

Proposed amendments in Limited Liability Partnership Act 2017¹

S. #	Original Text	Proposed Amendments	Rationale / Views
01	<p>8. Partners.-(1) Any individual or body corporate or company may become a partner in a limited liability partnership:</p> <p>Provided that an individual shall not be capable of becoming a partner of a limited liability partnership, if</p> <p>(a) he has been found, to be of unsound mind by a court of competent jurisdiction and the finding is in force; or</p> <p>(b) he is an undischarged insolvent; or</p> <p>(c) he has applied to be adjudicated as an insolvent and his application is pending.</p>	<p>8. Partners.-(1) Any individual or body corporate or company may become a partner in a limited liability partnership:</p> <p>Provided that an individual shall not be capable of becoming a partner of a limited liability partnership, if</p> <p>(a) he has been found, to be of unsound mind by a court of competent jurisdiction and the finding is in force; or</p> <p>(b) he is an undischarged insolvent; or</p> <p>(c) he has applied to be adjudicated as an insolvent and his application is pending.</p> <p>(2) On the incorporation of a limited liability partnership, the persons who subscribed their names to the incorporation document shall be its partners and any</p>	<p>Introduction of the proposed regulatory framework for obtaining, maintaining and updating information about the ultimate beneficial owners, and providing the same to the Commission, is aimed to ensure compliance with the recommendations² issued by the Financial Action Task Force to enhance transparency of legal persons. Recommendation no. 24 (Transparency and Beneficial Ownership of Legal Persons) is the relevant standard for the purpose.</p> <p>Pakistan's Mutual Evaluation Report issued in October 2019 by the Asia Pacific Group on Money Laundering also highlighted certain deficiencies in</p>

¹ <https://www.secp.gov.pk/document/limited-liability-partnership-act-2017/?wpdmdl=28151>

² <http://www.fatf-gafi.org/publications/fatfrecommendations/documents/fatf-recommendations.html>

<p>(2) On the incorporation of a limited liability partnership, the persons who subscribed their names to the incorporation document shall be its partners and any other person may become a partner of limited liability partnership by and in accordance with the limited liability partnership agreement.</p>	<p>other person may become a partner of limited liability partnership by and in accordance with the limited liability partnership agreement.</p> <p><u>Provided that in case a body corporate or company is a partner of a limited liability partnership, the particulars of ultimate beneficial owners of such body corporate or company shall be obtained and provided to the Commission in such form and manner as may be specified.</u></p> <p><u>Explanation: For the purpose of this section, the term “ultimate beneficial owner” means a natural person who ultimately own or control a limited liability partnership through direct or indirect rights or controlling interest of such percentage as may be notified, in any form of contribution as specified in section 18 or the underlying rights to share the profits and losses of the partnership and receive distributions accordingly as laid down in the Limited Liability Partnership agreement.</u></p>	<p>the regulatory framework relating to the lack of obligation on the part of Limited Liability Partnerships (LLPs) to provide beneficial ownership information beyond their original owners and directors.</p> <p>An ultimate beneficial owner exercises ownership or control rights over a legal person indirectly through multiple layers of corporate entities or other legal persons or arrangements.</p> <p>A threshold of a minimum of twenty five percent of ownership or control rights of the ultimate beneficial owner in the reporting LLP through the multiple layers of intermediate holding entities has been proposed to be specified through the Limited Liability Partnership Regulations, 2018³.</p>
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³ <https://www.secp.gov.pk/laws/draft-for-discussion/draft-rules-regulations/>