

**AZAD GOVERNMENT OF THE STATE OF JAMMU AND KASHMIR
LAW, JUSTICE AND PARLTAMENTARY AFFAIRS DEPARTMENT,
MUZAFFARABAD**

Dated 09.06.2005

No.LD/Legis/ 216-28/2005. The following Act of the Assembly received the assent of the President on 6th day of June, 2005, is hereby published for general information:-

(ACT VI OF 2005)

**AN
ACT**

to provide for establishment of the Bank of Azad Jammu and Kashmir

WHEREAS it is expedient to establish a Bank for providing all types of commercial banking and investment banking services in Azad Jammu and Kashmir State to:-

- a) mobilize private savings and public funds for diverting the same to productive channels and ensure their availability;
- b) promote industrial, agriculture, rural micro financing and other socioeconomic processes through the active participation of private as well as public sectors in the State;
- c) help underdeveloped areas and create employment opportunities specially in the rural areas of the State. Further, to guide and assist the people of Azad Jammu and Kashmir serving overseas to effectively and profitably invest their foreign savings in the State;
- d) create a diversified and sound port-folio for utilization of the otherwise idle funds and other investment in the existing as well as new ventures, specially in the pioneering of high-tech, agro-based,

export-oriented and engineering projects to ensure maximum returns; and

- e) participate and seek the share of the State in the capital market by way of subscription through the locally pooled resources in the leading stock exchanges of neighboring Pakistan and eventually paving the way for the establishment of stock exchange in the State.

It is hereby enacted as follows.

- 1. **Short title, extent and commencement-** (1) This Act may be called The Bank of Azad Jammu & Kashmir Act, 2005.

(2) It extends to the whole of the Azad Jammu and Kashmir State.

(3) It shall come into force at once.

- 2. **Definitions.**-In this Act, unless there is anything repugnant in the subject or context;-

- a) “Bank” means “The Bank of Azad Jammu and Kashmir” established under this Act;
- b) “Board” means the Board of Directors of the Bank;
- c) “Director” means a Director of the Board;
- d) “Dividend” includes bonus;
- e) “Goods” include bullion, wares and merchandise;
- f) “General meeting” means the annual meeting of the shareholders of the Bank;
- g) “Government” means the Azad Government of the State of Jammu and Kashmir;
- h) “Meeting” includes an adjourned holding of the meeting;

- i) “Prescribed” means prescribed by rules and bye-laws made under this Act;
- j) “¹[President of Bank of Azad Jammu and Kashmir]” means the ²[President of Bank of Azad Jammu and Kashmir];
- k) “Special Meeting” means a meeting of the shareholders of the Bank convened for transacting some particular business specified in the notice convening the meeting;
- l) “Special Resolution” means resolution passed at a special meeting;
- m) “Proxy” includes an attorney duly constituted under a power of attorney who may or may not be a shareholder of the Bank; and
- n) “Financial Year” of the Bank means the period from 1st January to 31st December.

3. **Establishment and incorporation of the Bank -**

(1) There shall be established a Bank to be called the Bank of Azad Jammu and Kashmir, to carry on the business of banking under this Act.

(2) The Bank shall be a body corporate having perpetual succession and a common seal and shall, by its name, sue and be sued.

³[(3) The Government, as and when deems expedient may, get the bank scheduled.”]

1 For the words “Managing Director” the words “President of Bank of AJ&K” has been subs. by the Bank of AJ&K (Amdt.) Act, 2018 (Act V of 2018) dt. 11.10.2018.

2 For the words “Managing Director” the words “President of Bank of Azad Jammu and Kashmir” has been subs. by Ibid.

3 Added by the Bank of AJ&K (Amdt.) Act, 2007 (Act I of 2007) dt. 17.02.2007.

4. **Share Capital.**- (1) Subject to the Provisions of this Act, the authorized capital of the Bank shall be ¹[ten billion rupees divided into one billion] ordinary shares of ten rupees each.
- (2) The initial paid up capital of the Bank shall be five hundred million rupees, which shall be subscribed not less than 51% by the Government and up to 49% shall be subscribed by private sector.
- (3) There shall, from time to time, be issued such number of shares out of said capital on such terms including the terms of brokerage and underwriting, as the Board may decide.
- (4) The liability of the shareholders of the Bank shall be limited to the amount paid up on their shares.
- (5) The majority of the shareholders of the Bank may, by special resolution, increase or reduce the capital of the Bank.
- (6) The shares of the Bank shall be movable property and each share shall be distinctive by its appropriate distinctive number.
5. **Register of Shareholders.**-The Bank shall maintain all its Head Office a Register to be called the Register of shareholders of the Bank and shall enter therein the particulars as may be prescribed.
6. **Qualification of Shareholders** -(1) No person shall be qualified to be registered as shareholder who, by reason of anything contained in any law for the

1 In subsection (1) for the words “two billion rupees divided into two hundred million” the words “ten billion rupees divided into one billion” subs. By by the Bank of AJ&K (Amdt.) Act, 2019 (Act V of 2019) dt. 23.03.2019.

time being in force, is not competent to enter into any contract.

(2) A person who subsequent to his registration is discovered to have not been qualified as aforesaid at the time of registration, shall not be entitled to exercise any of the rights of a shareholder other than for the purpose of the sale of his shares under the orders of the competent court.

(3) The shares shall be registered in the names of individuals, limited companies or corporate bodies. While, not more than four persons shall be registered as joint holders of any share.

(4) In the event of death of any one or more persons who named in the register as holders of any share, the survivor or survivors shall be the only person or the persons recognized by the Bank as having any title or interest in such share. If the deceased was a sole shareholder, his nominee/nominees or the legal heirs as the case may be, shall be the only person recognized by the Bank having any title to his interest in the shares.

7. **Government to be shareholder.**-The Government shall be the major shareholder of the Bank and shall hold at all times not less than 51% of the shares issued by the Bank.
8. **Head Office.**-The Head Office of the Bank shall be located at Muzaffarabad
9. **Board.**- The general superintendence and direction of the affairs and business of the Bank shall be entrusted to the 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 Act expressly directed or required to be done by the Bank in annual general meetings.

10. **Constitution of the Board of Directors.** - (1) the Board shall be constituted by the Government as follows,-
- a) The ¹[President of Bank of Azad Jammu and Kashmir]as appointed under Section 11; and
 - b) Not less than seven Directors, three of whom shall be Secretaries to the Government of Azad Jammu and Kashmir including Secretary Finance.
- (2) In case of issuance of shares to the private sector, the Board may be restructured through adding more Directors to be elected in a meeting of shareholders, as the case may be, in proportion to the shares held by sponsors other than the Government.
11. **²[President of Bank of Azad Jammu and Kashmir]³“(1) The Government shall appoint a**

1 For the words “Managing Director” the words “President of Bank of AJ&K” subs. by the Bank of AJ&K (Amdt.) Act, 2018 (Act V of 2018) dt. 11.10.2018.

2 For the words “Managing Director” the words “President of Bank of Azad Jammu and Kashmir” subs. by Ibid.

3 Sub-Sec.(1) of Sec.11 was amended/subs. two times. Subs. by Ibid. The original extract of subsection (1) of Sec. 11 is reproduced as under:-

“(1) The President of Bank of Azad Jammu and Kashmir shall be appointed by the Government from amongst the senior professional bankers having at least 25 years relevant experience and on such terms and conditions as may be years determined.”

A-Subs. by the Bank of AJ&K (Amdt.) Act, 2018 (Act V of 2018) dt. 11.10.2018 as under:

"1)The Government shall appoint a person as President of Bank of Azad Jammu and Kashmir who is,-

person as President of the Bank of Azad Jammu and Kashmir who qualifies the Fit and Proper Test Criteria and other prescribed qualification by the State Bank of Pakistan for appointment as the Chief Executive/ President.]

(2) The ¹[President of Bank of Azad Jammu and Kashmir]may be terminated in the manner prescribed on the ground of physical or mental incapacity or gross misconduct.

(3) The ²[President of Bank of Azad Jammu and Kashmir]shall be Chief executive Officer of the Bank and shall subject to any bye-laws or rules as the case may be, made in this behalf, direct, supervise, control and conduct the affairs of the Bank, on behalf of the Board.

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- (i) at least a master or equivalent in the discipline of banking, finance, economics, business administration or related fields;
 - (ii) having at least seven years experience as banker at a senior level as Executive Vice President and above or equivalent i.e., group head of financial/business line in a bank and possess expertise and skills set to undertake responsibilities of the position effectively and prudently;
 - (iii) between 40 to 62 years of age; and
 - (iv) the term of office shall be three years:

Provided that the Government may, on the recommendation of Board of Directors, appoint President of Bank of Azad Jammu and Kashmir for a second term on the basis of his performance.”

B-Subs. by the Bank of Azad Jammu and Kashmir (Amdt.) Act, 2021 (Act VI of 2021) dt.27-04-2021.

- 1 For the words “Managing Director” the words “President of Bank of Azad Jammu and Kashmir” subs. the Bank of AJ&K (Amdt.) Act, 2018 (Act V of 2018) dt. 11.10.2018.
- 2 For the words “Managing Director” the words “President of Bank of Azad Jammu and Kashmir” subs. by Ibid.

¹["**12. Chairman.** (1) The Chairman of the Board shall be appointed by the Government, on such terms and conditions as may be prescribed.

(2) In addition to performing such other functions as may be prescribed, the Chairman shall preside over the meetings of the Board."]

12. Chairman.-The Chairman of the Board shall be appointed by the Government to perform functions as may be assigned and on such terms and conditions as may be prescribed through by laws/rules to be framed under this Act. The Chairman shall also preside over the meetings of the Board.

13. Qualification and Disqualification of Directors-

(1) No person other than Director appointed by the Government including the ²[President of Bank of Azad Jammu and Kashmir] shall be qualified to serve as Director unless he is a holder in his own right of unencumbered shares of the Bank equal to nominal amount of rupees twenty five thousand at least.

(2) No person shall be qualified to serve as Director:-

- a) if he is salaried officer of any Government whether within or outside the State unless he is specially nominated by the Government;
- b) if he has been convicted of an offence involving moral turpitude;

1 Subs. by the Bank of AJ&K (Amdt.) Act, 2007 (Act I of 2007) dt. 17.02.2007.

2 For the words "Managing Director" the words "President of Bank of Azad Jammu and Kashmir" subs. by the Bank of AJ&K (Amdt.) Act, 2018 (Act V of 2018) dt. 11.10.2018.

- c) if he was, at any time in the service of the Bank and was dismissed or his services had been terminated by the Bank;
 - d) if he is a Director of any commercial bank other than a bank sponsored or established by or under the authority of the Government or a bank which is a society registered under the cooperative societies Act, or any other law for the time being in force in the State relating to cooperative societies;
 - e) if he is in the employment of any banking company, whether on salary or on commission and is engaged in the performance of any continuous service for remuneration for any such company;
 - f) if he is for the time being disqualified from membership of any institution established by or under any law for the time being enforce of which the constituent Members are wholly or partly chosen by means of election;
 - g) if he has been found by a court under any law to have acted against interest of a person with whom he had a fiduciary relationship;
 - h) if he is a tax defaulter or has been convicted for tax evasion or proceedings are pending against him under any law; and
 - i) if he is a loan defaulter of any financial institution.
- (3) The office of a Director shall be vacated,-
- a) if he resigns from his office or dies;
 - b) if he is or at any time, has been adjudicated as an insolvent, or compound with his creditor or suspended payment;

- c) if he is declared lunatic, or of unsound mind by a court of law;
- d) if he has absented himself from three consecutive meetings of the Board, or for a continuous period of six months, whichever is longer, without leave of absence from the Board;
- e) if he ceases to hold in his own right the amount of shares which required to qualify him for the office; and
- f) if he incurs any of the disqualifications mentioned in sub-section (2).

(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 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 Director of the Board.

14. **Terms of office of Director.**-(1) Subject to any other provision of this Act, a Director shall hold office during the pleasure of the Government.

(2) The Director elected by the shareholders shall continue for a period of three years unless he becomes disqualified under this Act or bye-laws made thereunder.

15. **Vacancies.**- (1) Any vacancy ¹[Occurring] in the Board on account of death resignation, removal, or disqualification of any Director, shall be filled by

¹ In subsection I of Sec. 15 for the word “accruing” the word “occurring” has been subs. by the Bank of AJ&K (Amdt.) Act, 2007 (Act I of 2007) dt. 17.02.2007

the remaining Directors, who shall co-opt duly qualified person to fill in the vacancy;

Provided that where a vacancy occurs in the office of a director appointed by the Government, the vacancy shall be filled only by appointment by the Government.

(2) Any Director so appointed shall be deemed to have held office from the date on which the Director in whose place he is appointed, was appointed, or when such Director was co-opted or appointed under subsection (1), from the date on which his immediate predecessor was appointed as the case may be.

(3) Any Director co-opted under sub-section (1) shall retire at the next election of directors and the vacancy so occurring in the Board shall be filled by election as provided under this Act.

16. **General and Special Meetings-** (1) In the month of March every year, or as soon thereafter as convenient to the Board, a general meeting shall be held annually at the Head office. The shareholders present at the meeting shall be entitled to discuss the annual accounts, the report of the Board on working of the Bank during the preceding year. During the same meeting, the auditor's report on the annual balance sheet and accounts of the corresponding period may also be discussed and approved by the shareholders.

(2) The special meeting shall be convened and held in such manner and at such time and place as may be determined.

¹[(3) The Government, if deemed appropriate may grant extension in the time required for holding of general meeting on request of the Bank.”]

17. **Vote of Shareholders.-** (1) Every shareholder shall be entitled to attend meeting and each shareholder 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, shareholder so registered for a like period shall have one vote, for every single share, held by such shareholder:

Provided that no shareholder 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.

(2) On a poll, votes may be given either personally or by proxy, but Government as a shareholder may appoint any person to be present at any general meeting and to vote on its behalf.

18. **Business which the Bank is authorized to transact.-** In addition to the role that may be assigned to it to function as principal Banker/Treasury to the Government, the Bank may carry on and transact all types of Commercial Banking and Investment Banking business within the state and at any other place outside the State including Pakistan and other countries, subject to approval of the competent authority under the law for the time being in force including but not limited to objectives specified below:-

¹ Added by the Bank of AJ&K (Amdt.) Act, 2007 (Act I of 2007) dt. 17.02.2007

- (i) to accept/receive deposits and maintain cash and various other accounts of the customers as per customs, usage, practice and laws governing commercial banks within the State. Also to open, operate current, overdraft, loan and other accounts, to deposit any money with or borrow or obtain accommodation, money or facilities, with or without securities from any bank or banks, finance/discount houses, financial institutions in or outside the state and central banks of countries abroad where the Bank's branches or representative offices are located, and from Pakistani and foreign donors and development agencies, unilateral, bilateral, multilateral and regional, and financial institution including, but not limited to the Asian Development Bank, Islamic Development Bank, the International Finance Corporation, the World Bank, and their respective affiliates;
- (ii) to place its funds with other banks or financial institutions and accept funds of other banks and financial institutions and finalize agency arrangements, correspondent relationship with banks within and outside the State and local as well as foreign banks in the State or ¹[abroad] including Pakistan;
- (iii) the advancing and lending of money, and opening of cash credits upon the security of:-
 - a) stocks, funds and securities in which a trustee is authorized to invest trust money

1 In item (ii) of Sec. 18 for the word "aboard" the word "abroad" subs. by the Bank of AJ&K (Amdt.) Act, 2007 (Act I of 2007) dt. 17.02.2007

by any law for the time being in force in Azad Jammu and Kashmir;

- b) participation term certificates or other securities for money issued under the authority of any law for the time being in force in Azad Jammu and Kashmir by or on behalf of a Local Authority or Agency;
- c) goods or the documents of the title ¹[xxx] 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 Board, participation term certificates of companies with limited liability;
- e) shares of companies with limited liability in accordance with such directions in this regard as may be prescribed by the Board;
- f) goods which are hypothecated to the Bank as security for such advances, loans or credits;
- g) accepted bills of exchange and /or promissory notes endorsed by the payees and joint or several promissory notes of two or more persons or firms unconnected with each other in general partnership;
- h) immoveable property or documents of title relating there-to subject to such directions as may be issued by the Board; and

¹ In item (iii) in cl.(c) of Sec. 18 the word “to” omitted by the Bank of AJ&K (Amdt.) Act, 2007 (Act I of 2007) dt. 17.02.2007.

- i) crops subject to such directions as may be issued by the Board:

Provided that any advances or loans which are specially guaranteed by the Government may be made without any specific security,-

- (iv) to draw, make, accept, execute, endorse, discount, rediscount, execute and negotiate bills, drafts, cheques, warrants, promissory notes and other negotiable instruments to issue guarantees and indemnities, and to give valid and effectual discharges;
- (v) to buy, sell, hypothecate, pledge, mortgage, endorse, negotiate, transfer and / or otherwise deal in promissory notes, debentures, bonds, treasury bills, shares of companies and all other kinds of securities including Government securities, municipal bonds etc. receive or pay principal and mark up amount. However, in case of Government's guarantee, no other securities would be required;
- (vi) to receive and hold in safe custody, securities or other movable property whatsoever. To recover and take possession of and manage all lands, houses, buildings and other property mortgaged to or otherwise manage the same fund to make, sell and dispose of all lands, houses, goods, merchandise and property of every description, whether belonging to the Bank absolutely or in trust or as security, and for any such purpose to exercise all such powers and authorities and adopt proceedings as the Bank might or could exercise;

- vii) to purchase or take on lease or other terms any land house, or building for the purpose of offices or premises suitable for carrying on its business at any place and to build, alter and furnish any office, house or premises;
- viii) to sue or be sued, to commence, prosecute, continue and defend all actions, suits or legal proceedings whether civil, criminal or revenue, including proceedings to procure or establish the Bankruptcy or insolvency of any person, firm, company, or corporation or liquidation winding up of any company, to compromise or refer to arbitration any claim or dispute either in suits or proceedings or otherwise, to appoint solicitors, advocates, pleaders and other legal agents, to make, sign, verify and execute complaints, petitions, written statements, warrants of authority or any other paper writing or documents expedient or necessary to be made, signed, executed, verified and presented or filed;
- ix) investing of the funds of the Bank in, or the underwriting of stocks, funds, shares, securities, participation terms certificates, bonds, ¹[scrips] or other securities for money issued by a public limited company or any corporation established by or under any law for the time being in force or under the authority of the Government, converting and covering the same into money when required and altering and transposing any such investments for or into any other such investments;

1 In item (ix) of Sec. 18 for the word "scripts" the word "scrips" subs. by the Bank of AJ&K (Amdt.) Act, 2007 (Act I of 2007) dt. 17.02.2007

- (x) subject to the relevant laws and /or approval of any other authority having jurisdiction to carry on all or any of the following business;
 - a) to undertake the business of leasing and leasing operations of all kinds of property, plant, machinery and equipment. etc. and;
 - b) to constitute trusts and act as trustees of any deed with a view to the issuing of Modarabas.
- (xi) to carry on any other investment finance business specifically allowed by the existing laws, rules and regulations or any other authority having jurisdiction with the exception of Insurance Business;
- (xii) Advancing and lending of money to courts of wards upon the security of ¹[estates] in their charges or under their superintendence and the realization of such advances or loans and any interest due thereon;
- (xiii) paying, receiving, collecting and remitting money, bullion and securities under any agreement with the State Bank of Pakistan, as its agent on behalf of Government, undertaking and transacting any business which the State Bank of Pakistan may, from time to time entrust to it;
- (xiv) the taking over of the business including the capital, assets and liabilities of any other Bank, with the sanction of Government.
- (xv) With the previous permission in writing of the Government,-

1 In item (xii) of Sec. 18 for the word “states” the word “estates” subs. by the Bank of AJ&K (Amdt.) Act, 2007 (Act I of 2007) dt. 17.02.2007.

- 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;
- (xvi) advancing of money on non interest basis and according to the common modes of financing in vogue or approved by the Government from time to time and in accordance with the terms and conditions of foreign credit lines obtained by the Bank, where applicable;
- (xvii) the under-taking of lease financing;
- (xviii) to open documentary letters of credit and issuance of guarantees for imports as well as exports after completing all the statutory requirements;
- (xix) Generally, ¹[xxx] doing ²[xxx] all such matters and things as may be incidental or subsidiary to the transacting of the various kinds of business including foreign exchange business; and
- (xx) to carry out any other commercial or investment banking business not specified above which may be permissible under the law.

Note:- The expression, “granting of advances or loans” or “advancing and lending of money” and

1 Omitted by Ibid.

2 Omitted by Ibid.

their cognate expressions shall include financing on the basis of various approved modes of common interest based financing like financing by lending, trade-related modes of financing, and investment type modes of financing.

19. Business which the Bank cannot transact.- (1)

The Bank shall not make any advance or loan upon the security of its shares.

(2) The Bank shall not discount or buy or advance or lend to any individual or partnership firms 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 credit 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 its several responsibilities of at least two persons or firms unconnected with each other in general partnership:

Provided that nothing in this Section shall prevent the Bank from granting over-drafts and loans without security, to such extent as may be prescribed.

(4) The Bank shall not grant to any person who has been elected or appointed as a Director 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:

Provided that nothing in the clause shall prevent the Bank from continuing or renewing any

such advance, loan, credit limits, guarantee or other facilities as may have already been granted to such person before his election or appointment as a Director.

Exception.- Notwithstanding anything contained in this Act, the Bank is authorized to,-

- (a) 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 determined;
- (b) grant advances or loans, for any period exceeding one year but not exceeding eight years, to such small and medium industries as may, from time to time, be specified by the Board on such terms and conditions as may be determined;

Provided that the amount of advances and loans outstanding at any time under this clause shall not exceed twenty percent of the total deposits of the Bank at such time. This limit shall not apply to funding obtained from various foreign institutions;

- (c) grant or subsidize, from time to time, pensions, gratuities, bonuses or other funds created for the benefit of its officers and staff or their dependents; and
- (d) Contribution to the promotion of research in Banking and allied subjects, in the manner as prescribed.

21. **Auditors.-** (1) Not more than two independent auditors who shall be ¹[Chartered] Accountants and shall be elected at the Annual General Meeting at a fixed remuneration

(2) The first Auditor of the Bank may be appointed and their remuneration fixed by the 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 casual vacancy occurs in the office of any auditor elected under this Section, the Board may fill the vacancy.

22. **Other Auditors.-** (1) To ensure strict internal control, the Bank shall appropriately structure its internal audit department which shall be directly reporting to the Board. Further, the Government may also depute independent public auditors whenever it deems fit.

(2) The auditors 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 Government if appointed by it, employ accountants or other persons to assist them in investigating affairs of the Bank.

(3) The auditors shall make a report to the shareholders or Government, as the case may be, upon the annual balance sheet, the statement of

¹ In subsection (1) of Sec. 21 for the word "charted" the word "chartered" subs. by the Bank of AJ&K (Amdt.) Act, 2007 (Act I of 2007) dt. 17.02.2007.

profit and loss accounts, and in every such report they shall state whether, in their opinion, the balance sheet and the statement of profit and loss accounts 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 Bank, whether it has been given and whether it is satisfactory. Any such report made to the shareholders shall be read together with the report of the Board of Directors at the General Meeting.

23. **Recovery of Bank's dues.**-Without prejudice to the remedies available under any law for the time being in force, all sums due to the Bank shall be recoverable as arrears of land revenue:

Provided that no sum shall be so recovered unless fifteen days notice has been given by the Bank to the debtor that the sum will be so recovered

24. **Liquidation of the Bank.**-Nothing in the Companies Ordinance, 1984, shall apply to the Bank and the Bank shall not be placed in liquidation save by the order of the Government and in such manner and under such terms and conditions, including the terms as to call on the forfeiture of shares, as the Government may by its order of liquidation direct.

25. **Power to make bye-laws/rules.**- The Board shall make bye-laws/rules not inconsistent with this Act to provide for all matters for which provision is necessary or convenient for the purpose of giving effect to the provisions of this Act. This may include the main manner for inviting share capital from the private and public sectors, laying down formats for

share application forms, transfer forms, and other forms, procedure for allotment of shares, dealing with lost/defaced shares, transfer of shares, increasing of capital, cancellation, election of Directors, quorum, filling in casual vacancies of Directors, their remuneration, terms and conditions of chairman,¹[President of Bank of Azad Jammu and Kashmir]and Directors, recording of monthly, half yearly and annual accounts and books accounts, secrecy, indemnity of Directors and employees, the organogram, job descriptions and rules governing the employees and lending policies, delegation of powers to officers/committees and other ancillary matters for smooth functioning of the Bank.

²[xxx]

1 For the words “Managing Director” the words “President of Bank of Azad Jammu and Kashmir” subs. by the Bank of AJ&K (Amdt.) Act, 2018 (Act V of 2018) dt. 11.10.2018.

2 Omitted by the Bank of AJ&K (Amdt.) Act, 2007 (Act I of 2007) dt. 17.02.2007. The original extract of Sec. 26 is reproduced as under:-

“26. Pre-operational steps necessary for establishment of the Bank and subsequent efficient working of the Bank– The Government shall appoint a suitable senior professional banker to initiate pre-operational work to prompt commencement of the Bank. Such appointee shall be designated as Consultant initially on the terms and conditions mutually agreed upon. He shall be nominated as one of the Directors and re-designated as first chairman of the Board on its constitution for a period of five years on terms and conditions prevalent in the banking sector, to be mutually agreed upon. He shall have full powers to appoint qualified supporting staff on merit and on such terms and conditions as those generally prevailing in the banks in Pakistan. The appointment and terms and conditions of the personnel selected will be subject to confirmation/regularization in accordance with the Provisions of this Act or rules framed thereunder. He will continue to advise on policy matters and induction of systems and procedures for better control and efficient working of the Bank keeping in view the prudential regulations of the State Bank of Pakistan, enabling it to attain the status of a

- 27. Overriding effect:-**This Act shall have effect, notwithstanding anything contained in any other law for the time being in force.
- 28. Indemnity.-**No suit, prosecution or other legal proceedings shall lie against the Bank, the Government or Chairman, ¹[President of Bank of Azad Jammu and Kashmir], Director or any other official of the Bank or Government for anything which is done in good faith or intended to be done in pursuance of this Act or bye-laws/rules framed under it.
- ²[Validation.-** All actions taken, notification issued, orders or appointment made proceedings initiated, jurisdictions or powers exercised before the issuance of this Act shall be deemed to have been validly done, taken issued, made, initiated or exercised under this Act.”]

Sd/-**(Syed ShahidMohyiddin Qadri)**
Deputy Secretary

scheduled bank in due course. He will also attend to such assignments as entrusted to him by the Board from time to time. He will supervise Islamic Banking process within the Bank as and when so initiated. He will keep liaison with Government, State Bank of Pakistan and other agencies in connection with the affairs of the Bank.”

- 1 For the words “Managing Director” the words “President of Bank of Azad Jammu and Kashmir” subs. by the Bank of AJ&K (Amdt.) Act, 2018 (Act V of 2018) dt. 11.10.2018.
- 2 Added by the Bank of AJ&K (Amdt.) Act, 2007 (Act I of 2007) dt. 17.02.2007