

Head Office:

CDC House, 99-B, Block 'B',
S.M.C.H.S., Main Shakra-e-Faisal,
Karachi - 74400, Pakistan.
Tel: (92-21) 111-111-500
Fax: (92-21) 34326061
URL: www.cdcpakistan.com
Email: info@cdcpak.com



Notice of 26th Annual General Meeting

NOTICE IS HEREBY GIVEN that the 26th Annual General Meeting of the Central Depository Company of Pakistan Limited will be held on **Tuesday, September 25, 2018 at 4:30 p.m.** at its registered office situated at CDC House, 99-B, Block 'B', S.M.C.H.S, Main Shakra-e-Faisal, Karachi-74400 to transact the following business:

1. To receive and adopt the annual audited standalone and consolidated Accounts of the Company for the year ended June 30, 2018, together with the Directors' and Auditors' Reports thereon and Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2017.
2. To consider and declare cash dividend of Rs. 1.50 per share of Rs. 10 each i.e. 15% and bonus shares @ 41.3894% to the shareholders as recommended by the Board of Directors of the Company for the year ended June 30, 2018.
3. To appoint Auditors of the Company for the year ending June 30, 2019 and fix their remuneration.

Special Business:

1. Increase in Authorized Share Capital

To consider and approve increase in Authorized Share Capital of the Company from Rs. 1.50 Billion to Rs. 2.50 Billion and to approve the amendments in the Memorandum of Association of the Company resulting from this increase and, if deemed appropriate, to pass, with or without modification, the following resolution as Special Resolution:

Special Resolution

"Resolved that the Authorized Share Capital of the Company be increased from existing Rs. 1,500,000,000 (Rupees One Billion Five Hundred Million) to Rs. 2,500,000,000 (Rupees Two Billion Five Hundred Million only) (i.e. an increase in the authorized number of shares from 150 Million ordinary shares to 250 Million ordinary shares having a face value of Rs. 10 each).

Resolved further that Clause V of the Memorandum of Association of the Company is be and hereby amended as follows:

- V. The authorised shares capital of the company is Rs. 2,500,000,000/- (Rupees Two Billion Five Hundred Million) divided into 250,000,000 (Two Hundred Fifty Million) ordinary shares of Rs. 10/- each. The company shall have powers to increase, reduce or reorganize the capital of the company and divide shares (in the capital for the time being into several classes constituting ordinary shares in accordance with the provisions of the Companies Act, 2017.

Resolved further that all legal and ancillary formalities shall be carried out by the Company in accordance of the law, and that the Chief Executive Officer and the Company Secretary be and are hereby jointly and severally authorized to fulfil all legal, corporate and procedural formalities in the regard."

2. **Alteration of Company's Memorandum and Articles of Association:**

To consider and if deemed appropriate, to pass, with or without modifications, a special resolution to amend the Memorandum & Articles of Association of the Company as follows:

Special Resolution

"RESOLVED THAT the Company's Memorandum and Articles of Association be replaced in its entirety with the new Memorandum & Articles of Association (as circulated to the Members)

RESOLVED FURTHER THAT the Chief Executive Officer and the CFO & Company Secretary be and are hereby authorised singly to fulfil all legal, corporate and procedural formalities and to take all steps and actions necessary and ancillary for the amendment to the memorandum of association and to do all acts, matters, deeds and filings with the SECP along with all requisite documents, affidavits, statements, etc. for recording of the alteration of Memorandum and Articles of Association."

(Attached to this Notice is a Statement of Material Facts covering the above-mentioned special business, as required under Section 134(3) of the Companies Act, 2017).

By order of the Board,


Shariq Jafrani
CFO & Company Secretary

Karachi, Dated: Tuesday, September 04, 2018

Notes:

1. A Corporation or any other company registered under the Companies Act 2017/ Companies Ordinance, 1984, where such Corporation or such other Company, is a member of the Company may, by resolution of its directors, authorise any of its officials or any other person to act as its authorized representative at the proposed general meeting of the Company, and the person so authorised shall be entitled to exercise the same powers on behalf of such Corporation or such other Company if he was an individual shareholder of the Company.
2. A member of the Company entitled to attend and vote may appoint another member as his / her proxy to attend and vote instead of him / her.
3. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his Attorney duly authorised in writing or if such appointer is a corporation under its common seal or the hand of its Attorney.
4. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
5. Attested copies of CNIC or the passport of the shareholder (where applicable) and the proxy shall be furnished with the proxy form. In case of corporate entity, the Board's resolution / power of attorney with specimen signature shall be furnished (unless it has been provided earlier) along with proxy form to the Company
6. The proxy shall produce his / her original CNIC or original passport at the time of the meeting if requested.
7. The instrument appointing a proxy and the Power-of-Attorney or other authority (if any), under which it is signed or a notarially certified copy of that power or authority, shall be deposited at the Registered Office of the Company not less than forty eight hours before the time of above general meeting of the Company.
8. Members are requested to promptly notify any change in their address.

Book Closure:

The Share Transfer Books of the Company will remain closed on **September 24, 2018 and September 25, 2018**. Transfer received in order at the Registered Office of the Company located at CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shakra-e-Faisal, Karachi-74400 before the said date shall be treated in time, subject to Article 26 of Company's Articles of Association, for any corporate entitlements approved by the members.

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Payment of Cash Dividend through the Chosen Mode:

In terms of Companies (Distribution of Dividend) Regulations, 2017, dividend payable in cash shall only be paid through the mode chosen by the respective shareholder via its mandate.

If any shareholder wishes to change the mandate provided, it shall do so in writing during the year, which shall become applicable and effective for any future cash dividend pay-outs.

Deduction of Income tax from Dividend at Revised Rates:

Pursuant to the provisions of Finance Act, 2018, effective 01 July, 2018, the deduction of income tax from dividend payments shall be made on the basis of filers and non-filers.

Income Tax will be deducted on the basis of Active Tax Payers List posted on the Federal Board of Revenue website.

Members seeking exemption from deduction of income tax or are eligible for deduction at a reduced rate are requested to submit a valid tax certificate or necessary documentary evidence, as the case maybe.

The Shareholders who have joint shareholdings held by filers and non-filers shall be dealt with separately and in such particular situation, each account holder is to be treated as either a Filer or a Non-Filer and tax will be deducted according to his shareholding. If the share is not ascertainable, then each account holder will be assumed to hold equal proportion of shares and the deduction will be made accordingly. Therefore, in order to avoid deduction of tax at a higher rate, the joint account holders are requested to provide the below details of their shareholding to the Share Registrar of the Company.

Folio /CDC Account No	Name of Shareholder	CNIC	Shareholding	Total Shares	Principal /Joint Shareholder
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Unclaimed Dividend:

Shareholders who by any reason could not collect their dividend are advised to contact the Company to collect / enquire about their unclaimed dividend, if any. In compliance with Section 244 of the Companies Act, 2017, after having completed the stipulated procedure, all such dividends outstanding for a period of 3 years or more from the date due shall be deposited to the credit of Federal Government.

Statement under Section 134 (3) of the Companies Act, 2017

This statement sets out material facts concerning the special business to be transacted at the 26th Annual General Meeting of the Company to be held on September 25, 2018.

1. Increase in Authorized Share Capital

Reason for change:

The Board in its 200th meeting held on August 09, 2018, recommended issuance of bonus shares @ 41.3894% subject to approval of the shareholders, which shall consequently increase the paid-up capital to Rs. 1.5 Billion (post the issuance of bonus shares) which is the current Authorized Share Capital of the Company.

The Board, therefore, recommended to increase the Authorized Share Capital to Rs. 2.50 Billion to cater the future requirements of increase in paid-up capital of the Company in accordance with the Central Depositories (Licensing & Operations) Regulations, 2016. This would effectively mean an increase in the authorized number of shares from 150 Million ordinary shares to 250 Million Ordinary Shares of Rs. 10 each.

2. Amendments in the Memorandum & Articles of Association

Reason for change

With the promulgation of the Central Depositories (Licensing & Operations) Regulations, 2016 ("the Licensing Regulations") certain conditions of licensing were prescribed in the Licensing Regulations, in addition to the requirements prescribed under the Securities Act, 2015 ("the Securities Act"), which needs to be complied with by a Central Depository. Among these conditions, one of the condition is to align Memorandum and Articles of Association ("M&A") of the Central Depository with the Securities Act and the Licensing Regulations. Relevant excerpts of the Licensing Regulations are as under:

"Regulation 5(1)(i) *ensure that its memorandum and articles of association contain no provision inconsistent with the provisions of the Act and these regulations and that no change is made in its memorandum and articles of association except with the prior written approval of the Commission.*"

Moreover, with the enactment of the Companies Act, 2017 (Act No. XIX of 2017) ("the Act") on May 30, 2017, various reforms have been made in the law relating to companies and for matters connected therewith which were subsequently augmented with the promulgation of Listed Companies (Code of Corporate Governance) Regulations, 2017 ("CCG")

In view of the above, consequential changes are required in the Company's M&A. In light of the Act, the entire M&A is proposed to be replaced with the simplified format for the purposes of efficiency and ease.

Statutory provisions relating to format of Memorandum and Articles of Association

As per Section 41 of the Act, format of Memorandum of Association of a company limited by shares shall be as provided in Table B in the First Schedule of the Companies Act or as near thereto.

As per Section 36 of the Act, the Articles of Association of a company limited by shares may adopt all or any of the regulations contained in Table A in the First Schedule of the Act, which is a simplified version.

Market practice:

It has been observed that some companies have started to adopt simplified version of M&A as provided in the first schedule of the Act.

Changes Proposed

All the superfluous and inconsistent clauses are removed from the existing Memorandum and the simplified memorandum (i.e. single object one page memorandum) is proposed to be adopted.

Synopsis of major amendments are made there under for perusal of the Members:

1. Memorandum and Articles of Association contains no provision inconsistent with the provisions of the Securities Act and the Licensing Regulations.
2. The principal line of business of the Company continues to remain the same, i.e. a depository company.
3. Insertion of a general clause where the Company may carry out any lawful business other than the business excluded in the memorandum i.e. Banking Company, Non-Banking Finance Company, Insurance Business, Modaraba Business etc. Effectively, all the ancillary and tertiary clauses have been deleted.
4. Appointment of Directors, Independent Directors and Chief Executive Officer in accordance with the conditions, criteria and manner prescribed under the Act and the Licensing Regulations.
5. Selection of Chairman for the General Meeting among the Independent Directors and in case of absence or unwillingness, selection of Chairman among the Elected Director who are not TRE certificate holders.

6. For the purpose of selecting the names of persons meeting Fit & Proper Criteria to be appointed as Independent Directors with the approval of the Commission, Board shall meet immediately following an Election Meeting to be chaired by any elected Director who is not a TRE certificate holder.
7. Selection of Chairman for the Board Meeting among the Independent Directors.
8. Fixing of the number of Directors in accordance with the Act, whereas Independent Directors to be appointed by the Board in accordance with the manner prescribed in the Licensing Regulations.
9. Manner for election of Directors in the general meeting.
10. New Provision prescribed in the Act where the members of the Company may pass a resolution (ordinary or special) by circulation (except certain matters) signed by all the members for the time being entitled to receive notice of a meeting. Resolution passed by Directors through circulation shall be noted at a subsequent meeting of the board and made part of the minutes of such meeting.
11. Distribution of Dividend to the shareholders in accordance with the Section 242 of the Act and Regulations made thereunder.
12. Attendance of members and Directors in the Meetings through Video-Link.
13. Provisions where the company shall transact such businesses as may be notified by the Commission, only through postal ballot.
14. A new Article that the Company shall, to the extent applicable, comply with the CCG.

The amended Memorandum & Articles of Association have been prepared in consultation with our Legal Adviser and the same were reviewed and recommended by the Board for the approval of the members as special business in its 198th meeting held on April 16, 2018.

Statement by the Board of Directors:

“The proposed alterations are in line with the applicable provisions of the law and regulatory framework”.

Comparative statement and copies of the existing Memorandum & Articles of Association and as may appear after the proposed alterations have been kept at the Registered Office of the Company and may be inspected during business hours of the Company on any working day from the date of publication of this notice till the conclusion of the general meeting.

The Directors of the Company are not directly interested with the affairs of the Special Business (except to the extent of their directorships and shareholdings in the Company) which nevertheless is intended to bring the Memorandum and Articles of Association of the Company in conformity with the applicable law.
