

**THE NATIONAL BANK OF PAKISTAN
ORDINANCE, 1949.**

PREAMBLE:

**INDEX
C O N T E N T S**

SECTIONS	CHAPTER-I PRELIMINARY	
1. Short title, extent and commencement		1
2. Definitions.		2
	CHAPTER-II ESTABLISHMENT, INCORPORATION AND SHARE CAPITAL OF THE NATIONAL BANK OF Pakistan	
3. Establishment and incorporation of the Bank.		3
4. Share capital.		3
	CHAPTER-III Shares	
5. Nature of shares.		4
6. Principal registers of shareholders.		4
7. Branch registers.		4
8. Qualifications of shareholders.		4
9. Federal Government a share-holder.		5
10. No notice to be taken of trusts.		5
	CHAPTER-IV MANAGEMENT	
11. Head Office of the Bank.		5
12. Central Board.		6
13. Local Boards.		6
14. Constitution of the Central Board.		6
15. Constitution of Local Boards.		7
16. Managing Director and Deputy Managing Directors.		8
17. Qualifications and disqualifications of directors and members.		9-11
18. Removal of Directors and Members.		12
19. [Omitted]		13
20. Terms of office of Directors and Members.		13
21. Vacancies.		14
22. General and Special Meetings.		14
23. Local and special local meetings.		15
24. Votes of share-holders.		15
	CHAPTER-V BUSINESS OF THE BANK	
25. Business which the Bank is authorized to transact.		16-20
26. Business which the Bank is not authorized to transact.		21
26(A) Exceptions		22
	CHAPTER-VI MISCELLANEOUS	
27. Auditors.		23
28. Government Auditors.		23
29. Rights and duties of auditors.		24
30. Acceptance of liabilities.		24
31. Liquidation of the Bank.		24
32. Power of the Central Board to make bye-laws.		25-28
33. [Omitted]		28

NATIONAL BANK OF PAKISTAN

¹[ORDINANCE NO. XIX OF 1949

[9th November, 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

1. Short title, extent and commencement

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

1. The Ordinance has been applied:-

- i) to Baluchistan, with effect from the 9th day of November, 1949, see Gaz. of P., 1952, Pt. I, P. 150,
- ii) in the Federated Areas of Baluchistan, see *ibid.*, 1953, Part- I, p. 152; and
- iii) extended to the Leased Areas of Baluchistan, by the Leased Area (Laws) order, 1950 (G.G.O.3 of 1950).

It has also been extended to:-

- a) the State of Bahawalpur, subject to certain modifications, see the Bahawalpur (Federal Laws) (Extension) order, 1952 (G.G.O.11 of 1952).
- b) the Baluchistan State Union, see the Baluchistan State Union (Federal Laws) (Extension) order, 1953 (G.G.O.4 of 1953); and
- c) the Khairpur state, see the Khairpur (Federal Laws) (Extension) order, 1953 (G.G.O.5 of 1953).

The act has been and shall be deemed to have been brought into force in Gwadur with effect from the 8th September, 1958, by the Gwadur (application of Central Laws) Ordinance, 1960 (37 of 1960), s 2

The Acts / Ordinance and the rules, notifications and orders made thereunder, have been applied to the whole of the Federally Administered Tribal Areas or to the parts of those Areas to which they do not already apply, by Regulation No.1 of 1975, s.2 and the Sch.

The Act / Ordinance and the rules, notification and orders made thereunder, as in force in N.W.F.P. before the 15th July 1975, have been applied to the Districts of Chitral, Dire, Swat and Malakald Protected area of the N.W.F.P. by Regulation No. III of 1975, s.2 and the Sch.

2. Subs. By the Central Laws (statute Reform) Ordinance, 1960 (21 of 1960), s.3., and 2nd Sch., for the original sub-section (2) (with effect from the 14th October, 1955).

2. **Definitions.**

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" include bullion, wears and merchandise;
- (h) "general meeting" means the annual meeting of the shareholders of the Bank;
- (i) "local meeting" means the annual meeting of the share holders 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;
- ¹[(l) "Managing Director" means the Managing Director of the Bank;]
- (m) "special meeting" means a meeting of the share-holders 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 share-holders whose names are registered in a branch register, convened for transacting some particular business specified in the notice convening the meeting;
- (o) "special resolution" means a resolution passed at a special meeting; and
- (p) "special local resolution" means a resolution passed at a special local meeting.

1. Subs. By Ord., 52 of 1960, S. 2 for original cl.(l).

CHAPTER-II

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

3. Establishment and incorporation of the Bank.

- (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 corporate having perpetual succession and a common seal, and shall by the said name sue and be sued.

4. Share capital.

- (1) Subject to the provisions of this ordinance the authorized ¹[capital] of the Bank shall be ²[such as the Federal Government may, by notification in the official Gazette, specify and the amount so specified shall be divided into] ³[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 ⁴[.]
⁵[* * * * *]
- (3) The liability of the shareholders of the Bank shall be limited to the amount not fully paid up on their shares.
- (4) The share-holders of the Bank may, subject to the sanction of the ⁶[Federal Government] ⁷[* * * *] by special resolution, increase or reduce the capital of the bank.

1. Subs. for, "share capital", by Ord., 52 of 1960, S.3 (1) (a).
2. Subs. for, "three Crores of rupees divided into thirty Lakh", by Ord., 42 of 1981, S. 2.
3. Subs. By Ord., 14 of 1970, S. 2.
4. Full-stop subs. for colon and proviso omitted by Ord., 52 of 1960 S.3(2).
5. Proviso omitted ibid.
6. Subs. by Ord., 11 of 1973, S.6.
7. Words "and subject to the provision of the proviso to sub-section (2)", omitted by Ord., 52 of 1960, S. 3(3).

CHAPTER-III SHARES

5 Nature of shares.

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

6. Principal registers of shareholders.

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

7. Branch registers.

- (1) The Bank shall cause to be maintained at the offices of its Local Boards branch registers of the share-holders qualified and entitled to be registered therein, 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.

8. Qualifications of shareholders.

- (1) No person shall be qualified to be registered as a share-holder 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 share-holder 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 share-holder 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 ¹[may from time to time decide].
 - (c) No person shall be registered as a share-holder in more than one branch register.
- (4) ²[* * *]

1. Subs. by Ord., 52 of 1960, S. 4 (1).

2. Sub-section (4) omitted by Ord., 27 of 1981, Sch. 2.

¹[(5) The area served by the branch register maintained at Karachi shall consist of ²[the provinces of Sindh and Baluchistan including the Provincially Administered Tribal Areas; ³[and] 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, ³[and] the Islamabad Capital Territory and the ⁴[Federally] Administered Tribal Areas.] ⁵[* * * *].

9. ⁴[Federal Government] a share-holder.

Notwithstanding anything contained in section 8, the ⁴[Federal Government] shall be a share holder of the Bank and shall purchase at par not less than twenty-five percent of the shares issued by the Bank from time to time.

10. No notice to be taken of trusts.

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

11. **Head Office of the Bank.**

The Head Office of the Bank shall be at Karachi.

-
1. Subs. by Ord., 52 of 1960, S. 4 (2), for the original sub-section (5), as amended by the Federal Laws (Revision and Declaration) act.1951 (26 of 1951, and the Central Laws (statute Reforms) Ordinance,1960 (21 of 1960)
 2. Subs. by Act, 11 of 1973, S. 2.
 3. Ins. by P.O. 4 of 1975.
 4. Subs. for "Central Government", by Ord., 11 of 1973, S. 6 and P.O. 4 of 1975.
 5. Words, "and the area served by the branch register maintained at Dacca shall consist of East Pakistan", omitted by P.O. 4 of 1975.

12. Central Board.

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.

13. Local Boards.

¹[Two] Local Boards shall be established for the areas mentioned in sub-section (5) of section 8 one each at ²[Karachi] 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.

³[14. Constitution of the Central Board.

(1) The Central Board shall consist of the following Directors, namely:-⁴

(a) The Managing Director appointed by the ⁴[Federal Government] under section 16;

⁵[(b) four Directors elected in local or special local meetings by the share-holders in such manner that the share-holders 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 share-holders 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

1. Subs. for, "three", P.O., 4 of 1975.
2. Subs. for, "Karachi, Dacca", by P.O., 4 of 1975.
3. for notification under this section, see, Gaz. of P., 1953, Ext., p. 299.
4. Subs. by Act, 11 of 1973, S. 6.
5. Subs. by Act, 11 of 1973, S. 3 (1)(a)

¹[c five Directors appointed by the Federal Government]

- (2) The ²[Chairman] of the Central Board shall be appointed by the ³[Federal Government] from amongst the Directors.

15. Constitution of Local Boards.

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

- (a) the Managing Director ⁴[* * *];

Provided that in the event of the inability of ⁵[Managing Director] to attend the meeting of a Local Board ⁶[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 share-holders registered in the branch register of that area;
- (c) two Members appointed by the ³[Federal Government] for the area in which the Local Board is established;
- (d) ⁷[Three] Members elected in a local or special local meeting from amongst themselves by the share-holders registered in the branch register of that area.

1. Subs. by Act. 11 of 1973, S.3 (i)(b).

2. Subs. for, "President", by Act. 11 of 1973, S. 3(ii).

3. Subs. by Act. 11 of 1973, S. 6.

4. Words, "or a Deputy Managing Director", Omitted by Ord., 52 of 1960, S. 6 (1) (a)

5. Subs. for, "either of them", by Ord., 52 of 1960, S. 6 (1) (b).

6. Subs. for, "the Managing Director", by Ord., 52 of 1960, S.6(1)(b).

7. Subs. for, "two", by Ord., 52 of 1960, S. 6(2).

16. **Managing Director and Deputy Managing Directors.**

¹[(1) The Managing Director shall be appointed by the ²[Federal Government] for a period not exceeding ³[five] years and on such salary and terms and conditions of service as the ²[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] ⁴[:]

⁵[Provided further that the appointment may be terminated by six months' notice in writing given by the ²[Federal Government] to him or by him to the ²[Federal Government].

(2) ⁶[* * * * *]

(3) The Managing Director ⁷[* * * * *] shall on the expiry of ⁸ [his term] of office be eligible for re-appointment:

Provided that no person shall hold office as Managing Director ⁹[* * * * *] who is a member of the ¹⁰[Federal] or a Provincial Legislature.

¹¹[(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.]

1. Subs. by Act, 29 of 1953, S. 2 for the original sub-section (1).

2 Subs. by Act, 11 of 1973, S. 6.

3. Subs. for, "three", by Ord., 52 of 1960, S. 7 (1)(a).

4. Colon subs. for full stop.

5. Second proviso added by Ord., 52 of 1960, S. 7 (1)(b).

6. Sub-section (2) omitted by Ord., 52 of 1960, S. 7 (1) (b).

7. Words, "and Deputy Managing Director", omitted by Ord., 52 of 1960, S. 7 (3) (a).

8. Subs. for, "their respective terms", by Ord., 52 of 1960, S. 7 (3)(b).

9. Words, "or Deputy Managing Director", omitted by Ord., 52 of 1960, S. 7 (3) (c).

10. Subs. for, "Central", by' P.O. 4 of 1975.

11. Added by Ord. 14 of 1970 S.3.

17. **Qualifications and disqualifications of directors and members.**

- (1) No person not appointed by the ¹[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:-
- (a) ²[* * * * *]
³[* * * * *]
- (b) if he is a salaried officer of any Government ⁴[whether within or without Pakistan, and is] not authorized by the ¹[Federal Government] to serve as a Director or Member⁵[;]
- ⁶[(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 ¹[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, 1912 or any other law for the time being in force in Pakistan relating to co-operative societies;

1. Subs. by Act. 11 of 1973, S. 6.

2. Word, "or", omitted by ord., 52 of 1960, S. 8(1)(a)

3. Omitted by Ord. 61 of 1962 S-2.

4. Subs. for, "in Pakistan", by Ord., 52 of 1960, S. 8 (1)(b).

5. Sub. for full stop, by Ord., 52 of 1960

6. Sub section c.d.e.f.g of 12(2) added by Ord., 52 of 1960, S. 8(1)(c).

- (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; ¹[* *]
- ²[(g) if he is for the time being disqualified for membership of any body established by or under any law for the time being in force of which the constituent members are wholly or partly chosen by means of election [;]³]
- ³[(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 (1) 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;

1. Word, "or", omitted by Ord., 14 of 1970. S. 4(1)(a).

2. Subs. by Ord., 27 of 1981, Sch. 2.

3. Full stop subs. By semi colon by Ord. 14 of 1970 S. 4(1) (b) and Clause (h) and (i) added by Ord., 14 of 1970. S. 4 (1)(c).

- (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;¹[* *]
- (f) if he ceases to hold in his own right the amount of shares required to qualify him for the office;²[:]³[*]
- ⁴[(g) if he incurs any of the disqualifications mentioned in sub-section (2) ⁵[:]
- ⁶[(h) if, in relation to the Bank, he has failed to pay any advance, loan or credit limit or any installment 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
- (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].

⁷[**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].

1. Word "or" omitted by Ord., 52 of 1960, S. 8 (2) (a).
 2. Semi-colon subs for full-stop by Ord., 52 of 1960, S.8 (2) (b) and thereafter the word "or" shall be added.
 3. Word "or" omitted by Ord., 14 of 1970, S. 4 (2) (a).
 4. clauses (g) add added by Ord., 14 of 1970, S. 4 (2) (c).
 5. Full stop subs. for semi colon by Ord.14 of 1970, S.4(2)(b)
 6. New clauses (h) and (i) added by Ord., 14 of 1970, S. 4 (2) (c).
 7. Added by act, 11 of 1973, S. 4

- (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 ¹[:]

²[* * * *]

- ¹(5) Nothing in sub-section (1), or in clause (b) of sub-section (2), or in clause (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].

18. **Removal of Directors and Members.**

- (1) The share-holders may, by a special resolution passed by the votes of share-holders 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 ³[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 ³[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 ³[Federal Government] and the Central Board may be removed and replaced by other Directors and Members at the discretion of the appointing authorities concerned.

1. Subs. and add by Ord., 14 of 1970, S. 4
2. Proviso omitted by Ord., 14 of 1970, S. 4 (3)(b).
3. Sub. by Act. 11 of 1973, S. 6.

19.

¹[* * * * *]

20. **Terms of office of Directors and Members.**

(1) ²[At every general meeting] one-third of the ³[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 ⁴[:] 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 ⁵[****] 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.

2(A) ⁶[* * * * *]

⁷[(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].

1. Omitted by Ordinance, 52 of 1960, section 9.
2. Subs. by Ord., 52 of 1960, S. 10.
3. Ins. by Act, 29 of 1953, S. 3.
4. Added by Ord., 14 of 1970, S. 5(1).
5. The original word "and local" omitted by Ord. 52 of 1960 S-10
6. Sub-section (2) the new sub-section 2(A) was inserted by Ord. 52 of 1960 S-10(3) and omitted by Ord., 14 of 1970, S. 5(2).
7. Subs. by Ord., 14 of 1970, S. 5 has been subs. By Act, 11 of 1973, S....5.

21. Vacancies.

- (1) Any vacancy occurring on the Central or a Local Board by the death, resignation ¹[,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 ²[Federal Government] or the Central Board, the vacancy shall be filled only by appointment by the ²[Federal Government] or the Central Board, as the case may be.

- (2) Any Director or Member so ³[* * * *] appointed shall be deemed to have held office from the date on which the Director or Member in whose place he is ³[* * * *] appointed was ⁴[* * * *] appointed, or, when such Director or Member ³[* * * *] appointed under this sub-section, from the date on which his mediate or immediate predecessor was ³[* * *] appointed, as the case may be.
- ⁵[(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].

22. General and Special Meetings.

- (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 ⁶[share-holders 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 meeting shall be convened and held in such manner and at such time and place as may be prescribed.

1. Ins. By Ord., 52 of 1960, S.11(1).
2. Subs. by Act, 11 of 1973, S. 6.
3. Words, "co-opted or", omitted by Ord., 52 of 1960, S. 11(2).
4. Words, "elected or", omitted by Ord., 52 of 1960, S. 11(2).
5. Added by Ord., 52 of 1960, S. 11 (3).
6. Subs. by Ord., 52 of 1960, S. 12.

23. Local and special local meetings.

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

24. Votes of share-holders.

- (1) Every share-holder shall be entitled to attend any meeting and each share-holder 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 share-holder so registered for a like period shall have one vote for every ten shares ¹[subject to a maximum of ²[ten] votes]:

Provided that no share-holder 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.

- ³(2) On a poll votes may be given either personally or by proxy, but the ⁴[Federal Government] as a share-holder may appoint any person to be present at any general meeting and to vote on its behalf.]

1. Ins. by Ord., 52 of 1960, S. 13.

2. Subs. by P.O., 14 of 1970, S. 6(1).

3. Subs. By P.O., 14 of 1970, S.6(2).

4. Subs. by Act, 11 of 1973, S. 6.

CHAPTER-V BUSINESS OF THE BANK

25. Business which the Bank is authorized to transact.

The Bank is authorized 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 ¹[* * * *] in which a trustee is authorized 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 ²[* * *];
 - (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 ³[* * * *];

1. Words "other than immovable property", omitted by Ord., 52 of 1960, S. 14(1)(a).

2. Omitted by Ord., 27 of 1981, Sch. 2.

3. Words, "if so authorized by special directions of the Central Board", Omitted by Ord., 52 of 1960, S. 14(1)(b).

(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; ¹[* *]

²[(h) immovable property or documents of title relating thereto, subject to such directions as may be issued by the Central Board];

³[(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 ⁴[Federal Government] or any Provincial Government in Pakistan may be made without any specific security;

(2) the selling and realization 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;

1. Word, "and", Omitted by Ord., 52 of 1960, S. 14 (1) (c).

2. Subs. by Ord., 52 of 1960, S. 14 (1) (d).

3. Added by Ord., 52 of 1960, S. 14 (1) (e).

4. Subs. by Act, 11 of 1973, S. 6.

- (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 realization 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;

- ¹[(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 ²[Federal Government] or the State Bank of Pakistan, and converting the same into money when required, and altering, converting and transposing any such investment for or into any other of such investments];

- (6) the issuing of letters of credit;

- (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;

1. Previously amended by Ord., 52 of 1960, S.14 and Subs. by Ord., 14 of 1970, S.7. ,
2. Subs. by Act, 11 of 1973, S. 6.

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(10) the ¹[managing,] selling and realizing 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 ²[:]

³[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 ⁴[, 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: -

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- (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;

1. Ins. by Ord., 52 of 1960, S. 14 (3) (a).

2. Colon subs. for semi-colon

3. Proviso added by Ord., 52 of 1960, S.14 (3) (b).

4. Added by Ord. 61 of 1962, S. 3.

- (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;
- (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 ¹[Federal Government];
- (20) the granting of advances or loans to any other bank for the purpose of averting or facilitating its winding up;² [* *]

³ [*****]

1. Subs. by Act, 11 of 1973, S. 6.

2. the word "and" added by by Ord., 52 of 1960, S. 14 and Word, "and", omitted by Ord., 5 of 1963, S. 2(1).

3. The original Cl. (21) omitted by Ord., 52 of 1960, S.14. and new clause ins. by Ord. 5 of 1963 S. 2

¹[(21) with 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.

26. **Business which the Bank is not authorized to transact.**

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

(1) ²[the Bank shall not make any advance or loan upon the security of its shares];

³[* * * *]

(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 credits 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 ⁴[granting overdrafts and loans], without security, to such extent as may be prescribed ⁵[;]

1. New Cl- (21) ins., by Ord., 5 of 1963, S. 2.

2. Sub. by Ord. 14 of 1970 Sec. 8.

3. The original sub cl. (c) omitted by Ord. 52 of 1960 S. 15.

4. Sub. by Ord. 52 of 1960 Sec. 15 (2) for "allowing any person who keeps an account with the Bank of overdrawn such account".

5. Sub. and added by Ord., 14 of 1970, S.8.

¹[(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].

²[26-A. Exceptions.

Notwithstanding anything contained in sections 25 and 26 the Bank is authorized 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;

³[(1-a) 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 condition 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];

1. Sub. and added by Ord., 14 of 1970, S.8.

2. Section 26.A ins. by Ord., 29 of 1953 S. 4 and sub. by 52 of 1960, S. 16.

3. New cl. (1a) ins. by Ord. 61 of 1962 S. 4.

- (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].

CHAPTER-VI MISCELLANEOUS

27. Auditors.

- (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 share-holders, 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 causal vacancy occurs in the office of any auditor elected under this section, the vacancy may be filled by the Central Board.

28. Government Auditors.

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.

1. Subs. for, "Central Government", by Act. 11 of 1973, S. 6.

29. **Rights and duties of auditors.**

- (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 ¹[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 share-holders or to the ¹[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 share-holders shall be read together with the report of the Central Board at the general meeting.

30. **Acceptance of liabilities.**

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.

31. **Liquidation of the Bank.**

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 ¹[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 ¹[Federal Government] may by its order of liquidation direct.

1. Subs. for, "Central Government", by Act, 11 of 1973, S. 6.

32. Power of the Central Board to make bye-laws.

- (1) The Central Board may, with the previous approval of the ¹[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 ²[* * * * *] officers ³[or other staff] of the Bank, or the relatives of such Directors, Members or officers, ³[or other staff] or to companies, firms or individuals with which or with whom such Directors, Members, Officers ³[or other staff] or relatives are connected as partners, directors, managers, servants, share-holders 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;

1. Subs. for, "Central Government", by Act, 11 of 1973, S. 6.

2. The word "other" omitted by Act, 29 of 1953, S. 5.

3. Ins. by Act, 29 of 1953, S. 5.

- (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 share-holders;
- (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 ¹[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 share-holders 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 share-holders;
- (xvi) the manner in which general and special 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;

1. Subs for, "Central Government", by Act, 11 of 1973, S. 6.

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- (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 Chairmen of such Boards;
- (xxii) the effect of vacancies in the Central or Local Boards and of subsequent discovery of disqualification 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;
- (xxxii) the manner and form in which contracts binding on the Bank may be executed;
- (xxxiii) the conduct ¹[institution] and defence of legal proceedings and the manner of signing pleadings;
- (xxxiv) the addresses of share-holders and the issue and service of notices;
- (xxxv) the service of notice on the Bank; and
- (xxxvi) generally, for the efficient conduct of the business, discharge of functions and management of the Bank.

33. Omitted by Ord. 52 of 1960, S. 18.

1. Ins. by Ord., 52 of 1960, S. 17.

National Bank of Pakistan

Ordinance, 1949
(XIX of 1949)

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NBP

National Bank of Pakistan

The Nation's
Bank