



## Press Release

*October 23, 2014*

*For immediate release*

### **SECP completes consultation process on LLP**

**Karachi, October 23, 2014:** The Securities and Exchange Commission of Pakistan (SECP) in collaboration with United States Agency for International Development (USAID) through its Firms Project, launched a series of consultative and advocacy sessions throughout the country to introduce the concept of Limited Liability Partnership (LLP) in Pakistan. A string of five major sessions, attended by government representatives, business leaders, members of academic institution and other stake holders, were held in Karachi, Lahore, Islamabad, Sialkot and Faisalabad between October 13 to October 23, 2014.

Corporate and financial sector experts, in their presentations explained that LLP is a form of business entity which will permit individual partners to be shielded from joint accountability created by another partner's business decision or misconduct. In short, this will fill the gap between different business firms such as sole proprietorship/ partnership and companies registered under the Companies Ordinance, 1984. It was also brought out that the growth of Pakistan's economy is contingent on the role played by its entrepreneurs as well as its technical and professional manpower. There is a dire need of an alternative to the traditional partnership and company structure, to enable professionals, entrepreneurs and SMEs to combine, organize and operate in flexible, innovative and efficient manner.

The two primary considerations for the introduction of LLPs in Pakistan are the "Risk Factor Advantage" associated with such an enterprise and the "Enhanced Global Competitive Advantage"- an LLP vehicle offered to Pakistani professionals. Further introduction of LLP would act as a step towards documentation of the economy and will convert an informal, unregistered, and unregulated sector into a formal and regulated regime.

Mr. Main Ahmad Ibrahim, Joint Director SECP, highlighted the role of the Chairman SECP, Mr. Tahir Mehmood, who has accelerated the corporate sector reform process. He said that "Chairman SECP believes that corporates are the engines of economic growth and the Pakistani economy, with its potential and untapped strengths, generates and invites global interest both for investment opportunities as well as wealth creation, he further stated that the Chairman SECP has a vision which aligns with the mission of the Government to engage the public and stakeholders in formulating legislation and policy".

Ms. Kanwal Bokharey, Senior Economic Growth Advisor USAID stated that "USAID holds a long-standing commitment and interest in the economy of Pakistan and development of its financial sector."

Dr. Asif Chishti Deputy Leader USAID Firms for Business Enabling stated that "Introduction of LLP will provide an alternative form of business organization, where there is flexibility of a general partnership and on the other hand all the advantages of Limited Liability Company. This will be a major step for the small businesses to get themselves organized as incorporated entities and documentation of economy."

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Consultant SECP, Mr Muhammad Mushraff Khan, appreciated the USAID for their commitment in making these events possible and on behalf of the Securities and Exchange Commission of Pakistan he thanked Dr. Asif Chishti and Kanwal Bokharey from USAID for their incessant assistance and contributions.

These advocacy and consultative sessions were the first step in the directions of having a LLP regime in Pakistan. These sessions were aimed to provoke critical examination of the concept paper and the Draft Bill by all stakeholders. The SECPs reason to consult was to garner views and preferences, to understand possible unintended consequences of a policy and to get views on implementation of the law. SECP believes that increasing the level of transparency and increasing engagement with interested parties improves the quality of policy making and these sessions were a step in furtherance thereof.

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