



## **Securities and Exchange Commission of Pakistan**

### **Promoters Guide**

(Stepwise Guide for Registration of a Company)

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## **Foreword**

The Securities and Exchange Commission of Pakistan (SECP), as a frontline regulator of the corporate sector, is actively working towards creating an enabling business ecosystem and encouraging entrepreneurship culture in Pakistan.

Corporatization and adoption of sound corporate governance framework is an integral part of creating a formalized and well-structured economy. To promote this segment, the SECP has revamped the incorporation process through simplification of requirements and digitalization to increase efficiency and ensure standardization. Moreover, the process has been further streamlined through integration with Federal Board of Revenue, Employees' Old- Age Benefits Institution and business registration portals in the province of Sindh, Punjab and Balochistan, greatly reducing the time and hassle of setting up a new company in Pakistan. Integration has also been made with banks for opening of company's bank account.

Lack of proper awareness and guidance has been the foremost reason for low rate of registration of business in Pakistan, and the SECP, with a view to increase outreach and create awareness about the recently launched initiatives for ease of doing business, has developed a comprehensive guide for the benefit of entrepreneurs and the stakeholders. This guide provides a complete overview of the legal framework, the fee structure and run-through of the application process, designed to greatly improve the user experience.

Chairman

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## **Introduction:**

The process of name reservation and company incorporation is end-to-end digitized. It contains only four (04) simple user-friendly steps. This guide is designed to have a deep and comprehensive insight into the process of name reservation and company incorporation, in the light of the relevant provisions of the Companies Act, 2017 (the “Act”) and the Companies Regulations, 2024 (the “Regulations”). This guide covers:

- (i) Benefits of incorporation
- (ii) Legal framework for name reservation and company incorporation
- (iii) Type of Companies under the Act
- (iv) Companies requiring prior approval/license
- (v) Procedure for filing of application for name reservation and company incorporation

## **Benefits of Incorporation:**

- **Separate Legal Entity:** Company is recognized as legal person and it is treated as separate from its owners, directors, and shareholders. It can sue, and be sued.
- **Limited Liability:** Liability of members/owners is limited to the extent of the amount, they have invested in the company. Their personal assets are not liable to pay the debts/losses of the company.
- **Perpetual Succession:** The company remains legal entity and can continue to exist, if the members die, retire or transfer shares. Change in ownership or membership does not affect the legal status of the company. In case of death of a member, the shares are easily transferrable to legal heirs.
- **Transferability of Ownership/Shares:** Shares can be transferred easily from one person to other, when required.
- **Documented and Regulated Economy:** Registered companies are the part of documented/regulated economy and can play a vital role to uplift the economy of the country.
- **Enhanced Credibility:** A registered company can build a stronger brand identity and credibility with customers, suppliers, and partners.
- **Better Access to Capital Market:** A registered company can enjoy access to banking, finance and capital market.
- **Ability to Raise Funds Easily:** A registered company can obtain the finances/loans from banks and financial institutions easily. Public companies can raise the funds by floating its shares in the market.

### **Legal Framework for Company Incorporation:**

Provisions of section 10 read with Regulations 3 & 5 of the Regulations provides the criteria for name reservation, and section 16 of the Act read with Regulation 8 to 19 of the Regulations provides the criteria for company incorporation.

### **Type of Companies under the Companies Act, 2017:**

Following three type of companies can be incorporated under the Act:

- A company limited by shares
- A company limited by guarantee
- An unlimited company

### **Company Limited by Shares:**

Company limited by shares means a company having the liability of its members limited by the memorandum to the extent of amount they have subscribed, if any, remaining unpaid on the shares respectively held by them.

A company limited by share may be incorporated having following forms:

- Single member company
- Private limited company
- Public limited company

### **Single Member Company:**

A single member company (SMC), also known as a one-person company, can be registered with only one member / director. Therefore, one person may form an SMC by complying with the legal requirements.

The subscriber to the memorandum of SMC is required to nominate his relative (spouse, father, mother, brother, sister, son or daughter) as nominee in terms of section 14 of the Act.

### **Private and Public Limited Company:**

Any two or more persons associated for lawful purpose may, by subscribing their names to a Memorandum of Association and complying with the requirements of the Act in respect of registration may form a private company and any three or more persons so associated may, in the like manner, form a public company.

### **A company Limited by Guarantee:**

A company limited by guarantee means a company having the liability of its members, limited by the memorandum to such amount as the members may respectively there by

undertake to contribute to the assets of the company in the event of its being wound up. It includes NPOs registered under section 42 of the Act and other companies incorporated as limited by guarantee.

**An Unlimited Company:**

Unlimited company means a company not having any limit on the liability of its members.

**Companies Requiring Prior Approval/License:**

There are certain words in the name of the company, which are prohibited or restricted. These words are mentioned in Regulation 5 of the Regulations. Regulations can be accessed at <https://www.secp.gov.pk/laws/notifications/>

In addition to the above, some business activities are restricted, requiring prior approval of relevant Ministries / Departments. The same are tabulated below:

<b>S. No</b>	<b>Principal Line of Business/Sector</b>	<b>Relevant Ministry / Department</b>
1.	<ul style="list-style-type: none"> <li>• Banking Company</li> <li>• Money exchange company</li> </ul>	State Bank of Pakistan.
2.	<ul style="list-style-type: none"> <li>• Non-Banking Finance Company</li> <li>• Securities &amp; Future Advisory Company</li> <li>• Securities Broker Company</li> <li>• Commodity /Future Broker</li> <li>• Credit Rating Company</li> <li>• Corporate Restructuring Company</li> <li>• Association under Section 42</li> <li>• Insurance Company</li> <li>• Insurance Intermediary</li> <li>• Modaraba Company</li> <li>• Debt Security Trustee</li> <li>• Share Registrar and Ballotters</li> <li>• Consultant to the Issue</li> </ul>	Licensing Department (LD)-SECP
3.	Special Purpose Vehicle (SPV)	Primary Market Approval Department (PMAD)-SECP
4.	Shariah Advisory Company	Islamic Finance Department (IFD)-SECP
5.	<ul style="list-style-type: none"> <li>• Security Guard Services</li> <li>• Marriage Bureau Services</li> </ul>	Ministry of Interior (MOI)
6.	Trade Organization	Director General Trade Organization (DGTO)

## **Procedure for Filing of Application for Name Reservation and Company Incorporation:**

Any person desirous of forming a company shall have following two options to file the application, both for physical and online submission.

- Standalone (Name reservation only)
- Combined (Name reservation and company incorporation)

### **Physical Submission of Application:**

Stepwise procedure for physical submission of application is as follows:

#### **Step 1: Application for Name Reservation:**

- (i) Download and fill the App-1 (application for reservation of company name). App-1 can be obtained/downloaded by clicking the link <https://www.secp.gov.pk/company-formation/formsapplications-schedule-of-filing-of-returns/statutory-forms/>

- (ii) Generate challan form by clicking the link <https://leap.secp.gov.pk/#/offline-application-helper>.

Fee can be deposited by presenting manual challan into bank or through internet banking/mobile banking, easy paisa and ATM etc.

- (iii) Submit duly filled App-1 alongwith original paid bank challan or payment evidence at SECP, Business Centre, Mezzanine Floor, NICL Building, Jinnah Avenue, Islamabad.

The registrar, if satisfied shall issue name reservation letter and reserve the name for a period of sixty (60) days, from the date of issuance of the name reservation letter.

#### **Step 2: Application for Incorporation:**

- (i) The applicant after obtaining name reservation letter can apply for incorporation of a company on Form-1 of the Regulations. Form-1 can be obtained/downloaded by clicking the link <https://www.secp.gov.pk/company-formation/formsapplications-schedule-of-filing-of-returns/statutory-forms/>

- (ii) Generate challan form link <https://leap.secp.gov.pk/#/offline-application-helper>.

Fee can be deposited by presenting manual challan into bank or through internet banking/mobile banking, easy paisa and ATM etc.

Fee calculator is given at <https://www.secp.gov.pk/company-formation/fee-calculator/company-incorporation-fee-calculator/> for fee calculation.

(iii) Following documents are required to be submitted at SECP, Business Centre, Mezzanine Floor, NICL Building, Jinnah Avenue, Islamabad.

- Duly filled Form-1
- Memorandum of Association (Sample available on SECP website <https://www.secp.gov.pk/company-formation/memorandum-and-articles-of-association/memorandum-of-association/>)
- Articles of Association, where required (Sample available on SECP website <https://www.secp.gov.pk/company-formation/memorandum-and-articles-of-association/memorandum-of-association/>)
- Copies of valid CNIC/NICOP of the subscribers/directors/chief executive officer/any other officer or copy of valid Passport in case of a foreigner;
- In case of a single member company, also attach a copy of valid CNIC/NICOP of nominee or copy of valid Passport/ National Identity Card or any other identity document in the respective country, translated in English language, in case of a foreigner;
- Copy of valid CNIC of witness;
- Copy of valid CNIC/NICOP/Passport of person duly authorized by the Board of directors of a body corporate which is a subscriber along with copy of Board resolution. In case of a subscriber which is a limited liability partnership, copy of valid CNIC/NICOP/Passport of designated partner/partner empowered to act as such, along with copy of instrument empowering him;
- Authority letter on stamp paper of requisite value in favour of any one of the subscribers or registered intermediaries, authorizing him to file documents for incorporation of company on behalf of subscribers; make correction therein, if required after incorporation of company. The authority letter shall be witnessed with his particulars and shall also be notarized;
- NOC/Letter of Intent/ License (if any) of the relevant regulatory authority in case of specialized business as mentioned in Regulation 5 of the Regulations;
- In case the subscriber is an individual of foreign nationality, foreign company or a foreign body corporate, additional information and documents certified in the manner as specified in Regulation 19 of the



Regulations;

- Name reservation Letter; and
- Original paid bank challan or other evidence of payment of fee specified in Seventh Schedule to the Act.

### **Online Submission of Application:**

Stepwise procedure for online submission of application is as follows:

#### **Step 1: User Registration**

Before processing online application for seeking name reservation and company incorporation, Personal Identification Number (PIN) is required to be obtained for registration of user through following procedure:

- (i) Click <https://leap.secp.gov.pk/#/user/login>
- (ii) Click Sign up for Pakistani Citizen or Foreign National, as the case may be
- (iii) Create the login by providing the required information

Upon submission of the required information, the user will receive a 4 digits PIN code on the provided email address. The PIN code received by the user shall be used to electronically sign the name reservation and incorporation application.

**Note 1:** In case of a foreign user and NICOP holder residing overseas, verification code / PIN is sent on provided email address. However, at the time of incorporation, foreign user has to provide attested copy of passport and picture, and NICOP holder has to provide proof of stay.

**Note 2:** Please also note that mobile number should be registered against the CNIC of the subscribers/directors.

**Note 3:** If a company is having more than one subscriber, then each subscriber shall create his separate User ID in the same manner for digitally signing the name reservation and incorporation application.

After obtaining PIN, the user shall login to eZfile at <https://leap.secp.gov.pk/#/user/login> and the following list of processes shall appear.

- (i) **Reserve a LLP/Company Name**
- (ii) **Start a LLP/Company**

Upon clicking “Reserve a LLP/Company name”, applicant can either start process of stand-alone name reservation of a new LLP/company or combined name reservation and incorporation.

Upon clicking name reservation and company incorporation, a new window shall appear

containing different company kind tabs. i.e Single member, private, public etc. upon clicking relevant company kind and pressing “proceed tab” screen to select type of company shall appear. Upon selection of type of company, screen to start the process of submission of information shall appear.

**Note:** Click “Start a LLP/Company” if the name is already reserved.

## **Step 2: Fill Online Name Reservation and Company Incorporation Application:**

Page for submission of name reservation and company incorporation shall open, wherein following information is required to be filled:

### **(i) Proposed Names:**

In this section, provide proposed name of company, check availability, click “propose tab”, provide significance of name (if any), attach documentary evidence (if any), then click “proceed” to continue.

A message shall appear that “your proposed name has been added successfully”. The applicant can propose upto three names, if so desire.

### **(ii) Applicant Information:**

In this section, applicant personal information is auto-filled, provided at the time of user registration. Details of missing data i.e. complete postal address, province, district, city and postal code etc need to be added by the applicant. Click “Next” to continue.

### **(iii) Business Objects:**

In this section, select sector and principal line of business from drop down menu, whereas business objects are auto populated based on the selected principal line of business. An option to change the business objects is also available, if so desire. Click “Next” tab to continue.

Note: Two additional business objects may be added from the drop-down list, if so desire.

### **(iv) Company Information:**

In this section, provide details of authorized capital, paid-up capital, correspondence or registered office address, contact number and email address of the company. Whereas, website address is optional. Click “Next” tab to continue.

Authorized capital means such capital as is authorized by the memorandum of the company to be the maximum amount of share capital of the company. A company cannot raise more capital than authorized by its memorandum. A company can be registered with the minimum authorized capital of Rs. 100,000 (on which minimum fee shall be charged).

Paid up capital means an amount of capital which is actually taken up by the members and subscribers of the company.

(v) **Detail of Stakeholders:**

In this section, click “add natural person” tab, enter CNIC/NICOP/Passport number of directors/subscribers/CEO, select nationality, occupation, nature of directorship, kind/class of shares, enter number of shares, residential address and FBR data for registration of NTN. Click “validate user information” and click “add and notify” tab to proceed.

Attach copy of valid CNIC/passport of directors/subscribers/CEO, and attested/notarized copy of passport and picture in case of foreign national.

In case, subscriber is a body corporate, click “add body corporate” tab. Provide incorporation number of company/body corporate and other relevant details of the company and its nominee director/ authorized officer. click “add and notify” tab to proceed.

(vi) **Articles of Association (AOA):**

In this section, articles of association is auto generated. Applicant can download and view the system generated AOA by clicking “download AOA” Tab. Applicant can also amend the same, if so desire.

(vii) **Memorandum of Association (MOA):**

In this section, memorandum of association is auto generated. Applicant can view and download MOA by clicking “download MOA” Tab.

(viii) **Certified True Copy:**

In this section, select/check out “need certified true copy” tab to obtain digital certified true copy (CTC) of the incorporation documents. Click “Next” to continue. However, this is optional.

(ix) **Information for Third Parties:**

In this section, provide mandatory information relating company address, capacity, business share, accounting period and principal activity, for issuance of NTN through Federal Board of Revenue (FBR).

Whereas, an option to register the company with (Employees Old age Benefits Institution (EOBI), Punjab Employee Social Security Institution (PESSI)/ Sindh Employee Social Security Institution (SESSI), Balochistan Social Security Institution (BESSI), Labor Department and Excise and Taxation Department of the Province of Punjab and Sindh through *eZfile* is also available.

(x) **Declaration:**

In this section, select/check out either “authorized intermediary” or “a person named in the articles as director of the proposed company”, click add the declarant, click “add and notify” tab, select /check out the declaration box and click “Next” to continue.

**Step 3: Review and Apply PIN:**

In this section, application shall be signed by all the subscribers by applying their PINs. Once all subscribers have signed the forms, “Submit” tab will become active.

Upon clicking this tab, application shall be submitted to the SECP. A message shall appear on the screen along with Application ID and fee to be paid.

**Step 4: Make Fee Payment:**

Click “Pay Now” tab and pay the requisite fee. Fee can be paid through following modes:

- (i) Credit /Debit card (click proceed to pay tab and make payment)
- (ii) 1 bill (1link) (click generate challan, challan shall display PSID)

Fee can be paid through internet banking, mobile banking, ATM, easy paisa and through cash by visiting any bank branch

**Additional Documents in Case of Foreign National as a Director /Subscriber or Foreign Company as a Subscriber:**

In case of **Foreign Director/Subscriber:**

- (i) Undertaking duly certified by public officer/notary public of country of origin and signed by Pakistani diplomat posted in that country **or** apostillised by the designated competent authority of the state of origin of the foreign public document, who have acceded to the Hague Convention abolishing the requirement of Legalisation for foreign public documents (Apostille Convention) of 1961 and such state is also recognized by the Government of Pakistan for receiving of apostillised documents &
- (ii) Biodata of the subscribers/directors.

In case of **Foreign Company as Subscriber:**

Following documents, duly certified by public officer/notary public of country of origin and signed by Pakistani diplomat posted in that country **or** apostillised by the designated competent authority of the state of origin of the foreign public document, who have acceded to the Hague Convention abolishing the requirement of Legalisation for foreign public documents (Apostille Convention) of 1961 and such state is also recognized by the Government of Pakistan for

receiving of apostilled documents.

- (i) Copy of board resolution by the foreign company for appointment of nominee and authorization to acquire shares in the proposed company;
- (ii) Copy of the certificate of incorporation/business license of the foreign company;
- (iii) Copy of the statute/charter/memorandum & articles of association or other instrument constituting or defining the constitution of the foreign company;
- (iv) An undertaking by the foreign company and the nominee director/foreign director (if any);
- (v) Copy of latest return/any other document of the foreign subscriber company showing particulars of its directors (attestation not required);
- (vi) Profile of foreign company (attestation not required); and
- (vii) Biodata (attestation not required).

Formats of undertaking, biodata and board resolution are available at <https://www.secp.gov.pk/company-formation/formsapplications-schedule-of-filing-of-returns/applications/>

#### **Additional Requirements in Case of Specialized Companies:**

In case of specialized/banking companies as mentioned above, NOC from SBP, formation order issued by Licensing Department of SECP as the case may be, is required to be attached with the application.

#### **Certificate of Incorporation (COI):**

On successful submission of process and payment of requisite fee, application is processed and digital certificate of incorporation with QR code is issued. COI is sent through email, and can also be downloaded from *eZfile* portal.

#### **One Window Facility for Company Incorporation and NTN registration:**

Data collected by the SECP is forwarded to FBR for registration of NTN. User ID, password and PIN generated by FBR are sent to the chief executive of the company.

#### **Combined Certificate of Incorporation:**

*eZfile* is also integrated with other Federal and Provincial authorities like, EOBI PESSI/SESSI/BESSI, Excise and Taxation, Labor, and Narcotics Control Department for their registration. Applicant has an option to register with these departments, while submitting company incorporation application. Digital combined certificate of incorporation is issued to the company.

#### **Integration with Banks:**

*eZfile* portal is also integrated with the banks to obtain data of incorporated companies for opening of their bank account. The banks can access the data of companies directly

from *eZfile* while opening the bank accounts of companies.

**Fee Schedule:**

The registration and filing fee payable by a company under the Act is available at the following link <https://www.secp.gov.pk/company-formation/fee-calculator/schedule-of-feesixth-schedule/>

**Fee Calculator:**

In order to facilitate the corporate sector and the stakeholders, fee calculator has been provided at <https://www.secp.gov.pk/company-formation/fee-calculator/company-incorporation-fee-calculator/> for instant calculation of the registration fee as well as fee for enhancement of authorized capital.

**Other Useful Links:**

- (i) User registration, company incorporation and payment process video tutorials are available at <https://www.secp.gov.pk/media-center/videos/>
- (ii) User manual containing step by step process of online submission of name reservation and company incorporation application is available at <https://www.secp.gov.pk/media-center/guide-books/general-guide-books/>
- (iii) Contact details of Business Centre and Company Registration Offices are available at <https://www.secp.gov.pk/contact-us/>

**DISCLAIMER**

This guide has been developed, merely, with intent to create awareness of the concept of the relevant matters. If the reader is in doubt in dealing with any specific condition, it is suggested to refer to the Act and allied laws and consult a professional consultant for seeking advice. The Commission gives no guarantee and assumes no liability for any error or omissions of the information and no one can use the information for any claim, demand or cause of action.