**COMPANY MORTGAGES AND CHARGES**

1. **REGISTRATION OF MORTGAGE/ CHARGE**

The Companies which create mortgage or charge must file particulars of the mortgage or charge, together with a copy of the instrument by which the mortgage or charge is created or evidenced, with the registrar for registration, within a period of 30 days from the date of its creation.

**List of mortgages and charges required to be registered under the Companies Act, 2017**

1. a mortgage or charge on any immovable property wherever situate, or any interest therein; or
2. a mortgage or charge for the purposes of securing any issue of debentures;
3. a mortgage or charge on book debts of the company;
4. a floating charge on the undertaking or property of the company, including stock-in-trade; or
5. a charge on a ship or aircraft, or any share in a ship or aircraft;
6. a charge on goodwill or on any intellectual property;
7. a mortgage or charge or **pledge\***, on any movable property of the company;
8. a mortgage or charge or other interest, based on agreement for the issue of any instrument in the nature of redeemable capital; or
9. a mortgage or charge or other interest, based on conditional sale agreement, namely, lease financing, hire-purchase, sale and lease back, and retention of title, for acquisition of machinery, equipment or other goods:

\* Pledge is also required to be registered under the Companies Act, 2017

**Relevant provisions:**

Registration of mortgage/ charge attracts the following provisions of the Companies Act, 2017 and the Companies (General Provisions and Forms) Rules, 1985.

* Section 100, requirement to register a mortgage or charge
* Section 105, duty of company and right of interested party as regards registration
* Section 448, registration of charges by a foreign company
* Rule 13, verification of copies in case of properties situated in Pakistan and for those outside Pakistan

**Mode of documents submission**: Both online and offline

**Procedure:**

While registration of mortgage/charge, file following documents with the registrar concerned:

1. Form-10 or 11 as the case may be, along with verified copy of charge creating instrument within 30 days beginning with the day after charge creation date
2. Paid ‘original’ challan or proof of payment of prescribed fee for creation of charge/mortgage (not required to be filed in case of online document submission)
3. Affidavit on stamp paper of appropriate value
4. **MODIFICATION OF MORTGAGE/ CHARGE**

Modification is change in mortgage or charges i.e., change in the terms or conditions or extent or operation of any registered mortgage or charge. Companies are required to file the particulars of such modification alongwith the instrument evidencing such modification within a period of 30 days from the date of such modification

**Relevant provisions:**

Modification of mortgage/ charge attracts the following provisions of the Companies Act, 2017 and the Companies (General Provisions and Forms) Rules, 1985

* Section 106, modification in the particulars of mortgage or charge
* Section 448, registration of charge by a foreign company
* Rule 13, verification of copies in case of properties situated in Pakistan and for those outside Pakistan

**Mode of documents submission**: Both online and offline

**Procedure:**

While registration of modification of mortgage/charge, file following documents with the registrar concerned:

1. Form-16 along with verified copy of charge modification instrument within 30 days beginning with the day after the date of is modification
2. Paid ‘original’ challan or proof of payment of prescribed fee for modification of charge/mortgage (not required to be filed in case of online document submission)
3. Affidavit on stamp paper of appropriate value
4. **RECTIFICATION OF REGISTER OF MORTGAGE/ CHARGE**

**Grounds of rectification of register of mortgages or charges:**

1. Omission to file with the registrar the particulars of any mortgage or charge or any modification therein within the prescribed period
2. Omission or mis-statement of any particulars of mortgage or charge

**Relevant provisions** **of the Companies Act, 2017:**

* Section 108, rectification of register of mortgages
* Section 448, registration of charge by a foreign company

**Procedure:**

An application for rectification of mortgage/charge is required to be filed with the SECP, along-with the following documents:

1. Relevant Form i.e., 10, 11, 16 or 17 as the case may be
2. Copies of instrument relating to creation, modification , satisfaction
3. Affidavit on stamp paper of appropriate value
4. Copy of resolution, if any.
5. Paid ‘original’ challan or proof of payment of prescribed application fee (not required to be filed in case of online document submission)
6. **SATISFACTION OF CHARGE**

A company is required to inform the registrar of the payment or satisfaction, in full of any mortgage or charge within a period of 30 days from the date of such payment or satisfaction.

Partial payment of any mortgage or charge cannot be treated as a satisfaction and instead particulars of modification are to be filed.

**Relevant provisions:**

* Section 109, Company to report satisfaction of charge
* Section 448, registration of charge by a foreign company

**Mode of documents submission**: Both online and offline

While registration of satisfaction of mortgage/charge with the registrar, file following documents with the registrar concerned:

1. Form-17 alongwith memorandum of satisfaction of mortgage or charge within a period of 30 days from payment or satisfaction
2. If no objection certificate on behalf of the mortgage/ charge holder is submitted alongwith Form 17, the registrar is not required to give notice to the charge holder under section 109(2) to confirm the payment or satisfaction. However, if no objection certificate is not submitted, the registrar is required to give notice to the charge holder, calling upon him to inform within fourteen days, as to whether payment/satisfaction in full is to be recorded or not.
3. Paid ‘original’ challan or proof of payment of prescribed fee for satisfaction of charge/mortgage (not required to be filed in case of online document submission)