



# SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

## Incorporation Guide

(Your stepwise welcome guide for registration of new company)

UNDER THE COMPANIES ACT, 2017

NICL BUILDING, 63 - JINNAH AVENUE,  
ISLAMABAD - PAKISTAN

Ph. 051-11111-7327 Fax. 051-9100448

UAN 0800-88008

For enquiries send email at

[business.centre@secp.gov.pk](mailto:business.centre@secp.gov.pk)

## **Foreword**

The Securities and Exchange Commission of Pakistan (SECP), as a frontline regulator of the corporate sector, is actively working towards creating an enabling business ecosystem and encouraging entrepreneurship culture in Pakistan.

Corporatization and adoption of sound corporate governance framework is an integral part of creating a formalized and well-structured economy. To promote this segment, the SECP has revamped the incorporation process through simplification of requirements, reduction of costs and digitalization to increase efficiency and ensure standardization. Moreover, the process has been further streamlined through integration with Federal Board of Revenue, Employees' Old-Age Benefits Institution and business registration portals in the province of Sindh and Punjab, greatly reducing the time and hassle of setting up a new company in Pakistan.

Lack of proper awareness and guidance has been the foremost reason for low rate of registration of businesses in Pakistan, and the SECP, with a view to increase outreach and create awareness about the recently launched initiatives for ease of starting a business has developed a comprehensive guide for the benefit of entrepreneurs and the general public. This guide provides a complete overview of the legal framework, the fee structure and run-through of the application process, designed to greatly improve the user experience.

Chairman

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**Incorporation Guide**

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## **1. Introduction**

Starting and registering a company is an exciting event. This guide will walk you through the simple stepwise procedure of setting up a new company, the details of which are provided in the Companies (Incorporation) Regulations, 2017. This guide includes:

1. Legal framework for company incorporation
2. Types of Companies under the Companies Act, 2017
3. Words used in company name that require prior approval/license
4. Procedures for filing of applications for name reservation and Incorporation:
  - a. Physical submission of application
  - b. Online submission of application including:
    - How to obtain user registration
    - How to fill online name reservation and incorporation application
    - How to make fee payments.

## **2. Legal framework for company incorporation:**

The Company incorporation is regulated under various provisions of the Companies Act, 2017 (the Act) read with the Companies (incorporation) Regulations, 2017 (the Regulations). The Regulations provide detailed provisions regarding name reservation, company incorporation and additional requirements for single member company, association not for profit and foreign subscribers and their security clearance. It also provides specimen of name reservation and incorporation application.

## **3. Types of Companies under the Companies Act, 2017:**

Following three types of companies may be incorporated under the Companies Act, 2017:

- A company limited by shares
- A company limited by guarantee
- An unlimited company

### **3.1 Company limited by shares:**

Company limited by shares means a company having the liability of its members limited by the memorandum to the extent of amount, if any, remaining unpaid on the shares respectively held by them.

A company limited by share may be incorporated having following forms:

- Single member company
- Private limited company
- Public limited company

#### **• Single Member Company:**

A single member company (SMC) also known as one-man company can be registered with only one member/director. Therefore, one person may form a SMC by complying with the legal requirements. The subscriber to the memorandum of SMC is required to nominate his relative (spouse, father, mother,

brother, sister, son or daughter) as nominee in terms of section 14 of the Companies Act, 2017 (The “Act”) who in the event of death of the sole member shall be responsible for-

- (i) transfer the shares to the legal heirs of the deceased subject to succession to be determined under the Islamic law of inheritance and in case of a non-Muslim members, as per their respective laws; and
- (ii) manage the affairs of the company as a trustee, till such time the title of shares are transferred:

However, where transfer is made to more than one legal heir, the company shall cease to be a single member company and shall comply with the provisions of section 47 of the Act for conversion of SMC to private limited company.

- **Private and Public limited Company:**

Any two or more persons associated for lawful purpose may, by subscribing their names to a Memorandum of Association and complying with the requirements of the Act in respect of registration may form a private company and any three or more persons so associated may, in like manner, form a public company. A private limited company is characterized by:

- (a) limits number of shareholders to 50;
- (b) restricts right to transfer of shares; and
- (c) prohibits any invitation to the public to subscribe for the shares.

However, no such restrictions are imposed on public limited companies.

### **3.2 A company limited by guarantee:**

A company limited by guarantee means a company having the liability of its members limited by the memorandum to such amount as the members may respectively thereby undertake to contribute to the assets of the company in the event of its being wound up. It includes NPOs registered under section 42 of the Act and other companies incorporated as limited by guarantee. NPOs u/s 42 of the Act are regulated through Association with Charitable and Not for Profit Objects Regulations, 2018 accessible at link:<https://www.secp.gov.pk/document/association-with-charitable-and-not-for-profit-objects-regulations-2018/?wpdmdl=31768&refresh=60227aa491fed1612872356>

### **3.3. An Unlimited Company:**

Unlimited company means a company not having any limit on the liability of its members. The law provides that companies with unlimited liability may be incorporated.

## **4. Words used in company name that require prior approval/license:**

Some company names and business activities are restricted and require prior approval of relevant Ministries / Departments. The table below provides information in respect of name of relevant ministry/department to be approached for prior approval in some cases for reference:

S. No	Principal line of business/sector	Relevant Ministry / Department
1	a) A Banking Company b) A money exchange company	The State Bank of Pakistan.
2	a) A Non-Banking Finance Company b) Corporate Restructurings Company	Specialized Companies Division (SECP)
3	a) A Security Guard Services b) Marriage Bureau Service	Ministry of Interior (MOI)
4	An association not for profit u/s 42 of the Companies Act, 2017	Corporate Registry Department, Licensing Department (SECP)
5	A Trade Organization	License from Ministry of Commerce
6	An Insurance Company	Insurance Division (SECP)

#### **4.1 Prohibited words:**

In addition to the above, there are certain names which are prohibited provided in the below link.

<https://www.secp.gov.pk/document/prohibited-words/?wpdmdl=13903>

#### **5. Procedures for filing of applications for name reservation and Incorporation:**

Any person desirous of forming a company shall have following two options to file the application either:

- Physical submission of application as per Companies (Incorporation) Regulations, 2017 or;
- Online submission of application through e-service available at <https://eservices.secp.gov.pk/eServices>

##### **5.1 Physical Submission of application:**

Stepwise procedure for physical submission of application is as follows:

##### **Step 1: Name availability application:**

1. Download and fill the Inc-Form-1 of Regulations. Availability of name application may be accessed at link <https://www.secp.gov.pk/company-formation/formsapplications-schedule-of-filling-of-returns/applications/>
2. Generate and fill Manual Challan from link <http://challan.secp.gov.pk/manualChallnGenrator/main.faces>. Take print of challan and deposit fee in designated bank branch. Name availability fee is Rs.500/.

3. Submit filled Inc-Form-1 alongwith original paid bank challan with the registrar at any of our Company Registration Offices, located at nine different cities available at <https://www.secp.gov.pk/contact-us/>.

The registrar, if satisfied shall issue name availability letter and reserve the name for a period of sixty days from the date of issuance of the name availability letter.

## **Step 2: Incorporation application:**

1. The applicant after obtaining name availability letter can apply for incorporation of a company on Inc-Form-II of the Regulations. Company incorporation form may be accessed at link <https://www.secp.gov.pk/company-formation/formsapplications-schedule-of-filling-of-returns/applications/>.
2. Generate and fill Manual Challan from link <https://challan.secp.gov.pk/manualChallnGenrator/main.faces>. Take print of challan and deposit fee is designated bank branch. Fee may be calculated from 'fee calculator' given at link <https://www.secp.gov.pk/company-formation/fee-calculator/company-incorporation-fee-calculator/>
3. Duly filled Inc-Form-II alongwith original paid bank challan and following supporting documents may be filed with the registrar at any of our Company Registration Offices, located at nine different cities:
  - 3.1 Memorandum of Association (Sample available on SECP website);
  - 3.2 Articles of Association, where required (Sample available on SECP website).
  - 3.3 Copies of CNIC/NICOP of the subscribers/directors/chief executive officer/witness/Nominee or copy of Passport in case of a foreigner;
  - 3.4 authority letter on stamp paper of requisite value in favour of any one of the subscribers or registered intermediary.
  - 3.5 NOC/Letter of Intent/ License (if any) of the relevant regulatory authority in case of specialized business;
  - 3.6 Name Availability Letter

## **5.2 Online submission of application for Name Availability and Incorporation of the Company:**

Stepwise procedure for online submission of application is as follows:

### **5.2.1 Step 1: User Registration**

Before processing online application for seeking name availability and incorporation, Personal Identification Number (PIN) is required to be obtained for registration of user through following procedure:

1. Click <https://eservices.secp.gov.pk/eServices/>
2. Click Sign up for National or Foreign/POC holder for the new user
3. Fill the form by providing the required information

Upon successful completion of the form, user will receive a 4 digits PIN code on the provided email address and cell phone number. The PIN code received by the user shall be used to electronically sign the processes/forms.

*Note 1: - Please also note that the CNIC/passport number and password provided at the time of signup will be the user ID and the password for subsequent use.*

*Note 2: - If a company is having more than one subscriber, then each subscriber shall create his separate User ID and password in the same manner for digitally signing the incorporation form.*

After obtaining PIN, the following list of available processes will appear.

- i. Company Name Reservation
- ii. Name reservation and incorporation (combined)
- iii. LLP Name reservation
- iv. Name reservation and incorporation LLP.

**Note:** User can choose the option for name reservation and incorporation (combined process) wherein process for name reservation and incorporation can simultaneously be submitted. However, this facility is not available to the foreign companies and the companies where prior approval of the Commission/Other authority is required.

#### **5.2.2. Step 2: Fill online Name Reservation and Company Incorporation application**

**(i) Name reservation:**

For name reservation or name reservation and incorporation (combined), in data input page, provide three proposed names of company, its significance along with company kind and principal line of business in drop down menu. Select the desired kind of company and ensure that the information is correctly entered.

*(Principal Line of business will always commensurate with the name of the company as per section 26(i) of the Companies Act, 2017)*

Select the mode of payment from the drop-down option to make payment through:

- bank challan
- credit card
- ADC ePayment (1link member banks, easy paisa, mobile banking, ATM and internet banking)

In case you choose “bank challan”, then click on “locate bank”, select “bank name”, enter “city name”, click “search button” and select the bank branch from the available branches of MCB Bank Limited or United Bank Limited.

**(ii) Company information:**

In this section enter company information such as registered office/correspondence address, telephone number, email address and principal line of business.



(iii) **Authorized & Paid up Capital:**

Authorized capital means such capital as is authorized by the memorandum of the company to be the maximum amount of share capital of the company. A company cannot raise more capital than authorized by its memorandum. A company can be registered with the minimum authorized capital of Rs. 100,000 (on which minimum fee shall be charged).

Paid up capital means an amount of capital which is actually taken up by the members and subscribers of the company.

(iv) **Subscriber / Director/ chief executive details:**

Enter the particulars of subscribers, directors, chief executive in this section, to create and remove rows in the data entry form “add” and “remove” buttons have been provided in the system.

(v) **Applicant/ Declarant Details:**

In this section enter name, address, telephone number, email address, CNIC/passport number of signatory.

(vi) **Press Continue Button:**

After entering the data provided at serial number (i) to (vi) above and by pressing continue button, process document listing page will be displayed containing the following hyperlinks:

**a. Update Form(s) Data:**

Applicant can edit/update the already entered data by clicking this link.

**b. View Forms:**

Applicant can review the form generated automatically by using this link. It is pertinent to mention that this page is not editable and only available for review.

**c. Information for Third Parties:**

It is a mandatory requirement to provide officer additional information such as name of subscriber/director, personal address, country etc. by clicking this link for generation of National Tax Numbers (NTN) of company and its subscriber/directors. You may opt to register your company with (Employees Old age Benefits Institution (EOBI), Punjab Employee Social Security Institution (PESSI)/ Sindh Employee Social Security Institution (SESSI), Labor Department and Excise and Taxation Department of the Province of Punjab and Sindh through eService by providing additional information while submitting your incorporation application.

**d. Fill New Attachment and incorporation Form:**

By clicking this link, applicant can attach the documents in PDF format such as copy of CNIC, name availability letter, etc. (in case of combined incorporation process, separate attachment of name availability letter is not required).

**e. Fill New Attachment Form Articles of Association:**

By clicking this link, applicant can attach the Articles of Association in PDF format. However, if Table-A has been opted at the time of entry in the data input form, attachment of article is not required and in case of combined process, articles of association is auto-generated.

**f. Fill New Attachment Form Memorandum of Association:**

By clicking this link, applicant can attach the Memorandum of Association in PDF format. In case of combined incorporation process memorandum of association is auto-generated on selection of principal line of business/sector.

*Note: 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:**

By clicking this link, bank challan will be displayed. Bank Challan is automatically populated with prescribed fee and other information by the eServices application on the basis of authorized capital and filing fee. Then Press Save Form button to save challan form.

**Please note that do not print and pay challan before submitting the process/form.**

**h. Sign Forms using PIN:**

Forms are signed using the Personal Identification Number (PIN). Please note that every subscriber needs to sign the documents by logging in user ID and entering their respective PIN. After all subscribers have signed forms with their respective PIN, "Submit to SECP" button will become active. By 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.

**5.3 Step 3: Make fee Payment:**

There are following two modes through which applicant can make fee payments:

- **Payments through manual Bank Challan**
- **Payments through Online modes:**
  - Through credit card
  - Through ADC payment (1Link banking network)
  - Through MCB online fund transfer.

- **Payment through manual Bank Challan:**

Click on Submitted Processes link. Documents submitted 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. On payment, the bank shall retain the branch and bank copies and return remaining two copies (original and applicant copy) to the client.

- **Payments through Online modes:**

- **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, 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 at <https://www.secp.gov.pk/document/eservices-online-payment-guide/?wpdmdl=17369>

- **Through ADC ePayment (1LINK Banking Network)**

In order to further facilitate the SECP has enhanced the payment option by introducing 1link payment facility. Now fee can be paid through internet banking, mobile banking, ATM, easy paisa using 1LINK network. The applicant has to select SECP as a biller after login to internet banking or after login to ATM machine.

- **Payment through MCB Online Fund Transfer.**

The SECP has also arranged with MCB Bank Limited an “On-line Fund Transfer (OFT)” facility to pay SECP fee directly into SECP’s bank account in MCB through on-line fund transfer from applicant’s 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, please visit SECP website and see Online Fund Transfer Facility Guidelines available on the main page.

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

**6. Additional documents in case of foreign national as director /subscriber:**

In case a foreign national individual or a foreign entity is a shareholder in proposed company following additional documents are required for security clearance.

1. An undertaking on a prescribed format available on SECP website (in original) stating that in case security clearance is not provided by the concerned department the member shall transfer shares.
2. Five copies of CV/bio data of all foreigners (including nationality, country of origin, local and foreign address, local and foreign contact number, Father's Name) along with passport size photographs.
3. Profile of foreign company, list of its directors (along with their nationality and country of origin) & certified copies of its statute and certificate of incorporation.
4. BOD resolution of the foreign company specifying its intention to incorporate a company in Pakistan with proposed shareholding and nomination of a person who will represent the foreign company.

**7. Certificate of incorporation:**

On successful submission of process and payment of requisite fee, the documents are processed by the relevant Company Registration Office (CRO) and online certificate of incorporation shall be issued through email.

**8. One window facility for company incorporation and NTN registration**

Data collected by the SECP is shared with FBR for registration of free NTN. User ID password and PIN generated by FBR is sent on the email address and cell number of Chief Executive of the company as soon as the registration is completed at FBR.

**9. Fee Schedule:**

The registration and filing fee payable by a company under the Act is available at the following link <https://www.secp.gov.pk/company-formation/fee-calculator/schedule-of-feesixth-schedule/>

**10. Fee Calculator:**

In order to facilitate the corporate sector and the 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 Act 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.

**List of Company Registration Offices and Business Centre:**

**Karachi**

1. **Company Registration Office,  
4th Floor, State Life Building No.2, Karachi.  
Phone: 021-99002062  
Email: [crokarachi@secp.gov.pk](mailto:crokarachi@secp.gov.pk)**

**Lahore**

2. **Company Registration Office,  
3rd & 4th Floors, Associated House,  
7-Egerton Road, Lahore.  
Phone: 042- 99014062  
Email: [crolahore@secp.gov.pk](mailto:crolahore@secp.gov.pk)**

**Islamabad**

3. **Company Registration Office,  
State Life Building, 7-Blue Area, Islamabad  
Phone: 051-9208740, Fax 051-9206893  
Email: [croislamabad@secp.gov.pk](mailto:croislamabad@secp.gov.pk)**

**Peshawar**

4. **Company Registration Office,  
1st Floor, State Life Building,  
The Mall, Peshawar Cantt.  
Phone: 091-9213178, Fax 091-9213686  
Email: [cropeshawar@secp.gov.pk](mailto:cropeshawar@secp.gov.pk)**

**Multan**

5. **Company Registration Office,  
63-A, Nawa-i-Waqt Building, Abdali Road, Multan.  
Phone: 061-9200530 Fax 061-9200530  
Email: [cromultan@secp.gov.pk](mailto:cromultan@secp.gov.pk)**

**Faisalabad**

6. **Company Registration Office,  
356-A, Al-Jamil Plaza,  
1st Floor, Peoples Colony, Small D Ground,  
Faisalabad.  
Phone: 041-9220284 Fax: 041-9220152  
Email: [crofsb@secp.gov.pk](mailto:crofsb@secp.gov.pk)**

<b>Quetta</b>	
7.	<p>Company Registration Office,  382/3, (IDBP House), Shahrah-e-Hali, <u>Quetta Cantt.</u>  Ph: 081-2844136 Fax: 081-2899134  Email: <a href="mailto:croqta@qta.paknet.com.pk">croqta@qta.paknet.com.pk</a></p>
<b>Sukkur</b>	
8.	<p>Company Registration Office,  House # 28, Hamdard Housing Society,  Airport Road, <u>Sukkur.</u>  Ph: 071-5633757 Fax: 071-5630517  Email: <a href="mailto:croskr@hotmail.com">croskr@hotmail.com</a></p>
<b>Gilgit</b>	
9.	<p>Company Registration Office:  House No. 2, Ayub Colony,  Near Apna Bank,  Jutiyal, <u>Gilgit</u>  Phone No: 05811-922572  Email: <a href="mailto:nadeem.abbasi@secp.gov.pk">nadeem.abbasi@secp.gov.pk</a></p>
<b><u>Business Centre (Islamabad):</u></b>	
10.	<p>Mezzanine Floor, NIC Building, Jinnah Avenue, Blue  Area Islamabad  Phone, 051-9195118, 9195262  Email. <a href="mailto:business.centre@secp.gov.pk">business.centre@secp.gov.pk</a></p>