

Shareholding, filings: SECP waives two major conditions for companies

The Securities and Exchange Commission of Pakistan (SECP) has waived off two conditions for the companies (shareholding reporting) regarding filing of return along with fee prescribed in the Seventh Schedule of Companies Act and filing of form along with fee with the registrar of companies at the SECP head office.

The SECP has issued circular number 21 of 2018 here on Tuesday to amend Circular no. 19/2017 (compliance with the requirements of section 452 of the Companies Act) and Circular no. 32/2017 (compliance with the requirements of section 452 of the Companies Act).

Under section 452 (Companies" Global Register of Beneficial Ownership) of the Companies Act, 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 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.

Under circular 21 of 2018, the SECP has partially modified its Circular 19/2017 dated August 11, 2017 and Circular 32/2017 dated December 04, 2017, pertaining to the compliance with the requirements of section 452 of the Companies Act, 2017 in the following manner:- Para 4 of Circular 19/2017 has been deleted and para 5 of Circular 32/2017 has been deleted.

The provision deleted from the Circular 19/2017 says as: It is clarified that all the companies shall file return along with fee prescribed in the Seventh Schedule of tile Act to the registrar under sub-section (4) of section 452 of the Act even in case of nil report.

The provision deleted from the Circular 32/2017 says as: It is further reiterated that the companies shall file the form along with fee prescribed in Seventh Schedule of the Companies Act even in case of nil report with the registrar of companies at the head office of the commission.

Under Circular 19/2017, the provisions of Section 452 of the Companies Act, 2017 (the "Act") provides that every company incorporated under the company law is required to report to the registrar the information relating to every substantial shareholder or officer of the company who have shareholding or any other interest in a foreign company on the specified form. The Commission vide notification dated June 21, 2017 specified the forms for reporting of the information in terms of provisions of section 452 of the Act. Presently, the companies are facing difficulty to comply with the provisions of section 452 of the Act within the timeframe specified in the Act and the above referred notification and have approached the Commission for grant of some time to collect information for compliance with the provisions of the said section.

In order to facilitate the companies, the Commission has decided to grant extension in time period for submission of information required under sub-section (4) of section 452 of the Act till September 30, 2017.

Under circular 32 of 2017, the provisions of section 452 of the Companies Act, 2017 (XIX of 2017), (the "Act"), requires that 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. As per the definition

provided in clause (45) of sub-section (1) of section 2 of the Act, the word "officer" includes any director, chief executive, chief financial officer, company secretary or other authorised officer of a company.

Presently, the companies are facing difficulty to comply with the provisions of section 452 of the Act owing to the fact that the term "officer" is a broader term as per the definition given in the Act, particularly the words "other authorised officer" mentioned therein. Further they have requested to extend timeframe for submission of information as required under section 452 of the Act to the Commission.

In order to facilitate the companies, it is clarified that for the purpose of section 452 of the Act, the words "other authorised officer", referred to in clause (45) of sub-section (1) of section 2 of the Act, implies an officer authorized by the company to perform such similar functions as carried out by the director, chief executive, chief financial officer and company secretary of the company.

Further it has been decided by the Commission that all the companies who have not submitted the information required under sub-section (2), (3) or (4) of section 452 of the Act, as the case may be, shall submit the same till December 31, 2017. The form to be filed as per the said section shall contain information as available on the day preceding the date of filing.

RECORDER REPORT