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PART I

Acts, Ordinances, President's Orders and Regulations

GOVERNMENT OF PAKISTAN
MINISTRY OF LAW AND JUSTICE

Islamabad, the 4th May, 2020

No. F. 2(1)/2020-Pub.—The following Ordinance promulgated on 30th April, 2020 by the President is hereby published for general information:—

ORDINANCE NO. V OF 2020

AN

ORDINANCE

further to amend the Companies Act, 2017

WHEREAS it is expedient to amend the Companies Act, 2017 (XIX of 2017), for the purposes hereinafter appearing;

AND WHEREAS the Senate and the National Assembly are not in session and the President is satisfied that circumstances exist which render it necessary to take immediate action;

(225)

Price: Rs. 60.00

[5471(2020)/Ex. Gaz.]

NOW, THEREFORE, in exercise of powers conferred by clause (1) of Article 89 of the Constitution of Islamic Republic of Pakistan, the President of the Islamic Republic of Pakistan is pleased to make and promulgate the following Ordinance:—

1. **Short title and commencement.**—(1) This Ordinance shall be called the Companies (Amendment) Ordinance, 2020.

(2) It shall come into force at once.

2. **Amendment of section 1, Act XIX of 2017.**—In the Companies Act, 2017 (XIX of 2017), hereinafter called as the said Act, in section 1, in sub-section (3), the expressions “, 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” shall be omitted.

3. **Amendment of section 2, Act XIX of 2017.**—In the said Act, in sub-section (1),—

- (a) in clause (3), the words “or this Act” shall be omitted;
- (b) in clause (4), in the proviso, in sub-clause (ii), the words “concerned Minister-in-Charge of ” shall be omitted;
- (c) in clause (9), in sub-clause (c), in paragraph (ii), the words “the concerned Minister-in-Charge of ” shall be omitted;
- (d) in clause (17), the words “this Act or” shall be omitted;
- (e) in clause (31), in sub-clause (c), the words “the concerned Minister-in-Charge of ” shall be omitted;
- (f) clause (32) shall be omitted;
- (g) for clause (33), the following shall be substituted, namely:—

“(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;”;
- (h) in clause (40), the words “or of this Act” shall be omitted;
- (i) for clause (45), the following shall be substituted, namely:—

“(45) **“officer”** includes any director, chief executive, chief financial officer or a company secretary;”;
- (j) in clause (49), in sub-clause (a), after the words “shares” the expression “, save as otherwise provided under this Act” shall be inserted;
- (k) in clause (55), the words “the concerned Minister-in-Charge of” shall be omitted;
- (l) in clause (66), of the proviso, the following shall be substituted, namely:—

“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;”;
- (m) after clause (67), the following new clause shall be inserted, namely:—

“(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 re-construction of an existing company shall not be considered as a startup company;” and

- (n) in clause (72), for the words “registered with” , the words “notified by” shall be substituted.

4. **Amendments of section 6, Act XIX of 2017.**—In the said Act, in section 6, in sub-section (2), in clause (e), after the word “documents” the words “or any category or classes of documents” shall be inserted.

5. **Amendments of section 8, Act XIX of 2017.**—In the said Act, in sub-section (1), the words “the concerned Minister-in-Charge of”, wherever occurring, shall be omitted.

6. **Amendment of section 17, Act XIX of 2017.**—In the said Act,—

- (a) for sub-section (2), the following shall be substituted, namely:—

“(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.”; and

- (b) sub-section (3) shall be omitted;

- (c) in sub-section (4), after the word “section” the words “direction given by the registrar” shall be inserted.

7. **Amendment of section 18, Act XIX of 2017.**—In the said Act, in section 18, in clause (b), for the expression “company, having perpetual succession and a common seal” the words “company and having perpetual succession” shall be substituted.

8. **Amendment of section 19, Act XIX of 2017.**—In the said Act.—

- (a) in sub-section (1) for the Explanation under clause (e), the following shall be substituted, namely:—

“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.”; and

- (b) for sub-section (2), the following shall be substituted, namely:—

“(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.”.

9. **Omission of section 23, Act XIX of 2017.**—In the said Act, section 23 shall be omitted.

10. **Amendment of section 26, Act XIX of 2017.**—In the said Act, in sub-section (1), in the proviso, in clause (i), for the words “always commensurate” the words “not be inconsistent or contradictory” shall be substituted.

11. **Amendment of section 31, Act XIX of 2017.**—In the said Act, in section 31, in clause (c), for the expression “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” the expression “, nationality,” shall be substituted.

12. **Amendment of section 32, Act XIX of 2017.**—In the said Act, in section 32, in sub-section (1), for clause (a), the following shall be substituted, namely:-

- “(a) 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;”.

13. **Amendment of section 37, Act XIX of 2017.**—In the said Act, in section 37, in clause (c), for the expressions “and father’s name or, in the case of a married woman or widow, her husbands or deceased husband’s name in full, his nationality and his” the expression “, nationality,” shall be substituted.

14. **Amendment of section 38, Act XIX of 2017.**—In the said Act, in section 38, in sub-section (2), for the word “thirty” the word “fifteen” shall be substituted.

15. **Amendment of section 42, Act XIX of 2017.**—In the said Act, in section 42, in sub-section (4), the words “under this section” shall be omitted.

16. **Amendment of section 43, Act XIX of 2017.**—In the said Act, in section 43, in sub-section (1), in clause (c), for the expression “company licenced under section 42, preferably having similar or identical objects to those of the company,” the expression “not for profit entity registered under any law for the time being in force” shall be substituted.

17. **Amendment of section 48, Act XIX of 2017.**—In the said Act, in section 48, after sub-section (3), the following new sub-section 3A shall be inserted, namely:—

“(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.”.

18. **Amendment of section 62, Act XIX of 2017.**—In the said Act, in section 62, in sub-section (1), for the expression “common seal of the company or under official seal, which must be facsimile of the company’s common seal,” the expression signature of authorized officer of the company as may be specified” shall be substituted.

19. **Amendment of section 70, Act XIX of 2017.**—In the said Act, in section 70, in sub-section (1),—

- (a) for the words “forty-five days” the words “thirty days” shall be substituted; and
- (b) in clause (b),—
 - (i) for the words “report from its auditor” the words “declaration from its chief executive” shall be substituted; and

- (ii) for the full colon at the end, a semi colon shall be substituted and thereafter the proviso shall be omitted.

20. **Amendment of section 76, Act XIX of 2017.**—In the said Act, in section 76,—

- (a) in sub-section (5), for the full stop at the end a colon, shall be substituted and thereafter the following proviso shall be added, namely:—

“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.”; and

- (b) sub-section (6) shall be omitted.

21. **Amendment of section 79, Act XIX of 2017.**—In the said Act, in section 79, in sub-section (3), for the full stop at the end, a colon shall be substituted and thereafter the following proviso shall be added, namely:-

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

22. **Amendment of section 83, Act XIX of 2017.**—In the said Act, in section 83,—

- (a) in sub-section (1),—

- (i) for the words “further share capital” the words “further shares” shall be substituted;

- (ii) in clause (a),—

- (I) after the words “shares held by” the words “such members through” shall be inserted; and

- (II) in sub-clause (iv), for the colon at the end a semi colon shall be substituted and thereafter the proviso shall be omitted;

- (iii) for clause (b), the following shall be substituted, namely:—

“(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”;

- (iv) after clause (b), substituted as aforesaid, the following new clause shall be added, namely:—

“(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.”;

- (b) in sub-section (2),—

- (i) after the expression “sub-section (1)” the words “shall be” shall be inserted; and
- (ii) for the words “shall be” the word “and” shall be substituted;

- (c) for sub-section (3), the following shall be substituted, namely:-

“(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.” ; and

- (d) in sub-section (4),—

- (i) for the words “loan has”, the expressions “any loan or finances have” shall be substituted;
- (ii) after the words “loan or”, the expressions “finances or” shall be inserted; and
- (iii) for the words “does”, the expression “or finances” shall be substituted; and

(d) in sub-section (5), after the words “ rate of interest” the words “or profit” shall be inserted.

23. **Insertion of new section 83A, Act XIX of 2017.**—In the said Act, after section 83, amended as aforesaid, the following new section shall be inserted, namely:—

“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 under employees’ stock option in accordance with such procedure and subject to such conditions as may be specified.”.

24. **Amendment of section 86, Act XIX of 2017.**—In the said Act, in section 86, sub-section (1) shall be omitted.

25. **Amendment of section 88, Act XIX of 2017.**—In the said Act, in section 88,—

- (a) in sub-section (1), the word “listed” shall be omitted;
- (b) in sub-section (2), for the full stop at the end, a colon shall be substituted and thereafter the following provisos shall be added, namely:—

“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.”; and

- (c) in sub-section (9), the words “either through a tender offer or” shall be omitted.

26. **Amendment of section 102, Act XIX of 2017.**—In the said Act, in section 102, in sub-section (2), for the word “prescribed” the words “specified in the seventh schedule” shall be substituted.

27. **Amendment of section 117, Act XIX of 2017.**—In the said Act, in section 117, in sub-section (1), in the proviso, for the word “specified” the expression prescribed in the Companies Court Rules 1997” shall be substituted.

28. **Amendment of section 130, Act XIX of 2017.**—In the said Act, in section 130, sub-section (5) shall be omitted.

29. **Amendment of section 132, Act XIX of 2017.**—In the said Act, in section 132, sub-section (2),—

- (a) the words “or in a nearest city” shall be omitted; and
- (b) in the proviso, for the full stop at the end, a colon shall be substituted and thereafter the following proviso shall be added, namely:—

“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.”.

30. **Amendment of section 133, Act XIX of 2017.**—In the said Act, in section 133, in sub-section (8),—

- (a) for the expression “section 55” the expression “section 132” shall be substituted; and
- (b) in the proviso, for the full stop at the end a colon shall be substituted and thereafter the following new provisos shall be added, namely:—

“Provided further that in case of an emergency affecting the business of a listed company, the Commission may for reasons to be the 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.”.

31. **Amendment of section 135, Act XIX of 2017.**—In the said Act, in section 135, in sub-section (1), for the proviso, the following shall be substituted, namely:—

“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.”.

32. **Amendment of section 137, Act XIX of 2017.**—In the said Act, in section 137, in sub-section (3), in clause (b), the words “be under its seal or” shall be omitted.

33. **Substitution of section 139, Act XIX of 2017.**—In the said Act, for section 139, the following shall be substituted, namely:—

“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.”.

34. **Amendment of section 140, Act XIX of 2017.**—In the said Act, in section 140, in sub-section (2), for the word “ten”, occurring first, the word “five” shall be substituted.

35. **Amendment of section 149, Act XIX of 2017.**—In the said Act, in section 149, for sub-section (1), the following shall be substituted, namely:-

“(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.”.

36. **Amendment of section 153, Act XIX of 2017.**—In the said Act, in section 153, for clause (k), the following shall be substituted, namely:—

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

37. **Amendment of section 154, Act XIX of 2017.**—In the said Act, in section 154,—

- (a) in sub-section (1), in clause (d), for the colon at the end a full stop shall be substituted and thereafter the proviso shall be omitted; and
- (b) after sub-section (2), the following new sub-section (3) shall be added, namely:—

“(3) A 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.”.

38. **Amendment of section 155, Act XIX of 2017.**—In the said Act, in section 155,—

- (a) in sub-section (1),—
 - (i) after the word “number” the words “and such class” shall be inserted; and
 - (ii) for the colon at the end, a full stop shall be substituted and thereafter the proviso shall be omitted; and
- (b) for sub-section (2), the following shall be substituted, namely:—

“(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.”.

39. **Amendment of section 158, Act XIX of 2017.**—In the said Act, in section 158, sub-section (4) shall be omitted.

40. **Amendment of section 161, Act XIX of 2017.**—In the said Act, in section 161, in sub-section (1), for the proviso the following shall be substituted, namely:—

“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).”.

41. **Amendment of section 166, Act XIX of 2017.**—In the said Act, in section 166,—

(a) in sub-section (2), in the proviso, in clause (h), after the expression “164 and 165” the words “except where the director is nominated by the Government” shall be inserted; and

(b) for sub-section (3), the following shall be substituted, namely:—

“(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 the purpose shall indicate the justification for selecting the individual as a candidate for election as independent director.”.

42. **Amendment of section 167, Act XIX of 2017.**—In the said Act, in section 167, for sub-section (2), the following shall be substituted, namely:—

“(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.”.

43. **Amendment of section 172, Act XIX of 2017.**—In the said Act, in section 172, in sub-section (2),—

(a) clause (f) shall be omitted;

(b) in clause (j) for the words “of the sovereignty and”, the expression, “, sovereignty or” shall be substituted; and

(c) clauses (m) and (o) shall be omitted and in clause (n), for the semi colon a full stop shall be substituted.

44. **Amendment of section 179, Act XIX of 2017.**—In the said Act, in section 179,—

- (a) in sub-section (1), for the words “in writing signed by all the directors”, the words “approved by all the directors in writing” shall be substituted; and
- (b) in sub-section (4), for the word “signified” the words “approved” shall be substituted.

45. **Amendment of section 180, Act XIX of 2017.**—In the said Act, in section 180, in clause (b), in the proviso, for the figure “493” the figure “492” shall be substituted.

46. **Omission of section 181, Act XIX of 2017.**—In the said Act, section 181 shall be omitted.

47. **Amendment of section 182, Act XIX of 2017.**—In the said Act, in section 182, in sub-section (1),—

- (a) in clause (b), for the semi colon a colon shall be substituted; and
- (b) for the words “unless the transaction has been approved by a resolution of the members of the company” the following proviso shall be substituted, namely:-

“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.”;

- (c) in the existing proviso, after the word “Provided”, the word “further” shall be inserted.

48. **Amendment of section 183, Act XIX of 2017.**—In the said Act, in section 183,—

- (a) in sub-section (3), for the expression “except with the consent of the general meeting either specifically or by way of an authorization, do any of the following things” the words “do any of the following except under the authority of special resolution” shall be substituted; and
- (b) in sub-section (4), the words “without there being a viable alternate business plan duly authenticated by the board” shall be omitted.

49. **Omission of section 186, Act XIX of 2017.**—In the said Act, in section 186, sub-section (4) shall be omitted.

50. **Omission of section 187, Act XIX of 2017.**—In the said Act, in section 187, sub-section (4) shall be omitted.

51. **Amendment of section 194, Act XIX of 2017.**—In the said Act, for section 194, the following shall be substituted, namely:—

“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.”.

52. **Amendment of section 197, Act XIX of 2017.**—In the said Act, in section 197, in sub-section (7), for the word “and” the word “an” shall be substituted.

53. **Amendment of section 199, Act XIX of 2017.**—In the said Act, in section 199, in sub-section (2), the expression “, failing which the directors shall be personally liable to make the payment” shall be omitted.

54. **Amendment of section 201, Act XIX of 2017.**—In the said Act, in section 201, in sub-section (1), in clause (a), the words “ and may affix common seal of the company” shall be omitted.

55. **Amendment of section 203, Act XIX of 2017.**—In the said Act, in section 203,—

- (a) in sub-section (1), the words “that has a common seal” shall be omitted;

- (b) in sub-section (2), for the words “must be facsimile of the company’s common seal, with the addition on its face of,” the words “must add on the face of it” shall be substituted;
- (c) sub-section (3) shall be omitted;
- (d) in sub-section (4), the expression “ , by writing under its common seal,” shall be omitted; and
- (e) in sub-section (7), the expression “as if it had been sealed with the common seal of the company” shall be omitted.

56. **Amendment of section 211, Act XIX of 2017.**—In the said Act, in section 211, in sub-section (2), the word “registered” shall be omitted.

57. **Omission of section 215, Act XIX of 2017.**—In the said Act, section 215 shall be omitted.

58. **Amendment of section 223, Act XIX of 2017.**—In the said Act, in section 223,—

- (a) in sub-section (5), in the proviso, after the word “company” the words “not being a public interest company or a subsidiary or holding company of a public company and” shall be inserted; and
- (b) in sub-section (9), after the expression “sub-section”, the expression “(4) and” shall be inserted.

59. **Amendment of section 225, Act XIX of 2017.**—In the said Act, in section 225,—

- (a) in sub-section (1),—
 - (i) after the words “reporting standards” the words “ and such other standards as may be” shall be inserted;
 - (ii) first proviso shall be omitted; and
 - (iii) in the second proviso, the word “further” shall be omitted; and
- (b) for sub-section (5), the following shall be substituted, namely:—

“(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 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.

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.”.

60. **Amendment of section 227, Act XIX of 2017.**—In the said Act, in section 227,—

(a) in sub-section (2),—

- (i) in clause (k), after the word “adequacy” the word “of ” shall be inserted; and
- (ii) in clause (1), the word “and” at the end shall be omitted and thereafter, the following new clause shall be inserted, namely:—

“(1a) 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”; and

(b) in sub-section (3),—

- (i) in clause (c), the word “and” at the end shall be omitted;
- (ii) in clause (d), for the full stop, the expression “; and” shall be substituted and thereafter the following new clause (e) shall be inserted, namely:—

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

(c) for sub-section (6), the following shall be substituted, namely:—

“(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

(b) in respect of any other company, be punishable with a penalty of level 1 on the standard scale.”.

61. **Amendment of section 228, Act XIX of 2017.**—In the said Act,—

(a) in sub-section (1), after the proviso, the following explanation shall be inserted, namely:—

“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

(b) is required to prepare consolidated financial statements as per applicable accounting and financial reporting framework.”; and

(b) in sub-section (6),—

(i) for the expression “sections 223, 233, 234, 235 and 236” the expression “sections 223, 233, 235, 236 and 237” shall be substituted; and

(ii) for the full stop at the end a colon shall be substituted and thereafter the following proviso shall be added, namely:—

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

62. **Amendment of section 232, Act XIX of 2017.**—In the said Act, in section 232, in sub-section (2), in the first proviso, for the colon a full stop shall be substituted and thereafter the second proviso shall be omitted.

63. **Amendment of section 233, Act XIX of 2017.**—In the said Act, in section 233, for sub-section (3), the following shall be substituted, namely:—

“(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.”.

64. **Omission of section 234, Act XIX of 2017.**—In the said Act, section 234 shall be omitted.

65. **Amendment of section 237, Act XIX of 2017.**—In the said Act, in section 237, for sub-section (2),—

- (a) the word “electronically” shall be omitted; and
- (b) after the words “securities exchange and” the word “filed” shall be inserted.

66. **Amendment of section 243, Act XIX of 2017.**—In the said Act, in section 243, in sub-section (2), for the expression “forty-five days” the words “fifteen working days” shall be substituted.

67. **Substitution of section 244, Act XIX of 2017.**—In the said Act, for section 244, the following shall be substituted, namely:—

“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 un-claimed 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 un-claimed 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 un-claimed 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.”.

68. **Omission of section 245, Act XIX of 2017.**—In the said Act, section 245 shall be omitted.

69. **Amendment of section 246, Act XIX of 2017.**—In the said Act, in section 246,—

- (a) in sub-section (3), for the words “retiring auditors and” the expression “retiring auditors and in case of listed company,” shall be substituted; and
- (b) in sub-section (9), after the word “company”, the words “which has appointed an auditor” shall be inserted.

70. **Amendment of section 247, Act XIX of 2017.**—In the said Act, in section 247, in sub-section (1), in clause (a), for the words “three million rupees or more” the words “more than ten million rupees” shall be substituted.

71. **Amendment of section 254, Act XIX of 2017.**—In the said Act, in section 254,—

- (a) in sub-section (3), for the words “or explanation” wherever occurring, the expression “or explanation or documents” shall be substituted;
- (b) in sub-section (4), after the words “such information” the words “or explanation or documents” shall be inserted; and
- (c) in sub-section (5), for the words “or explanation” the expression “or explanation or documents” shall be substituted.

72. **Amendment of section 255, Act XIX of 2017.**—In the said Act, in section 255, in sub-section (3), for the words “thirty day”, occurring for the first time, the words “thirty days” shall be substituted.

73. **Amendments of section 258, Act XIX of 2017.**—In the said Act, in section 258, in section (4), the words “the concerned Minister-in-Charge of”, wherever occurring shall be omitted;

74. **Omission of section 276, Act XIX of 2017.**—In the said Act, section 276 shall be omitted.

75. **Amendment of section 279, Act XIX of 2017.**—In the said Act, in section 279,—

- (a) in sub-sections (1), (2) and (3), for the word “Commission”, wherever occurring, the word “Court” shall be substituted; and
- (b) in sub-section (5), for the words “the Commission” the word “it” shall be substituted.

76. **Amendment of section 280, Act XIX of 2017.**—In the said Act, in section 280,—

- (a) in the marginal heading, for the word “Commission” the word “Court” shall be substituted;
- (b) in sub-section (1), for the word “Commission”, the word “Court” shall be substituted;
- (c) for sub-section (2), the following shall be substituted, namely:—
 - “(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 30.”; and
- (d) after sub-section (2), substituted as aforesaid, the following new sub-section (3) shall be inserted, namely:—
 - “(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) Act, 2020.”.

77. **Amendment of section 281, Act XIX of 2017.**—In the said Act, in section 281, in sub-section (4), in the proviso, after the words “shall not” the words “held responsible” shall be inserted.

78. **Amendment of section 282, Act XIX of 2017.**—In the said Act, in section 282,—

- (a) for the marginal heading, “Powers of Commission to facilitate reconstruction or amalgamation of companies”, the marginal heading “Provisions for facilitating reconstruction and amalgamation of companies” shall be substituted;

- (b) in sub-section (1),—
 - (i) for the word “Commission” wherever occurring, the word “Court” shall be substituted;
 - (ii) clauses (c) and (d) shall be re-numbered as (b) and (c); and
 - (iii) in clause (c), re-numbered as aforesaid, for the word “registrar”, the word “Court” shall be substituted;
- (c) in sub-section (2),—
 - (i) for the word “Commission” wherever occurring, the word “Court” shall be substituted;
 - (ii) in clause (b), for the word “registrar”, the word “Court” shall be substituted; and
 - (iii) in clause (d), for the words “the report”, the words “extracts of the report” shall be substituted;
- (d) in sub-section (3), for the word “Commission”, wherever occurring, the word “Court” shall be substituted;
- (e) in sub-section (5), for the word “Commission”, the word “Court” shall be substituted; and
- (f) in sub-section (7), for the word “Commission”, wherever occurring, the word “Court” shall be substituted.

79. **Amendment of section 283, Act XIX of 2017.**—In the said Act, in section 283, for the word “Commission”, the word “Court” shall be substituted.

80. **Amendment of section 284, Act XIX of 2017.**—In the said Act, in section 284, for sub-section (5), the following shall be substituted, namely:—

- “(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.”.

81. **Amendment of section 285, Act XIX of 2017.**—In the said Act, in section 285, sub-section (8) shall be omitted.

82. **Amendment of section 287, Act XIX of 2017.**—In the said Act, in section 287, for clause (a), the following shall be substituted, namely:—

- “(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;”.

83. **Amendment of section 291, Act XIX of 2017.**—In the said Act, in section 291, in sub-section (8), the words “the concerned Minister-in-Charge of” shall be omitted.

84. **Amendment of section 292, Act XIX of 2017.**—In the said Act, in section 292, the words “concerned Minister-in-Charge of the”, wherever occurring, shall be omitted.

85. **Amendment of section 321, Act XIX of 2017.**—In the said Act, in section 321, in sub-section (1), in clause (a), the word “registered” shall be omitted.

86. **Amendment of section 337, Act XIX of 2017.**—In the said Act, in section 337, in sub-section (1), in clause (b), the expression “, and for that purpose, to use, when necessary, the company’s seal;” shall be omitted.

87. **Amendment of section 339, Act XIX of 2017.**—In the said Act, in section 339, in sub-section (5), the words “concerned Minister-in-Charge of the” shall be omitted.

88. **Amendment of section 341, Act XIX of 2017.**—In the said Act, in section 341,—

- (a) in the first proviso, for the words “may be specified” the words “may be prescribed” shall be substituted;
- (b) in the fourth proviso, for the expressions “credited to the Investor Education and Awareness Fund formed under section 245” the words “shall be utilized in a manner as may be prescribed” shall be substituted.

89. **Amendment of section 372, Act XIX of 2017.**—In the said Act, in section 372, in the sub-section (4), in the fourth proviso, for the expressions

“credited to the Investor Education and Awareness Fund formed under section 245” the words “shall be utilized in a manner as may be prescribed “shall be substituted.

90. Amendment of section 374, Act XIX of 2017.—In the said Act, in section 374, for sub-section (1), the following shall be substituted, namely:—

- “(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.”.

91. Amendment of section 413, Act XIX of 2017.—In the said Act, in section 413, for sub-section (3), the following shall be substituted, namely:—

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

92. Substitution of section 417, Act XIX of 2017.—In the said Act, for section 417, the following shall be substituted, namely:—

“417. Handling of un-claimed dividends and un-distributed assets.—

- (1) Without prejudice to the provision of section 244, where any company is being wound up, if the liquidator has in his hands or under his control any money of the company representing un-claimed dividends or un-distributed assets payable to any contributory which have remained un-claimed or un-distributed for one hundred and eighty days after the date on which they became payable, the liquidator shall handle the said money in a manner as may be prescribed.
- (2) The liquidator shall, when filing a statement in pursuance of sub-section (1) of section 415, indicate any money representing un-claimed dividends or un-distributed assets under sub-section (1) which he has had in his hands or under his control during the one hundred and eighty days preceding the date to which the said statement is brought down and shall within fourteen days of the date of filing the said statement, handle the money in a manner as may be prescribed.”.

93. Amendment of section 418, Act XIX of 2017.—In the said Act, in section 418, in sub-section (4), the words “concerned Minister-in-Charge of the” shall be omitted.

94. **Omission of section 424, Act XIX of 2017.**—In the said Act, section 424 shall be omitted.

95. **Amendment of section 426, Act XIX of 2017.**—In the said Act, in section 424, in sub-section (2), the words “in the Official Gazette” shall be omitted.

96. **Substitution of section 434, Act XIX of 2017.**—In the said Act, for section 434, the following shall be substituted, namely:—

“**434. Application of this Part to foreign companies.**—This Part shall apply to all foreign companies.”.

97. **Amendment of section 435, Act XIX of 2017.**—In the said Act, in section 435,—

(a) in sub-section (1), for clause (d) and (e), the following shall be substituted, namely:—

“(d) a return showing the full present and foliner 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”;

(b) in sub-section (2), in clause (a), after the words “each director” the words “and chief executive” shall be inserted; and

(c) after sub-section (3), the following new sub-section (4) shall be added, namely:—

“(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.”.

98. **Insertion of section 443A, Act XIX of 2017.**—In the said Act, after section 443, the following new section 443A shall be inserted, namely:—

“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 accounts, or commit fraud, mis-feasance or mal-feasance 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.”.

99. **Amendment of section 451, Act XIX of 2017.**—In the said Act, in section 451,—

- (a) in the marginal heading, after the expression “companies,”, the expression “notified entities” shall be inserted;

- (b) in sub-section (1), after the word “company”, occurring twice, the words “or notified entity” shall be inserted;
- (c) after sub-section (3), the following new sub-section (3A) shall be inserted, namely:—
 - “(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.”.

100. **Amendment of section 452, Act XIX of 2017.**—In the said Act, in section 452,—

- (a) in sub-section (1),—
 - (i) after the word “shareholding”, occurring for the first time, the words “of ten percent or more” shall be inserted; and
 - (ii) for the words “or any other interest” the words “, or any other interest or any change thereof” shall be substituted;
- (b) in sub-section (3), for the words “or any other interest” the words “, or any other interest or any change thereof” shall be substituted; and
- (c) in sub-section (5), for the expressions “fine of level 1” the expression “penalty of level 2” shall be substituted.

101. **Amendment of section 454, Act XIX of 2017.**—In the said Act, in section 454, in sub-section (1), for the figure “459”, the figure “458” shall be substituted.

102. **Omission of section 456, Act XIX of 2017.**—In the said Act, section 456 shall be omitted.

103. **Amendment of section 457, Act XIX of 2017.**—In the said Act, in section 457, in sub-section (1), under the Explanation, in clause (a), the words “concerned Minister-in-Charge of the” shall be omitted.

104. **Insertion of section 458A, Act XIX of 2017.**—In the said Act, after section 458, the following new section shall be inserted, namely:—

- “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 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.”.

105. Omission of sections 459, 460 and 461, Act XIX of 2017.—In the said Act, sections 459, 460 and 461 shall be omitted.

106. Amendments of section 462, Act XIX of 2017.—In the said Act, in section 462, in sub-section (5), for the full stop at the end a colon shall be substituted and thereafter the following proviso shall be added, namely:—

“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.”.

107. Amendments of section 468, Act XIX of 2017.—In the said Act, in section 468,—

- (a) in sub-section (3), in the proviso, after the word “company”, occurring for the first time, the words “not being a listed company” shall be inserted; and
- (b) after sub-section (3), amended as aforesaid, the following new sub-section (4) shall be added, namely:—

“(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.”.

108. Amendments of section 472, Act XIX of 2017.—In the said Act, in section 472, in the proviso, the words “further” and “in the terms of first proviso” shall be omitted.

109. **Amendments of section 474, Act XIX of 2017.**—In the said Act, in section 474, in sub-section (1),—

- (a) for the words “thirty days” the words “such time” shall be substituted; and
- (b) after the words “to do so” the words “as may be specified in the notice” shall be inserted.

110. **Amendments of section 479, Act XIX of 2017.**—In the said Act, in section 479,—

- (a) in sub-section (2), in the Table, in the heading of the third column, after the words “default continues” the words “in addition to the penalty provided in the second column” shall be inserted; and
- (b) in sub-section (4), for the expression “sub-section (2)” the expression “sub-section (3)” shall be substituted.

111. **Insertion of section 479A, Act XIX of 2017.**—In the said Act, after section 479 amended as aforesaid, the following new section shall be inserted, namely:—

- “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 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.”.

112. **Amendments of section 496, Act XIX of 2017.**—In the said Act, in section 496,—

- (a) in the marginal heading, for the expression “Penalty of false statement,” the words “Punishment for” shall be substituted; and
- (b) in sub-section (1), for clause (a), the following shall be substituted, namely:—
 - “(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;”.

113. **Insertion of section 496A, Act XIX of 2017.**—In the said Act, after section 496, amended as aforesaid, the following new section shall be inserted, namely:—

“**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.”.

114. **Amendments of section 497, Act XIX of 2017.**—In the said Act, in section 497, in sub-section (1), the expression “or officer, Commission or registrar or the concerned Minister-in-Charge of the Federal Government”, wherever occurring, shall be omitted.

115. **Amendment of section 499, Act XIX of 2017.**—In the said Act, in section 499, in sub-section (1), the words “concerned Minister-in-Charge of the” shall be omitted.

116. **Amendment of section 504, Act XIX of 2017.**—In the said Act, in section 504, the words “concerned Minister-in-Charge of the” shall be omitted.

117. **Amendment of section 507, Act XIX of 2017.**—In the said Act, in section 507, “concerned Minister-in-Charge of the” shall be omitted.

118. **Amendment of section 508, Act XIX of 2017.**—In the said Act, in section 508, in sub-section (1), in the proviso, the words “by the concerned Minister-in-Charge of the Federal Government” shall be omitted.

119. **Amendment of section 515, Act XIX of 2017.**—In the said Act, in section 515, the words “concerned Minister-in-Charge of the” shall be omitted.

DR. ARIF ALVI,
President.

MUHAMMAD KHASHIH-UR-REHMAN,
Secretary.