

Major Changes in New Corporate Law

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Declaring all of their interests in the US, Europe, Gulf or any foreign country before the SECP and the registrar of companies would be compulsory for all Pakistani living abroad — nationality holders or residents — before the new Companies Act 2017.

The real estate sector has been handed over to the SECP. After the passage of the new Act by the National Assembly, the real estate companies would not be able to advertise new projects without the SECP approval. Even booking of plots will require approval.

Previously, the merger of two companies wasn't possible without the high court's consent which took years. However, the matter would now be decided by the SECP within a month and half or two months. It would become the merger authority.

No company would be allowed to practice Islamic banking without following the new rules of SECP.

Completely new responsibilities have been assigned to the SECP under the new Act, including authentication of the Sharia sector, certification of real estate, approval of merger of companies. Also, the SECP has been assigned the task of providing conciliation services and mediation between shareholders and the companies in the face of any conflict. Another responsibility assigned to the SECP is getting information about global interests of the companies' directors, maintaining their record, preparation of record of director shareholders of international companies, forcing companies to fulfil their social responsibilities, making at least one woman director and allocating two per cent job quota for the disabled persons.

Every shareholder, who has a mentionable number of shares in a company, or any official of the company, like its secretary, who is a Pakistani citizen, but also enjoys citizenship of any other country, whether living in Pakistan or abroad, has been bound legally to report to his/her company in this regard. He/she will have to provide all details if he has shares or financial interests in any company in any part of the world, or has any share in any property, which have been notified by the SECP.

Every shareholder or company official will have to report all this information to his/her company immediately, and the company is bound to report this information to the registrar of companies within 60 days by filing special returns. After that, any information provided by the shareholders or company officials would be reported to the registrar of the companies through annual returns.

It has been made a binding on the SECP to bring on record all such information, maintain the Global Register of Beneficial Owners as a centralised record, and provide copies of the record to the FBR and other agencies concerned.

It will be a binding on every official of a company to check money-laundering, under the Anti-Money Laundering Act 2017. The most daring step of this legislation is provision of the watchdog status to the SECP, so that it could play a crucial role in investigations. It has been empowered to block the businesses of fake real estate agents, safeguard the interests of investors, and help promote the legal real estate projects. It would provide protection to common people's investment in the real estate sector.

A director would be able to attend the board meeting through phone, participate via video conference, cast vote even if he is not in the city or the country.

It would also not be necessary for a shareholder to attend the shareholders' meeting.

A shareholder can cast his vote by participating via video conference.

The working has been eased for the entire corporate sector and many of its demands have been accepted. The smaller companies, whose shareholders are the same, could merge only on the basis of the board's approval.

A Pakistani having dual nationality, a person with Pakistani passport living in any country of the world, having shares of a Pakistani company or company of any other country or he is a director of a company will have to submit shares report, He will have to give information on shares and assets to the SECP and even to FBR and all the concerned agencies.

Big companies to have necessarily at least one female director at their board as a social obligation.

The big companies will have to give two percent jobs to the handicapped. There are lakhs of companies in Pakistan. Thus, more than a million handicapped will get job and earn their living respectably.

All the Pakistanis who are holding major shares in a local company, or holding any position in a local company and have shares in a foreign company simultaneously will have to provide these information to the SECP

Apart from this, ideas of several news companies have been floated. These are sharia-compliant companies, agriculture companies and inactive companies.

The law and conditions for the single-member and private limited companies have been made very simple, and the use of technology has been encouraged. In the new law, the procedure for merger of companies has also been made easy.

The companies intending to wrap up will have a simple exit.

The handicapped have two percent necessary quota in the private companies' jobs.

The women will have significant representation in the board of directors of the companies.

In the new law, the company registration process has been made simple, and the disciplinary conditions after the registration are also made simple.

The rules and regulations for the advance collected by the real estate companies are also mentioned in the new law but their implementation has been deferred.