



SECURITIES & EXCHANGE COMMISSION OF PAKISTAN

Press Release
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NA approves Companies Bill

ISLAMABAD, February 6: The National Assembly approved the Companies Bill, 2017, on Monday, February 6, 2017. There was a need for revamping the Companies Ordinance, 1984, which was promulgated 32 years ago, to ensure a growing and robust corporate sector in the country, in line with the local exigencies as well as the best international practices. The speaker National Assembly, Ayaz Sadiq, Dr. Nafisa Shah and Dr. Azra Fazal Pechuho praised Finance Minister Ishaq Dar and Chairman SECP Zafar Hijazi for revision of company law in such a short time.

Earlier, the subcommittee formed by the Standing Committee discussed the reservations received on the Companies Ordinance, 2016 from different quarters, including the corporate sector and the media, in its five meetings held on 5th, 10th, 11th, 17th and 18th January, 2017. The same were placed before the Standing Committee in its 46th meeting held on 26th January, 2017. A total of 50 amendments were proposed by the committee in its report to the National Assembly made on 27th January, 2017. During the deliberations made in the National Assembly, it was desired by the members to undertake a clause by clause reading of the Companies Bill.

Accordingly, the committee started this exercise on February 1, 2017 in a meeting held at the SECP head office, followed by back to back meetings on 2nd, 3rd and 6th February, 2017. In the final session held on 6th February, 2017, the committee recommended with mutual consent 23 amendments. The committee members contributed to make the existing provisions clear and unambiguous. It is pertinent to mention that all the proposed amendments were taken by the Commission very positively and all relevant amendments have been made to make the intent of legislation clear. The new law is aimed at providing a balanced regime by proposing various facilitative business measures relating to ease of doing business and investor facilitation on the one hand, and providing for stringent enforcement powers, anti-fraud measures, etc. on the other.

The measures for ease of business include ease in incorporation of new companies and less filing requirements. Companies with a paid-up capital up to three million rupees are not required to file return if there is no change in the particulars. The concept of inactive company has been introduced, which will provide the flexibility to owners to keep the company alive with no compliance requirements during the inactive period. Companies with a paid-up capital up to Rs1 million are not required to get the financial statements audited. The concept of decision by circular resolution has been introduced for ease of operation of companies. Alternative dispute resolution mechanism has been provided in the law, which will assist companies to use these forums without paying hefty legal fees in lesser time. Amalgamation and merger has been eased by allowing the amalgamation of wholly owned subsidiaries in holding company without formal approval.