

GOVERNMENT OF PAKISTAN  
SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

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Islamabad, the 9<sup>th</sup> April, 2015

**NOTIFICATION**

S.R.O. 243(I)/2015.- In exercise of the powers conferred by section 506 of the Companies Ordinance, 1984 (XLVII of 1984), read with clause (b) of section 43 of the Securities and Exchange Commission of Pakistan Act, 1997 (XLII of 1997), the Securities and Exchange Commission of Pakistan, with the approval of the Federal Government, is pleased to make the following amendments in the Single Member Companies Rules, 2003, having been previously published as required by sub-section (1) of the said section 506, namely:

In the aforesaid Rules, -

(1) in rule 2, in sub rule (1),-

(a) clauses (a) and (c) shall be omitted;

(b) after clause (c), omitted as aforesaid, the following new clause shall be added, namely:-

“(ca) “non-member director” means an individual who is not a member, but has been nominated as director by and due to membership of a body corporate, government or an institution or authority in terms of proviso (i) of clause (h) of section 187 and in such situation the body corporate shall be deemed to be an institution in terms of the said proviso and for the purposes of these rules only;” and

- (c) in clause (h), after the word “director”, at the end, the words “and includes a non-member director” shall be added;
- (2) for rule 3, the following shall be substituted, namely:-
- “3. **Single member company.**- A single person may form a private company limited by shares having only one member to be called a single member company.”;
- (3) in rule 4, in sub-rule (1), in clause (b), for sub-clause (i), the following shall be substituted, namely:-
- “(i) the secretary shall take steps for transfer of shares in name of legal heirs of the single member within seven days of the receipt of succession certificate and in case of any impediment, report the circumstances of the case to the registrar on Form S3.”;
- (4) for rule 7, the following shall be substituted, namely:-
- “7. **Transfer of management.**- (1) In case of death of the single member, the secretary, shall-
- (a) manage affairs of the company till transmission of shares to legal heirs of the single member;
  - (b) 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 directions in the form as set out in Form S3;
  - (c) after satisfying himself of compliance with all the requirements of the relevant laws, transfer the shares to the legal heirs along with the management in accordance with the applicable laws; and
  - (d) call the general meeting of the members to elect directors.

(2) In case of any impediment due to transfer of shares or election of directors or any other circumstances, the registrar concerned shall call or direct to calling of meeting of the legal heirs, in exercise of the powers conferred by section 170 in such manner as he deems fit and give such directions with regard to election of directors and making alteration in the articles, if any, and such ancillary and consequential directions as he thinks expedient in relation to calling, holding and conducting of the meeting.”;

(5) in rule 9, for sub-rule (5),the following shall be substituted, namely:-

“(5) A certified copy of the order containing approval under sub-rule (1), together with a notice in the form as set out in Form S5 shall be filed with the registrar concerned within fifteen days of the approval of the Commission for change of status to single member company.”;

(6) after rule 11, the following new rule shall be added, namely:-

“12. **Penalty for contravention of these rules.-** Whoever fails or refuses to comply with or contravenes any provision of these rules or knowingly and willfully authorizes or permits such failure, refusal or contravention shall, in addition to any other liability under the Ordinance, be also punishable under the provisions of sub-section (2) of section 506.”;

(7) Form S1, shall be omitted;

(8) in Form S3, in item No. 10, for the words “nominee director” the word “secretary” shall be substituted;

(9) in Form S4, after item No. 9, the following new item No. 9a shall be inserted, namely:-

“9a Date of passing of special resolution:

Day            Month            Year  
□ □            □ □            □ □ □ □ ”;

- (10) in Form S5, after item No. 7, the following new item No. 7a shall be inserted, namely:-

“7a Date of approval of the Commission

Day	Month	Year
<input type="text"/> <input type="text"/>	<input type="text"/> <input type="text"/>	<input type="text"/> <input type="text"/> <input type="text"/>

(Attach copy of approval of the Commission)”; and

- (11) in Form S8,-

(a) in regulation 1,-

(i) clause (a) shall be omitted;

(ii) for clause (e), the following shall be substituted, namely:-

“(e) “member director” means a director which is a member of the company;”;

(iii) after clause (e), substituted as aforesaid, the following new clause shall be added, namely:-

“(ea) “non-member director” means an individual who is not a member, but has been nominated as director due to membership of a body corporate, government or an institution or authority in terms of proviso (i) of clause (h) of section 187 and the body corporate in such a situation shall be deemed to be an institution in terms of the said proviso and for the purposes of these rules only;”;

(iv) clause (f) shall be omitted; and

(v) in clause (k), for the words “the single member”, the words “includes a non-member director”, shall be substituted;

(b) for regulation 5, the following shall be substituted, namely:-

“5. Share certificate shall be issued under the seal of the Company and shall be signed by the member director or the non-member director, as the case may be, and in case of death of member director, by the secretary.;

- (c) in regulation 11, the words, "and the nominee director" shall be omitted;
- (d) in regulation 13, the words "and the nominee director" shall be omitted;
- (e) in regulation 18, for the word "members", occurring for the second time, the words "the single member" shall be substituted;
- (f) for regulation 20, the following shall be substituted, namely:-

"20. If a sole director or the single member takes any decision which is required to be taken in a meeting of the board or in the general meeting or by means of a resolution and such decision is delivered in writing by the sole director and the single member, as the case may be, within three days of such decision, to the company for entry in the minute book and is so recorded, that decision shall be valid as if the decision is made in such a meeting.";

- (g) for regulation 22, the following shall be substituted, namely:-

"22. The board shall not have the power to remove the member director or the non-member director but the single member shall have the power to remove any director, chief executive or secretary through a resolution.";

- (h) after regulation 25, the following new regulation shall be inserted, namely:-

"25A. The directors may hold their meetings through tele or video conferencing in emergent situation where it is not possible for them to be physically present at the venue of the meeting, provided that the minutes of such meeting are approved and signed subsequently by all the directors who participated in such meeting, requirements of the requisite quorum and other legal formalities relating to holding of such meetings have been observed and tele or video recording of the proceedings of the meetings are kept for the purpose of record.";

- (i) in regulation 27, for the words "at the time", the words "within fifteen days", shall be substituted;
- (j) in regulation 28, for the words "sole director", the words "single member", shall be substituted;
- (k) for regulation 34, the following shall be substituted, namely:-

"34. The director shall provide for safe custody of the seal and the seal shall not be affixed to any instrument except by the authority of a resolution of the board of directors or by a committee of directors authorized in that behalf by the member director or the non-member director and in the presence of at least member director or the non-member director and of the secretary or such other person as the directors may appoint for the purpose and the member director or the non-member director and the secretary or other person as aforesaid shall sign every instrument to which the seal of the company is affixed in their presence."; and

- (l) after regulation 36, the following new regulation shall be added, namely:-

"DISPUTE RESOLUTION

37. In the event that a dispute, claim or controversy arises between the company and its management or between the directors *inter se*, all steps shall be taken to settle the dispute and resolve the issue through mediation by an accredited mediator before taking recourse to formal dispute resolution such as arbitration or litigation."

[No. CLD/RD/602(01)2003]

  
(Bushra Aslam)  
Secretary to the Commission