

1. Bank has been provided a "certified true copy" of a resolution passed in a meeting held on December 15, 2006 by the Board of Directors of a company. The copy of the resolution delivered to the Bank has been certified as a "true copy" by the Company Secretary. It also bears signatures of four directors identified as the "authorized directors".
2. My opinion has been sought whether this copy of resolution can be acted upon, or it must bear signatures of all directors of the company before THE BANK acts on its basis.
3. **I have carefully considered the matter and my opinion is as under:**
 - a) In case of a corporate body, (and also other entities comprising a number of persons), the constitution of such body often states that decisions on its behalf may be taken only by the designated board (or committee) acting in a "meeting".
 - b) Wherever a decision has to be taken in a "meeting", the following is usually the decision making process:
 - i) The decision must be taken by the authorized board (or committee)
 - ii) The decision must be taken in a "meeting".
 - i) The meeting must be "duly convened" i.e. it should only assemble on the directions of a person authorized to call upon it to assemble in a meeting.
 - ii) The meeting must have the required "quorum" i.e. the prescribed minimum number of persons must be present before a meeting can competently act.
 - iii) Decisions must be taken by the required "majority" of those assembled in the meeting.
 - c) There is usually a register where attendance is marked of those present in the meeting.
 - d) Decisions in a meeting are taken in form of "resolutions" pursuant to discussions and deliberations between the members. These deliberations are recorded in the "minutes books" of the body, (including any resolution that might have been passed).

- e) If any resolution (or contents of the meeting) are to be communicated to another person, a copy of the relevant resolution is prepared and authenticated by the competent officer of the company. This authenticated copy is delivered to the relevant person.
- f) From the foregoing it can be seen that a "certified copy" of a resolution is only an "extract" from the minutes book of the company. Such copy is not a facsimile of the original minutes book. As regards signatures of those who have participated in the decision making process, such signatures are not available even on the original minutes book, but would be contained only in the attendance register.
- g) Decision making ordinarily takes place "in a meeting" only. However, a well drafted constitution for a corporation also includes powers for a decision making process under which decisions may be taken not only in a formal meeting but also by "circulation" of the proposed resolution amongst the decision makers. Sometimes, there are also provisions for meetings through tele-conferences or video-conferences.
- h) Where the constitution of a corporation authorizes decision making through a resolution circulated amongst the decision makers, the constitution often provides that all decision makers entitled to receive notice of a meeting must sign such resolution. In such cases "all" decision makers must sign the original resolution. However, where a "copy" of such resolution is to be provided to an outsider, the copy would still be attested only by the person (e.g. Company Secretary, CEO, a Director etc.) authorized to authenticate a copy. Such copy would not bear signatures of any director.
- i) I have been informed that a view has been taken in THE BANK that pursuant to Article 56 of Schedule-I of the Companies Ordinance, 1984 signatures of all directors were required on the resolution, whose copy has been sent to THE BANK. It may be noted that Article 56 applies only when a resolution by "circulation" is involved and not where a resolution has been passed in a "meeting". This Article is being produced below with its relevant parts highlighted.

56. A resolution in writing signed by all the directors for the time being entitled to receive notice of a meeting of a directors shall be as valid and effectual **as if** it had been passed at a meeting of the directors duly convened and held.

This provision has no relevance to resolutions passed in a "meeting". I may further point out that Schedule I of the Companies Ordinance is applicable only when under Sections 2(1) and 26, a company in its constitution has decided to adopt this schedule as a part of its Articles. Otherwise it is only the actual Articles of the Company that are applicable.

- j) In light of the discussion above, I am of the opinion that "copy" of the resolution passed on 15.12.2006 by the Board of Directors of The company, does not call for signatures of all directors of the company since the copy has been certified as a "true copy" by the Company Secretary. Ordinarily this copy would not have borne signatures of any directors. In the present case it bears signatures of four directors since the resolution itself states that the "following signatures" were being sent to THE BANK as "specimen signatures of the Authorized Directors" named in the resolution. These signatures of the directors also serve an additional purpose since it is stated as item number six (6) of the resolution that copy of the resolution sent to THE BANK should be duly certified by the Company's Secretary and should bear "common seal". Affixation of common seal requires "attestation" by directors. Therefore, the signatures satisfy this purpose also.