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Message from the Chairman

I am pleased to present the sixth issue of TSPD Monthly Technical Updates. This issue covers a variety of topics related to Taxation, Stock Market, Audit, Monetary & Corporate Sector which we believe that members will find informative and helpful in discharging their professional assignments.

I want to congratulate our practicing community for enhancement in the scope of Audit Limit for Cost and Management Accountants (CMAs) under section 247 of the Companies Act, 2017 (including amendments made through Companies (Amendment) Ordinance, 2020). This progress is a result of the joint efforts of the National Council, TSPD Committee and practicing members.

I also want to request all members to share their valuable suggestions for further improvement in the Monthly Technical Update and identify topics of technical interest, which the Committee may consider for arranging seminars, workshops and training programs beneficial for the practicing members in terms of their capacity building and value addition.

Please do share your comments on tspd@icmap.com.pk.

Ghulam Mustafa Qazi, FCMA
Chairman TSPD Committee



Feature News

Enhancement in Audit rights for Cost and Management Accountants (CMAs) under section 247 of the Companies Act, 2017 (including amendments made through Companies (Amendment) Ordinance, 2020)

The Honourable President of Pakistan, Dr. Arif Alvi with an objective to provide an enabling and competitive corporate regulatory framework for the country, approved the Companies (Amendment) Ordinance, 2020 therein ICMA - Pakistan's proposal to enhance the scope of Audit Limit for Cost and Management Accountants (CMAs) under section 247 of the Companies Act, 2017 was also favourably accommodated. Due to this amendment, Cost and Management Accountants (CMAs) may now perform an audit of a company having paid up capital up to ten million rupees under Section 247 of Companies Act, 2017 (including amendments made through Companies (Amendment) Ordinance, 2020) as compared to the audit rights limiting to a company having paid up capital to three million rupees previously.

In line with the best competitive audit practices, this progressive step will not only result in enhancement in the quality of audit in Pakistan, but will also protect the rights of investors and other stakeholders and ensure better governance and corporate transparency in the country. Worthy Members may visit the following link on SECP website for Companies Act, 2017 (including amendments made through Companies (Amendment) Ordinance, 2020).

https://www.secp.gov.pk/document/companies-act-2017-including-amendments-made-through-companies-amendment-ordinance-2020-in-track-change/?wpdmd1=39202&refresh,eb1cea8_db2e1588665578

Registration on the Ministry of Finance Online Portal

The timely dissemination and implementation of the decisions of the UN Security Council's 1267 Sanction Committee for the listing of the entities and individuals is a key requirement of the FATF Action Plan. In order to facilitate the implementation of this requirement, Ministry of Foreign Affairs developed a platform on its website for directly sending the Statutory Regulatory Orders (S.R.Os) and any Sanction Committee's updates to the implementing stakeholders. Under the directions of Financial Monitoring Unit (FMU) of Pakistan, all practicing firms of ICMA Pakistan are required to sign up for this service through the Ministry's website, by visiting the following link:-

<http://202.83.172.66/app/signup/>

Worthy members are again requested to sign up for this service as early as possible, if not yet registered.

Committee Activities

Technical Session on News Changes in the Corporate Laws and the Way Forward

Consequent upon the recent changes in the Companies Act, 2017 and other corporate laws, the Chairman TSPD Committee called a Technical Session of practicing members on News Changes in the Corporate Laws and the Way Forward, on May 11, 2020 through Zoom software. Worthy Members participated in the session and discussed the way forward in this regard. Members appreciated the efforts of National Council, TSPD Committee and practicing members in better recognition of CMAs in the recent Ordinance.

National Updates

Corporate Sector

1. SECP ALLOWED RELIEF TO COMPANIES/ENTITIES THAT ARE APPLYING IAS 39/PRINCIPLES OF IAS 39

Securities and Exchange Commission of Pakistan (SECP) vide their S.R.O. 414(I)/2020 allowed companies/entities that are applying IAS 39/principles of IAS 39 (for Available for Sale equity instruments), following relief from the requirements contained in IAS 39 in relation to their Available for Sale (AFS) Equity Investments:-

- (a) The company/entity can opt to show impairment loss (if any, due to significant or prolonged decline in fair value of AFS equity investment portfolio), as at March 31, 2020, in the statement of changes in equity.
- (b) If the above short-term relief is opted, the company/entity shall disclose in the notes to the financial statements:
 - amount of impairment loss included in the statement of changes in equity under (a) above;
 - amount of profit or loss after tax, arrived at by accounting for the impact of impairment loss in accordance with IAS 39; and
 - Earnings per share based on the (ii) above.
- (c) The dividend income and actual realized gain/loss arising from de-recognition of AFS equity instruments shall be recognised in the profit and loss account in accordance with the requirements of IAS 39.
- (d) The amount of loss taken to equity as per (a) above, shall be treated as a charge to profit and loss account for the purpose of distribution as dividend, where applicable.
- (e) The amount taken to equity as per (a) above for an AFS equity instrument, adjusted with the fair value change of this AFS equity instrument during the period from April 01, 2020 to June 30, 2020, shall be considered for impairment in accordance with the requirements of IAS 39.
- (f) The impairment loss (if any), as of June 30, 2020, as per (e) above shall be taken to the profit and loss account for the year/period ending June 30, 2020.

Companies/entities willing to follow the full requirements of IAS-39 as applicable are encouraged to do so.

For further details, please visit the following link:-
<https://www.secp.gov.pk/document/sro-414-i-2020-relief-to-companies-entities-ias-39/?wpdmdl=39269&refresh=5ebcc8734c0321589430387>

2. EXTENSION IN TIME FOR RENEWAL OF LICENSES DUE TO COVID-19

Securities and Exchange Commission of Pakistan (SECP) vide their Circular No. 19/2020 extended time for renewal of licenses issued in pursuance of section 42 of the company law.

In this regard, the SECP issued following guidelines regarding renewal of their licenses, issued in pursuance of section 42 of the Company Law:-

- (a) Companies whose license were due for renewal before the month of February 2020, and have not applied for renewal, their license shall be revoked in accordance with the provisions of section 42(5) of the Companies Act, 2017.
- (b) Companies whose license have been expired in the months of February, March, April and May 2020 but have not applied for its

renewal shall continue to carry on their business and their license shall not be revoked till June 30, 2020. However, upon receipt of their applications, license shall be renewed from the date of expiry of their existing license.

- (c) Companies, which have applied for renewal of their license either before or after February 01, 2020 and certain deficiencies were also communicated to them, are required to respond to the queries latest by May 30, 2020, failing which their license shall be revoked.
- (d) Companies, which do not find any difficulty in complying with the requirements of the renewal of their license, may apply in a routine manner.

For further details, please visit the following link:-

<https://www.secp.gov.pk/document/circular-no-19-of-2020-extension-in-time-for-renewal-of-licenses-due-to-covid-19/?wpdmdl=39294&refresh=5ebf8e446c6f41589612100>

Taxation

3. AMENDMENTS IN SALES TAX RULES, 2006 (RECOVERY RULES)

Federal Board of Revenue (FBR) vide their S.R.O. 353(I)/2020 notified exemption to various assets from attachment and further sale/auction for the recovery of tax from defaulters, in a bid to facilitate taxpayers amid prevailing economic lockdown.

According to SRO, the FBR officials may not attach assets for recovery, which included the necessary wearing apparel, cooking vessels, beds, and bedding of the defaulters, his wife and children, and such personal ornaments, as, in accordance with religious usage, cannot be parted with by any women. The tax officials have further been barred from attaching assets for recovery, which included tools of artisans, and where the defaulter is an agriculturist, his implements of husbandry and such cattle and seed grain as may be necessary to enable him to earn his livelihood. The FBR also explained the assets, which cannot be attached by the tax officials for recovery including houses and other buildings (with the materials and the sites and the land immediately appurtenant) belonging to an agriculturist and occupied him.

Through an amendment in Rule 150ZB, FBR also made it mandatory for all the restaurants, bakeries, caterers and sweetmeat shops supplying prepared food, foodstuff and sweetmeats to show prices and amount of tax separately on menu cards or menu board displayed in their outlets for the end consumers.

By introducing a new Rule 150ZEA, the FBR has made it mandatory for all retailers to show prices and amount of tax separately on the price tags attached with finished fabric and locally manufactured articles of textile and textile made-ups.

For further details, please visit the following link:-

<http://download1.fbr.gov.pk/Docs/20204301545236335ExtensonAnnex-H.pdf>

4. INPUT-OUTPUT ADJUSTMENT OF P&E COMPANIES

FBR vide their S.R.O. 352(I)/2020 allowed a registered petroleum exploration and production company to deduct such amount of input tax from the output tax subject to the conditions, limitations or restrictions that in case a bore-hole or well or gas field is run by a joint venture, the person acting as operator of the field may transfer the share of common input tax from the output tax to other registered persons in the joint venture by issuing a credit transfer note, depending

upon respective share of the transferees in the joint venture, showing the amount of sales tax involved with zero sales value and the same shall be admissible for the purpose of input tax adjustment by the registered person to whom such credit transfer note is issued. The common input tax of the operator shall be reduced by the amount involved in such notes as issued by him.

For further details, please visit the following link:-

<http://download1.fbr.gov.pk/SROs/2020561353859501SRO352.pdf>

5. EXTENSION IN DATE FOR PAYMENT/ SUBMISSION OF SALES TAX AND FEDERAL EXCISE RETURNS FOR THE TAX PERIOD OF APRIL, 2020

Federal Board of Revenue (FBR) vide their notification dated May 19, 2020 extended the date of payment/submission of Sales Tax and

Federal Excise Returns for the tax period of April, 2020 as per following details:-

Tax Period	Due Date	Extended Date
April, 2020		
Payment Date	15.05.2020	29.05.2020
Submission Date	18.05.2020	30.05.2020

For further details, please visit the following link:-

[http://download1.fbr.gov.pk/Docs/202051913514191772020-05-19\(ExtensionSTR\).pdf](http://download1.fbr.gov.pk/Docs/202051913514191772020-05-19(ExtensionSTR).pdf)

International Update

1. ISA 540 (REVISED) IMPLEMENTATION: ILLUSTRATIVE EXAMPLES FOR AUDITING SIMPLE AND COMPLEX ACCOUNTING ESTIMATES

The International Standard on Auditing (ISA) 540 (Revised) Implementation Working Group has prepared illustrative examples for auditing simple and complex accounting estimates. The examples are designed to illustrate how an auditor could address certain requirements of ISA 540 (Revised), and have been developed to assist the auditor in understanding how ISA 540 (Revised) may be applied to:

- Simple Accounting Estimate – Provision on Inventory Impairment
- Complex Accounting Estimate – Provision on Property, Plant and Equipment Impairment

The examples illustrate accounting estimates with varying characteristics and degrees of complexity. Each example illustrates a selection of requirements from ISA 540 (Revised). Not all requirements are addressed in each example, nor do they cover all parts of those requirements that have been selected. The requirements selected across each example vary to illustrate different aspects of ISA 540 (Revised) and to focus on those requirements that are most relevant to the example.

These examples are intended to be read together with ISA 540 (Revised). This will demonstrate how an auditor's work effort, to comply with the requirements of ISA 540 (Revised), may be scaled down and scaled up when auditing simple and complex accounting estimates.

These examples do not constitute an authoritative pronouncement of the International Auditing and Assurance Standards Board (IAASB), nor do they amend, extend or override the ISAs or other of the IAASB's International Standards. It is not meant to be exhaustive and reading these examples is not a substitute for reading the ISAs.

The examples can be downloaded from the following link:-

https://www.ifac.org/system/files/publications/files/ISA-540-Illustrative-Examples-1-and-2-Simple-and-Complex_Final.pdf



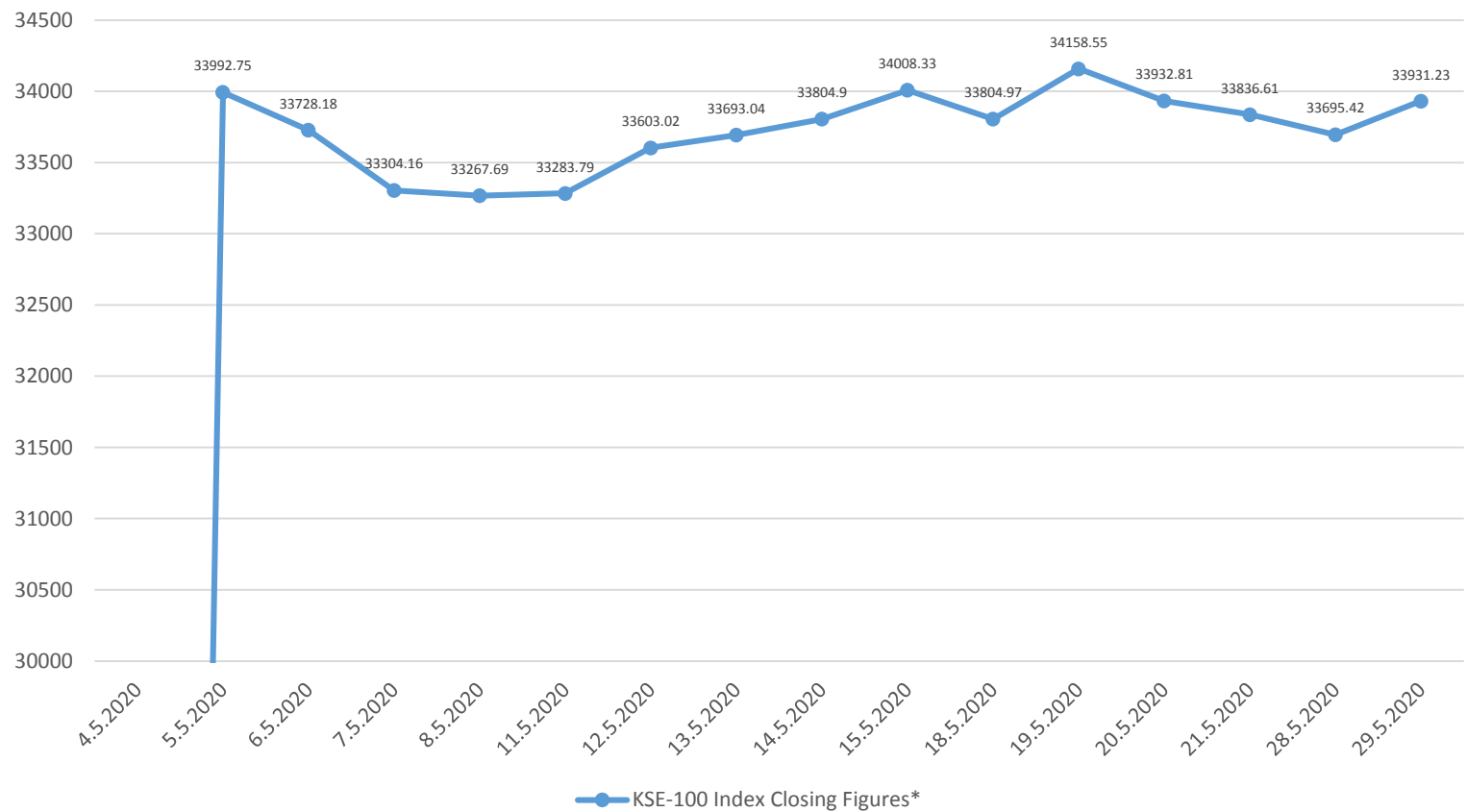
Pakistan Stock Market

Pakistan Stock Market – KSE-100 Index Fluctuations during May, 2020

	KSE-100 Index Closing Figures*	Date	KSE-100 Index Closing Figures*	Date	KSE-100 Index Closing Figures*
4.5.2020	33916.64	11.5.2020	33283.79	18.5.2020	33804.97
5.5.2020	33992.75	12.5.2020	33603.02	19.5.2020	34158.55
6.5.2020	33728.18	13.5.2020	33693.04	20.5.2020	33932.81
7.5.2020	33304.16	14.5.2020	33804.90	21.5.2020	33836.61
8.5.2020	33267.69	15.5.2020	34008.33	28.5.2020	33695.42
				29.5.2020	33931.23

*As published in Daily Dawn

KSE-100 Index Closing Figures*

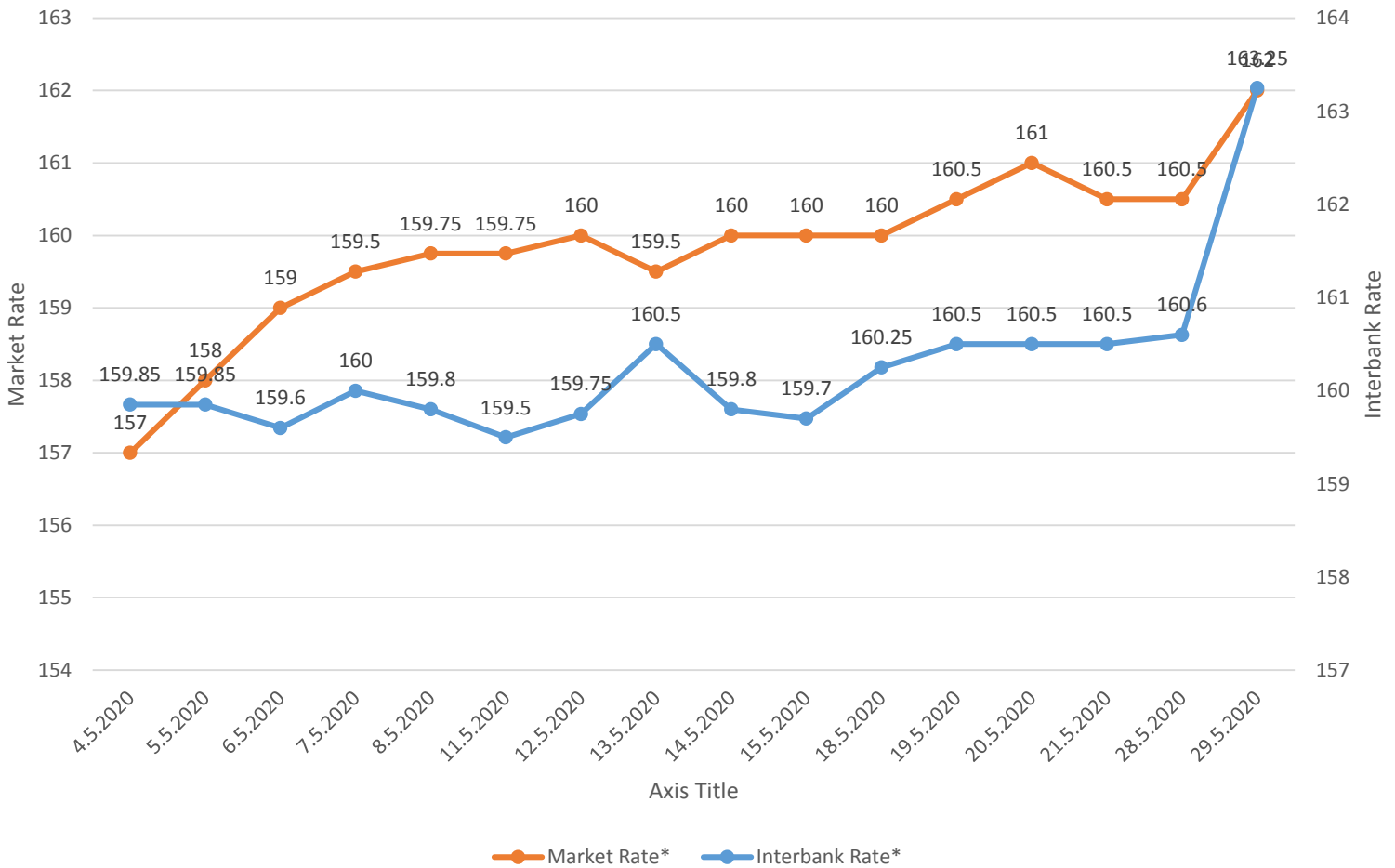


Rupee-Dollar Parity

Date	Interbank Rate*	Market Rate*	Date	Interbank Rate*	Market Rate*	Date	Interbank Rate*	Market Rate*
4.5.2020	159.85	157.00	11.5.2020	159.50	159.75	18.5.2020	160.25	160.00
5.5.2020	159.85	158.00	12.5.2020	159.75	160.00	19.5.2020	160.50	160.50
6.5.2020	159.60	159.00	13.5.2020	160.50	159.50	20.5.2020	160.50	161.00
7.5.2020	160.00	159.50	14.5.2020	159.80	160.00	21.5.2020	160.50	160.50
8.5.2020	159.80	159.75	15.5.2020	159.70	160.00	28.5.2020	160.60	160.50
						29.5.2020	163.25	162.00

*As published in Daily Dawn

Rupee-Dollar Parity during May, 2020



Comparison between the Companies Act, 2017 and the newly introduced Ordinance

In order to assist the members in better understanding the changes made in the Companies Act, 2017 through the newly approved Ordinance, 2020, a detailed comparison is prepared highlighting the amendments made therein:-

Comparison between the Companies Act, 2017 and the newly introduced Ordinance	
Companies Act, 2017	Amendments made through Ordinance
<p>1. Short title, extent and commencement. — (3) This Act shall come into force at once, except section 456 which shall come into force on such date as the Federal Government or an authority or person authorized by it may, by notification in the official Gazette, appoint.</p> <p>(3) “articles” mean the articles of association of a company framed in accordance with the company law or this Act;</p> <p>(17) “company” means a company formed and registered under this Act or the company law;</p> <p>(32) [“financial period” in relation to a company or any other body corporate, means the period (other than financial year) in respect of which any financial statements thereof are required to be made pursuant to this Act;</p> <p>(33) [“financial statements” in relation to a company, shall comprise— (a) a statement of financial position as at the end of the period; (b) a statement of profit or loss and other comprehensive income or in the case of a company carrying on any activity not for profit, an income and expenditure statement for the period; (c) other additional statements and information required by the accounting and financial reporting framework applicable to the company; and (d) any other statement as may be notified;] in relation to a company, includes— a statement of financial position as at the end of the period; a statement of profit or loss and other comprehensive income or in the case of a company carrying on any activity not for profit, an income and expenditure statement for the period; a statement of changes in equity for the period; a statement of cash flows for the period; notes, comprising a summary of significant accounting policies and other explanatory information; comparative information in respect of the preceding period; and any other statement as may be prescribed;</p> <p>(39) “memorandum” means the memorandum of association of a company as originally framed or as altered from time to time in pursuance of company law or of this Act;</p> <p>(44) “officer” includes any director, chief executive, chief financial officer or a company secretary includes any director, chief executive, chief financial officer, company secretary or other authorised officer of a company;</p> <p>(65) “special resolution” means a resolution which has been passed by a majority of not less than three-fourths of such members of the company entitled to vote as are present in person or by proxy or vote through postal ballot at a general meeting of which not less than twenty one days' notice specifying the intention to propose the resolution as a special resolution</p>	<p>1. Short title, extent and commencement. — (3) This Act shall come into force at once.</p> <p>(3) “articles” mean the articles of association of a company framed in accordance with the company law;</p> <p>(17) “company” means a company formed and registered under the company law;</p> <p>(32) Omitted</p> <p>(33) [“financial statements” in relation to a company, shall comprise— (a) a statement of financial position as at the end of the period; (b) a statement of profit or loss and other comprehensive income or in the case of a company carrying on any activity not for profit, an income and expenditure statement for the period; (c) other additional statements and information required by the accounting and financial reporting framework applicable to the company; and (d) any other statement as may be notified;</p> <p>(40) “memorandum” means the memorandum of association of a company as originally framed or as altered from time to time in pursuance of company law ;</p> <p>(45) “officer” includes any director, chief executive, chief financial officer or a company secretary;</p> <p>(66) “special resolution” means a resolution which has been passed by a majority of not less than three-fourths of such members of the company entitled to vote as are present in person or by proxy or vote through postal ballot at a general meeting of which not less than twenty one days' notice specifying the intention to propose the resolution as a special resolution</p>

has been duly given:

~~Provided that if all the members entitled to attend and vote at any such meeting so agree, a resolution may be proposed and passed as a special resolution at a meeting of which less than twenty-one days' notice has been given];~~

(67) **"specified"** means specified through regulations made under this Act;

(70) **"valuer"** means a valuer ~~registered with~~ the Commission;

6. Procedure of the Court and appeal.—(2)

(e) any application for discovery of documents or interim injunction, if required;

17. Effect of memorandum and articles.—

[(2) All moneys payable by a subscriber in pursuance of his undertaking in the memorandum of association against the shares subscribed shall be a debt due from him and be payable in such time, manner and condition as may be notified by the Commission:

~~Provided that in case the share money is not deposited within the prescribed time, the shares shall be deemed to be cancelled and the name of that subscriber shall be removed from the register and the registrar shall give such direction to the company in each case as deemed appropriate for compliance with the provisions of the company law.]~~

~~(3) The receipt of subscription money from the subscribers shall be reported by the company to the registrar on a specified form within forty-five days from the date of incorporation of the company, accompanied by a certificate by a practicing chartered accountant or a cost and management accountant verifying receipt of the money so subscribed.~~

~~(4) Any violation of this section shall be an offence liable to a penalty of level 1 on the standard scale.~~

18. Effect of registration.—

(b) the body corporate is capable of exercising all the functions of an incorporated company, having perpetual succession and a common seal;

COMMENCEMENT OF BUSINESS BY A PUBLIC COMPANY

19. Commencement of business by a public company.— (1)

(e) in the case of a company which has not issued a prospectus inviting the public to subscribe for its shares, there has been filed with the registrar a statement in lieu of prospectus as per the Second Schedule annexed to this Act.

has been duly given:

[Provided that

(a) in case of company other than listed company where all the members entitled to attend and vote at any such meeting so agree;

or

(b) in case of a listed company if the Commission so allows, for reasons to the recorded in writing, a resolution may be proposed and passed as a special resolution at a meeting of which less than twenty-one days' notice has been given;

(67) **"specified"** means specified through regulations made under this Act;

[(67A) **"startup company"** means a company that—

(a) is in existence for not more than ten years from the date of its incorporation or such other period or periods as may be specified;

and

(b) has a turnover for any of the financial years since incorporation that is not greater than five hundred million rupees or such other amount or amounts as may be specified; and

(c) is working towards the innovation, development or improvement of products or processes or services or is a scalable business model with a high potential of employment generation or wealth creation or for such other purposes as may be specified; or

(d) such other companies or classes of companies as may be notified by the Commission:

Provided that a company formed by the splitting up or reconstruction of an existing company shall not be considered as a startup company;]14

(72) **"valuer"** means a valuer notified by the Commission;

6. Procedure of the Court and appeal.—(1)

(e) any application for discovery of documents [or any category or classes of documents] or interim injunction, if required;

17. Effect of memorandum and articles.—

[(2) All moneys payable by a subscriber in pursuance of his undertaking in the memorandum of association against the shares subscribed shall be a debt due from him and be payable in such time, manner and condition as may be notified by the Commission.

(4) Any violation of this section [or direction given by the registrar] shall be an offence liable to a penalty of level 1 on the standard scale.

18. Effect of registration.—

(b) the body corporate is capable of exercising all the functions of an incorporated [company and having perpetual succession] company, having perpetual succession and a common seal;

COMMENCEMENT OF BUSINESS BY A PUBLIC COMPANY

19. Commencement of business by a public company.— (1)

(e) in the case of a company which has not issued a prospectus inviting the public to subscribe for its shares, there has been filed with the registrar a statement in lieu of prospectus as per the Second Schedule annexed to this Act.

~~[Explanation: "minimum subscription" means the amount, if any, fixed by the memorandum or articles of association as minimum subscription upon which the directors may proceed to allotment or if no amount is so fixed and specified, the whole amount of the share capital other than that issued or agreed to be issued as paid up otherwise than in cash.~~

~~[(2) The registrar shall, on filing of a duly verified declaration in accordance with the provisions of sub-section (1) and after making such enquiries as he may deem fit to satisfy himself that all the requirements of this Act have been complied with in respect of the commencement of business and matters precedent and incidental thereto, accept and register all the relevant documents.]~~

~~**23. [Company to have common seal.]**—(1) Every company shall have a common seal.~~

~~(2) A company's common seal must be a seal having the company's name engraved on it in legible form.~~

~~(3) If any of the provision of this section is contravened or an officer of a company or a person on behalf of a company uses or authorises the use of another seal that purports to be the company's common seal, shall be liable to a penalty not exceeding of level 1 on the standard scale.]~~

26. Business and objects of a company.— (1) A company may carry on or undertake any lawful business or activity and do any act or enter into any transaction being incidental and ancillary thereto which is necessary in attaining its business activities:

Provided that—

(i) the principal line of business of the company shall be mentioned in the memorandum of association of the company which shall always commensurate with name of the company; and

31. Memorandum to be printed, signed and dated.—The memorandum shall be—

- (a) printed in the manner generally acceptable;
- (b) divided into paragraphs numbered consecutively;
- (c) signed by each subscriber, who shall add his present name in full, his occupation and father's name or, in the case of a married woman or widow, her husband's or deceased husband's name in full, his nationality and his usual residential address and such other particulars as may be specified, in the presence of a witness who shall attest the signature and shall likewise add his particulars; and
- (d) dated.

32. Alteration of memorandum.—(1) Subject to the provisions of this Act, a company may by special resolution alter the provisions of its memorandum so as to—

(a) change the place of its registered office from.-

(i) one Province to another Province or Islamabad Capital Territory and vice versa; or

(ii) one Province or Islamabad Capital Territory to a part of Pakistan not forming part of a Province and vice versa; or

- (a) change its principal line of business; or
- (b) adopt any business activity or any change therein which is subject to licence, registration, permission or approval under any law.

37. Articles to be printed, signed and dated.—The articles shall be—

- (a) printed in the manner generally acceptable;
- (b) divided into paragraphs numbered consecutively;
- (c) signed by each subscriber, who shall add his present name in full, his occupation and father's name or, in the case of a married woman or widow,

[Explanation: "minimum subscription" means the amount, if any, fixed by the memorandum or articles of association as minimum subscription upon which the directors may proceed to allotment or if no amount is so fixed and stated the whole amount of the share capital other than that issued or agreed to be issued as paid up otherwise than in cash.]

[(2) The registrar shall, on filing of a duly verified declaration in accordance with the provisions of sub-section (1) and after making such enquiries as he may deem fit to satisfy himself that all the requirements of this Act have been complied with in respect of the commencement of business and matters precedent and incidental thereto, accept and register all the relevant documents and issue a certificate of commencement of business and that certificate shall be conclusive evidence that the company is entitled to commence business.]

23. Omitted.

26. Business and objects of a company.— (1) A company may carry on or undertake any lawful business or activity and do any act or enter into any transaction being incidental and ancillary thereto which is necessary in attaining its business activities:

Provided that—

(i) the principal line of business of the company shall be mentioned in the memorandum of association of the company which shall **[not be inconsistent or contradictory]** always commensurate with name of the company; and

31. Memorandum to be printed, signed and dated.—The memorandum shall be—

- (a) printed in the manner generally acceptable;
- (b) divided into paragraphs numbered consecutively;
- (c) signed by each subscriber, who shall add his present name in full, his occupation [, nationality,] and father's name or, in the case of a married woman or widow, her husband's or deceased husband's name in full, his nationality and his usual residential address and such other particulars as may be specified, in the presence of a witness who shall attest the signature and shall likewise add his particulars; and
- (d) dated.

32. Alteration of memorandum.—(1) Subject to the provisions of this Act, a company may by special resolution alter the provisions of its memorandum so as to—

[change the place of its registered office from one place to another place; Explanation.- For the purpose of this clause the expression "place" means a Province, Islamabad Capital Territory or a part of Pakistan not forming part of a Province;]

- (a) change its principal line of business; or
- (b) adopt any business activity or any change therein which is subject to licence, registration, permission or approval under any law.

37. Articles to be printed, signed and dated.—The articles shall be—

- (a) printed in the manner generally acceptable;
- (b) divided into paragraphs numbered consecutively;
- (c) signed by each subscriber, who shall add his present name in full, his occupation [, nationality] and father's name or, in the case of a married

her husband's or deceased husband's name in full, his nationality and his usual residential address and such other particulars as may be specified, in the presence of a witness who shall attest the signature and shall likewise add his particulars; and
(d) dated.

38. Alteration of articles.—

(2) A copy of the articles of association as altered shall, within ~~thirty~~ days from the date of passing of the resolution, be filed by the company with the registrar and he shall register the same and thenceforth the articles so filed shall be the articles of the company.

43. Effect of revocation of licence.— (1)

(c) all the assets of the company after satisfaction of all debts and liabilities shall, in the manner as may be specified, be transferred to another company licenced under section 42, preferably having similar or identical objects to those of the company, within ninety days from the revocation of the licence or such extended period as may be allowed by the Commission:

48. Conversion of status of unlimited company as limited company and vice-versa.—

62. Shares certificate to be evidence.— (1) A certificate, if issued in physical form under ~~common seal of the company or under official seal, which must be facsimile of the company's common seal,~~ or issued in book-entry form, specifying the shares held by any person or shares held in central depository system shall be *prima facie* evidence of the title of the person to such shares.

70. Return as to allotments.— (1) Whenever a company having a share capital makes any allotment of its shares, the company shall, within ~~forty-five~~ days thereafter-

- (a) file with the registrar a return of the allotment, stating the number and nominal amount of the shares comprised in the allotment and such particulars as may be specified, of each allottee, and the amount paid on each share; and
- (b) in the case of shares allotted as paid up in cash, submit along with the return of allotment, a ~~report from its auditor~~ to the effect that the amount of consideration has been received in full by the company and shares have been issued to each allottee;

~~Provided that in case, the appointment of auditor is not mandatory by a company, the report for the purpose shall be obtained from a practicing chartered accountant or a cost and management accountant;~~

76. Restriction on transfer of shares by the members of a private company.—

(5) If all the members decline to accept the offer or if any shares are left over, the shares may be sold to any other person as determined by the member, who initiated the offer:-

(6) ~~[For the purpose of this section, the mechanism to determine the price~~

woman or widow, her husband's or deceased husband's name in full, his nationality and his usual residential address and such other particulars as may be specified, in the presence of a witness who shall attest the signature and shall likewise add his particulars; and
(d) dated.

38. Alteration of articles.—

(2) A copy of the articles of association as altered shall, within ~~thirty~~ **[fifteen]** days from the date of passing of the resolution, be filed by the company with the registrar and he shall register the same and thenceforth the articles so filed shall be the articles of the company.

43. Effect of revocation of licence.— (1)

(c) all the assets of the company after satisfaction of all debts and liabilities shall, in the manner as may be specified, be transferred to another **[not for profit entity registered under any law for the time being in force]** company licenced under section 42, preferably having similar or identical objects to those of the company, within ninety days from the revocation of the licence or such extended period as may be allowed by the Commission:

48. Conversion of status of unlimited company as limited company and vice-versa.—

[(3A) A copy of the memorandum and articles of association as altered pursuant to the order under sub-section (2) shall, within fifteen days from the date of the order, be filed by the company with the registrar who shall register the same and thenceforth the memorandum and articles so filed shall be the memorandum and articles of the newly converted company.]³³

62. Shares certificate to be evidence.— (1) A certificate, if issued in physical form under **[signature of authorized officer of the company as may be specified]** or issued in book-entry form, specifying the shares held by any person or shares held in central depository system shall be *prima facie* evidence of the title of the person to such shares.

70. Return as to allotments.— (1) Whenever a company having a share capital makes any allotment of its shares, the company shall, within **[thirty days]** days thereafter-

- (a) file with the registrar a return of the allotment, stating the number and nominal amount of the shares comprised in the allotment and such particulars as may be specified, of each allottee, and the amount paid on each share; and
- (b) in the case of shares allotted as paid up in cash, submit along with the return of allotment, a **[declaration from its chief executive]** to the effect that the amount of consideration has been received in full by the company and shares have been issued to each allottee;

[Omitted]

76. Restriction on transfer of shares by the members of a private company.—

(5) If all the members decline to accept the offer or if any shares are left over, the shares may be sold to any other person as determined by the member, who initiated the offer:

[Provided that the member selling shares to any other person shall ensure that as a result of such sale, the limit of maximum number of members for a private company is not exceeded.]

[Omitted].

~~of shares shall be such, as may be specified.~~

79. Transfer to nominee of a deceased member. —

(3) The person to be nominated under this section shall not be a person other than the relatives of the member, namely, a spouse, father, mother, brother, sister and son or daughter:-

83. Further issue of capital.—(1) Where the directors decide to increase share capital of the company by issue of further share capital, such shares shall be offered:

(a) to persons who, at the date of the offer, are members of the company in proportion to the existing shares held by sending a letter of offer subject to the following conditions, namely-

(iv) if the whole or any part of the shares offered under this section is declined or is not subscribed, the directors may allot such shares in such manner as they may deem fit within a period of thirty days from the close of the offer as provided under sub-clause (ii) above or within such extended time not exceeding thirty day with the approval of the Commission.:

~~Provided that a public company may reserve a certain percentage of further issue for its employees under "Employees Stock Option Scheme" to be approved by the Commission in accordance with the procedure and on such conditions as may be specified.~~

~~[(b) subject to approval of the Commission, to any person, in the case of public company on the basis of a special resolution either for cash or for a consideration other than cash:~~

~~Provided that the value of non-cash asset, service, intellectual property shall be determined by a valuer registered by the Commission.~~

(2) The letter of offer referred to in sub-clause (ii) of clause (a) of subsection (1) duly signed by at least two directors dispatched through registered post or courier or through electronic mode to all the existing members, ensuring that it reaches the members before the commencement of period for the acceptance of offer.

~~(3) A copy of the letter of offer, referred to in sub-section (2) shall, simultaneously with the dispatch to the members, be sent to the registrar.~~

(4) Notwithstanding anything contained in this section, where loan has been obtained from any Government by a public sector company, and if that Government considers it necessary in the public interest so to do, it may, by order, direct that such loan or any part thereof shall be converted into shares in that company, on such terms and conditions as appear to the Government to be just and reasonable in the circumstances of the case even if the terms of such loan does not include the option for such conversion.

(5) In determining the terms and conditions of conversion under subsection (4), the Government shall have due regard to the financial position of the public sector company, the terms of the rate of interest payable thereon and such other matters as it may consider necessary.

79. Transfer to nominee of a deceased member. —

(3) The person to be nominated under this section shall not be a person other than the relatives of the member, namely, a spouse, father, mother, brother, sister and son or daughter:

[Provided that in the absence of any of the relatives the shareholder shall be entitled to nominate any other person.]

83. Further issue of capital.—(1) Where the directors decide to increase share capital of the company by issue of further share, such shares shall be offered:

(a) to persons who, at the date of the offer, are members of the company in proportion to the existing shares held by [such members through] sending a letter of offer subject to the following conditions, namely-

(iv) if the whole or any part of the shares offered under this section is declined or is not subscribed, the directors may allot such shares in such manner as they may deem fit within a period of thirty days from the close of the offer as provided under sub-clause (ii) above or within such extended time not exceeding thirty day with the approval of the Commission.:

[omitted]

[(b) in case of public company and subject to approval of the Commission, to any person on the basis of a special resolution either for cash or for consideration other than cash:

Provided that the value of any non-cash asset, net worth of undertaking, service, benefit or intellectual property shall be determined by a valuer.]

[(c) in case of a private company and subject to its articles and special resolution, to any person, either for cash or for consideration other than cash on such conditions and requirements as may be notified.]

(2) The letter of offer referred to in sub-clause (ii) of clause (a) of subsection (1) [shall be] duly signed by at least two directors [shall be and] dispatched through registered post or courier or through electronic mode to all the existing members, ensuring that it reaches the members before the commencement of period for the acceptance of offer.

[(3) The letter of offer, referred to in sub-section (2), shall be accompanied by a circular duly signed by all directors or an officer of the company authorised by them in this behalf on such form as may be specified containing material information about the affairs of the company, latest statement of the accounts and the necessity for issue of further capital: Provided that a copy of such circular shall also be filed with the registrar simultaneously at the time it is dispatched to the shareholders.

(4) Notwithstanding anything contained in this section, where [any loan or finances have] been obtained from any Government by a public sector company, and if that Government considers it necessary in the public interest so to do, it may, by order, direct that such loan or [finances or] any part thereof shall be converted into shares in that company, on such terms and conditions as appear to the Government to be just and reasonable in the circumstances of the case even if the terms of such loan [or finances] do not include the option for such conversion.

(5) In determining the terms and conditions of conversion under subsection (4), the Government shall have due regard to the financial position of the public sector company, the terms of the rate of interest [or profit] payable thereon and such other matters as it may consider necessary.

[83A. Employees' stock options.— Notwithstanding anything contained in section 83 or any other provision of this Act, a company may, under the authority of special resolution, issue shares in accordance with its articles

86. Prohibition of purchase by company or giving of loans by it for purchase of its shares. (1) ~~No company having a share capital, other than a listed company shall have power to buy its own shares.~~

88. Power of a company to purchase its own shares.— (1) Notwithstanding anything contained in this Act or any other law, for the time being in force, or the memorandum and articles, a ~~listed~~ company may, subject to the provisions of this section and the regulations specified in this behalf, purchase its own shares.

(2) The shares purchased by the company may, in accordance with the provisions of this section and the regulations, either be cancelled or held as treasury shares.

(9) ~~The purchase of shares shall be made either through a tender offer or through the securities exchange as may be specified.~~

102. Register of charges to be kept by registrar.— (1) The registrar shall, in respect of every company, keep a register containing particulars of the charges registered under this Part in such form and in such manner as may be specified.

(2) A register kept in pursuance of this section shall be open to inspection by a person on payment of such fees as may be prescribed.

130. Annual return.—

~~(5) Nothing in this section shall apply to a company, in case there is no change of particulars in the last annual return filed with the registrar: Provided that a company, other than a single member company or a private company having paid up capital of not more than three million rupees, shall inform the registrar in a specified manner that there is no change of particulars in the last annual return filed with the registrar.~~

132. Annual general meeting.—

(2) An annual general meeting shall, in the case of a listed company, be held in the town in which the registered office of the company is situated ~~or in a nearest city:~~

Provided that at least seven days prior to the date of meeting, on the demand of members residing in a city who hold at least ten percent of the total paid up capital or such other percentage as may be specified, a listed company must provide the facility of video- link to such members enabling them to participate in its annual general meeting:

133. Calling of extraordinary general meeting.—

(8) Notice of an extraordinary general meeting shall be served to the members in the manner provided for in section 55:

Provided that in case of a company other than listed, if all the members entitled to attend and vote at any extraordinary general meeting so agree, a meeting may be held at a shorter notice.

under employees' stock option in accordance with such procedure and subject to such conditions as may be specified.]53

86. Prohibition of purchase by company or giving of loans by it for purchase of its shares. (1) **Omitted.**

88. Power of a company to purchase its own shares.— (1) Notwithstanding anything contained in this Act or any other law, for the time being in force, or the memorandum and articles, a company may, subject to the provisions of this section and the regulations specified in this behalf, purchase its own shares.

(2) The shares purchased by the company may, in accordance with the provisions of this section and the regulations, either be cancelled or held as treasury shares:

[Provided that shares purchased by an unlisted public company or a private company shall be cancelled and not be held as treasury shares: Provided further that cancellation of shares under this section shall not be deemed to be a reduction of share capital within the meaning of section 89 and such shares shall be cancelled in such form and manner as may be specified'].

(9) The purchase of shares shall be made through the securities exchange as may be specified.

102. Register of charges to be kept by registrar.— (1) The registrar shall, in respect of every company, keep a register containing particulars of the charges registered under this Part in such form and in such manner as may be specified.

(2) A register kept in pursuance of this section shall be open to inspection by a person on payment of such fees as may be [specified in the seventh schedule.]

130. Annual return.—

[Omitted].

132. Annual general meeting.—

(2) An annual general meeting shall, in the case of a listed company, be held in the town in which the registered office of the company is situated:

Provided that at least seven days prior to the date of meeting, on the demand of members residing in a city who hold at least ten percent of the total paid up capital or such other percentage as may be specified, a listed company must provide the facility of video- link to such members enabling them to participate in its annual general meeting:

[Provided further that the Commission may, for reason to be recorded in writing, on the application of such company, allow the company to hold a particular meeting at any other place.]

133. Calling of extraordinary general meeting.—

(8) Notice of an extraordinary general meeting shall be served to the members in the manner provided for in section [132]:

Provided that in case of a company other than listed, if all the members entitled to attend and vote at any extraordinary general meeting so agree, a meeting may be held at a shorter notice:

[Provided further that in case of an emergency affecting the business of a

135. Quorum of general meeting.— (1) The quorum of a general meeting shall be

(c) in the case of a company not having share capital, as provided in the articles:

~~Provided that, if within half an hour from the time appointed for the meeting a quorum is not present, the meeting, if called upon the requisition of members, shall be dissolved; in any other case, it shall stand adjourned to the same day in the next week at the same time and place, and, if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting, the members present personally or through video link being not less than two shall be a quorum, unless the articles provide otherwise.~~

~~**139. Representation of Federal Government at meetings of companies.**—~~

~~(1) The concerned Minister in Charge of the Federal Government, or as the case may be, a Provincial Government, as the case may be, if a member of a company, may appoint such individual as it thinks fit to act as its representative at any meeting of the company or at any meeting of any class of members of the company.~~

~~(2) An individual appointed to act as aforesaid shall, for the purpose of this Act, be deemed to be a member of such a company and shall be entitled to exercise the same rights and powers, including the right to appoint proxy, as the concerned Minister in Charge of the Federal Government or as the case may be, the Provincial Government, as the case may be, may exercise as a member of the company.~~

140. Notice of resolution.— (1) The notice of a general meeting of a company shall state the general nature of each business proposed to be considered and dealt with at a meeting, and in case of special resolution, accompanied by the draft resolution.

(2) The members having not less than ten percent voting power in the company may give notice of a resolution and such resolution together with the supporting statement, if any, which they propose to be considered at the meeting, shall be forwarded so as to reach the company-

~~**149. Passing of resolution by the members through circulation.**— [(1)~~

~~Except for the businesses specified under subsection (2) of section 134 to be conducted in the annual general meeting, the members of a private company or a public unlisted company (having not more than fifty members), may pass a resolution (ordinary or special) by circulation signed by all the members for the time being entitled to receive notice of a meeting.~~

APPOINTMENT AND REMOVAL OF DIRECTORS

153. Ineligibility of certain persons to become director.— A person shall not be eligible for appointment as a director of a company, if he —

(k) is engaged in the business of brokerage, or is a spouse of such person or is a sponsor, director or officer of a corporate brokerage house;

Provided that clauses (j) and (k) shall be applicable only in case of listed companies.

listed company, the Commission may for reasons to be recorded in writing on the application of the company authorize such meeting to be held at such shorter notice as may be allowed by it:

Provided also that in case of a listed company, such notice shall be sent to the Commission, in addition to its being dispatched in the normal course to members and the notice shall also be published in English and Urdu languages at least in one issue each of a daily newspaper of respective language having nationwide circulation.].

135. Quorum of general meeting.— (1) The quorum of a general meeting shall be

(c) in the case of a company not having share capital, as provided in the articles:

[Provided that if within half an hour from the time appointed for the meeting a quorum is not present the meeting if called upon the requisition of members shall be dissolved and in any other case, it shall stand adjourned to the same day in the next week at the same time and place and, if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting, the members present personally or through video link being not less than two shall be a quorum, unless the articles provide otherwise.

[139. Representation of the Government at meetings of companies.— (1)

Where the Government is a member of a company, such Government may appoint such individual as it thinks fit to act as its representative at any meeting of the company or at any meeting of any class of members of the company.

(2) An individual appointed to act as aforesaid shall, for the purpose of this Act, be deemed to be a member of such a company and shall be entitled to exercise the same rights and powers, including the right to appoint proxy, as the Government may exercise as a member of the company.

140. Notice of resolution.— (1) The notice of a general meeting of a company shall state the general nature of each business proposed to be considered and dealt with at a meeting, and in case of special resolution, accompanied by the draft resolution.

(2) The members having not less than [five] percent voting power in the company may give notice of a resolution and such resolution together with the supporting statement, if any, which they propose to be considered at the meeting, shall be forwarded so as to reach the company-

149. Passing of resolution by the members through circulation.— [(1)

Except for the businesses specified under sub-section (2) of section 134 to be conducted in the annual general meeting, the members of a private company or a public unlisted company may pass a resolution, ordinary or special, by circulation approved in writing by all the members for the time being entitled to receive notice of a meeting.]

APPOINTMENT AND REMOVAL OF DIRECTORS

153. Ineligibility of certain persons to become director.— A person shall not be eligible for appointment as a director of a company, if he —

[(k) is engaged in the business of brokerage pertaining to securities market as defined in the Securities Act, 2015 (III of 2015) or futures market as defined in Futures Market Act, 2016 (XIV of 2016), or is a spouse of such person or is a sponsor, director or officer of such brokerage house;

Provided that clauses (j) and (k) shall be applicable only in case of listed companies;

Provided further that clause (h) shall not be applicable on a foreign national

154. Minimum number of directors of a company.— (1)

Notwithstanding anything contained in any other law for the time being in force,

(d) a listed company shall have not less than seven directors.:

~~Provided that public interest companies shall be required to have female representation on their board as may be specified by the Commission.~~

(2) Only a natural person shall be a director.

155. Number of directorships.— (1) No person shall, after the commencement of this Act, hold office as a director, including as an alternate director at the same time in more than such number of companies as may be specified.:

~~Provided that this limit shall not include the directorships in a listed subsidiary.~~

~~(2) A person holding the position of director in more than seven companies on the commencement of this Act shall ensure the compliance of this section within one year of such commencement.~~

158. Retirement of first and subsequent directors.— (1)

~~(4) Any officer of the company or any other person who fails to comply with the direction given under sub-section (3) shall be guilty of an offence liable to a fine of level 2 on the standard scale.~~

161. Term of office of directors.— (1) A director elected under sections 159 or 162 shall hold office for a period of three years unless he earlier resigns, vacates office due to fresh election required under section 162 as the case may be, becomes disqualified from being a director or otherwise ceases to hold office:

Provided that the term of office of directors of a company limited by guarantee and not having share capital may be a period of less than three years as provided in the articles of association of a company.

166. Manner of selection of independent directors and maintenance of databank of independent directors.—

(2) (h) a person nominated as a director under sections 164 and 165.

Provided further that for determining the independence of directors for the purpose of sub-clauses (a), (b) and (c) in respect of public sector companies, the time period shall be taken as two years instead of three years. Further, an independent director in case of a public sector company shall not be in the service of Pakistan or of any statutory body or any body or institution owned or controlled by the Government.

~~(3) The independent director of a listed company shall be elected in the same manner as other directors are elected in terms of section 159 and the statement of material facts annexed to the notice of the general meeting called for the purpose shall indicate the justification for choosing the appointee for appointment as independent director.~~

167. Consent to act as director to be filed with company—

~~(2) The consent given to the company under subsection (1) shall be filed with the registrar within fifteen days thereof.~~

DISQUALIFICATION OF DIRECTORS BY THE COMMISSION

172. Disqualification orders.— (1)

~~(f) the affairs of the company of which he is a director have been conducted in a manner which has deprived the shareholders thereof of a reasonable~~

who is not required to hold National Tax Number under the provisions of the Income Tax Ordinance, 2001 (XLIX of 2001).]

154. Minimum number of directors of a company.— (1)

Notwithstanding anything contained in any other law for the time being in force,

(d) a listed company shall have not less than seven directors.:

(2) Only a natural person shall be a director.

[(3) public interest company shall be required to have female representation on its board in such manner and subject to such terms and conditions as may be specified.]

155. Number of directorships.— (1) No person shall, after the commencement of this Act, hold office as a director, including as an alternate director at the same time in more than such number [and such class] of companies as may be specified.:

Provided that this limit shall not include the directorships in a listed subsidiary.

[(2) A person holding the position of director in specified number of companies and specified class of companies shall ensure the compliance of this section within such time period as may be notified.

158. Retirement of first and subsequent directors.— (1)

(4) Omitted.

161. Term of office of directors.— (1) A director elected under sections 159 or 162 shall hold office for a period of three years unless he earlier resigns, vacates office due to fresh election required under section 162 as the case may be, becomes disqualified from being a director or otherwise ceases to hold office:

[Provided that the term of office of directors of a trade organization may be a period of less than three years as provided in the Trade Organizations Act, 2013 (II of 2013).

166. Manner of selection of independent directors and maintenance of databank of independent directors.—

(2) (h) a person nominated as a director under sections 164 and 165 [except where the director is nominated by the Government]:

Provided further that for determining the independence of directors for the purpose of sub-clauses (a), (b) and (c) in respect of public sector companies, the time period shall be taken as two years instead of three years. Further, an independent director in case of a public sector company shall not be in the service of Pakistan or of any statutory body or any body or institution owned or controlled by the Government.

[(3) The independent director of a company shall be elected in the same manner as other directors are elected in terms of section 159 and the statement of material facts annexed to the notice of the general meeting called for this purpose shall indicate the justification for selecting the individual as a candidate for election as independent director.

167. Consent to act as director to be filed with company—

[(2) The consent given to the company under sub-section (1) shall be annexed to the relevant form reporting the appointment of director or the chief executive, as the case may be.]

DISQUALIFICATION OF DIRECTORS BY THE COMMISSION

172. Disqualification orders.— (1)

(f) [omitted]

~~return; or~~

~~(j) the company of which he is a director has acted against the interests of the sovereignty and integrity of Pakistan, the security of the State, friendly relations with foreign States; or~~

~~(m) the person has entered into a plea bargain arrangement with the National Accountability Bureau or any other regulatory body;~~

~~(o) that it is expedient in the public interest so to do.~~

179. Passing of resolution by the directors through circulation. — (1)

~~A resolution in writing signed by all the directors or the committee of directors for the time being entitled to receive notice of a meeting of the directors or committee of directors shall be as valid and effectual as if it had been passed at a meeting of the directors or the committee of directors duly convened and held.~~

~~(4) A directors' agreement to a written resolution, passed by circulation, once signified, may not be revoked.~~

~~**181. Protection to independent and non-executive directors. — (1)**~~

~~Notwithstanding anything contained in this Act —~~

~~(a) an independent director; and~~

~~(b) a non-executive director; shall be held liable, only in respect of such acts of omission or commission by a listed company or a public sector company which had occurred with his knowledge, attributable through board processes, and with his consent or connivance or where he had not acted diligently.~~

~~(2) For the purpose of this section a non-executive director means, a person on the board of the company who is not from among the executive management team and may or may not be independent; is expected to lend an outside viewpoint to the board of a company; does not undertake to devote his whole working time to the company and not involve in managing the affairs of the company; is not a beneficial owner of the company or any of its associated companies or undertakings; does not draw any remuneration from the company except the meeting fee.~~

182. Loans to directors: requirement of members' approval. — (1) A company shall not-

(a) make a loan to a director of the company or of its holding company; or to any of his relatives;

(b) give a guarantee or provide security in connection with a loan made by any person to such a director; or to any of his relatives;

~~unless the transaction has been approved by a resolution of the members of the company;~~

Provided that in case of a listed company, approval of the Commission shall also be required before sanctioning of any such loan.

183. Powers of board. —

~~(3) The board of a company shall not except with the consent of the general meeting either specifically or by way of an authorisation, do any of the following things, namely. -~~

(4) Nothing contained in sub-section (3) shall entitle a listed company to sell or otherwise dispose of the undertaking, which results in or may lead to closure of business operation or winding up of the company, ~~without there being a viable alternate business plan duly authenticated by the board.~~

CHIEF EXECUTIVE

186. Appointment of first chief executive. —

~~(4) Notwithstanding anything contained in this section, the Government shall have the power to nominate chief executive of a public sector company in such manner as may be specified.~~

(j) the company of which he is a director has acted against the interests, [\[sovereignty or\]](#) integrity of Pakistan, the security of the State, friendly relations with foreign States; or

(m) [\[omitted\]](#)

(o) [\[omitted\]](#)

179. Passing of resolution by the directors through circulation. — (1)

A resolution [\[approved by all the directors in writing\]](#) or the committee of directors for the time being entitled to receive notice of a meeting of the directors or committee of directors shall be as valid and effectual as if it had been passed at a meeting of the directors or the committee of directors duly convened and held.

(4) A directors' agreement to a written resolution, passed by circulation, once [\[approved\]](#), may not be revoked.

181. [\[Omitted\]](#)

182. Loans to directors: requirement of members' approval. — (1) A company shall not-

(a) make a loan to a director of the company or of its holding company; or to any of his relatives;

(b) give a guarantee or provide security in connection with a loan made by any person to such a director; or to any of his relatives;

[\[Provided that nothing in this section shall apply to the loan provided to the chief executive or the whole time director subject to the condition that the loan is granted under a scheme approved by the members of the company:\]](#)

Provided [\[further\]](#) that in case of a listed company, approval of the Commission shall also be required before sanctioning of any such loan.

183. Powers of board. —

(3) The board of a company shall not [\[do any of the following except under the authority of special resolution\]](#)namely. -

(4) Nothing contained in sub-section (3) shall entitle a listed company to sell or otherwise dispose of the undertaking, which results in or may lead to closure of business operation or winding up of the company.

CHIEF EXECUTIVE

186. Appointment of first chief executive. —

(4) [\[Omitted\]](#).

187. Appointment of subsequent chief executive

~~(4) Notwithstanding anything contained in this section, the Government shall have the power to nominate chief executive of a company where majority of directors is nominated by the Government, in such manner as may be specified.~~

194. Public company required to have secretary.— A public company must have a company secretary; possessing such qualification as may be specified.

MISCELLANEOUS PROVISIONS REGARDING INVESTMENTS, CONTRACTS OFFICERS AND SHAREHOLDINGS, TRADING AND INTERESTS

199. Investments in associated companies and undertaking.—

(2) The company shall not invest in its associated company or associated undertaking by way of loans or advances except in accordance with an agreement in writing and such agreement shall *inter-alia* include the terms and conditions specifying the nature, purpose, period of the loan, rate of return, fees or commission, repayment schedule for principal and return, penalty clause in case of default or late repayments and security, if any, for the loan in accordance with the approval of the members in the general meeting:

Provided that the return on such investment shall not be less than the borrowing cost of the investing company or the rate as may be specified by the Commission whichever is higher and shall be recovered on regular basis in accordance with the terms of the agreement, ~~failing which the directors shall be personally liable to make the payment:~~

Provided further that the directors of the investing company shall certify that the investment is made after due diligence and financial health of the borrowing company is such that it has the ability to repay the loan as per the agreement.

201. Method of contracting.— (1) A contract or other enforceable obligation may be entered into by a company as follows:

(a) an obligation which, if entered into by a natural person, will, by law, be required to be by deed or otherwise in writing, may be entered into on behalf of the company in writing signed under the name of the company by a director, attorney or any other person duly authorised by the board ~~and may affix common seal of the company;~~

203. Company to have official seal for use abroad.— (1) A company ~~that has a common seal~~ may have an official seal for use outside Pakistan.

(2) The official seal ~~must be a facsimile of the company's common seal, with the addition on its face of the name of every territory where it is to be used.~~

~~(3) The official seal when duly affixed to a document has the same effect as the company's common seal.~~

(4) A company having such an official seal may, ~~by writing under its common seal,~~ authorise any person appointed for the purpose in any territory not situate in Pakistan to affix the same to any deed or other document to which the company is party in that territory.

(7) A deed or other document to which an official seal is duly affixed shall bind the company ~~as if it had been sealed with the common seal of the company.~~

215. Liability for undesired activities of the shareholders.—

~~(1) A member of a company shall act in good faith while exercising its powers as a shareholder at the general meetings and shall not conduct themselves in a manner that is considered disruptive to proceedings of the meeting.~~

223. Financial Statements.—

(5) The financial statement shall be audited by the auditor of the company, in the manner hereinafter provided, and the auditor's report shall be attached thereto:

187. Appointment of subsequent chief executive

(4) [Omitted].

[194. Public company required to have secretary.— A public company shall have a company secretary, possessing such qualification and shall be subject to such restrictions and limitations as may be specified.

MISCELLANEOUS PROVISIONS REGARDING INVESTMENTS, CONTRACTS OFFICERS AND SHAREHOLDINGS, TRADING AND INTERESTS

199. Investments in associated companies and undertaking.—

(2) The company shall not invest in its associated company or associated undertaking by way of loans or advances except in accordance with an agreement in writing and such agreement shall *inter-alia* include the terms and conditions specifying the nature, purpose, period of the loan, rate of return, fees or commission, repayment schedule for principal and return, penalty clause in case of default or late repayments and security, if any, for the loan in accordance with the approval of the members in the general meeting:

Provided that the return on such investment shall not be less than the borrowing cost of the investing company or the rate as may be specified by the Commission whichever is higher and shall be recovered on regular basis in accordance with the terms of the agreement:

Provided further that the directors of the investing company shall certify that the investment is made after due diligence and financial health of the borrowing company is such that it has the ability to repay the loan as per the agreement.

201. Method of contracting.— (1) A contract or other enforceable obligation may be entered into by a company as follows:

(a) an obligation which, if entered into by a natural person, will, by law, be required to be by deed or otherwise in writing, may be entered into on behalf of the company in writing signed under the name of the company by a director, attorney or any other person duly authorised by the board;

203. Company to have official seal for use abroad.— (1) A company may have an official seal for use outside Pakistan.

(2) The official seal ~~must be a facsimile of the company's common seal, with the addition on its face of the name of every territory where it is to be used.~~ [must add on the face of it] the name of every territory where it is to be used.

(3) [Omitted]

(4) A company having such an official seal may authorise any person appointed for the purpose in any territory not situate in Pakistan to affix the same to any deed or other document to which the company is party in that territory.

(7) A deed or other document to which an official seal is duly affixed shall bind the company.

215. (1) [omitted]

223. Financial Statements.—

(5) The financial statement shall be audited by the auditor of the company, in the manner hereinafter provided, and the auditor's report shall be attached thereto:

Provided that nothing in this sub-section shall apply to a private company having the paid up capital not exceeding one million rupees or such **higher amount** of paid up capital as may be notified by the Commission.

225. Contents of Financial Statements.— (1) The financial statements shall give a true and fair view of the state of affairs of the company, comply with the financial reporting standards notified by the Commission and shall be prepared in accordance with the requirements contained in the Third Schedule for different class or classes of companies:

~~Provided that for the purpose of preparation of financial statements and related accounting treatment of associated companies shall be in accordance with financial reporting standards or such other standards as may be notified by the Commission:~~

Provided further that, except to the extent, otherwise notified in the official Gazette by the Commission, this sub-section shall not apply to an insurance or banking company or to any other class of companies for which the requirements of financial statements are specified in the law regulating such class of companies.

~~(5) The provisions of sub-section (6) of section 220 shall apply to any person who is a party to the default in complying with any of the provisions of this section.~~

227. Contents of directors' report and statement of compliance.—

(I) any material changes and commitments affecting the financial position of the company which have occurred between the end of the financial year of the company to which the financial statement relates and the date of the report; and

[(Ia) disclosure with respect to remuneration package of each of the directors and chief executive including but not limited to salary, benefits, bonuses, stock options, pension and other incentives; and]

~~[(6) Whoever contravenes any of the provisions of this section shall—
(b) (c) in respect of a listed company, be punishable with imprisonment for a term which may extend to two years and with fine may extend to five hundred thousand rupees and with a further fine which may extend to ten thousand rupees for every day after the first during which the default continues; and~~

~~(d)
(e)(b) in respect of any other company, be punishable with imprisonment for a term which may extend to one year and with fine which may extend to one hundred thousand rupees.]~~

228. Consolidated financial statements.— (1) There shall be attached to the financial statements of a holding company having a subsidiary or subsidiaries, at the end of the financial year at which the holding company's financial statements are made out, consolidated financial statements of the group presented as those of a single enterprise and such consolidated

Provided that nothing in this sub-section shall apply to a private company [not being a public interest company or a subsidiary or holding company of a public company and] having the paid up capital not exceeding one million rupees or such **higher amount** of paid up capital as may be notified by the Commission.

225. Contents of Financial Statements.— (1) The financial statements shall give a true and fair view of the state of affairs of the company, comply with the financial reporting standards [and such other standards as may be] notified by the Commission and shall be prepared in accordance with the requirements contained in the Third Schedule for different class or classes of companies:

[Omitted]

Provided that, except to the extent, otherwise notified in the official Gazette by the Commission, this sub-section shall not apply to an insurance or banking company or to any other class of companies for which the requirements of financial statements are specified in the law regulating such class of companies.

[(5) Any contravention or default in complying with the requirements of this section shall be an offence liable –

(a) in case of a listed company or its associated companies, to a penalty of level 3 on standard scale; and

(b) in case of any other company, to a penalty of level 2 on the standard scale:

Provided that in case of continuing default, the provisions of subsection (6) of section 220 shall apply to any person who is a party to the default in complying with any of the provisions of this section.

Explanation.- For the purpose of this section, continuing default means default in complying with the same requirement of this section for two consecutive years or more.

227. Contents of directors' report and statement of compliance.—

(k) comments in respect of adequacy [of]111 internal financial controls;
(I) any material changes and commitments affecting the financial position of the company which have occurred between the end of the financial year of the company to which the financial statement relates and the date of the report;

[(Ia) disclosure with respect to remuneration package of each of the directors and chief executive including but not limited to salary, benefits, bonuses, stock options, pension and other incentives; and]

3[(e) the legitimate reasons for not declaring dividend under section 240 despite earning profits and future prospects of dividend, if any.]

[(6) Whoever contravenes any of the provisions of this section shall—
(a) in respect of a listed company, be punishable with a penalty of level 2 on the standard scale; and (a) in respect of any other company, be punishable with a penalty of level 1 on the standard scale.

228. Consolidated financial statements.— (1) There shall be attached to the financial statements of a holding company having a subsidiary or subsidiaries, at the end of the financial year at which the holding company's financial statements are made out, consolidated financial statements of the group presented as those of a single enterprise and such consolidated

financial statements shall comply with the disclosure requirements of the relevant Schedule and financial reporting standards notified by the Commission:

Provided that nothing in this sub-section shall apply to a private company and its subsidiary, where none of the holding and subsidiary company has the paid up capital exceeding one million rupees.

(6) All provisions of sections 223, 233, ~~234, 235 and 236~~ shall apply to a holding company required to prepare consolidated financial statements under this section as if for the word “company” appearing in these sections, the words “holding company” were substituted:

232. Approval and authentication of Financial Statements.— (1) The financial statements, including consolidated financial statement, if any, must be approved by the board of the company and signed on behalf of the board by the chief executive and at least one director of the company, and in case of a listed company also by the chief financial officer:

Provided that when the chief executive is for the time being not available in Pakistan, then the financial statements may be signed by at least two directors:

~~Provided further that in case of a private company having a paid up capital not exceeding one million rupees, the financial statements shall also be accompanied by an affidavit executed by the chief executive if the accounts are signed by him or by any of the directors if the accounts has been signed by two directors, as the case may be, that the financial statements have been approved by the board.~~

233. Copy of Financial Statements to be forwarded to the registrar.—

~~(3) Nothing in this section shall apply to a private company having the paid up capital not exceeding ten million rupees or such higher amount of paid up capital as may be notified by the Commission.~~

~~**234. [Filing of unaudited financial statements.**— (1) A private company, not being a subsidiary of public company, having the paid up capital not exceeding one million rupees or such other amount of paid up capital as may be notified by the Commission, shall file the duly authenticated financial statements, whether audited or not, with the registrar within thirty days from the holding of such meeting.~~

~~(2) Any contravention or default in complying with requirement of this section shall be an offence liable to a penalty of level 1 on the standard scale.~~

237. Quarterly financial statements of listed companies.

(2) The quarterly financial statements shall be posted on the company’s website for the information of its members and also be transmitted electronically to the Commission, securities exchange and [filed] with the registrar within the period specified under sub-section (1):

243. Directors not to withhold declared dividend.—

(2) (e) where, for any other reason, the failure to pay the dividend or to post the warrant within the period aforesaid was not due to any default on the part of the company; and the Commission has, on an application of the company on the specified

financial statements shall comply with the disclosure requirements of the relevant Schedule and financial reporting standards notified by the Commission:

Provided that nothing in this sub-section shall apply to a private company and its subsidiary, where none of the holding and subsidiary company has the paid up capital exceeding one million rupees.

[Explanation.- The requirements of this section shall be applicable to a company that,-

(a) has subsidiary or subsidiaries as defined in clause (68) of sub-section (1) of section 2; or

(a)(b) is required to prepare consolidated financial statements as per applicable accounting and financial reporting framework.]118

(6) All provisions of sections 223, 233, [235, 236 and 237] shall apply to a holding company required to prepare consolidated financial statements under this section as if for the word “company” appearing in these sections, the words “holding company” were substituted:

[Provided that the requirement of first proviso to clause (b) of sub-section (1) of section 237 shall not apply to such holding company.]120

232. Approval and authentication of Financial Statements.— (1) The financial statements, including consolidated financial statement, if any, must be approved by the board of the company and signed on behalf of the board by the chief executive and at least one director of the company, and in case of a listed company also by the chief financial officer:

Provided that when the chief executive is for the time being not available in Pakistan, then the financial statements may be signed by at least two directors:

[Omitted]

233. Copy of Financial Statements to be forwarded to the registrar.—

[(3) Nothing in this section shall apply to a private company not being a public interest company or a subsidiary or holding company of a public company and having the paid up capital not exceeding ten million rupees or such higher amount of paid up capital as may be notified by the Commission.]

234. Omitted.

237. Quarterly financial statements of listed companies.

(2) The quarterly financial statements shall be posted on the company’s website for the information of its members and also be transmitted to the Commission, securities exchange and [filed] with the registrar within the period specified under sub-section (1):

243. Directors not to withhold declared dividend.—

(2) (e) where, for any other reason, the failure to pay the dividend or to post the warrant within the period aforesaid was not due to any default on the part of the company; and the Commission has, on an application of the company on the specified

form made within ~~forty five working~~ days from the date of declaration of the dividend, and after providing an opportunity to the shareholder or person who may seem to be entitled to receive the dividend of making representation against the proposed action, permitted the company to withhold or defer payment as may be ordered by the Commission.

~~**244. Unclaimed shares, Modaraba certificates and dividend to vest with the Federal Government.**— (1) Notwithstanding anything to the contrary contained in this Act or any other law where shares of a company or modaraba certificates of a Modaraba have been issued; or where dividend has been declared by a company or Modaraba; which remain unclaimed or unpaid for a period of three years from the date it is due and payable, or any other instrument or amount which remain unclaimed or unpaid, having such nature and for such period as may be specified; the company shall give **ninety days** notices to the shareholders or certificate holders or the owner, as the case may be, to file claim, in the following manner by a registered post acknowledgement due on his last known address; and after expiry of notice period as provided under clause (a), final notice in the specified form shall be published in two daily newspapers of which one will be in Urdu and one in English having wide circulation.~~

~~**Explanation.**— For the purpose of this section “shares” or “Modaraba certificates” include unclaimed or undelivered bonus shares or Modaraba certificates and “company” includes a “modaraba company”.~~

~~(2) If no claim is made before the company by the shareholder, certificate holder or the owner, as the case may be, the company shall after **ninety days** from the date of publication of notice under clause (b) of sub-section (1) shall in case of sum of money, deposit any unclaimed or unpaid amount to the credit of the Federal Government; and~~

~~in case of shares or modaraba certificates or other instrument, report and deliver to the Commission such shares or modaraba certificates or other instrument and the Commission shall sell such shares or modaraba certificates or other instrument, as the case may be, in the manner and within such period as may be specified and deposit the proceeds to the credit of Federal Government:~~

~~Provided that where the company has deposited the unclaimed or unpaid amount or delivered the shares or modaraba certificates or other instrument with the Commission for credit of the Federal Government, the company shall preserve and continue to preserve all original record pertaining to the deposited unclaimed or unpaid amount and the shares or modaraba certificates or other instrument and provide copies of the relevant record to the Commission until it is informed by the Commission in writing that they need not to be preserved any longer.~~

~~(3) Notwithstanding anything contained in any law or procedure for the time being in force, the unclaimed or unpaid amount as well as the proceeds from the sale of shares or modaraba certificates or any other instrument or any benefit accrued thereon, as the case may be, shall be maintained in a profit bearing account with the State Bank of Pakistan or National Bank of Pakistan to be called “Companies Unclaimed Instruments and Dividend and Insurance Benefits and Investors Education Account” as may be notified by the concerned Minister in-Charge of the Federal Government and shall be deemed to be part of public accounts and interest / profit accumulated thereon shall be credited on quarterly basis to the Fund established under section 245 of this Act.~~

~~(4) Any person claiming to be entitled to any money paid into “Companies Unclaimed Instruments and Dividend and Insurance Benefits and Investors Education Account” may in pursuance of this section apply to the Commission in such manner along with such documents as may be specified for payment thereof, and the Commission after necessary verification from the company concerned forward to the bank as notified under sub-section (3) to make the payment to entitled person of the sum equivalent to his unclaimed or unpaid dividend or amount of proceeds:~~

~~Provided that the payment to the claimant shall be made within a period of~~

form made within **[fifteen working]** days from the date of declaration of the dividend, and after providing an opportunity to the shareholder or person who may seem to be entitled to receive the dividend of making representation against the proposed action, permitted the company to withhold or defer payment as may be ordered by the Commission.

244. Unpaid dividend account.— (1) Notwithstanding anything to the contrary contained in this Act or any other law for the time being in force, where a dividend has been declared by a company but has not been paid or claimed, within a time period specified under section 242, to any shareholder entitled to the payment of the dividend, the company shall, within fifteen days from the date of expiry of the said period, transfer the total amount of dividend which remains unpaid or unclaimed to a separate profit bearing account to be called the unpaid dividend account opened by the company for this purpose in any scheduled bank. The deposits in the unpaid dividend account shall only be used for payment to a claimant as given in sub-section 4.

Explanation.- Dividend for the purpose of this section means the dividend payable in cash.

(2) The company shall, within a period of ninety days of making any deposit of the amount under sub-section (1) to the unpaid dividend account, prepare a statement containing the names, the last known addresses, number of shares held, the amount of unpaid dividend to be paid to each shareholder and such other particulars as may be specified and place it on the website of the company required under any law, rules, regulations or directions to maintain a website and also on any other website as may be specified.

(3) Any change in the information to be maintained on the website under sub-section (2) shall be effected by the company in such manner and within such time as may be specified.

(4) Any person claiming to be entitled to any money transferred under sub-section (1) to the unpaid dividend account of the company may apply to the company for payment of the money claimed.

(5) The company shall make payment to the bonafide claimant within a period of thirty days from the date of submission of claim with the company. No claimant shall be entitled to any amount except his unclaimed dividend amount.

(6) The amount of profit generated from the account maintained by the company under this section shall be used by the company for its corporate social responsibility initiatives and specified purposes.

(7) Where there is any dispute, embargo or restriction on payment of unclaimed dividend or where an adjudication is pending before the competent authority or court, the company shall process the claim after settlement of dispute, removal of embargo or restriction.

(8) The company shall make appropriate disclosures in its financial statements and in respect of unpaid dividend account providing therein details of amounts transferred into such account, claims received and settled, profits generated from such account and utilization of such profits during a financial year and such other information as may be specified.

(9) If a company fails to comply with any of the requirements of this section, the company and every officer of the company shall be liable to a penalty of level 3 on the standard scale.

thirty days from the date of verification by the company.

~~(5) A person shall be entitled to receive the shares or *modaraba* certificates or any other instrument as delivered to the Commission by the company, making a claim under this Act before the sale of such unclaimed shares or *modaraba* certificates or the instrument, is effected by the Commission.~~

~~(6) A person making a claim under this section shall be entitled to the proceeds of the sale of the shares or *modaraba* certificates or the instrument less any deduction for expenses of sale.~~

~~(7) Payment to the claimant pursuant to sub-section (4) and a receipt given by the bank in this respect shall be a good discharge to the Commission and the bank.~~

~~(8) Where any dispute regarding unclaimed shares, *Modaraba* certificates, the instrument or dividend arises or is pending adjudication before the competent authority or Court, the Commission shall process the claim in accordance with the decision of such authority or Court.~~

~~(9) No claim whatsoever shall be entertained after the period of ten years from the credit of any amount to the account of the Federal Government to be maintained under this section.~~

~~(10) Every company within thirty days of the close of each financial year shall submit to the Commission a return of all unclaimed shares, *Modaraba* certificates, the instruments or dividend in its books in the manner as may be specified by the Commission.~~

~~(11) Whoever contravenes the provisions of this section shall be punishable with a penalty of level 3 on the standard scale.~~

~~(12) The account to be maintained under sub-section (3) shall be available on the direction of Minister in Charge to serve as a collateral in order to facilitate the provision of credit facility to the clearing house to address any systemic risk in the capital market:~~

~~Provided that powers under this sub-section shall be exercised only in case where in opinion of the Commission the resources of the clearing house are or likely to be insufficient for timely settlement of trades executed at the securities and future exchanges.]126~~

~~**245. Establishment of Investor Education and Awareness Fund.—**~~

AUDIT

~~**246. Appointment, removal and fee of auditors. —**~~

~~(3) A member or members having not less than ten percent shareholding of the company shall also be entitled to propose any auditor or auditors for appointment whose consent has been obtained by him and a notice in this regard has been given to the company not less than seven days before the date of the annual general meeting. The company shall forthwith send a copy of such notice to the retiring auditor and shall also be posted on its website.~~

~~**247. Qualification and disqualification of auditors. —** (1) A person shall not be qualified for appointment as an auditor:~~

~~(a) in the case of a public company or a private company which is subsidiary of a public company or a private company having paid up capital of million rupees or more unless such person is a chartered accountant having valid certificate of practice from the Institute of Chartered Accountants of Pakistan or a firm of chartered accountants; and~~

~~(b) in the case of a company other than specified in clause (a), unless such person, is a chartered accountant or cost and management accountant having valid certificate of practice from the respective institute or a firm of chartered accountants or cost and management accountants, having such criteria as may be specified:~~

PART VIII

MEDIATION, ARBITRATION, ARRANGEMENTS AND RECONSTRUCTION

~~**276. Mediation and Conciliation Panel.—**~~

~~**280. Power of Commission to enforce compromises and arrangements.—**~~

245. [Omitted]

AUDIT

246. Appointment, removal and fee of auditors. —

(3) A member or members having not less than ten percent shareholding of the company shall also be entitled to propose any auditor or auditors for appointment whose consent has been obtained by him and a notice in this regard has been given to the company not less than seven days before the date of the annual general meeting. The company shall forthwith send a copy of such notice to the [\[retiring auditors and in case of listed company\]](#) shall also be posted on its website.

247. Qualification and disqualification of auditors. — (1) A person shall not be qualified for appointment as an auditor:

(a) in the case of a public company or a private company which is subsidiary of a public company or a private company having paid up capital of [\[more than ten million rupees\]](#) unless such person is a chartered accountant having valid certificate of practice from the Institute of Chartered Accountants of Pakistan or a firm of chartered accountants; and

(b) in the case of a company other than specified in clause (a), unless such person, is a chartered accountant or cost and management accountant having valid certificate of practice from the respective institute or a firm of chartered accountants or cost and management accountants, having such criteria as may be specified:

PART VIII

MEDIATION, ARBITRATION, ARRANGEMENTS AND RECONSTRUCTION

~~**276. [Omitted]**~~

280. Power of [\[Court\]](#) to enforce compromises and arrangements.-(1)

(1) Where the Commission makes an order under section 279 sanctioning a compromise or an arrangement in respect of a company, it may, at the time of making such order or at any time thereafter, give such directions in regard to any matter or make such modifications in the compromise or arrangement as it may consider necessary for the proper working of the compromise or arrangement.

~~(2) If the Commission is satisfied that a compromise or arrangement sanctioned under section 279 cannot be worked satisfactorily with or without modification, it may, initiate proceedings for the winding up of the company.~~

281. Information as to compromises or arrangements with creditors and members.

(4) Any contravention or default in complying with requirements of this section shall be an offence liable to a penalty of level 1 on the standard scale; and for the purpose of this sub-section any liquidator of the company and trustee of a deed for securing the issue of debentures of the company shall be deemed to be an officer of the company:

Provided that a person shall not be under this subsection if he shows that the default was due to the refusal of any other person, being a director, including chief executive or trustee for debenture-holder, to supply the necessary particulars as to his material interests.

~~**282. Powers of Commission to facilitate reconstruction or amalgamation of companies.**—(1) Where an application is made to the Commission under section 279 to sanction a compromise or arrangement and it is shown that-~~

284. Amalgamation of wholly owned subsidiaries in holding company.-

~~(5) The transferee company shall file a copy of the scheme so approved in the manner as may be specified, with the registrar where the registered office of the company is situated.~~

285. Power to acquire shares of members dissenting from scheme or contract.-

~~(8) [Notwithstanding anything contained in sections 279 to 283 and 285, the powers of the Commission shall be exercised by the Court for such companies or class of companies or having such capital, as may be notified by the concerned Minister in Charge of the Federal Government.~~

287. Powers of Court under section 286.-Without prejudice to the generality of the powers of the Court under section 286, an order under that section may provide for-

~~(a) the termination, setting aside or modification of any agreement, however arrived at between the company and any director, including the chief executive or other officer, upon such terms and conditions as may, in the opinion of the Court be just and equitable in all the circumstances;~~

337. Powers and duties of official liquidator.- (1) Subject to directions by the Court, if any, in this regard, the official liquidator, in a winding up of a company, shall have the power—

(a) to carry on the business of the company so far as may be necessary for the beneficial winding up of the company;

Where the [Court] makes an order under section 279 sanctioning a compromise or an arrangement in respect of a company, it may, at the time of making such order or at any time thereafter, give such directions in regard to any matter or make such modifications in the compromise or arrangement as it may consider necessary for the proper working of the compromise or arrangement.

[(2) If the Court is satisfied that a compromise or arrangement sanctioned under section 279 cannot be worked satisfactorily with or without modification, it may, either of its own motion or on the application of the registrar or any person interested in the affairs of the company, make an order to wind up the company and such an order shall be deemed to be an order made under section.

[(3) The provision of this section shall, so far as may be relevant, also apply to a company in respect of which an order sanctioning a compromise or an arrangement has been made before the commencement of The Companies (Amendment) Ordinance, 2020.]

281. Information as to compromises or arrangements with creditors and members.

(4) Any contravention or default in complying with requirements of this section shall be an offence liable to a penalty of level 1 on the standard scale; and for the purpose of this sub-section any liquidator of the company and trustee of a deed for securing the issue of debentures of the company shall be deemed to be an officer of the company:

Provided that a person shall not be [held responsible] under this subsection if he shows that the default was due to the refusal of any other person, being a director, including chief executive or trustee for debenture-holder, to supply the necessary particulars as to his material interests.

282. [Provisions for facilitating reconstruction and amalgamation of companies].—(1) Where an application is made to the [Court] under section 279 to sanction a compromise or arrangement and it is shown that-

284. Amalgamation of wholly owned subsidiaries in holding company.-

[(5) Subject to the compliance of the requirements as may be specified, the transferee company shall file a copy of the scheme so approved in the manner as may be specified, with the registrar where the registered office of the company is situated.

285. Power to acquire shares of members dissenting from scheme or contract.-

(8) Omitted

287. Powers of Court under section 286.-Without prejudice to the generality of the powers of the Court under section 286, an order under that section may provide for-

[(a) the termination, setting aside or modification of any agreement or award compensation, however arrived at between the company and any director, including the chief executive or other officer or the board, wherein Court concludes that such agreement suffers from conflict of interest on the part of any director or the board or any such agreement or contract is prejudicial to the interest of members upon such terms and conditions as may, in the opinion of the Court, be just and equitable in all the circumstances;

337. Powers and duties of official liquidator.- (1) Subject to directions by the Court, if any, in this regard, the official liquidator, in a winding up of a company, shall have the power—

(a) to carry on the business of the company so far as may be necessary for the beneficial winding up of the company;

(b) to do all acts and to execute, in the name and on behalf of the company, all deeds, receipts and other documents ~~and for that purpose, to use, when necessary, the company's seal;~~

341. Distribution by official liquidator.-Subject to any directions given by the Court, the official liquidator shall, within thirty days of the coming into his hands of funds sufficient to distribute among the creditors or contributories after providing for expenses of the winding up or for other preferential payments as provided in this Act, distribute in accordance with the provisions of this Act:

Provided that in case of company licenced under section 42 of this Act, if on a winding up, there remains after the satisfaction of all debts and liabilities, any assets, those shall be transferred to another company licenced under section 42 of this Act, preferably having similar or identical objects to those of the company in the manner as ~~may be specified~~ and subject to such conditions as the Court may impose:

Provided further that such portion of the funds as may be required for meeting any claim against the company which may be *subjudice* or subject matter of adjudication or assessment shall not be distributed till the claim is finally settled:

Provided also that any amounts retained as aforesaid shall be invested by the official liquidator in Special Saving Certificates and the same shall be deposited by him with the Court and the distribution thereof shall be made by him after the pending claims are settled:

Provided also that in case of company licenced under section 42, if any of the assets is not transferred in the manner provided in first proviso due to any reason, all such assets shall be sold and proceeds thereof ~~credited to the Investor Education and Awareness Fund formed under section 245.~~

372. Powers and duties of liquidator in voluntary winding up.

(4) The liquidator shall within thirty days of the coming into his hands of any funds sufficient to distribute among the creditors or contributories after providing for expenses of the winding up or for other preferential payments as provided in this Act, distribute in accordance with the provisions of this Act:

Provided that in case of company licenced under section 42 of this Act, if on a winding up, there remains after the satisfaction of all debts and liabilities, any assets, those shall be transferred to another company licenced under section 42 of this Act, preferably having similar or identical objects to those of the company in the manner as may be specified:

Provided further that such portion of the funds as may be required for meeting any claim against the company which may be *subjudice* or subject matter of adjudication or assessment shall not be distributed till the claim is finally settled:

Provided also that any amounts retained as aforesaid shall be invested by the official liquidator in Special Saving Certificates or in such other securities or instruments as may be specified and the distribution thereof shall be made by him after the pending claims are settled:

Provided also that in case of company licenced under section 42, if any of the assets is not transferred in the manner provided in first proviso due to any reason, all such assets shall be sold and proceeds thereof ~~credited to the Investor Education and Awareness Fund formed under section 245.~~

374. Notice by liquidator of his appointment.- ~~(1) Every liquidator shall, within fourteen days after his appointment, publish in the official Gazette, and deliver to the registrar for registration, a notice of his appointment in the form specified.~~

413. Disposal of books and papers of company.—

~~(3) The concerned Minister in-Charge of the Federal Government, may by notification, prevent for such period (not exceeding three years from the~~

(b) to do all acts and to execute, in the name and on behalf of the company, all deeds, receipts and other documents;

341. Distribution by official liquidator.-Subject to any directions given by the Court, the official liquidator shall, within thirty days of the coming into his hands of funds sufficient to distribute among the creditors or contributories after providing for expenses of the winding up or for other preferential payments as provided in this Act, distribute in accordance with the provisions of this Act:

Provided that in case of company licenced under section 42 of this Act, if on a winding up, there remains after the satisfaction of all debts and liabilities, any assets, those shall be transferred to another company licenced under section 42 of this Act, preferably having similar or identical objects to those of the company in the manner as ~~may be~~ **[prescribed]** and subject to such conditions as the Court may impose:

Provided further that such portion of the funds as may be required for meeting any claim against the company which may be *subjudice* or subject matter of adjudication or assessment shall not be distributed till the claim is finally settled:

Provided also that any amounts retained as aforesaid shall be invested by the official liquidator in Special Saving Certificates and the same shall be deposited by him with the Court and the distribution thereof shall be made by him after the pending claims are settled:

Provided also that in case of company licenced under section 42, if any of the assets is not transferred in the manner provided in first proviso due to any reason, all such assets shall be sold and proceeds thereof **shall be utilized in a manner as may be prescribed.**

372. Powers and duties of liquidator in voluntary winding up.²

(4) The liquidator shall within thirty days of the coming into his hands of any funds sufficient to distribute among the creditors or contributories after providing for expenses of the winding up or for other preferential payments as provided in this Act, distribute in accordance with the provisions of this Act:

Provided that in case of company licenced under section 42 of this Act, if on a winding up, there remains after the satisfaction of all debts and liabilities, any assets, those shall be transferred to another company licenced under section 42 of this Act, preferably having similar or identical objects to those of the company in the manner as may be specified:

Provided further that such portion of the funds as may be required for meeting any claim against the company which may be *subjudice* or subject matter of adjudication or assessment shall not be distributed till the claim is finally settled:

Provided also that any amounts retained as aforesaid shall be invested by the official liquidator in Special Saving Certificates or in such other securities or instruments as may be specified and the distribution thereof shall be made by him after the pending claims are settled:

Provided also that in case of company licenced under section 42, if any of the assets is not transferred in the manner provided in first proviso due to any reason, all such assets shall be sold and proceeds thereof **[shall be utilized in a manner as may be prescribed.**

374. Notice by liquidator of his appointment.- **[(1) Every liquidator shall, within fourteen days after his appointment, publish in the newspaper in English and Urdu languages at least in one issue each of a daily newspaper of respective language having nationwide circulation and a clipping thereof shall be sent to the registrar immediately thereafter in the form prescribed.**

413. Disposal of books and papers of company.—

[(3) The Commission may make regulations to prevent the destruction of the books and papers of a company which has been wound up.

~~dissolution of the company as the concerned Minister in-Charge of the Federal Government thinks proper, the destruction of the books and papers of a company which has been wound up, and enable any creditor or contributory of the company to make representations to the concerned Minister in-Charge of the Federal Government.]~~

~~**417. Handling of unclaimed dividends and undistributed assets.—**~~

~~**424. Inactive Company.—**~~

PART XII

COMPANIES ESTABLISHED OUTSIDE PAKISTAN PROVISIONS AS TO ESTABLISHMENT OF PLACES OF BUSINESS IN PAKISTAN

~~**434. Application of this Part to foreign companies.-** This Part shall apply to all foreign companies, that is to say, companies incorporated or formed outside Pakistan which, after the commencement of this Act, establish a place of business within Pakistan or which have, before the commencement of this Act, established a place of business in Pakistan and continue to have an established either a place of Business within Pakistan or conduct business in Pakistan through an agent or any other means at the commencement of this Act.~~

~~**435. Documents to be delivered to registrar by foreign companies.**~~⁽¹⁾

~~(d) a return showing the full present and former names and surnames, father's name or, in the case of a married woman or widow, the name of her husband or deceased husband, present and former nationality, designation and full address in Pakistan of the principal officer of the company in Pakistan by whatever name called;~~

~~(e) the full present and former names and surnames, father's name, or, in case of a married woman or widow, the name of her husband or deceased husband, present and former nationality, occupation and full addresses of some one or more persons resident in Pakistan authorised to accept on behalf of the company service of process and any notice or other document required to be served on the company together with his consent to do so; and]~~

~~(2) The list referred to in clause (c) of sub-section (1) shall contain the following particulars, that is to say-~~

~~(a) with respect to each director—~~

417. Omitted

424. Omitted

PART XII

COMPANIES ESTABLISHED OUTSIDE PAKISTAN PROVISIONS AS TO ESTABLISHMENT OF PLACES OF BUSINESS IN PAKISTAN

[434. Application of this Part to foreign companies.- This Part shall apply to all foreign companies.]

435. Documents to be delivered to registrar by foreign companies.⁽¹⁾

[(d) a return showing the full present and former names and surnames, present and former nationality, full address in Pakistan and such other particulars, as may be specified, of the principal officer of the company in Pakistan by whatever name called; and

(e) the full present and former names and surnames, full addresses and such other particulars as may be specified of some one or more persons resident in Pakistan authorised to accept on behalf of the company service of process and any notice or other document required to be served on the company together with his consent to do so; and]

(2) The list referred to in clause (c) of sub-section (1) shall contain the following particulars, that is to say-

(a) with respect to each director [and chief executive]—

[[4] The registrar shall maintain a register of foreign companies on paper or in any electronic form under this Act in such form and manner as may be specified.]

[443A. Striking off the name of a foreign company by the registrar.-

The registrar may, after providing an opportunity of being heard, strike off the register the name of a foreign company, which has established a place of business in Pakistan and publish a notice thereof in the official Gazette, if—

(i) the permission issued by relevant authority is cancelled; or
(ii) a company ceases to operate consequent upon revocation of a licence granted by the Commission or any other licencing authority; or
(iii) the company—

(a) has acted against the interest, sovereignty and integrity of Pakistan, the security of the State and friendly relations with foreign states; or

(b) is conceived or brought forth for, or is or has been carrying on, unlawful or fraudulent activities; or

(c) is carrying on business prohibited by any law for the time being in force in Pakistan; or restricted by any law, rules or regulations for the time being in force in Pakistan unless the required licence, permission or approval, as the case may be, has been obtained from the respective competent authority;

or

(d) is run and managed by persons who fail to maintain proper and true

**PART XIII
GENERAL**

451. Certification of *Shariah* compliant companies and *Shariah* compliant securities. (1) No company shall claim that it is a *Shariah* compliant company unless it has been declared *Shariah* compliant in such form and manner as may be specified.

[(3A) For the purpose of regulating and monitoring the activities of the *Shariah* compliant company, *Shariah* compliant securities and notified entities the Commission may issue such *Shariah* governance framework as may be specified.]201

452. Companies' Global Register of Beneficial Ownership.(1) Every substantial shareholder or officer of a company incorporated under the **Company law**, who is citizen of Pakistan within the meaning of the Citizenship Act, 1951 (II of 1951), **including dual citizenship holder whether residing in Pakistan or not** having shareholding in a foreign company or body corporate shall report to the company his shareholding or any other interest as may be notified by the Commission, on a specified form within thirty days of holding such position or interest.

Explanation. For the purposes of this section the expression "foreign company" means a company or body corporate incorporated or registered in any form, outside Pakistan regardless of the fact that it has a place of business or conducts any business activity or has a liaison office in Pakistan or not.

(2) The company shall submit all the aforesaid information received by it during the year to the registrar along with the annual return.

(3) Any investment in securities or other interest as may be notified in sub-section (1) by a company incorporated under this Act, in a foreign company or body corporate or any other interest shall also be reported to the registrar along with the annual return.

(4) All the above information shall be reported to the registrar through a special return on a specified form within sixty days from the commencement of this Act and thereafter in accordance with the sub-section (2).

(5) Any contravention or default in complying with requirements of this section shall be an offence liable to a ~~fine of level 1~~ on the standard scale and the registrar shall make an order specifying time to provide information under sub-section (1) and (3).

456. Acceptance of advances by real estate companies engaged in real estate projects.

458. Power to give exemptions by the Federal Government. Notwithstanding anything contained in this Act or any other law, the concerned Minister-in-Charge of the Federal Government may, by notification in the official Gazette exempt companies under sections 454, 456 and 457 from any provisions of law for the time being in force.

accounts, or commit fraud, misfeasance or malfeasance in relation to the company; or

(e) is managed by persons who refuse to act according to the requirements of the charter, statute or memorandum and articles of the company, or other instrument constituting or defining the constitution of the company or the provisions of this Act or failed to carry out the directions or decisions of the Commission or the registrar given in the exercise of powers conferred by this Act.]

**PART XIII
GENERAL**

451. Certification of *Shariah* compliant companies [, notified entities] and *Shariah* compliant securities. (1) No company shall claim that it is a *Shariah* compliant company [or notified entity] unless it has been declared *Shariah* compliant in such form and manner as may be specified.

[(3A) For the purpose of regulating and monitoring the activities of the *Shariah* compliant company, *Shariah* compliant securities and notified entities the Commission may issue such *Shariah* governance framework as may be specified.]201

452. Companies' Global Register of Beneficial Ownership.(1) Every substantial shareholder or officer of a company incorporated under the **Company law**, who is citizen of Pakistan within the meaning of the Citizenship Act, 1951 (II of 1951), **including dual citizenship holder whether residing in Pakistan or not** having shareholding [of ten percent or more] in a foreign company or body corporate shall report to the company his shareholding or any other interest [or any change thereof] as may be notified by the Commission, on a specified form within thirty days of holding such position or interest.

Explanation. For the purposes of this section the expression "foreign company" means a company or body corporate incorporated or registered in any form, outside Pakistan regardless of the fact that it has a place of business or conducts any business activity or has a liaison office in Pakistan or not.

(2) The company shall submit all the aforesaid information received by it during the year to the registrar along with the annual return.

(3) Any investment in securities or other interest as may be notified in sub-section (1) by a company incorporated under this Act, in a foreign company or body corporate or any other interest [or any change thereof]204 shall also be reported to the registrar along with the annual return.

(4) All the above information shall be reported to the registrar through a special return on a specified form within sixty days from the commencement of this Act and thereafter in accordance with the sub-section (2).

(5) Any contravention or default in complying with requirements of this section shall be an offence liable to a [penalty of level 2] on the standard scale and the registrar shall make an order specifying time to provide information under sub-section (1) and (3).

456. [Omitted]

458. Power to give exemptions by the Federal Government. Notwithstanding anything contained in this Act or any other law, the concerned Minister-in-Charge of the Federal Government may, by notification in the official Gazette exempt companies under sections 454, 456 and 457 from any provisions of law for the time being in force.

[458A. Measures for greater ease of doing business.—

Notwithstanding anything contained in this Act or in any other law for the time being in force, the Commission may implement measures for providing greater ease of doing business, improving regulatory quality and efficiency and facilitating innovation and the use of technology in

~~459. Quota for persons with disabilities in the public interest companies. Every public interest company, employing one hundred or more employees shall ensure special quota for employment of persons with disabilities of two percent or such higher percentage as may be specified or required under the applicable Federal and Provincial law. Provided that in case of any conflict between this Act and any other Federal or Provincial law for persons with disabilities, the later shall apply.~~

~~460. Valuation by registered valuers~~

~~461. Security clearance of shareholder and director. The Commission may require the security clearance of any shareholder or director or other office bearer of a company or class of companies as may be notified by the concerned Minister in charge of the Federal Government.~~

REGISTRATION OFFICES AND FEES

462. Registration offices.

(5) Any person may, in the manner as may be specified, inspect the documents kept by the registrar and may require a certified copy of certificate of incorporation or any other certificate of any company, or a copy or extract of any other document or register maintained by the registrar or any part thereof on payment of the fees specified in the Seventh Schedule:

468. Acceptance of documents presented after prescribed time. (1)

conducting business by the corporate sector, including but not limited to-

- (a) formalizing existing practices through regulations and implementing other measures for attaining international standards of regulatory quality and efficiency for greater ease of doing business;
- (b) specifying modes and procedures for enabling greater ease of entry into and exit from the market to startup companies;
- (c) constituting special task groups from the corporate sector for encouraging the use of financial technology in the conduct of business;
- (d) creating environments for testing and examining the impact of innovation, new processes or technologies outside the existing regulatory framework including but not limited to crowdfunding, digital assets, open application programming interface (APIs), smart contracts, cloud based solutions and allowing the establishment and use of regulatory sandboxes;
- (e) encouraging the use of technology for providing and meeting regulatory reporting requirements, risk assessment, customer due diligence, the issuance of suspicious transaction reports, keeping records and such other requirements as may be specified to meet anti-money laundering and counter-terrorism financing standards;
- (f) improving regulatory compliance and specifying proportionate data-driven standards for the corporate sector to take measures for cyber-security, data sovereignty and algorithm supervision;
- (g) specifying exemptions and incentives under the prevailing laws with the object of fostering innovation, promoting startups and entrepreneurship ecosystem in line with international best practices;
- (h) improving regulatory monitoring, reporting and compliance requirements; and
- (i) prescribing such other frameworks as may be notified by the Commission for stimulating innovation and financial inclusion in the conduct of business by the corporate sector through the use of financial technology, regulatory technology and supervisory technology:

Provided that the Commission may take such other measures prior to the issuance of regulations as it may deem fit through guidelines, policy papers, frameworks or any other modes or mechanisms.]209

459. [Omitted].

460. [Omitted]

461. [Omitted].

REGISTRATION OFFICES AND FEES

462. Registration offices.

(5) Any person may, in the manner as may be specified, inspect the documents kept by the registrar and may require a certified copy of certificate of incorporation or any other certificate of any company, or a copy or extract of any other document or register maintained by the registrar or any part thereof on payment of the fees specified in the Seventh Schedule:

[Provided that this sub-section shall not apply to the information or document submitted by a company to the registrar in terms of sub-section (2) of section 452.]

468. Acceptance of documents presented after prescribed time. (1)

Notwithstanding anything contained in section 479, where any document required under this Act to be filed or registered with the registrar is presented after the expiry of the prescribed period, the registrar may accept the same, on payment of the fee as specified below²

- (a) within **ninety days**, a fee equivalent to two times;
- (b) within **one hundred and eighty days**, a fee equivalent to three times;
- (c) within one year, a fee equivalent to four times;
- (d) within two years, a fee equivalent to five times; of the prescribed fee payable in respect thereof:

Provided that nothing contained in this sub-section shall be applicable to the public interest company.

(2) No such document as aforesaid shall be deemed to have been filed with the registrar until the specified fee, has been paid in full.

(3) The acceptance of the document by the registrar under sub-section (1) shall not absolve the defaulting company or other person concerned of any other liability arising from the default in complying with the requirements of this Act:

Provided that no proceeding shall be initiated against the company or any of its officers on account of delay in filing of any document required under this Act to be filed or registered with the registrar which is presented by the company or other person concerned on the payment of fee as specified under sub-section (1) and within the period as specified therein.

474. Enforcing compliance with provisions of Act.- (1) If a company, having made default in complying with any provision of this Act or committed any other irregularity fails to make good the default or undo the irregularity, as the case may be, within ~~thirty days~~ after the service of a notice on the company requiring it to do so, the Commission may, of its own motion or on an application made to it by any member or creditor of the company or a reference by the registrar and, in the case of a listed company, besides other persons as aforesaid, on a reference by the securities exchange, make an order directing the company and any officer thereof, as the case may be, to make good the default or undo the irregularity or otherwise make amends, as the circumstances may require, within such time as may be specified in the order.

479. Adjudication of offences and standard scale of penalty.(1)There shall be a standard scale of penalty for offences under this Act, which shall be known as "the **standard scale**".

(2) The standard scale consists of:

Level	Limit of penalty	Per day penalty during which the default continues
1	Upto Rs.25,000	Upto Rs.500
2	Upto Rs.500,000	Upto Rs.1,000
3	Upto Rs.100 million	Upto Rs.500,000

Notwithstanding anything contained in section 479, where any document required under this Act to be filed or registered with the registrar is presented after the expiry of the prescribed period, the registrar may accept the same, on payment of the fee as specified below²

- (a) within **ninety days**, a fee equivalent to two times;
- (b) within **one hundred and eighty days**, a fee equivalent to three times;
- (c) within one year, a fee equivalent to four times;
- (d) within two years, a fee equivalent to five times; of the prescribed fee payable in respect thereof:

Provided that nothing contained in this sub-section shall be applicable to the public interest company.

(2) No such document as aforesaid shall be deemed to have been filed with the registrar until the specified fee, has been paid in full.

(3) The acceptance of the document by the registrar under sub-section (1) shall not absolve the defaulting company or other person concerned of any other liability arising from the default in complying with the requirements of this Act:

Provided that no proceeding shall be initiated against the company [not being a listed company] or any of its officers on account of delay in filing of any document required under this Act to be filed or registered with the registrar which is presented by the company or other person concerned on the payment of fee as specified under sub-section (1) and within the period as specified therein.

- [(4) Nothing in this section shall apply for the delay in filing of-
 - (a) a document for which the punishment of imprisonment is provided under this Act; or
 - (b) an application required to be filed within a specific time frame provided under this Act or the rules or regulations framed thereunder.]

474. Enforcing compliance with provisions of Act.- (1) If a company, having made default in complying with any provision of this Act or committed any other irregularity fails to make good the default or undo the irregularity, as the case may be, within [such time] after the service of a notice on the company requiring it to do so [as may be specified in the notice], the Commission may, of its own motion or on an application made to it by any member or creditor of the company or a reference by the registrar and, in the case of a listed company, besides other persons as aforesaid, on a reference by the securities exchange, make an order directing the company and any officer thereof, as the case may be, to make good the default or undo the irregularity or otherwise make amends, as the circumstances may require, within such time as may be specified in the order.

479. Adjudication of offences and standard scale of penalty.(1)There shall be a standard scale of penalty for offences under this Act, which shall be known as "the **standard scale**".

(2) The standard scale consists of:

Level	Limit of penalty	Per day penalty during which the default continues [in addition to the penalty provided in the second column]
1	Upto Rs.25,000	Upto Rs.500
2	Upto Rs.500,000	Upto Rs.1,000
3	Upto Rs.100 million	Upto Rs.500,000

[479A. Review and revision.- (1) Any order, other than an order under section 479, passed under this Act by the registrar or an officer exercising powers of the Commission, not being an order of the Court, shall be subject to revision by the Commission upon application being made by any aggrieved person or the registrar within sixty days from the date of such order and the order of the Commission in revision shall be final.

(2) The Commission or the registrar may, upon an application being made to it within sixty days from the date of any order passed by it otherwise

496. ~~Penalty for false statement, falsification, forgery, fraud, deception.~~—

~~(1)Notwithstanding anything contained in the Criminal Procedure Code, 1898, (V of 1898) or any other law, whoever in relations to affairs of the company or body corporate-~~

~~(a) makes a statement or submit any document in any form, which is false or incorrect in any material particular, or omits any material fact, knowing it to be material, in any return, report, certificate, statement of financial position, profit and loss account, income and expenditure account, offer of shares, books of account, application, information or explanation required by or for the purposes of any of the provisions of this Act or pursuant to an order or direction given under this Act with an intention to defraud, or cheat the Commission or to obtain incorporation or to avoid any penal action for an offence under this Act or administered legislation;~~

than in revision under sub-section (1), or if its own motion, review such order; and such order in review shall be final.

(3) Any order passed or made by the Federal Government under this Act shall be subject to review by the Federal Government of its own motion or on an application made to it within sixty days from the date of the order.]

496. [Punishment for], falsification, forgery, fraud, deception.—

(1)Notwithstanding anything contained in the Criminal Procedure Code, 1898, (V of 1898) or any other law, whoever in relations to affairs of the company or body corporate-

[(a) submits any document in any form, which is false or incorrect in any material particular, knowing it to be material, in any return, report, certificate, financial statements, books of account, application, information or explanation required by or for the purposes of any of the provisions of this Act or pursuant to an order or direction given under this Act, with an intention to defraud, or cheat the Commission or to obtain incorporation or to avoid any penal action for an offence under this Act or administered legislation;]

[496A. Penalty for false statement.- Whoever in any return, report, certificate, financial statements, prospectus, offer of shares, books of accounts, application, information or explanation required by or for the purposes of any of the provisions of this Act or pursuant to an order or direction given under this Act makes a statement which is false or incorrect in any material particular, or omits any material fact knowing it to be material, shall be liable to a penalty of level 2 on the standard scale.]225

Over view of Amendments to the Companies Act 2017

- Various amendments proposed in various sections of the Companies Act 2017 replacing the word "Minister-in-Charge of the Federal government" with the words "Federal Government" as per directions of the Policy Board of SECP [sections 2(1)(4), 2(1)(31), 2(1)(55), 8,139, 258, 285, 291, 292, 413, 418, 457, 497 499, 504, 507, 508, 515].
- Introduction of concept of "Start Up companies" to promote startup of new business relating innovation and technology [section 2 (1)(67)];
- Amendments to improve protection of minority shareholder's rights and Pakistan's score on EODB index [sections 6, 140, 227, 287];
- Omission of provisions regarding company's common seal in order to improve Pakistan's ranking in EODB index [sections 18, 23, 62, 137, 201, 203, 337];
- Insertion of new clause 83A regarding employees' stock option scheme for clarity. Presently he said concept is included as proviso in section 83;
- Amendments in section 130 to make filing of annual return mandatory for every company irrespective of the paid-up capital;
- Amendments to section 133 to enable the Commission to allow holding of EOGM at shorter notice;
- Amendments to section 186 and 187 to enable the Board of the company to appoint CEO of the public sector Companies;
- Amendments to section 233 to eliminate filing requirement for private companies paid up capital of up to Rs10 million;
- Substitution of section 244 to revamp the procedure of handling of unclaimed dividend amount. The account be maintained by the company and any interest to be accrued/paid on the said principal be invested for CSR /Investor Education by the companies.
- Section 276 omitted, as section 277 is considered sufficient because SECP cannot be party to mediation in a matter pending before the Commission itself.
- Amendments proposed in various section (279 to 287) to regarding compromise with creditors and members empowering High Courts being an appropriate forum to approve schemes of arrangements in view of complex valuations, legal entitlement of properties and requirements of other regulatory compliances;
- Concept of inactive companies being omitted;
- Section 456 is omitted keeping in view the fact that regulation of real estate business is provincial subject under 1973 Constitution of Pakistan;
- Insertion of new clause 458A "Measures for greater ease of doing business" for promoting ease of starting and doing business relating to innovation and technology;
- Omission of sections 459, 460 and 461 (quota for disabled person valuation by registered valuers and security clearance of shareholders);
- Insertion of new clause 4790 regarding Review and Revision of order issued by the Commission as provided in the previous companies Ordinance 1984; and
- Insertion of new clause 496A to provide civil penalty of providing false statement to the Commission as was provided in the Companies Ordinance 1984;

Legal Privileges Available to Cost and Management Accountants*

Sr.	Description	Legal Statute	Relevant Section / Rule
1	To act as an Auditor in case of a private limited company having paid up capital of less than Ten million	Companies Act, 2017	Section 247(b)
2	Appointment as Special Auditors by FBR for Income Tax Audit	Income Tax Ordinance, 2001	Section 177 (10) Income Tax Ordinance, 2001
3	Appointment as Special Auditors by FBR Sales Tax Audit	Sales Act, 1990	Section 32-A of Sales Act, 1990, & SRO 539(1)/2006 dated 5th June, 2006
4	To perform Audit of Cost Accounts as an Auditor	Companies Act, 2017	Section 250(1)
5	Audit & Certification of Accounts of Non Profit Organizations	Income Tax Rules, 2002	Income Tax Rules, 2002 notified through SRO 774 dated 29th July, 2006
6	Audit of Financial Statements for Agricultural Borrowers	Prudential Regulations for Agriculture Financing 2014	Part C, Regulations R-20
7	Audit of Financial Statements of SMEs	Prudential Regulations for Small and Medium Enterprises Financing 2013	Chapter No. 3, Regulation ME R-4
8	Audit of Financial Statements of Corporate and Commercial Banks	Prudential Regulations for Corporate / Commercial Banking 2011	Part B, Regulations R-3
9	To Act as Legal Representative of Taxpayer	Income Tax Ordinance, 2001 Income Tax Rules, 2002	Sec 223 Income Tax Ordinance, 2001 Rules 84-90 Chp XIV if Income Tax Rules, 2002
10	Delegation of Function by Assets Management Companies	SECP Circular, 2013	No.24/2013 dated December 06, 2013
11	Declaration for Registration of Memorandum	Companies Rules, 1985	Rule 4 (2) (ii)
12	Appointment as Committee Member on Custom matters	Customs Act, 1969	Section 195 C(2)
13	Appointment as Member of Settlement Commission on Custom matters	Customs Act, 1969	Section 196 K(3)
14	Appointment as Accountant Member of the Appellate Tribunal	Anti-Dumping Duties Ordinance, 2015	Rule 65(1)(a), No.2((1)/2015-Pub dated February 26, 2015
15	To Act as Legal representative in Anti-Dumping Tribunal	Anti-Dumping Duties Ordinance, 2015	No.2((1)/2015-Pub dated February 26, 2015
16	To Act as Member of Small Dispute Resolution Committee	Small Dispute Resolution Committees (Constitution and Procedure) Rules, 2015	Section 4(1)(b)
17	To act as an Expert in the Companies Act, 2017	Companies Act, 2017	Section 2(30)
18	To act as Certifier in the memorandum and articles	Companies Act, 2017	Section 17(3)
19	To act as Auditor for making report in case of return as to allotments	Companies Act, 2017	Section 70(b)
20	To act as an Intermediary in terms of Section 455 of the Companies Act, 2017	Intermediaries (Registration) Regulations, 2017	Section 3(i)(b)
21	To act as an Internal Auditor in the listed companies	Code of Corporate Governance	Code of Corporate Governance
22	To carry out the Audit of Separated Accounts	PTA Accounting Separation Guidelines, 2007	Sub-Clause 9(1)
23	To act as an Expert in the Panel of Insolvency Experts	Corporate Rehabilitation Regulations, 2019	Sub-Clause 4(ii)
24	To act as a Provisional Manager and Official Liquidator	Panel of Provisional Managers and Official Liquidators Regulations, 2019	Sub-Clause 4(a)
25	To act as a member of ADRC	Income Tax Ordinance ,2001	Section 134 A

*The above furnished details are compiled to the best of our knowledge, however, Worthy Members are encouraged to provide their inputs and feedback on the above information.

TECHNICAL SUPPORT & PRACTICE DEVELOPMENT COMMITTEE