



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN
Media and Corporate Communications Department

PRESS RELEASE

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SECP taking measures to prevent corporate disputes

ISLAMABAD, July 10: In an effort to prevent corporate disputes, the SECP has decided to introduce share transfer return to be filed by the company with the registrar within 15 days from the date of such transfer. At present, the company is required to file return on an annual basis. This will help in timely detection of any disputes in share transfer and its resolution.

This is one of the decisions that the SECP has made in light of the recommendations of the committee, that the SECP Chairman had formed on June 12, 2015, to ascertain the causes of corporate disputes and make its recommendations to minimize such disputes. His concern over growing incidence of such disputes between the shareholders and the management or within the management of a private limited company had prompted him to form this committee.

In case of transfer of shares to non-member, the transferor shall be obliged to make first offer to the existing shareholders. The company, in case of further allotment of shares, shall be obligated to send offer of new shares to the existing members at least 15 days before the last date of the acceptance of offer. In case of disproportionate allotment the registrar shall enquire the factual position from the concerned members before the registering the return for allotment.

Furthermore, the signature of the outgoing director, in addition to CEO/secretary, have to be affixed on the return notifying resignation of the director. Alternatively, Form 29 should be supported by the resignation letter of the outgoing director along with copy of the CNIC. In case it is not possible to obtain signatures, the returns are required to be supported by the resignation letter from the outgoing director.

This will require amendments to the corporate legal framework, which would be done in due course.