

NATIONAL ASSEMBLY SECRETARIAT

REPORT OF THE STANDING COMMITTEE ON FINANCE, REVENUE AND ECONOMIC AFFAIRS ON THE COMPANIES (AMENDMENT) BILL, 2020

I, the Acting Chairman of Standing Committee on Finance, Revenue and Economic Affairs have the honor to present this report on the Bill further to amend the Companies Act, 2017 (XIX of 2017) [The Companies (Amendment) Bill, 2020] [Government Bill], referred to the Committee on 27th July, 2020.

2. The Committee comprises the following:-

1).	Mr. Faiz Ullah	Chairman
2).	Mr. Jawad Hussain	Member
3).	Mr. Raza Nasrullah	Member
4).	Mr. Aamir Mehmood Kiani	Member
5).	Makhdoom Syed Sami-ul-Hassan Gillani	Member
6).	Sardar Nasrullah Khan Dreshak	Member
7).	Mr. Jamil Ahmed Khan	Member
8).	Mr. Faheem Khan	Member
9).	Mr. Aftab Hussain Siddique	Member
10).	Dr. Ramesh Kumar Vankwani	Member
11).	Mr. Muhammad Israr Tareen	Member
12).	Mr. Ahsan Iqbal Chaudhary	Member
13).	Mr. Qaiser Ahmed Sheikh	Member
14).	Chaudhary Khalid Javed	Member
15).	Mr. Ali Pervaiz	Member
16).	Dr. Aisha Ghaus Pasha	Member
17).	Dr. Nafisa Shah	Member
18).	Syed Naveed Qamar	Member
19).	Ms. Hina Rabbani Khar	Member
20).	Mr. Abdul Wasay	Member
21).	Minister In-charge	Ex-officio Member

3. The Committee considered the Bill as introduced in the Assembly placed at **Annexure-‘A’**, in its meetings held on 28th July, 2020, 7th August, 2020 and made the following amendment therein:-

CLAUSE 5

In clause 5, in sub-clause (a), in paragraph (i), for the words “such period”, the words “five years” shall be substituted.

4. The Committee recommended that the Bill, as reported by the Standing Committee placed at **Annexure-‘B’**, may be passed by the Assembly.

Sd/-
(**TAHIR HUSSAIN**)
Secretary
Islamabad, the 7th August, 2020

Sd/-
(**JAMIL AHMED KHAN**)
Acting Chairman

[AS INTRODUCED IN THE NATIONAL ASSEMBLY]

A

BILL

further to amend the Companies Act, 2017

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

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

(2) It shall come into force at once.

2. **Insertion of section 60A, Act XIX of 2017.**— In the Companies Act, 2017 (XIX of 2017), hereinafter called as the said Act, after section 60, the following new section shall be inserted, namely:—

“60A. Prohibition on issuance of bearer shares or bearer share warrants, etc.— (1) Notwithstanding anything contained in the National Investment (Unit) Trust Ordinance, 1965 (VII of 1965) or any other law for the time being in force, no company shall allot, issue, sell, transfer or assign any bearer shares, bearer share warrants or any other equity or debt security of a bearer nature, by whatever name called, and any allotment, issue, sale, transfer, assignment or other disposition of any such bearer shares or bearer share warrants or any other equity or debt security of a bearer nature, shall be void.

Explanation.— For the purpose of this section, the term “bearer shares or bearer share warrants” means a negotiable instrument that accords ownership or control in a company to the person who possess such instrument and includes any other equity or debt security of a bearer nature.

(2) All existing bearer shares or bearer share warrants, if any, shall either be registered or cancelled, in such manner and within such period, as may be specified.

(3) Any contravention or default in complying with the requirements of this section shall be liable in case of—

- (a) a director or officer of the company or any other person, to a penalty which may extend to one million rupees; and
- (b) the company, to a penalty which may extend to ten million rupees.”.

3. **Amendment of section 122, Act XIX of 2017.**— In the said Act, in section 122, sub-section (3) shall be omitted.

4. **Insertion of new section 123A, Act XIX of 2017.**— In the said Act, after section 123, the following new section 123A shall be inserted, namely:—

“123A. Record of ultimate beneficial owner.— (1) A company shall maintain information of its ultimate beneficial owners in such form and manner, within such period and obtain such declaration from its members as may be specified.

Explanation.—For the purpose of this section, the term “ultimate beneficial owner” means a natural person who ultimately owns or controls a company, whether directly or indirectly, through such percentage of shares or voting rights or by exercising effective control in that company through such other means, as may be specified.

(2) Every company shall, in such form and manner as may be specified, maintain a register of its ultimate beneficial owners and shall timely record their accurate and updated particulars, including any change therein, and provide a declaration to this effect to the registrar and where any government is a member of a company such particulars of the relevant government shall be entered in the register of ultimate beneficial owners in the specified manner.

(3) Any contravention or default in complying with requirement of this section shall be liable in case of—

- (a) a director or officer of the company or any other person, to a penalty which may extend to one million rupees; and
- (b) the company, to a penalty which may extend to ten million rupees.”.

5. **Amendments of section 413, Act XIX of 2017.**— In the said Act, in section 413,—

(a) in sub-section (2),—

- (i) for the words “three years”, the words “such period” shall be substituted; and
- (ii) after the word “company”, occurring for the first time, the words “as may be specified” shall be inserted; and

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

“(3) The Commission may, as specified by regulations, prevent the destruction of books and papers of a company which has been wound up.”.