

**SECURITIES AND EXCHANGE COMMISSION
OF PAKISTAN**

PROMOTERS' GUIDE

**FORMATION AND INCORPORATION OF COMPANIES
UNDER THE COMPANIES ORDINANCE 1984**

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Introduction

This guide is designed to explain the relevant laws and procedure for incorporation on a company. It includes the concept, procedure and documents required for forming a company and post incorporation requirements in light of the relevant provisions of the Companies Ordinance, 1984 (the "Ordinance") and rules and regulations made thereunder.

One of the important functions of the Securities & Exchange Commission of Pakistan (SECP) is the incorporation/registration of companies. This task has been entrusted to the Corporatization & Compliance Department, Company Law Division which has its field offices known as Company Registration Offices (CROs) for the purpose of incorporation / registration of different types of companies.

Incorporation of a Company

Any three or more persons associated for lawful purpose may, by subscribing their names to the Memorandum of Association and complying with the requirements of the Ordinance form a public company and any one or more persons so associated may, in like manner, form a private company. If only one member forms a private company, it is called a single member company.

Prior approval of the Ministries/Departments etc. noted against each category of the following companies is required to be obtained before incorporation of companies: -

Sr.No	A banking Company	I) Ministry of Finance. II) State Bank of Pakistan
1	A non-Banking finance Company (NBFC)	SECP
2	A security service providing company	Ministry of Interior
3	A corporate brokerage house	Stock Exchange (for transfer of membership card in favour of proposed company)
4	A money exchange company	State Bank of Pakistan

5	An association not for profit u/s 42 of the Companies Ordinance, 1984	License from SECP.
6	A trade organization	License from Ministry of Commerce

Following are the requirements for registration of a new company under the Companies Ordinance, 1984:-

a. Availability of Name

The first step with regard to incorporation of a company is to seek the availability of the proposed name for the company from the registrar. For this purpose, an application is to be made and Rs.200/- for online application and Rs. 500/- for offline application is required to be paid for seeking availability certificate for each name. To facilitate the promoters, a list of prohibited/sensitive names has also been provided at the link:

<https://www.secp.gov.pk/prohibited-words/>

b. Documents for registration of a limited company

The following documents are required to be filed with the registrar concerned for registration of a private limited company:-

I. Copy of national identity card or passport, in case of foreigner, of each subscriber and witness to the memorandum and article of association,

II. Memorandum and articles of association

Four printed copies of Memorandum and Articles of Association in case of offline submission and one copy for online submission, duly signed by each subscriber in the presence of one witness. In order to facilitate the general public, the standardized specimen of Memorandum of Association of various sectors has been provided on the Commission's Website.

III. Form - 1

Declaration of applicant for compliance

IV. Form - 21

Notice of situation of registered office of the company

V. Form - 29

Particulars of first directors of the company

VI. Registration/filing fee

Original paid challan evidencing the payment of fee as prescribed in Table - II, in any of the authorized branches of MCB Bank Limited.

c. Additional Requirements for the Incorporation of a public Company

In addition to the requirements for incorporation of a private limited company as stated above, the public companies are required to file the following documents at the time of incorporation:

- i. Form 27 (List of persons consenting to act as director)
- ii. Form 28 (Consent of Directors)

d. Additional Requirements for Incorporation of a Company having objects of providing Security Services

In case of company intending to provide the services of security guard, nine additional sets of each of the documents at I and II above alongwith the bio-data, four attested photographs of each subscriber and financial position/bank statement of the subscribers are also required to be provided. Ministry of Interior grants NOC for a security object company.

e. Documents for incorporation of an association not for profit

All the documents meant for incorporation of a limited company alongwith a license issued by the SECP. In case of a trade body, a license issued by Ministry of Commerce would also be submitted to the registrar concerned. Detailed guidance is provided on the link:

<https://www.secp.gov.pk/licensing/section-42-companies/>

STEP WISE PROCEDURE FOR ONLINE DOCUMENTATION FOR THE INCORPROATION OF THE COMPANY

Log on to eServices:

The client will connect to <https://eservices.secp.gov.pk/eServices>, to log on to his/her account or signup, in case of a new user. User will receive an e-mail containing the user activation link. By clicking on the link, user account will be activated.

For incorporation process, please note that you will need to create separate User IDs for all proposed Subscribers, in order to obtain their digital signatures. After obtaining name availability, User should use the “Manage Company Users” button available on the top right hand side of the web page to create separate/additional User IDs.

Enter Information:

A successful logon to eServices by entering user ID and password will display a list of available and unavailable processes. If the Company name has been reserved successfully, the Company Incorporation facility will be available at this stage.

User will click on the company incorporation process. An input page is displayed, wherein the following information will be entered by the user.

(i) Application Details:

Check the details of the proposed company in terms of its complete name and kind to ensure that the information is correctly displayed. In case of any issue, please contact the concerned Company Registration Office (CRO).

Click on “Mode of Payment” and select the mode whether you want to make payment through “Bank Challan” or “Credit Card”.

In case you choose “Bank Challan”, then click on “Locate Bank” and select the designated bank branch from the available branches of MCB Bank Limited or United Bank Limited.

(ii) Declarant:

In this section, enter the compulsory information about the declarant/company representative. A declarant can be any person

authorized to represent the proposed company by the Owners/Board of Directors. Any employee or even the director of the proposed company could be chosen for this responsibility.

(iii) Director/ Subscriber:

Enter detailed data regarding the Board of Directors and Subscribers in this section. "Add" and "Remove" buttons will create and remove rows for data entry.

(iv) Company information:

Enter company information e.g., registered office address, sector classification, share capital, objects etc., in this section.

(v) Signatory:

Enter details of a signatory in this section.

(vi) Press Continue Link:

By pressing Continue Link, Process Document Listing Page will be displayed, containing the following links:

a. Update Form(s) Data:

Click link if you want to update the data. After updating data, press Continue link again. Process Document Listing Page will be displayed again.

b. View Forms:

System automatically fills out the required forms using the data entered by you. You can view these forms by clicking on the given link.

c. View Company Profile Form:

To see company profile, click this link.

d. Fill New Attachment Form:

In this link, you can attach the required documents in PDF format e.g., copy of CNIC, name availability letter, etc.

Press Save Form button after attaching the required documents.

- e. Fill New Attachment Form Articles of Association:

Click this link and attach the Articles of Association in PDF format. Press Save Form button after attaching the said file.

- f. Fill New Attachment Form Memorandum of Association:

Click this link and attach the Memorandum of Association in PDF format. Press Save Form button after attaching the said file.

Please note that all the above mentioned PDF file names should be short, without spaces, and should not contain any special characters.

- g. Fill New Bank Challan:

Click link and bank challan will be displayed. Bank Challan is automatically populated with prescribed fee and other information by the eServices application.

Press Save Form. Do not print and pay challan before submitting the process/form.

- h. Sign Forms (Obtaining digital signatures).

Sign Forms will be enabled. Click on Sign Forms link. Forms are signed using the digital certificates. Digital Certificates are obtained from the NIFT <https://secp-live.niftetrust.com/secp> Select all the eForms available Under "Select for Signature" Column. Now, select the correct Digital Signature from the drop down menu and press "Sign" button. Please note that every subscriber needs to sign the documents by logging in with his/her User ID and selecting their respective Digital Signature from the drop down menu. After all subscribers have signed forms with their respective digital signatures, "Submit to SECP" button will become active.

Click this button. All the documents will be submitted to the SECP and a process reference number will be displayed. Please keep this reference number for any future correspondence, if required.

i. Make Payment:

Payment through Challan:

Click on Submitted Processes link available on the left side of the page. Documents submitted by you along with bank challan will be displayed. Click and open challan and then press Print. Four copies will automatically be printed as original copy, applicant copy, bank copy and branch copy. The fee shall be deposited in the Bank branch selected by the applicant from the designated branches of MCB Bank Limited/United Bank Limited. The bank shall retain the branch and bank copies and return remaining two copies (original and applicant copy) to the client.

Payment through Credit Card

To facilitate investors and speed up processing time of transactions in eServices, SECP has introduced online payment of fee through Credit Cards. This facility is only available to depositors/applicants using eServices online submission option of SECP and transact through eServices portal. To make payment through Credit Card, click on "Online Payment" link available on the left side of the page, then select the relevant check box under "Make Payment" and follow procedure.

For obtaining further information regarding payment of fee through Credit Cards, please visit SECP website and see Online Payment Guide available on the eServices page.

Payment through MCB Online Fund Transfer Facility

SECP has also arranged with MCB Bank Limited to introduce an "On-line Fund Transfer (OFT)" facility whereby its depositors can pay SECP fee directly into SECP's bank account in MCB through on-line fund

transfer from their MCB Bank account, without the need to visit a branch for physically depositing the amounts. This facility is only available to depositors/applicants using eServices online submission option of SECP and transact through eServices portal.

For obtaining further information regarding MCB OFT Facility, then please visit SECP website and see Online Fund Transfer Facility Guidelines available on the main page.

The process will be initiated as soon as the SECP receives the verification of deposit of fee from the Bank.

User will receive response from the SECP via email, with any of the response, acceptance (Incorporation Certificate Dispatched through Courier), rejection or issue resolution.

For more information about eServices, please visit the website at <https://eservices.secp.gov.pk/eServices/>

Post Incorporation Requirements

a. Private companies

- i. Directors of every company are required to appoint the first chief executive not later than fifteen days from the date of incorporation and thereafter within fourteen ~~day~~ days from the date of election.
- ii. The first auditor is required to be appointed by the directors within sixty days from the date of incorporation and thereafter in each AGM of the company.
- iii. A single member company is also required to appoint a company secretary within fifteen days of incorporation or of becoming a single member company or of the office of company secretary falling vacant and notify such appointment on Form 29 within fourteen days of the date of such appointment.
- v. Any appointment, election or change in the Directors, Chief Executive, Auditors, Chief Accountant, legal adviser etc is required to be notified to the registrar concerned on Form '29' within 14 days of the said election, appointment or change.

- vi. A company is required to notify the change in its registered office on Form-21 within 28 days from the date of change.
- vii. First Annual General Meeting (AGM) of the company is required to be held within eighteen months from the date of incorporation and subsequent Annual General Meetings are required to be held once at least in every calendar year, within a period of four months following the close of its financial year and not more than fifteen months after holding of its last preceding AGM.
- ix. Annual return on prescribed Form 'A'/'B' as applicable is required to be filed with the registrar concerned once in each year made as on the date of Annual General Meeting, where no such meeting is held, on the last day of the calendar year .
- x. In case of increase in paid-up capital, the company is required to offer new shares to the existing shareholders and the offer is required to be accompanied by a circular issued under section 86(3) to all the shareholders strictly in proportion to the shares held by them and, on the allotment of shares, return of allotment on Form '3' is required to be filed with registrar concerned within 30 days from the date of allotment of shares. Partly paid shares are not allowed to be issued at all.
- xii Particulars of every mortgage or charge created by the company on its property or undertaking and every modification therein or satisfaction thereof are required to be filed and registered with the registrar concerned within 21 days after the date of its creation, modification or satisfaction .
- xiii In case of death of single member of a Single Member Company, the secretary shall manage affairs of the company till transmission of shares to legal heirs of the single member, and inform the registrar concerned about the death, provide particulars of the legal heirs and in case of any impediment report the circumstances seeking within seven days of the death of directors in the form as set out in Form S 3.

b. Public companies

- i. All the requirements meant for private companies given at serial Nos. (i) to (xii) above are also applicable to public companies. However, the listed companies are also required to file list of members on CD/DVD/USB to the Commission and the associations are required to file with the registrar concerned annual return on Form 'B' instead of Form 'A'.

- ii. List of Directors and consent of Directors and Chief Executive are required to be filed within 14 days of after the election of Directors and appointment of Chief Executive on Forms 27 & 28.
- iii. A private company may commence its business immediately after its incorporation. However, a public Company shall be entitled to commence its business after obtaining commencement of business certificate from the registrar concerned .
- iv. Statutory meeting is required to be held within a period of not less than three months but not more than six months from the date at which the company is entitled to commence business. A statutory report is required to be circulated to the members and the registrar within the time frame as prescribed under the law.
- vii. Return containing beneficial ownership of listed securities and change therein on Form 31 and Form 32 are required to be filed with the Registrar concerned and the SECP.
- viii. A listed company is also required to appoint a company secretary.

c. **Requirements for establishment of place of business by foreign companies**

A Foreign Company incorporated outside Pakistan, is required to file the following documents to the registrar concerned within 30 days from the establishment of its place of business in Pakistan. Detailed procedure is available at <https://www.secp.gov.pk/media-center/guide-books/general-guide-books/>

Virtual one-stop shop portal (VOSS)

The SECP has introduced the Virtual one-stop shop portal for integrated business registration with FBR and EOBI. A web portal has been developed to provide a single interface for investors intending to get their company registered with the SECP, followed by NTN/tax registration with the FBR, and employers' registration with EOBI.

The project will further streamline the registration process of SECP by combining name reservation, company registration and issuance of certified true copies into a

single process. VOSS portal is available for public access at <https://voss.gov.pk/Forms/frmLogin>

Fast Track Registration System

Fast Track Registration System is introduced for quick processing of availability of name, incorporation of companies, change of name of companies and charge registration, modification and satisfaction cases. It ensures quickest disposal with a minimum of four working hours. NIFT is charging a fee of Rs 300/- for urgent processing of cases under FTRS in addition to normal fee. FTRS ensures provision of services in hours, enhanced public facilitation, increase in corporatization, compliance and development of corporate sector.

Table - I

RATES OF STAMP DUTY

Stamp duty, previously levied on Memorandum and Articles of Association of a company, has been abolished by all the provincial governments. It now remains applicable in I.C.T. only, the rates of which are Rs. 60/- on Memorandum of Association and Rs. 200/- on Articles of Association. However, no stamp duty is required to be levied in case of applications submitted through eServices.

Table - II

SCHEDULE OF FEE

The Registration Fee payable by a company having share capital at different levels of capital and the other fee payable under the Ordinance are available on the following link

<https://www.secp.gov.pk/company-formation/fee-calculator/schedule-of-feesixth-schedule/>

Fee Calculator

In order to facilitate the corporate sector and the general public, Fee calculator has been provided on <https://www.secp.gov.pk/company-formation/fee-calculator/company-incorporation-fee-calculator/> for instant calculation of the registration fee as well as fee for enhancement of authorized capital.

DISCLAIMER

This guide has been developed, merely, with intent to create awareness of the concept of the relevant matters. If the reader is in doubt in dealing with any specific condition, it is suggested to refer to the Ordinance and allied laws and consult a professional consultant for seeking advice. The Commission gives no guarantee and assumes no liability for any error or omissions of the information and no one can use the information for any claim, demand or cause of action.

LOCATION AND CONTACT DETAILS OF COMPANY REGISTRATION OFFICES

Company Registration Office, Islamabad
State Life Building, 7-Blue Area, Islamabad.
Phone No: 051-9208740 Fax No: 051-9206893

Company Registration Office, Karachi
4th Floor, SLIC Building No.2,
Wallace Road, Karachi.
Phone No: 021-99213272 Fax No. 021-99213278

Company Registration Office, Lahore
3rd & 4th Floor, Associated House,
7-Egerton Road, Lahore
Phone No. 042-99200273-4 Fax No: 042-99202044

Company Registration Office, Multan
63-A, 2nd Floor,
Nawa-e-Waqt Building,
Abdali Road, Multan.
Phone No: 061-9200530/9200920 Fax No: 061-9200530

Company Registration Office, Faisalabad
2nd Floor, Faisalabad Chamber & Commerce Building,
East Canal Road, Faisalabad.
Phone No: 041-9230264 Fax No: 041-9230263

Company Registration Office, Peshawar
1st Floor, State Life Building, The Mall,
Peshawar Cantt.

Phone No: 091-9213275, Fax No: 091-9213686

Company Registration Office, Quetta

Aiwan-e-Mashriq, Plot # 4-A, Ground Floor,
Opposite FC Headquarter, Hali Road,
Model Town Quetta.

Phone No: 081-2844136 Fax No: 081-2827538

Company Registration Office, Sukkur

B-73 , Hamdard Housing Society,
Airport Road, Sukkur,

Phone No: 071-5630517 Fax No: 071-5630517