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CORPORATE REGULATORY AUTHORITY

CODE OF CONDUCT FOR MEMBERS OF THE CORPORATE REGULATORY AUTHORITY, 2024

ROYAL GOVERNMENT OF BHUTAN

MINISTRY OF INDUSTRY, COMMERCE AND EMPLOYMENT

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CODE OF CONDUCT FOR MEMBERS OF THE CORPORATE REGULATORY AUTHORITY

In the exercise of powers vested by section 391 read with section 410 (b) of the Companies Act, 2016, the Regulatory Authority hereby adopts the Code of Conduct for the Members of the Corporate Regulatory Authority to prevent them from indulging in any conduct that impinges on the performance of the official duties, tarnishes the image of the authority and to avoid the misuse of their official position.

PART I

PRELIMINARY

Title and Commencement

1. This code shall:
 - (1) Be called the Code of Conduct for the Corporate Regulatory Authority, 2024.
 - (2) Come into force on September 1, 2024.

Application

2. The Code applies to the members of the Corporate Regulatory Authority from the relevant organization excluding the member secretary.

Objectives

3. This Code intends to establish a formal framework outlining the duties, roles and responsibilities, authority, and accountability of the members to the Authority.

Principles

4. The members must adhere to the following principles in carrying out their roles:
 - (1) Selflessness Members are required to make decisions based solely on the public interest and in the best interest of the authority, disregarding any personal benefits for themselves, their family, business partners, or friends.

- (2) Integrity Members should avoid any situation where they could be indebted or obligated to external individuals or organizations, especially when such circumstances may lead to a conflict of interest with their responsibilities as a member.
- (3) Honesty Members must disclose any personal interests relating to their duties and handle any conflict of interest in a manner that safeguards the company's interests.
- (4) Loyalty Members shall be true, loyal, and faithful to the Tsa-Wa-Sum and shall refrain from engaging in any behavior that could tarnish the authority's reputation.
- (5) Leadership Members shall advocate and uphold ethical behavior, both through leading by example and supporting others in positions of authority to do the same.

PART II

COMPOSITION OF THE AUTHORITY

5. The Authority shall consist of the following members:
 - (1) The Secretary of the Ministry of Industry, Commerce and Employment, Chairman
 - (2) One relevant executive from the Ministry of Finance
 - (3) One relevant executive from the Royal Monetary Authority
 - (4) Chief Executive Officer of RSEB as a corporate sector representative
 - (5) Chairman of Technical Working Committee, Accounting and Auditing Standards Board of Bhutan, and
 - (6) The Registrar of Companies as member secretary

6. Responsibilities of the members are:
 - (1) To adopt rules and regulations on all matters covered under the Act and any other related laws in the area of corporate regulation, capital market supervision, and securities.

- (2) To issue directives on all matters covered under the Act, and any other related laws in the area of corporate regulation, capital market supervision, and securities.
- (3) To advise the government on matters covered under the Act or any law within the corporate regulatory mandate.
- (4) To prescribe fees in respect of any matters/services authorized under the Act.
- (5) To levy fees in respect of any matters/services authorized under this Act.
- (6) To make provisions for the resolution of disputes within or between companies in relation to the provisions of this Act or regulations hereunder. (Disputes related to minority interest protection among shareholders and for derivative suits against board directors for mismanagement and appeal from major corporate actions, imposition of penalties for non-compliance)
- (7) To make provisions for officials, staff, services, and facilities to support the Authority.

- (8) To direct members to furnish information or statistics
- (9) To accord approval, etc., subject to conditions.
- (10) To constitute committees as prescribed in the Act and under regulations on functions mandated by the law.

Chairperson of the Authority

7. Responsibilities of the Chairperson shall be as follows:
 - (1) Provide overall leadership and coordination of the Authority.
 - (2) Facilitate meetings, ensuring active participation and effective communication among members.
 - (3) Oversee the functions of the Authority and the submission of progress reports and recommendations to the Government, if required.

PART III

CONDUCT OF MEETINGS

Meetings

8. The Authority shall hold a minimum of two meetings annually, and it may convene additional meetings whenever deemed necessary to fulfill its responsibilities. The Chairperson has the authority to call for extraordinary meetings to address specific agenda items when needed.
9. A member shall attend at least one meeting held in a financial year.
10. A member shall attend all the meetings in person. However, if physical presence is not possible, attendance by any other approved communication methods shall be permissible.

Quorum

11. A minimum of two-thirds of members must be present to constitute a quorum for a meeting. If, for any reason, the Chairperson is unable to attend, the remaining members will choose a member to preside over the meeting.

Minutes of the Meeting

12. Minutes of the meetings shall be recorded by the Secretariat. The minutes shall be signed by the chairperson and the member secretary.

Conflict of Interest

13. The members shall not engage in any activity, business, or relationship, which may conflict with the interest of the Authority or prejudicial to the interest of the Authority.
14. Members are required to declare at all times the nature and extent of any conflict of interests, whether direct or indirect, or whether actual or potential, with the Authority and if so required to recuse themselves from any deliberation and decision relating thereto.
15. If an actual conflict arises, the member should promptly report the matter in writing and shall refrain from participating in any discussions or decisions related to that issue. Similarly, if there is doubt about the existence of a conflict, they should seek guidance by informing the chairperson in writing.

Accountability of the Members

16. Each member shall uphold their duty of care by ensuring that they act in an informed manner, with the objective of making well-considered decisions.
17. The members shall take responsibility for their decisions and actions and should be held accountable in accordance with the provisions of the applicable national laws.

PART IV

MISCELLANEOUS PROVISIONS

Access to Information and resources

18. The members during the discharge of their duties shall have access to relevant information, data, records, and properties of the Authority, which are found necessary in discharging their official duties.
Amendment
19. The Authority may review and amend the code of conduct, as and when deemed necessary.