



**PRESS RELEASE**

**April 23, 2013**

**For Immediate Release**

**PRESS RELEASE**

**SECP proposes amendments to the Single Member Companies Rules**

ISLAMABAD, April 23: The Securities and Exchange Commission of Pakistan (SECP) in order to facilitate the entrepreneurs has proposed important amendments to the Single Member Companies Rules, 2003. (SMC Rules)

SMC Rules were introduced in Pakistan in the year 2002 and detailed framework for registration of Single Member Companies were provided vide Single Member Companies Rules, 2003 notified through S.R.O. 1086 (I)/2003 dated 02.12.2003. The new law was aimed to allow small businesses to be incorporated, limiting the liability of their members and enabling them to deal with public entities that are required to contract with companies rather than individuals.

A period of about a decade has elapsed since the introduction of single member company law in Pakistan and it was observed that the concept of the Single Member Company could not flourish as per expectations. The major hurdle in the way of concept, as per entrepreneurs, seems to be the cumbersome pre-incorporation procedures.

Keeping in view the problems of businessman, the requirements of nominee and alternate nominee directors as well as particulars and documents of the legal heirs of the Single Member have been proposed to be deleted from the SMC Rules. At present, SMCs have to provide particulars and documents pertaining to the legal heirs as well as nominee and alternate nominee directors along with their consents. These requirements were considered hurdle in promoting the SMCs and therefore, have been proposed to be abolished in the amended Rules.

An explicit provision regarding nominee of single member has been added in amended Rules. Moreover, a provision regarding incorporation of SMC by corporate legal person has been added. Additionally, the role of nominee has been defined in case of death of single member, i.e. succession mechanism. A provision has also been added regarding penalty in case of violation of SMC Rules.

**Imran Ghaznavi | Head, Media and Corporate Communications Department/Spokesperson**

Securities and Exchange Commission of Pakistan

NIC Building, 63 Jinnah Avenue, Blue Area, Islamabad – 44000 Pakistan

Direct # +92 51 9206513 Fax # +92 51 9206515 Cell: +92 333-5116666

Email: [imran.ghaznavi@secp.gov.pk](mailto:imran.ghaznavi@secp.gov.pk)

[www.secp.gov.pk](http://www.secp.gov.pk)

The SMC Rules notification has been sent to Law and Justice Division for vetting through Ministry of Finance. Afterwards, these shall be published in Official Gazette for seeking stakeholders' opinion. It is envisaged that the amended Rules shall provide a hassle free regulatory mechanism and shall help flourish growth of SMCs.

**Tickers:**

1. SECP has proposed number of amendments in Single Member Companies Rules, 2003
2. Amended Rules abolish the provisions related to nominee and alternate nominee directors.
3. Enabling provision regarding corporate legal person intending to incorporate a single member company has been included.
4. Succession mechanism for single member has also been clarified.

---

**Imran Ghaznavi | Head, Media and Corporate Communications Department/Spokesperson**

Securities and Exchange Commission of Pakistan

NIC Building, 63 Jinnah Avenue, Blue Area, Islamabad – 44000 Pakistan

Direct # +92 51 9206513 Fax # +92 51 9206515 Cell: +92 333-5116666

Email: [imran.ghaznavi@secp.gov.pk](mailto:imran.ghaznavi@secp.gov.pk)

[www.secp.gov.pk](http://www.secp.gov.pk)