

Seminar on Company Incorporation, Corporate Compliance/Amendments in Companies Act, 2017 and Ease of doing business in Pakistan by Securities and Exchange Commission of Pakistan (SECP) at University of Management Technology (UMT), organized by School of Governance & Society (SGS) in collaboration with Office of Research, Innovation & Commercialization (ORIC).

(December 08, 2022/ Thursday)



(From L to R: Dr. Aisha Azhar – Director School of Governance & Society (SGS), Sidra Mansur – Additional Registrar, SECP, Ayesha Farooq – Assistant Director, SECP, Prof. Rahat-ul-Ain – Professor of Practice SGS, Amna Siddique - Sr. Liaison Officer SGS, Hood Laeeq – Deputy Manager ORIC, Naveed ul Haq – Deputy Manager ORIC, Muhammad Furqan – Sr. Research Officer ORIC)

Introduction

School of Governance & Society is pursuing its mission to create sustainable industry - academia external linkages. In this capacity, we are engaging the key stakeholders through intellectual arrangements like seminars, roundtables, research grants, conferences and guest lectures. To continue our legacy, we hosted another seminar in collaboration with **ORIC - Office of Research, Innovation & Commercialization** which also facilitates research and development and has the mandate to develop a research-oriented conducive environment, where scholars can interact, work and develop cutting-edge research-based technologies.

We have engaged the representatives of the well-known public department - **Securities and Exchange Commission of Pakistan**. They are working diligently to develop an efficient and dynamic regulatory body that fosters principles of good governance in the corporate sector, ensure risk management procedures in the capital market and protect investors through responsive policy measures and effective enforcement practices. In the academic setting, they enlightened us about Company Incorporation, Corporate Amendments in Companies Act, 2017 and Ease of doing business in Pakistan. We are grateful to them for bringing such an informative discourse at our institute.

Ms. Sidra Mansur (Additional Registrar at Licensing and Registration corporate Registry department-SECP) and Ms. Ayesha Farooq (Assistant Director at Licensing and Registration corporate Registry department-SECP) shed light on the obligations to form a company, the registration process for the start-ups, all the rules & regulations and its significance and recent amendments in the Companies Act, 2017. This intriguing yet essential discourse has spread awareness among audience. The session was attended by Director School of Governance & Society – Dr. Aisha Azhar, Professor of Practice SGS - Prof Rahat-ul-Ain, Assistant Professor SGS – Dr Zerish Tasleem, Sr. Liaison Officer SGS – Amna Siddique, Deputy Manager ORIC – Hood Laeeq, Deputy Manager ORIC - Naveed ul Haq, Muhammad Furqan – Sr. Research Officer ORIC and SGS students.

Discussion

Sidra Mansur (Additional Registrar, SECP)



She comprehensively described the Securities & Exchange Commission of Pakistan (SECP) which was established under the SECP Act of 1997. SECP was established as an autonomous regulated body with prime responsibility of supervision & regulation of the corporate sector, the companies of capital market, stock exchanges, insurance sectors, non-banking finance and various institutions. Secondly, she highlighted the main functions and responsibilities of Securities & Exchange Commission of Pakistan and elaborated that SECP oversees the administration and enforcement of corporate laws, registration and regulation of companies, regulating primary and secondary security market, protecting the interest of investors, improving the overall regulating framework, and public facilitation along with awareness. Thirdly, she mentioned that a company is a legal entity which is formed by a person or group of people for local purpose. It can be constituted by private member, single member, or even multiple members. Furthermore, most of the companies are limited companies, and generally they are classified limited in terms of liabilities, resources and shares.

It also depends upon the nature of business that how it is distinguish as public, private, listed or un-listed companies. Likewise, there comes certain non-corporative organizations whose prime job is to serve general public through charity. At present there are more than one hundred, and eighty-two thousand registered companies across overall Pakistan, under the companies act 2017. Furthermore, she pointed out that there are several benefits of corporation including elevated entity status, perpetual succession, enjoying limited liabilities while protecting your personal assets, operating under a define legal framework and have easy transferable ownership.



She expounded the basic requirements that what type of company a person can form under the company act 2017. Single member company referred to be as sole proprietorship, having one member and one director. Private limited companies with minimum requirement of two members and directors. Public unlisted companies with no shares on stock exchange are

allowed to have three members and directors. Lastly, there are specialized companies named as 'Public listed companies' such as State Bank of Pakistan and are allowed to have 7 members and directors. Furthermore, she alluded that the compulsion of one page of 'memorandum of association' is requisite and it exhibits what a company has to abide under the mentioned laws. Afterwards, Ms. Sidra explained few of the initiatives that SECP has constituted for start-up to promote ease of the businesses. Firstly, the new concept of '*Limited Liability Partnership*' provides the permission of partnership with liabilities to the entrepreneurs and companies. Secondly, digitalization of companies' registration process that has eradicated all the manual hassles. Lastly, according to her, there is an ease of automatically issuance of NTN as SECP has created linkage with FBR that can solve two tasks at one time.

She concluded her discussion with meetings and procedures. She affirmed that after the selection of form of enterprise, every company is obliged to have registered office with as many branches a company has need of. Following this, she stated section 131, 132 and 133 of Companies Act 2017. According to these Acts, all general meetings of a company instead of the statutory or annual meetings shall be called as an extraordinary general meeting and the directors can summon an extraordinary general meeting whenever required.

Ayesha Farooq (Assistant Director, SECP)



She illustrated the whole procedure of 'registration/incorporation of a company' coupled with practical manifestation of SECP forms. She explained in-detail the procedures which include general instructions like first use SECP's company name search to check if your proposed name is available. Then log in to your eServices account. Start the process and fill out the details. To complete this process, you will need to make a payment of Rs. 200 either online



via credit card or offline in the chosen bank. Be very sure about choosing the company kind. Private Limited Company needs at least two directors and single member company needs at least one director and a secretary. You will receive an email at your registered email address in about two to three days if your name reservation is successful. If there is any objection then you may need to repeat the first step. Your company name will be reserved for a period of 90 days. You can either pick up the Company Name Reservation Certificate from the concerned Company Registration Office (CRO) on the next working day or it will be delivered to your address in 2 – 4 days.

You will need to file the following documents during the process of incorporation. Start drafting your 'Memorandum and Articles of Association' at the same time as you send off your name availability application. Memorandum of Association contains the fundamental conditions upon which the company is allowed to operate. It is the document that governs the relationship between the company and the outside. It is one of the most important documents and must be drafted with care. Sample Memorandum according to nature of business are available online at SECP portal. Articles of Association along with the Memorandum of Association forms the company's constitution, defines the responsibilities of the directors, the kinds of business to be undertaken and the means by which the shareholders exert control over the board of directors. She explained the content of Form 1, Form 21 & Form 29

FORM 1: Declaration of compliance with the requirements of the Companies Ordinance, 1984

FORM 21: Notice of situation of registered office of the company

FORM 29: Particulars of Directors and Officers including the Chief Executive, Secretary etc.

All forms are available at this link (she demonstrated the forms and relevant links on her PPT).

When you are incorporating your company through eServices, the witness to your documents will be NIFT and you will need to obtain a digital certificate from NIFT for each director of the company in order to electronically sign all the documents including Memorandum, Articles and other forms. After getting Name Reservation Certificate from SECP, you will have to send the application to NIFT in order to obtain digital certificates. You might receive an email if an objection arises. Make the required correction and submit the concerned form again through eServices Portal. SECP will take about seven working days to complete the process if there is no objection and you will receive a confirmation email regarding successful incorporation of your company including the incorporation number. You can pick up the Incorporation Certificate from the concerned Company Registration Office (CRO) by showing a copy of the payment receipt or it will be delivered to your registered address after seven working days.

Ms. Ayesha concluded the session and asked the audience for relevant questions. Both the speakers responded very eloquently to the questions of our SGS students.

Conclusion



In concluding ceremony, Director School of Governance & Society (SGS) – Dr. Aisha Azhar appreciated the collaboration of SECP and she encouraged our students to look for opportunities in the industry in the sphere of startups, online businesses and entrepreneurship. She also emphasized to continue these promotional projects to create a holistic impact in academia through these liaisons with our key stakeholders. Lastly, Professor of Practice and founding Director of SGS – Prof Rahat-ul-Ain summed up the discussion by showing gratitude to our worthy panelist and audience. He also appreciated the collaborative effort of SECP and ORIC, and suggested the students to work on their career paths and guided them to become an effective source of development for the country.



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