

**CRITERIA FOR DETERMINING A ‘FIT AND PROPER PERSON’**

(1) For the purpose of determining as to whether a person proposed to be appointed as director is a ‘fit and proper person’, the appointing authorities shall take into account any consideration as it deems fit, including but not limited to the following criteria, namely:-

The person proposed for the said position –

- (a) is at least graduate;
- (b) is a reputed businessman or a recognised professional with relevant sectoral experience;
- (c) has financial integrity;
- (d) has no convictions or civil liabilities;
- (e) is known to have competence;
- (f) has good reputation and character;
- (g) has the traits of efficiency and honesty;
- (h) does not suffer from any disqualification to act as a director stipulated in the Ordinance;
- (i) has not been subject to an order passed by the Commission cancelling the certificate of registration granted to the person individually or collectively with others on the ground of its indulging in insider trading, fraudulent and unfair trade practices or market manipulation, illegal banking, forex or deposit taking business;
- (j) has not been subject to an order passed by the Commission or any other regulatory authority, withdrawing or refusing to grant any license or approval to him which has a bearing on the capital market;
- (k) is not a stock broker or agent of a broker; and

- (1) does not suffer from a conflict of interest; this includes political office holders whether or not in a legislative role.
  - (2) A director shall cease to be considered as a “fit and proper person” for the purpose, if he incurs any of the following disqualifications, namely:-
    - (a) he is convicted by a court for any offence involving moral turpitude, economic offence, disregard of securities and company laws or fraud;
    - (b) an order for winding up has been passed against a company of which he was the officer as defined under section 305 of the Ordinance;
    - (c) he or his close relatives have been engaged in a business which is of the same nature as and directly competes with the business carried on by the Public Sector Company of which he is the director;
      - (d) he does not conduct his duties with due diligence and skill; or
      - (e) his association with the Public Sector Company is likely, for whatever reason, to be detrimental to the interest of the Public Sector Company, or be otherwise undesirable.
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