

GOVERNMENT OF PAKISTAN
SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

-:-:-

Islamabad, the 1st November, 2019

NOTIFICATION

S.R.O. 1306 (I)/2019.- In exercise of the powers conferred by section 15 of the Corporate Restructuring Companies Act, 2016 (XXXII of 2016), 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 rules, the same having been previously published vide Notification S.R.O 35(I)/2018 dated 17th January, 2018 namely: -

1. Short title and commencement.- (1) These rules shall be called the Corporate Restructuring Companies Rules, 2019.

(2) These shall come into force at once.

2. Definitions. - (1) In these rules , unless there is anything repugnant in the subject or context,-

- (a) **“Act”** means the Corporate Restructuring Companies Act, 2016 (XXXII of 2016);
- (b) **“Companies Act”** means the Companies Act, 2017 (XIX of 2017); and
- (c) **“Form and Annexures”** means form and annexures appended to these rules.

(2) The words and expression used in these rules but not defined herein shall have the same meaning as assigned thereto in the Act and the Companies Act, 2017 (XIX of 2017)

3. Eligibility and licensing procedure.- (1) Any person may apply to the Commission for grant of licence to carry on business as a corporate restructuring company under the Act subject to the following eligibility criteria, namely:-

- (a) the promoters and directors are, in opinion of the Commission, the persons of means and integrity and have special knowledge and experience of matters regarding restructuring of companies in distress, financial engineering techniques and skills and capacity to deal with the out of court work out;
- (b) the promoters have given an undertaking that they shall not enter into any agreement or utilize the assets of the financial institutions or companies for personal gain;
- (c) a company shall be incorporated with such paid up capital as may be specified by Commission in consultation with the State Bank of Pakistan and with approval of Ministry of Finance;

- (d) proposed director, officer or employee of such company shall not be such a person who has been convicted of any offence involving fraud or breach of trust and adjudged as insolvent or who has suspended payment or has compounded with his creditors;
- (e) there is no instance of overdue or past due payment to a financial institution, irrespective of amount, appearing in the latest consumer credit information report (CCIR) of the person and of the companies, Limited Liability Partnerships, firms, or sole proprietorships where promoter is chief executive, director (other than nominee director), partner or owner; and
- (f) any other requirement as the Commission may deem fit.

(2) The application under sub-rule (1) shall be on the format as provided in Form-I along with such supporting documents as provided in the Annexure A along with payment of fee of fifty thousand Rupees deposited with the designated bank branch and accounted for to the Commission.

(3) The application under sub-rule (1) may be made by the applicant himself or through a person duly authorized in this behalf, who is either -

- (a) a person named as subscriber or director in the articles or a chief executive ; or
- (b) an intermediary duly registered with the Commission under the Intermediary (Registration) Regulations, 2017.

(4) The Commission, after satisfying itself that the applicant meets the eligibility criteria as provided in sub-rule (1), may approve the application and direct the applicant to incorporate the corporate restructuring company and intimate the Commission immediately.

(5) Subject to intimation under sub-rule (4), the Commission may, on being satisfied that the applicant is eligible for licence under these rules, grant a licence on the format as set out in Form-II, subject to such general or special conditions as it may deem fit to impose or that may be subsequently imposed.

(6) The licence granted shall remain valid unless voluntarily surrendered by the corporate restructuring company or cancelled by the Commission.

(7) Any person providing services of or holding himself out as corporate restructuring company at the time of coming into force of these rules shall get licence from the Commission under these rules within a period of six months from the date of notification of these rules in the official Gazette or such extended period as may be allowed by the Commission on application made by the company.

(8) The Commission may refuse to grant a licence after giving a reasonable opportunity of hearing to the applicant, if in opinion of the Commission such applicant does not fulfill the requirements prescribed in the Act and these rules and where the Commission, after taking into account the facts, is of the view that it is not in the interest of investor or

financial services market to grant such licence.

(9) The order of refusal to grant a licence shall be communicated to the applicant stating therein the grounds of rejection.

(10) A corporate restructuring company whose application for the grant of licence is refused under sub-rule (8) shall, within three months from date of order of such refusal, take necessary steps to either get its name struck off from the register in terms of section 426 of the Companies Act or get itself wound up voluntarily.

(11) In case of failure to take any of the actions under sub-rule (10), the Commission may make an application to the Court having jurisdiction for winding up of the company in the manner prescribed in sub-section (3) of section 13 of the Act.

4. Cancellation of licence.- (1) Subject to section 11 of the Act, the Commission may, after providing to corporate restructuring company a reasonable opportunity of being heard, cancel the licence of a corporate restructuring company, if -

- (a) in opinion of the Commission, the corporate restructuring company has been in violation of any provision of these rules or condition of licence; or
- (b) any of its directors or chief executive is by a competent court of law convicted for an offence of fraud or any criminal offence of moral turpitude; or
- (c) it is declared undischarged insolvent by a court;
- (d) it is wound up by an order passed by a court of competent jurisdiction; or
- (e) it voluntarily makes application to the Commission and the Commission, upon being satisfied that the corporate restructuring company has completed all the formalities for closure of its business, including but not limited to pending obligations, accepted the application.

(2) The Commission may, while cancelling licence of a corporate restructuring company, take such measures and issue such directions as it deems appropriate as are not inconsistent with the Act.

5. Declaration by companies or financial institutions.- The financial institutions or companies availing services of corporate restructuring company licensed by the Commission for recovery of its non-performing assets shall provide full support and assistance in the provision of documentation including details of obligations, claims, registered interests, pending or threatened litigation through disclosures of all cases and the court in which such litigations or cases are pending, amount of claims, finance or loan pertaining to the non-performing assets granted by the companies or financial institutions to the obligator and the collateral thereof held by the financial institutions and any part payments of the finance or loan made by the obligator to the company or the financial institution.

To,
The Securities and Exchange Commission of Pakistan

Subject: **APPLICATION FOR GRANT OF LICENCE TO FUNCTION AS A CORPORATE
RESTRUCTURING COMPANY (PROPOSED)**

1. Applicant details

Proposed Name
of the Company

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2. Payment details

Name of Bank
Branch

--

Fee Paid
Date of Receipt

--

Receipt No.

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3. Particulars of proposed subscribers:

Name in full	CNIC No. or passport No. (in case of foreign national)	Father's/ Husband's Name	Usual residential address	Nationality	Name(s) of companies, LLPs, firms, or sole proprietorships where subscriber is chief executive, director, partner or owner
(1)	(2)	(3)	(4)	(5)	(6)

4. It is requested to kindly allow incorporation of the proposed company and grant licence under rule 3 of the Corporate Restructuring Rules, 2019 having regard to the information stated /attached.

5. It is certified that the information provided in the application and the attached documents are correct to the best of my knowledge and belief and nothing is concealed. I have also scrutinized the application and the accompanying documents, and is satisfied that the same are drawn up in conformity with the provisions of the Corporate Restructuring Companies Act, 2016 and rules made thereunder and fulfill the eligibility criteria and conditions for the grant of licence.

6. **Particulars of the authorized representative:**

Signature	
Full Name (in Block Letters)	
Father's/ Husband's name	
Nationality	
CNIC No.	
Full Address	

7. **Date**

Day	Month	Year	

ANNEXURE A

[see rule 3 (2)]

DOCUMENTS TO BE SUBMITTED WITH THE APPLICATION UNDER RULE 3

The application shall be accompanied by the following information/documents/statements:-

- (a) An 'affidavit/undertaking' on the stamp paper of appropriate value from each proposed subscriber as specified;
- (b) 'Power of Attorney' (Authority Letter) on the undermentioned format on Stamp Paper of appropriate value made by all the subscribers in favor of a person (meeting the criteria mentioned in the rules) to present the application before the Commission on their behalf, and to make other amendments, additions, corrections etc., in the documents and also to collect licence as specified;
- (c) Copy of draft Memorandum and Articles of Association;
- (d) Copies of CNICs/passport (in case of foreign national) of all proposed subscribers and authorized representative;
- (e) Brief Bio-data/ Resume including previous experience of all the applicants on the undermentioned format;
- (f) Copy of valid availability of name letter / email issued by Company Registration Office indicating that the proposed name is available;

- and
(g) Original paid Challan or other prescribed receipt for payment of fee.

**To be signed by each subscriber
AFFIDAVIT / UNDERTAKING**

I, Mr. _____ son of _____, CNIC/Passport number _____ resident of _____ and promoter of [Name of proposed Company] do hereby, solemnly affirm and testify that the contents of the application under rule 3 of the Corporate Restructuring Companies Rules, 2019 and annexed documents are true and correct to the best of my knowledge and belief and declare that:-

- (a) I have special knowledge and experience of matters regarding restructuring of companies in distress, financial engineering techniques and skills and capacity to deal with the out of court work out required for the attainment of object of the corporate restructuring company;
- (b) I have not been associated with any money laundering or terrorist financing activities and neither have approved receipt of nor received such monies and likewise neither have approved disbursement of nor disbursed such monies in any manner for money laundering or terrorist financing purposes;
- (c) I have not been associated with any illegal banking business, deposit taking or financial dealings;
- (d) I have never been convicted of fraud or breach of trust or of an offence involving moral turpitude or removed from services for misconduct;
- (e) I have neither been adjudged an insolvent nor has suspended payment to any financial institution or any other person or has compounded with any creditors;
- (f) I and the companies, LLPs, firms, or sole proprietorships where I am chief executive, director (other than nominee director), partner or owner has no overdue payment of any financial institution;
- (g) Neither I nor companies in which I am a director or major shareholder have defaulted in paying taxes as on the date of application;
- (h) I have not been a sponsor, director or chief executive of a defaulting cooperative finance society or finance company;
- (i) I have never remained nor am on the exit control list of the Ministry of Interior;
- (j) I shall not enter into any agreement or utilize the assets of the financial institutions for any personal gains;
- (k) I am fully aware of the affairs of the corporate restructuring company particularly the application under rule 3 of the Corporate Restructuring Companies Rules, 2019; and
- (l) Whatsoever stated in the application and accompanied documents is true and nothing has been concealed in the application.

Deponent
(Signature of subscriber)

Note: To be made on stamp paper of requisite amount and duly attested by an Oath Commissioner.

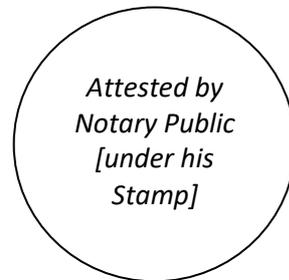
Power of Attorney / Authority Letter

We, the following persons, being subscribers of the proposed company, namely,
 do hereby appoint and authorize Mr./Ms
 Son/daughter of resident of
 whose signatures are given below, to present us before the
 Securities and Exchange Commission of Pakistan to submit application/ papers for grant of
 licence under rule 3 of the Corporate Restructuring Companies Rules, 2019, and to make
 necessary amendments required by the SECP, to collect licence and to sign and give necessary
 explanation on our behalf in relation to the above and the allied matters.

Sr.	Name of subscriber	Signature
(1)	(2)	(3)

Signature:
 [Authorized Representative]
 Full Name with CNIC Number

Witness to the signatures:
 Signature:
 Full Name, CNIC Number,
 Father's/ Husband's Name,
 Occupation and Full Address
 Date: Place:



Note: To be made on stamp paper of requisite amount and duly attested by Notary Public.

RESUME

[To be used in application to seek grant of license to a Corporate Restructuring Company]

Promoter's Name: _____
Nationality: _____
NIC (Computerized)/
Passport No. (in case of
foreigner) _____
Old NIC No: _____
National Tax Number: _____
Date of Birth / Age: _____
Father's/Husband's
Name: _____

Postal Address: _____

Permanent Address: _____

Email / Telephone / Fax _____
No. _____

Educational Qualifications: _____

Experience Details (with reference dates, period/ length of experience, organizations, nature of projects/work responsibilities regarding each of the office held/job performed to be stated in the following three sections):

A. Now working as (describe offices held at the moment and related work responsibilities):

B. Previous Experience relating to Main Objects of the proposed Corporate Restructuring Company:
1. _____

2. _____

3. _____

C. Other experience:
1. _____

2. _____

3. _____

Signature: _____

Name: _____

[To be signed by the promoter himself /herself or the authorized person presenting documents]

Note: *If needed, the space for experience detail may be expanded or extra pages annexed.*

Form-II
[see rule 3 (5)]

**LICENCE UNDER SECTION 4 OF THE CORPORATE RESTRUCTURING
COMPANIES ACT, 2016**

[Licence No. -----]

Whereas it has been proved to the satisfaction of the Securities and Exchange Commission of Pakistan (the "Commission") that the company named as-

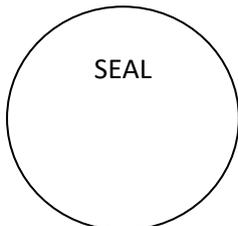
[Name of Company]

formed with the primary object "[Main Objects]" and other objects contained in its Memorandum of Association is capable to function as a corporate restructuring company under the Corporate Restructuring Companies Act, 2016 (the "Act").

2. Now, therefore, in pursuance of sub-section (2) of section 4 of the Act, the Commission is pleased to grant the licence to the said Corporate Restructuring Company.

3. This licence is granted subject to the conditions as mentioned overleaf.

4. Given under my hand at Islamabad this _____ day of [month, year].



(Signature)
Name and designation of licencing authority

**Conditions for grant of licence to
[Name of Company]**

- (1) The subject company shall have a minimum paid up capital _____
- (2) The subject company (CRC) shall conduct due diligence at the time of acquiring / buying non-performing assets from a financial institution/ company.
- (3) No new director in lieu of the retiring / resigning/ casual vacancy shall be appointed by the Company unless prior approval of the Commission on application to appoint him/her as director is obtained.
- (4) The directors, officers or employees of the subject company, at all times, shall ensure compliance with the eligibility criteria specified in the Corporate Restructuring Rules, 2019.
- (5) No change in the Memorandum and Articles of Association of the company shall be made except with the prior approval of the Commission.
- (6) The company in all its letterheads, documents, signboards, modes of communication shall, with its name, state the phrase "A corporate restructuring company set up under Corporate Restructuring Act 2016".
- (7) The company shall comply with all other conditions as contained in its Memorandum of Association and in case of any conflict, the above listed conditions shall prevail.
- (8) The company shall comply with such conditions as may be imposed by the Commission from time to time.

Islamabad

File No.

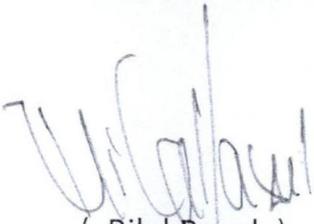
Date:

[Month, Year]

Initials of licensing authority

Licence No.-----

[No. CLD/CCD/602/24/2016]


(Bilal Rasul)
Secretary to the Commission