

## CHITTAGONG STOCK EXCHANGE ELECTION GUIDELINES, 2013

In exercise of the power conferred by Article 60 (1) of the Articles of Association, Chittagong Stock Exchange Ltd. hereby issues these Guidelines for effectively managing and administering election of Shareholder Directors under the provisions of the Articles of Association.

1. These Guidelines may be called the Chittagong Stock Exchange Limited Election Guidelines, 2013.
2. These Guidelines shall come into force on the 16<sup>th</sup> December, 2013.

3. **Definitions** – (1) Unless there be something in the subject or context inconsistent therewith:

- (a) “Appeal Committee” means the Appeal Committee appointed by the Board under Guidelines for the purpose of election;
- (b) “Articles of Association” or “Articles” means the Articles of Association of the Chittagong Stock Exchange Limited;
- (c) “Board” means the Board of Directors of CSE;
- (d) “Chief Executive Officer/ Managing Director (CEO/ MD)” means the Chief Executive Officer or Managing Director of the Exchange;
- (e) “Candidate” means a person contesting for election for an office in the Board of Directors of the Exchange;
- (f) “Election” means election of Shareholder Directors under these Guidelines;
- (g) “Election Committee” means the Election Committee appointed by the Board under Guidelines for the purpose of holding election of the Board;
- (h) “Exchange” means the Chittagong Stock Exchange Limited or CSE in abbreviated form;
- (i) “Guidelines” means the Chittagong Stock Exchange Limited Election Guidelines, 2013;
- (j) “Nomination and Remuneration Committee” means the Nomination and Remuneration Committee formed by the Board under the Articles and Regulations;
- (k) “Office” means the registered office of the Exchange;
- (l) “Regulations” means Chittagong Stock Exchange (Board and Administration) Regulations, 2013;
- (m) “Record Date” means the record date declared by the Board for the purpose of election under these Guidelines;
- (n) “Shareholder Director” means a Director of the Exchange elected from the shareholders quota.

(2) The words and expression not defined herein shall have the same meaning as assigned thereto under the Articles of Association of the Exchange.

(3) For the purpose of election of its Shareholder Directors under Articles of Association, the Board of Directors shall-

(a) determine, in accordance with the provisions of Articles and Regulations the number of members to be elected to the Board of Directors, and

(b) fix the date of such election as per the Companies Act 1994, Articles, Regulations and any other law applicable for the time being in force.

#### **4. NOTICE OF ELECTION –**

(i) The Board shall serve notice of election of the Shareholder Directors at least 30 (thirty) days prior to the date of the Election.

(ii) Such notice shall be approved by the Board in a meeting held prior to such service of notice and be published in CSE Notice Board and CSE website.

(iii) Such notice shall among others, as may be considered relevant by the Board, state the name of the retiring Shareholder Director(s) and the number of the vacant office(s) of Shareholder Director(s) to be filled in by the Election.

(iv) Such notice shall also require the corporate shareholders to notify the Exchange in writing, within 5 (five) days of the date of such notice, the name of the corporate representative as mentioned in Article 103 of the Articles to confirm that the appointment of the corporate representative as has already been furnished to the Exchange, shall remain valid or indicate any new or fresh corporate representative for the purpose of election.

Provided that if no such notice is received by the Exchange within the said 5 (five) days, then only the existing corporate representative shall be entitled to exercise the rights and powers on behalf of the body corporate.

#### **5.ELIGIBILITY OF CANDIDATE:**

(i) A candidate for the election must meet the qualification for Directors as stipulated in the Companies Act 1994, Articles and Regulations, as may be amended from time to time, including the following:

The candidate:

(i) is a natural person;

(ii) is not a minor;

(iii)has not been found lunatic or to be of unsound mind by competent court and the finding is in force or incapable of efficient attention to business;

(iv)is not an undischarged insolvent;

(v) has not applied to be adjudicated as an insolvent;

(vi)is not a loan defaulter as per CIB report of Bangladesh Bank;

(vii) is not convicted of any criminal offence and sentenced to imprisonment;

(viii) is not a member of the Board of any other stock exchange;

(ix)holds 5 lac shares of the Exchange either in his own name or in the name of the company he is representing;

(x) passes “Fit and Proper” criteria as may be framed by the Commission from time to time

(ii) A retiring Director shall be eligible for reelection subject to fulfillment of the eligibility criteria mentioned hereinabove.

Provided that a Shareholder Director holding office for not more than 2 (two) consecutive terms of 3 (three) years shall be eligible to be elected as Director after a gap of 1 (one) year;

#### **6. VOTING RIGHT**

(i) The shareholders whose names will appear in the Register of Shareholders of the Exchange on the record date shall be the voters for election of Directors;

(ii) Subject to any rights or restrictions applied by the Commission or for the time being attached

to any class or classes of shares, every shareholder present in person or by proxy shall have one vote per share;

(iii) Voting right against shares held under blocked account, if any, shall remain suspended;

(iv) Voting by proxy shall be allowed as per the provisions of Articles 104, 105, 106, 107 and 108; The instrument appointing a Proxy shall be in the form "C" attached herewith.

(v) The Exchange shall prepare the list of voters and post the same in the Notice Board and website of the Exchange at least 20 (Twenty) days prior to the Election.

(vi) Voting by Joint Holders:

In case of joint-holders, the vote of the First Applicant who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint-holders; and for this purpose seniority shall be determined by the order in which the names stand in the Register.

(vii) Shareholder of Unsound Mind:

A shareholder of unsound mind, or in respect of whom an order of lunacy has been made by any court having jurisdiction, may vote, whether on show of hands or on a poll, by his committee or other legal guardian, and any such committee or guardian may, on a poll, vote by proxy.

(viii) Voting by Corporate Representatives:

A corporate, institution, organization, society or any other corporate body, may if it is a shareholder, authorize such person as it thinks fit to act as its representative. A production of a letter of authority duly signed by the company secretary concerned on the authorization of the Board shall be accepted as sufficient evidence of validity of appointment. A person so authorized, shall be entitled to exercise the same rights and powers (including the right to vote by proxy) on behalf of the body corporate which he represents as that body could exercise if it were present.

## **7. PROPOSAL FOR CANDIDATURE/ NOMINATION PAPER**

(1) Notice of intention to propose any person eligible for election of Shareholder Director shall be given to the Chief Executive Officer/ Managing Director in writing 7 (seven) clear days prior to the date of the Election.

(2) Such notice must be in the prescribed nomination paper (form "A") attached hereunder and be signed by one proposer and one seconder, i.e. the proposer and the seconder shall be two different shareholders of the Exchange.

(3) Such nomination paper must be accompanied by a written notice addressed to the Exchange and signed by the candidate expressing his consent to act as a Director of the Exchange, if appointed.

(4) A shareholder cannot be a proposer to more than one candidate, but can be a seconder to more than one candidate.

## **8. SCRUTINY OF NOMINATION PAPERS**

The Nomination and Remuneration Committee and /or Election Committee shall, at least 6 days before the date of election, complete the scrutiny of nomination papers that may be submitted by the candidates for the post of Shareholder Director according to the "Fit and Proper Criteria" as described in the Regulations and issue clearance to the candidates as may be found fit and proper by the Committee.

## **9. ELECTION COMMITTEE**

i) The Board shall appoint an Election Committee consisting of three members at least 30 days prior to the date of each Annual General Meeting.

(ii) The Board shall appoint either the Auditor of the Exchange or a Competent Lawyer/ Rtd Additional Judge/ Rtd Member of Supreme Court as the Chairman of the Election Committee. The

Board shall also appoint the other two members of the Committee from the Shareholders of the Exchange who are not the members of the Board.

Subject to the provision of sub-regulation (vi) both the members of the Election Committee shall act as Polling Officers in the polling station on the date of election.

(iii) A member of the Election Committee cannot be a candidate for the Election.

(iv) A member of the Election Committee shall neither propose nor second the nomination of a candidate for election.

(v) The Election Committee shall be provided with necessary personnel and other assistance by the Board for holding the Election.

(vi) The Election Committee shall, inter alia, perform the following functions:

(a) Publish provisional list of candidates in CSE Notice Board and Website after receiving clearance as per clause 8

(b) Publish final list of candidates in CSE Notice Board and Website

(c) Arrange counting of votes

(d) Scrutinize validity of votes cast

(e) Determine whether valid election has taken place or not

(f) Declare results of election and submit its report to the Board through the CEO/ MD

(vii) The Election Committee may be assisted by the CSE Secretariat in carrying out and conducting a free and fair election.

(viii) The Election Committee may either of its own motion or upon receiving any objection, or information, conduct such enquiry as it may think fit and reject any nomination paper if it is satisfied that:

(a) the candidate is not qualified to be elected to the Board;

(b) the proposer or the seconder is not entitled to vote;

(c) any provision of the Regulations or Articles have not been complied with;

(d) the signature of the proposer or the seconder is not genuine or has been obtained by force or fraud or has been forged.

Provided that -

i) The rejection of a nomination paper shall not invalidate the nomination of a candidate by any other valid nomination paper within the specified time;

ii) The Election Committee will not reject nomination paper on the ground of any defect which is not of substantial nature and may allow such defect to be remedied forthwith;

iii) The Election Committee will endorse its acceptance or rejection on every nomination paper and will, in the case of rejection, record a brief reasons therefor;

iv) The Election Committee may, on account of circumstances beyond its control; change any of the programme of election set out by it under the Guidelines, and upon any such change, the new programme shall be duly notified.

## **10. PROVISIONAL LIST OF CANDIDATES:**

(1) The Election Committee shall, at least 5 days before the date of election, prepare a provisional list of valid candidates and post it in the CSE Notice Board and website mentioning the names of candidates and such provisional list shall open for inspection by the candidates and voters.

(2) If any candidate or voter has objection in respect of any candidate whose name appears in the provisional list, he shall communicate the specific grounds of objection in writing duly signed by him to the Election Committee within 2 days of the posting of the provisional list.

(3) The Election Committee shall, after enquiring into and disposing off the objection, if any, as per the preceding Clause, prepare the final list of candidates by specifically stating their names as well as the names of their proposers and of their seconders and shall post or cause the same to be posted on

CSE Notice Board and Website at least 2 days prior to the date of the Election.

### **11. WITHDRAWAL**

A candidate may by notice in writing signed by him and delivered to the CSE Secretariat within 2 (two) days of posting of provisional list of candidates as mentioned above, withdraw his candidature.

### **12. PUBLICATION OF FINAL LIST OF CANDIDATES:**

The Election Committee shall within two days from the date of expiry of withdrawal date, publish a final List of contesting candidates through notice board and website.

### **13. APPEAL COMMITTEE**

i) The Board shall appoint an Appeal Committee consisting of three members at least 30 days prior to the date of each Annual General Meeting.

(ii) The Board shall appoint a Competent Lawyer/ Rtd Additional Judge/ Rtd Member of Supreme Court as its Chairman. The other two members may be the shareholders of the Exchange. None of the members of Appeal Committee shall be a member of the Board or Election Committee.

(iii) A member of the Appeal Committee cannot be a candidate for the Election.

(iv) A member of the Appeal Committee shall neither propose nor second the nomination of a candidate for election.

(v) The Appeal Committee shall be provided with necessary personnel and other assistance by the Board for discharging its responsibilities.

(vi) The Appeal Committee shall, inter alia, perform the following functions:

(a) Determine the procedure of filing appeal against any decision of the Election Committee

(b) Receive appeals filed by the candidates or voters

(c) Scrutinize merit or grounds of the appeal

(d) Provide the aggrieved party a reasonable opportunity of being heard

(e) Dispose appeal within one day of publishing the result of election.

(f) Pass such order as it may think fit depending upon the merit of the appeal

(vii) The Appeal Committee may be assisted by the CSE Secretariat in discharging appellate functions.

(viii) Any appeal to the Appeal Committee must be filed within the same day of holding election.

(viii) The decision of Appeal Committee shall be final and binding upon all parties concerned.

### **14. DEATH OR CESSATION OF SHAREHOLDER BEFORE A ELECTION:**

If a candidate whose nomination has been accepted as valid by the Election Committee, dies or in applicable case, if the Company he is representing ceases to be a Share Holder of the Exchange before the date of election, the election shall be conducted amongst the remaining candidates only. Provided that if, as a result, the number of candidates becomes equal to the number of vacancies, then no election shall take place. In such case, the Clause no. 20 will apply.

### **15. BALLOT**

(i) The election shall be held by secret ballot of the shareholders who are entitled to attend and vote in the general meeting in which the directors are proposed to be elected;

(ii) The Ballot paper shall be in the prescribed Form "B" which will bear the seal of the Chairman, Election Committee;

(iii) A shareholder entitled to vote shall affix cross (x) marked seal provided by the Election Committee in the polling booth in the vacant space of the ballot paper against the names of as many candidates as there are seats in the Board to be filled in;

(iv) No shareholder shall be entitled to give more than one vote to any particular candidate nor shall

he be entitled to give a smaller or greater number of votes than the number of candidates to be elected;

(v) A ballot paper shall be invalid if -

- (I) it does not bear the Common seal of the Chairman, Election Committee.
- (II) the cross (X) marked seal is put in between the names.
- (III) the number of votes cast is more or less than the number of vacancies in the Board.
- (IV) the shareholder has written such words or given such signs on the ballot paper whereby he can be identified.

(vi) Postal ballot shall not be allowed.

## **16. COUNTING OF VOTES**

The Election Committee shall with the help of the CSE Secretariat:

- (a) Open the Ballot box or boxes in the presence of the CEO/MD or the Company Secretary;
- (b) Count the valid votes cast in favor of each candidate;
- (c) Prepare a statement showing the number of votes cast in favor of each contesting candidate and reconcile the total number of votes cast with the total number of valid and invalid votes;
- (d) Authenticate the statement by putting their signature and thereafter hand it over to the CEO/MD for records.

## **17. DETERMINATION AND DECLARATION OF ELECTION RESULTS**

(1) Such number of candidates as there is vacancies to be filled receiving the highest number of votes shall be declared elected by the Election Committee.

(2) In the event of an equality of votes between two or more candidates for the last vacancy, lots shall be drawn by the Election Committee and the candidate in whose favour lot is drawn shall be declared elected.

## **18. PUBLICATION OF ELECTION RESULTS**

The Election Committee shall hand over the Result to the CEO/MD and post a list of successful candidates in the CSE Notice Board and CSE website.

## **19. DISCIPLINARY ACTION IN RELATION TO ELECTIONS**

A Shareholder of the Exchange shall be liable for disciplinary action by the Election Committee if he adopts one or more of the following practices directly and/or indirectly with regard to the election, namely:

(1) bribery, that is to say, any gift, offer or promise by a candidate or by any other person with the connivance of a candidate of any gratification to a person whomsoever, with the object, directly or indirectly, of inducing —

- (i) a shareholder to stand or not to stand as or to withdraw from being a candidate at an election; or
- (ii) a shareholder to vote or refrain from voting at an election, or as a reward to —
  - (a) a shareholder for having so stood or not stood, or for having withdrawn his candidature; or withdrawn his candidature; or
  - (b) a shareholder for having voted or refrained from voting at an election; Explanation- For the purpose of this clause, the term “ gratification “ is not restricted to pecuniary gratification or gratification estimable in money, but includes all forms of entertainment and all forms of employment for reward; but it does not include the payment of any expenses incurred at, or for the purpose of, any election;

- (2) (i) issuing manifesto or circulars in the nature of manifest; or
- (ii) organising parties to entertain voters;

(iii) undue influence, that is to say, any direct or indirect interference

(iv) or attempt to interfere, on the part of a candidate or of any other person with the connivance of the candidate, with the free exercise of any right relating to an Election.

(3) If the Election Committee receives any written complaints about any parties referred to in Sub-clause 1 & 2, within 24 hours of completion of the counting as per Clause 16, from any candidate, the complaint being signed by him and specifically stating the rounds of objection as has been mentioned in Sub-clause 1&2, then the Election Committee shall postpone the determination and publication of election results as per Clause No. 17 and 18, for such time not exceeding 5 working days for making proper enquiry into the matter and shall determine and publish the election result thereafter as per Clause No. 17 and 18.

(4) If the Election Committee finds that the complaints made were baseless or frivolous or harassing then it may declare the complainant disqualified to become a candidate or proposer or seconder or voter or in respect of more than one of such sights, for any term not exceeding 5(five) years. On the other hand, if the allegations brought against the candidate are established to the satisfaction of the Election Committee, then the Committee shall declare such candidate not elected and also may declare him disqualified in the same manner and for the same term.

## **20. UNCONTESTED ELECTION**

(1) If the number of candidates does not exceed the number of vacancies to be filled, no ballot shall be necessary and such candidates shall be deemed duly elected, and if there be still any vacancies, the Board may fill them by co-option.

(2) In the event of the above, the Election Committee shall inform the CEO in writing mentioning the names of candidates who are deemed to have been elected uncontested.

## **21. TENURE OF THE ELECTION COMMITTEE AND APPEAL COMMITTEE**

The tenure of both the Election Committee and Appeal Committee shall be one year from the date of their appointment and they shall act as such committee respectively until they have accomplished all of their functions under these Guidelines.

## **22. SAVING AS TO THE TIME LIMIT AND SERVICE OF THE NOTICE ETC**

Failure to maintain the time limit specified in respect of preparation, posting or publication of the provisional or final voter lists, lists of candidates etc, by the Exchange or by the different Committees due to any situation beyond their control or accidental omission or non-receiving of the any notice or of any of the Election document shall not invalidate any step taken or acts done by the Exchange or the Committees pursuant to the Guidelines, Regulations or Articles.

**23. INDEMNITY:** - No suit or proceeding shall lie against any member of the different committees or against the Exchange, or any member of the Board or any employee of the Exchange for anything done in good faith by them or it or under their instruction pursuant to the Guidelines, Regulations or Articles of the Exchange and the Exchange shall keep them indemnified and harmless for the acts done by them in good faith and in accordance with the Guidelines, Regulations and Articles.

**24. SECRET CHAMBER:** There shall be secret chamber(s) at the polling station for casting of vote by the voters.

**25. POLLING HOURS** - No voter shall be allowed to cast vote at the polling station on the Election Day except between 10.00 a.m. to 3.00 p.m. which may be extended through the unanimous decision of the Election Committee to accommodate any extraordinary situation.

## **26. IDENTIFICATION OF VOTER:**

i) The Exchange shall issue Attendance Slip to the shareholders together with the notice of AGM.

- ii) Such Attendance Slip shall contain the name, address, B.O. ID, no. of shares and signature of the shareholders.
- iii) Identification of voters shall be made at the polling station on the basis of the Attendance Slip.

**27. MANNER OF RECORDING OF VOTES:** On receiving the ballot paper the voter shall forthwith proceed to the secret chamber and shall record his vote on the ballot paper by affixing X (cross) marked seal against the names of the contesting candidates in whose favor he casts his votes, fold it and thereafter drop the ballot paper in the ballot box.

A contesting candidate or his polling agent, who shall be a voter and duly authorised by the candidate, shall be entitled to be present at the polling station during the polling hours. Provided that when a voter is admitted to the polling station before expiry of the polling hours but has not been able to cast his vote for no fault of his own, he shall be given an opportunity to vote even after 3.00 p.m.

## **28. BALLOT BOX**

- (1) The Election Committee shall provide sufficient number of ballot boxes and other papers and materials for smooth conduct of election.
- (2) Before proceeding to giving ballot papers to voters, the polling officer shall ensure that the ballot box is empty, show it to the persons entitled to be present there and shall keep it in front of him after putting his seal and signature thereon.

**29.** In case of any situation or contingencies covered by the Articles, the course provided for in the relevant article shall be followed.

## **30. PROVISIONS FOR AMENDMENT AND MAKING FURTHER GUIDELINES –**

The Board shall, in the interest of the Exchange and to ensure proper and fair conduct of the election may amend, alter, omit, add or substitute the existing Guidelines, as well as, to make new Guidelines, provided that no Guidelines shall be made, amended, altered, omitted, added or substituted with retrospective effect unless such effect is required to be given to bring the Guidelines in conformity to or to avoid any inconsistency with the Articles, or with the provisions of the Companies Act or any other law, or lawful directives of any competent authority or Court etc.



**Syed Sajid Husain**  
**Managing Director**