Scrutinizers may take a notice or may raise objection on their own account relating to any authorization. In case of nominee director, no such authorization will be required and he may participate in the general body proceedings based on his original mandate.

A member of the Exchange who is a natural person shall vote in person and not through a proxy as provided in Section 161 of the Companies Ordinance 1984. A member who is a corporate member of the Exchange shall vote through a natural person duly authorized by such member's Articles as per section 162 of the Companies Ordinance 1984. A person may be authorized by any number of corporate members of the Exchange aforementioned. No corporate member shall authorize more than one person as its representative under section 162. All cancelled authorizations shall be intimated to the Exchange in writing within the stipulated time period. In case of two or more nominations by any corporate member, the latest nomination shall be accepted.

5. No pen marking/initials/writing/defacement/attachment/cutting/manipulative folding etc shall be allowed on the ballot paper and any such action shall invalidate the ballot paper. A stamp shall be prescribed by the ISE for the purpose of marking a vote.
6. In case of an equality of votes, there would be reelection of candidates having equal votes. For this purpose, the meeting may also be adjourned for holding of re-election as soon as possible but not later than seven days. No new authorizations would be allowed for such adjourned meeting.
7. All grievances by any candidate against pre-election process shall be addressed to scrutinizers and an appeal against the decision of the scrutinizers shall lie before the two -member Appellate Bench constituted by the ISE Board comprising one member director and one non-member director of the ISE. In case of equality of votes, the Chairman ISE Board shall decide the matter which will be binding on the parties.
8. No member shall be entitled to give more than one vote to any particular candidate, nor shall he/she be entitled to give more than or less than five votes in aggregate for the election of Directors. Any ballot paper stamped with more than or less than 5 votes shall be cancelled and declared invalid.
9. Any post-election complaint by any contesting candidate shall also be lodged with the same Appellate Bench within two working days of holding of the election. The Bench shall decide the matter within a week's time of lodging the complaint which shall be binding on the parties concerned.

ISLAMABAD STOCK EXCHANGE

ISE Towers, 55-B, Jinnah Avenue, Blue Area, Islamabad - Pakistan

Tel: 92 (51) 111-473-473 Fax: 92 (51) 111-473-329, info@ise.com.pk, www.ise.com.pk