



## Press Release

*April 7, 2015*

*For immediate release*

### **SECP approves the draft Limited Liability Partnership Bill, 2015**

ISLAMABAD, April 7: The Securities and Exchange Commission of Pakistan (SECP) has approved the draft Limited Liability Partnership Bill, 2015 (LLP) after extensive consultation with all the relevant stakeholders.

The law has been approved by the Commission and forwarded to the Finance Division for its further process.

The proposed law provides for a new form of business structure, which would fill the gap between business firms such as sole proprietorships, and partnerships, the liability of whose partners is unlimited and the companies governed under the Companies Ordinance, 1984 whose members enjoy the benefit and privileges of limited liability.

The LLP regime will also provide a platform to small and medium enterprises, which will in turn increase their global competitiveness, and enable the professional firms of chartered accountants and legal practitioners etc., to convert their firms into the newly introduced form of business.

The introduction of the proposed LLP provides for an alternative form of business organization, where there is flexibility of a general partnership and to avail all the advantages and privileges of a limited liability company. Besides, the right of a partner to a share of the profits are transferrable either wholly or in part. However, the transfer of any such rights will not cause dissolution of the LLP. The draft law also provides for the conversion from firms to LLPs and also the private companies into LLPs. Most importantly the LLPs would be taxed as a partnership, but will have the benefit of being a corporate, or more significantly, a separate juristic entity having perpetual succession but distinct from its partners.

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