



The Draft Companies Bill being submitted to the Finance and Law Ministries for vetting and initiation of the legislative process

Islamabad, July 18, 2016: The Chairman, Securities and Exchange Commission of Pakistan (SECP) along-with SECP team, today briefed the Honorable Minister for Finance on the progress made in the draft Companies Bill, 2016. The Chairman SECP apprised the Honorable Minister that a detailed consultative process has been undertaken with respect to the draft Companies Bill, 2016 in the light of Honourable Minister earlier direction and in the light of valuable stakeholder comments and feedback the draft Companies Bill has been duly amended.

The Honorable Minister advised that the draft Bill may be formally submitted to the Ministry of Finance and Ministry of law for legal vetting and initiate the legislative process with the respect to the draft Bill.

Meanwhile, certain new concepts were also discussed including the provisions to ensure corporate transparency and facilitate meaningful due diligence whereby key officers and beneficial owner of the company will be required to disclose their Beneficial Ownership in local and foreign companies. Such information as reported by the company will be maintained in the Companies' Global Register. Furthermore, for prevention of fraud and money laundering every officer of the company shall be required to take necessary measures to prevent the commission of fraud and money laundering in the respective Company. Any failure on the part of such officer shall be an offence.

The SECP is also proposing to introduce provisions regarding certain specialized companies including Free Zone companies, Agricultural Promotion Companies and Real Estate Companies. The free zone companies will cater for carrying out business in Export Processing Zones notified by the Federal Government. The introduction of Free Zone Companies will cater for Pakistan's future export needs especially in wake CPEC which will potentially change the economic landscape of the Country. Certain exemptions from disclosures will only be available to foreign investors in Free Zone Companies.

The Agriculture Promotion Company shall provide impetus and support to the rural economy and induce increase in agricultural produce and its management through facilitation of warehousing, issuance of credible warehouse receipts for agricultural commodity, stock and audit verification.

Furthermore, the companies having principal business as real estate development shall be required to comply with certain additional disclosure requirement and maintenance of accounts etc. for investor protection and transparency. The Honorable Minister directed that the new concepts should be shared with the stakeholder and only after exhaustive and broad based consultation the same may be included in the proposed companies' bill at a later stage.

