



**SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN
COMPANY LAW DIVISION
CORPORATE SUPERVISION DEPARTMENT**

CSD/CI/MISC/2016

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PROHIBITION ON GRANT OF GIFTS TO SHAREHOLDERS

It has been observed by the Securities and Exchange Commission of Pakistan (SECP) that companies are giving gift/ incentives in lieu of gift to shareholders at or in connection to annual general meeting. Moreover, complaints have also been received in connection of expectation of shareholders to receive gifts from companies.

2. It is emphasized that provision of gifts/ incentives in any form to shareholders at or in connection to general meetings is strictly prohibited under Section 185 of the Companies Act, 2017 ("the Act"). Companies are therefore directed to restrain from giving any gift/ incentive in lieu of gift (tokens/ coupons/ lunches/ takeaway packages) in any form or manner to its shareholders at or in connection to their respective general meetings. Likewise, companies must also denounce any demand of any gift/ incentives from shareholders.

3. It is therefore reiterated that granting gifts to shareholders is an offense and companies in default or not complying with the requirements of law shall be liable to be penalized under Sub-section (2) of Section 185 of the Act.

(Abid Hussain)
Executive Director

Distribution:

1. The Chief Executive Officer, Pakistan Stock Exchange Limited, Karachi
2. The President, Institute of Chartered Accountants of Pakistan, Karachi
3. The President, Institute of Cost & Management Accountants of Pakistan, Karachi
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