

## Press Release

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*For immediate release*

### **SECP notifies regulations for non-profit associations**

ISLAMABAD, June 12: The Securities and Exchange Commission of Pakistan (SECP) has notified the Associations with Charitable and Not for Profit Objects Regulations, 2018.

The regulations specify procedure for grant of license to associations with charitable and not for profit objectives, incorporation of association as a public limited company, conditions applicable to such companies, fit and proper criteria for the promoters, members, directors and chief executive officer, provision for revocation of license and subsequent transfer of assets to another company licensed under section 42 of the Companies Act, 2017 (Act) and monthly reporting requirements.

The associations may apply for grant of license for the promotion of single or multiple objectives. After grant of license, the association shall apply for its incorporation as a company within 60 days of the date of issuance of license.

The regulations require that the company licensed under section 42 of the Act shall utilize all its money, property, donations or income or any part thereof solely for promoting its objectives. The limit of liability for each of its members shall not be less than Rs100,000. Each promoter shall undertake to donate a reasonable amount of not less than Rs200,000 as a start-up donation.

The income and any profits of the company, shall be used solely to promote the company's objectives and no portion thereof shall be distributed by way of profit to the members of the company or their close relatives. In addition to the books of account as required under the Act, the company shall separately maintain certain registers containing information about donors, donations and beneficiaries. The company shall ensure that a system of sound internal control is put in place to ensure safeguarding of its charitable assets. The company shall also ensure compliance with the conditions prescribed in relation to anti-money laundering and counter financing of terrorism under the applicable laws.

All the existing companies licensed under section 42 of the company law are required to immediately comply with all the requirements of the regulations. The regulations have been notified to streamline the procedure for licensing of such companies and all the relevant circulars have been made part of these regulations.