



## SECURITIES & EXCHANGE COMMISSION OF PAKISTAN

### **Amendments in the Companies Bill 2016, approved by the Sub-committee of the National Assembly**

ISLAMABAD, January 24: The SECP chairman, Mr. Zafar Hijazi, addressed a press conference on Tuesday at SECP head office. He talked about the deliberations on the Companies Bill, 2016, in the subcommittee of the Standing Committee of the National Assembly on Finance, Revenue, Economic Affairs, Statistics and Privatization.

He told newsman that many amendments to the companies' bill were introduced and cleared by the subcommittee. Now the bill along with amendments will be sent to National Assembly to complete the needed legislative process, he said.

The breakup of amendments in Companies Bill, 2016 is as follows:

New sections introduced	60
Amendments in existing sections	306
No change	150
Total	516

45 Comments / letters were received from public / media and they raised concern on 60 sections of the Companies Bill, 2016. Amendments in 41 sections have been made based on feedback which has also been concurred by the sub-committee of Standing Committee of the National Assembly on Finance, Revenue, Economic Affairs, Statistics & Privatization.

Five meetings of the sub-committee were held on 5<sup>th</sup>, 10<sup>th</sup>, 11<sup>th</sup>, 17<sup>th</sup> & 18<sup>th</sup> January, 2017.

Following changes have been agreed to the Companies Bill, 2016 pursuant to the deliberations made during the meetings of the sub-committee of Standing Committee of the National Assembly on Finance, Revenue, Economic Affairs, Statistics & Privatization.

- Section 452 - Provision relating to global register of beneficial ownership is being revised so that this section is applicable only to Pakistani Nationals. Further amendment has been made to criminalize failure by any person to provide requisite information to the registrar concerned. Further, such information will be shared with FBR and any other agency, authority or court. It is also proposed to include reporting of any interest other than investment in securities or interest in a foreign company by a company, to the registrar concerned alongwith the annual return of the company.

- Section 439 - Provision relating to information relating to beneficial owners of foreign companies is being revised. Such information will only be required to be provided by the foreign company to the Commission if required. Any other information required in connection with any inspection, inquiry or investigation may also be demanded. Further, a penalty of level 3 has been proposed to be imposed on default.
- Section 461 - Provision relating to security clearance of shareholders, directors and office bearers of companies is being restricted to companies notified by the Federal Government.
- Section 153 - Power to grant exemption has been proposed to be given to the Commission from the requirement for a director to hold NTN as per the provisions of Income Tax Ordinance, 2001.
- Section 456 - Real estate companies soliciting advances shall be required to recognize their income in accordance with IFRS. Further, the escrow account to be maintained for the real estate project shall be not subject to any attachment except for the purpose of the project.
- Section 244 – amended to include provision for utilization of funds to address any systemic risk in the capital market.
- Section 76 – amended to cater for transfer of share agreement entered before enactment of Companies Bill, 2016.
- Section 301 – amended to include that in case a company does not commence its business within a year from its incorporation, or suspends its business for a whole year, it can be wound up.
- Section 451 – amended to give an entire framework for Shariah Complaint Companies.
- Section 455 – enhanced scope to register all intermediaries providing services to companies to ensure quality of service.
- Section 178(5) – Physical records of resolutions and meetings of board to be maintained for 10 years instead of 20 years.
- Section 155 - Number of directorships has been amended to make it in line with code of corporate governance rules.
- Section 158 - Retirement of first directors has been amended to cater for subsequent appointments.

- Section 172 – extended to have powers to decided disqualification matter directors of all directors.
- Section 192 – Chairman of the Board to report on the performance of the Board and not the Company. Therefore amended.
- Section 2 Definition – of officer, prescribed, registrar, rules, financial institution has been changed.