

GOVERNMENT OF PAKISTAN
SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Islamabad, the December 2, 2003.

NOTIFICATION

S.R.O. 1086 (I)/2003.- In exercise of the powers conferred by sub-section (1) of section 506 of the Companies Ordinance, 1984 (XLVII of 1984), read with clause (b) of section 43 of the Securities and Exchange Commission of Pakistan Act, 1997 (XLII of 1997), the Securities and Exchange Commission of Pakistan, with the approval of the Federal Government, is pleased to make the following rules, the same having been published previously as required by the said section 506, namely:-

1. **Short title, commencement and application.**- (1) These rules may be called the Single Member Companies Rules, 2003.

(2) These rules shall come into force at once.

(3) These rules shall apply to –

(a) a company incorporated as single member company; and

(b) a private company limited by shares which has more than one member and becomes a single member company after complying with the requirements of these rules.

2. **Definitions.**- (1) In these rules, unless there is anything repugnant in the subject or context,-

- (a) “alternate nominee director” means an individual nominated by a single member to act as nominee director in case of non-availability of nominee director;
- (b) “Form” means the Form annexed to these rules;
- (c) “nominee director” means an individual nominated by a single member to act as director in case of his death;
- (d) “Ordinance” means the Companies Ordinance, 1984 (XLVII of 1984);
- (e) “private company” means a private company which is not a single member company;
- (f) “section” means section of the Ordinance;
- (g) “single member company” or “SMC” means a private company which has only one member; and
- (h) “sole director” means the director of a single member company who is for the time being the only director.

(2) The words and expressions used but not defined in these rules shall have the same meaning as are assigned to them in the Ordinance.

3. **Single member company.-** A single person may form a single member company and it shall be incumbent on such person to file with the registrar at the time of incorporation a nomination in the form as set out in Form S1 indicating at least two individuals to act as nominee director and alternate nominee director, in accordance with the provisions of rule 7, of the company in the event of his death and where the membership of a single member company is transferred to a new member, the company

shall, within fifteen days from such transfer, also file with the registrar, a nomination in the form as set out in Form S1:

Provided that a nominee director shall be an individual other than the secretary and to whom the condition of being a member of the company shall not apply:

Provided further that a single member of a company originally incorporated as a single member company, or converted as such before commencement of these rules, shall also file nomination in the form as set out in Form S1 within two months of the commencement of these rules.

4. **Change in status of a single member company.-** (1) A single member company may be converted into a private company on increase of the number of its members to more than one due to transfer of shares or further allotment of shares or death of the single member or operation of law and a single member company converting into a private company,-

- (a) shall, in case of transfer of shares or further allotment of shares,-
 - (i) pass a special resolution for change of status from single member company to private company and alter its articles accordingly within thirty days of transfer of shares or further allotment of shares; and
 - (ii) appoint and elect one or more additional directors in pursuance of clause (b) of sub-section (1) of section 174 within fifteen days of date of passing of the special resolution and notify the appointment on Form 29 prescribed under the Companies (General Provisions and

Forms) Rules, 1985 (hereinafter referred to as “Form 29”) within fourteen days;

(b) may, in case of death of single member, either be wound up in accordance with the provisions of the Ordinance or be converted into private company for which,—

(i) the nominee director shall transfer the shares in the name of the legal heirs of the single member within seven days;

(ii) the company shall pass a special resolution for change of status from single member company to private company and alter its articles accordingly within thirty days of transfer of shares; and

(iii) the members shall appoint and elect one or more additional directors in pursuance of clause (b) of sub-section (1) of section 174 within fifteen days of date of passing of the special resolution and notify the appointment on Form 29 within fourteen days of date of such appointment; and

(c) shall, in case of operation of the law,-

(i) transfer the shares, within seven days, in the name of relevant persons to give effect to the order of the court or any other authority;

(ii) pass a special resolution for change of status from single member company to private company and alter its articles accordingly within thirty days of transfer of shares; and

(iii) appoint additional director or directors in pursuance of clause (b) of sub-section (1) of section 174 within fifteen

days of date of passing of the special resolution and notify the appointment on Form 29 within fourteen days of date of such appointment.

(2) A single member company originally incorporated or converted from private company as such may convert into private company in accordance with the provisions of sub-rule (1).

(3) The persons becoming members due to transfer or transmission or further allotment of shares, as the case may be, shall pass a special resolution to make alteration in articles and appoint one or more additional directors.

(4) Where a single member company converts into a private company pursuant to sub-rule (1), it shall file a notice of the fact in writing in the form as set out in Form S2, with the registrar within sixty days from the date of passing of special resolution.

5. **Meetings of directors and members.-** Any provision of the Ordinance or rules made thereunder or articles of the company which-

- (a) enables or requires any matter to be done or to be decided by directors or members, as the case may be, of the company; or
- (b) requires any matter to be decided by a resolution of the directors or members, as the case may be, of the company,

shall be deemed to be satisfied if the decision is taken by the single member or sole director, as the case may be, and is drawn up in writing and recorded in the minutes book.

6. **Company secretary.-** (1) A single member company shall appoint a company secretary within fifteen days of incorporation or of becoming a single member

company or of the office of company secretary falling vacant and notify such appointment on Form 29 within fourteen days of the date of such appointment:

Provided that the sole director shall not be the company secretary.

(2) The company secretary shall attend and cause a fair and accurate summary of the minutes of all proceedings of general meetings and meetings of director or directors, as the case may be, along with the names of those participating in such meetings to be entered in properly maintained minutes book.

7. **Transfer of management to nominee director.-** (1) The single member shall nominate two individuals, one of whom shall become nominee director in case of death of single member and the other shall become alternate nominee director to work as nominee director in case of non-availability of the nominee director.

(2) The nominee director shall,-

- (a) manage the affairs of the company in case of death of single member till the transfer of shares to legal heirs of the single member;
- (b) inform the registrar concerned of death of the single member, provide particulars of the legal heirs and in case of any impediment report the circumstances seeking the directions in the form as set out in Form S3 within seven days of the death of the single member;
- (c) transfer the shares to legal heirs of the single member; and
- (d) call the general meeting of the members to elect directors.

(3) It shall also be incumbent upon the company secretary to inform the registrar concerned about the death of the single member.

(4) In case of any impediment due to transfer of shares, or election of directors or any other circumstances, the registrar concerned shall call, or direct to calling of the meeting of legal heirs, in exercise of the powers conferred by section 170 in such manner as he deems fit and give such directions with regard to election of directors and making alteration in the articles, if any, and such ancillary and consequential directions as he thinks expedient in relation to calling, holding and conducting of the meeting.

8. **Contracts with single member.-** Where a single member company enters into a contract with the single member of the company, the single member company shall, unless the contract is in writing, ensure that the terms of the contract are forthwith set out in a written memorandum or are recorded in the minutes of the first meeting of the directors of the company following the making of the contract.

9. **Company becoming a single member company.-** (1) No private company having two or more members on the commencement of these rules, shall become a single member company unless it passes a special resolution for change of its status and makes necessary alteration in its articles and obtains approval of the Commission.

(2) An application for seeking approval under sub-rule (1) shall be submitted in the form as set out in Form S4 and shall be submitted to the Commission by the company not later than thirty days from the date on which the special resolution for change of status to single member company was passed.

(3) The Commission on being satisfied, after obtaining such further information as it may consider necessary, grant the approval applied for subject to such conditions as it may deem fit to impose.

(4) The company shall transfer shares in the name of single member within fifteen days of the approval of the Commission and notify change in the board of directors on Form 29 within fourteen days from date of transfer of shares.

(5) A certified copy of the order containing the approval under sub-rule (1), together with a notice in the form as set out in Form S5 and a nomination of nominee directors in the form as set out in Form S1 shall be filed with the registrar concerned within the time as specified in rule 3.

10. **“XYZ (SMC-Private) Limited ” to be the pattern and style of the name of a single member company.-** (1) “XYZ (SMC-Private) Limited” shall be the pattern and style of the name of a single member company and the parenthesis, letters, hyphen and words “(SMC-Private) Limited”, shall form part of the name of every single member company.

(2) On change of status of a private company into a single member company, the registrar concerned shall issue a certificate in the form as set out in Form S6, and the parenthesis, letters, hyphen and words “(SMC-Private) Limited” shall form part of the name of the company.

(3) On change of status of a single member company into a private company, the registrar concerned shall issue a certificate in the form as set out in Form S7 omitting the letters and hyphen “SMC-” from part of the name of the single member company.

11. **Regulations of single member company.**- A single member company may adopt the regulations as set out in Form S8, as its articles or as nearly as possible thereto.

FORM S1
[See rules 3 and 9(5)]

THE COMPANIES ORDINANCE, 1984

NOTICE OF NOMINATION OF NOMINEE DIRECTOR BY SINGLE MEMBER OF
A SINGLE MEMBER COMPANY

Please complete in typescript or in bold block capitals.

1. Incorporation Number:
2. Name of the Company:
3. Fee paid Rs:
4. Name and branch of bank:
5. Date of payment:

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Day

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Month

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Year
6. Bank Challan No: (Bank Challan to be attached in original).

7. Name, NIC No., address and relationship of legal heirs:

Name.	NIC No.	Address.	Relationship.

8. Name, NIC No., and address of nominee directors:

Name.	NIC No.	Address.	Status.
			Nominee director.

6. Bank Challan No: (Bank Challan to be attached in original).

7. Precise reasons for change of status from single member company to a private company:

1. Transfer of shares.	<input type="checkbox"/>
2. Further allotment of shares.	<input type="checkbox"/>
3. Death of single member.	<input type="checkbox"/>
4. Operation of law.	<input type="checkbox"/>

(Tick appropriate box)

8. Date of transfer of shares, further allotment of shares, death or order of the court, etc:

Day	Month	Year
<input type="text"/>	<input type="text"/>	<input type="text"/>

(Enclose attested copies of transfer deeds or return of allotment or other document effecting the transfer of shares).

9. Date of special resolution for change of status from single member company to a private company and alteration in articles:

Day	Month	Year
<input type="text"/>	<input type="text"/>	<input type="text"/>

(Enclose copy of special resolution).

10. Names, addresses and shareholding of present members:

Name.	Address.	Shares held.
Total.		

11. Signature of chief executive:

12. Name:

13. Designation:

14. N.I.C No. of signatory:

15. Date:

Day	Month	Year
<input type="text"/>	<input type="text"/>	<input type="text"/>

Notes: 1. The special resolution shall be passed by the members of the private company.

2. The notice shall be signed by the chief executive appointed by the directors of the private company.

THE COMPANIES ORDINANCE, 1984

NOTICE OF DEATH OF SINGLE MEMBER

Please complete in typescript or in bold block capitals.

1. Incorporation Number:

2. Name of the Company:

3. Fee paid Rs:

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4. Name and branch of bank:

5. Date of payment:

Day	Month	Year

6. Bank Challan No: (Bank Challan to be attached in original).

7. Date of death of member:

Day	Month	Year

8. Names, NIC No., address and relationship of legal heirs:

Name.	NIC No.	Address.	Relationship.

9. Circumstances leading to impediment, if any:

10. Signature of nominee director:

11. Name of signatory:

12. N.I.C No. of signatory:

13. Date:

Day	Month	Year
<input type="text"/>	<input type="text"/>	<input type="text"/>

FORM S4
[See rule 9(2)]

THE COMPANIES ORDINANCE, 1984

APPLICATION TO THE SECURITIES AND EXCHANGE COMMISSION OF
PAKISTAN FOR THE APPROVAL TO CHANGE OF STATUS OF A PRIVATE
COMPANY INTO SINGLE MEMBER COMPANY

Please complete in typescript or in bold block capitals.

1. Incorporation Number:

2. Name of the Company:

3. Fee paid Rs:

4. Name and branch of bank:

5. Date of payment:

Day	Month	Year
<input type="text"/>	<input type="text"/>	<input type="text"/>

6. Bank Challan No: (Bank Challan to be attached in original).

7. Precise reasons for changing of status to single member company:

1. Transfer of shares.	<input type="checkbox"/>
2. Other (please specify).	<input type="checkbox"/>

(Tick appropriate box)

8. Name of proposed single member:

9. Names and addresses of the major creditors (of Rs.50,000 and above) indicating the amount due to each:
(List and NOC of each creditor to be attached).

10. Date of filing the special resolution with Registrar:
(Copy of special resolution and proposed altered articles be attached).

7. Date of transfer of shares: Day Month Year

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(Enclose attested copies of transfer deeds and minutes of meeting of directors).

8. Signature of single member / secretary:

9. Name:

10. Designation:

11. N.I.C No. of signatories:

12. Date: Day Month Year

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FORM S6
[See rule 10(2)]



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

CERTIFICATE ON CHANGE OF STATUS OF A PRIVATE COMPANY INTO A SINGLE MEMBER COMPANY

Company Registration No. _____

I hereby certify that pursuant to the provisions of rules 3 and 9 of the Single Member Companies Rules, 2003, _____ has, in compliance with the requirements precedent and incidental to the change of status of a private company into a single member company, been converted into and registered as a single member private limited company with effect from _____.

Given under my hand at _____ this _____ day of _____ two thousand and _____

Fee Rs. _____.

REGISTRAR OF COMPANIES*

*Designation of the officer signing the certificate.



FORM S7
[See rule 10(3)]

SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

**CERTIFICATE ON CHANGE OF STATUS OF A SINGLE MEMBER COMPANY
INTO A PRIVATE COMPANY**

Company Registration No. _____

I hereby certify that pursuant to the provisions of rule 4 of the Single Member Companies Rules, 2003, _____
_____ has complied with the requirements precedent and incidental to the change of status of a single member company into a private company and converted into a private company with effect from _____.

Given under my hand at _____ this _____ day of
_____ two thousand and _____

Fee Rs. _____.

REGISTRAR OF COMPANIES*

*Designation of the officer signing the certificate.

FORM S8
[See rule (11)]

REGULATIONS FOR MANAGEMENT
OF A SINGLE MEMBER PRIVATE COMPANY LIMITED BY SHARES

INTERPRETATION

1. In the interpretation of these articles the following expressions shall have the following meanings unless repugnant to or inconsistent with the subject articles,-
 - (a) “alternate nominee director” means an individual nominated by the single member to act as nominee director in case of non-availability of nominee director;
 - (b) “company” or “this company” means XYZ (SMC-Private) Limited;
 - (c) “directors” or “board of directors” means board of directors so that it may consist of only the sole director or more than one directors if so appointed under the relevant provisions of the Ordinance;
 - (d) “in writing” means written or printed or partly written and partly printed or lithographed or typewritten or other substitute for writing;
 - (e) “member director” means an individual becoming director due to membership of the company in terms of clause (h) of section 187;
 - (f) “nominee director” means an individual nominated by the single member to act as director in case of death of single member;
 - a. (g) “private company” means a private company other than a single member company;
 - (h) “rule” means the rule of the Single Member Companies Rules, 2003;
 - (i) “Rules” means the Single Member Companies Rules, 2003;
 - (j) “section” means section of the Companies Ordinance, 1984 (XLVII of 1984); and
 - (k) “sole director” means the director of the company who is for the time being the only director and the single member of the company.

PRELIMINARY

2. Any provision of the Ordinance or rules and regulations made thereunder which apply in relation to a private company limited by shares incorporated under the Ordinance shall, in the absence of any express provision to the contrary, apply in relation to a single member company as it applies in relation to such a company

which is formed by two or more persons or which has two or more persons as members.

SINGLE MEMBER COMPANY

3. The company is a single member company and as such being a Private Company limited by shares—
 - (a) it shall not issue invitation to the public to subscribe for any share of the company;
 - (b) the company shall not register any share(s) in the name of two or more persons to hold one or more shares individually or jointly; and
 - (c) number of the members of the company shall be limited to one.

SHARES

4. The company may increase the nominal share capital in accordance with sections 92 and 94.
5. Share certificate(s) shall be issued under the seal of the Company and shall be signed by the member director, and in case of his death, by the nominee director and the secretary.
6. The company may, upon passing of a special resolution, issue further shares or transfer existing shares or part thereof causing the number of members to become two or more in accordance with the Rules but it shall become a private company thereafter.
7. The company shall not transfer all of the shares of a single member to two or more persons or part of shares of single member to other person(s) or allot further shares to any person other than the single member or, at any time, allow transfer of shares or allotment of shares or both resulting in number of members to become two or more, except under the authority of a special resolution for change of status from single member company to private company and to alter its articles accordingly.

8. The single member may transfer all of his shares to a single person under the authority of an ordinary resolution whereby the company shall remain a single member company as it was before such transfer.
9. A person whose name is entered as a member in the register of members shall without payment, be entitled to receive, within ninety days after allotment or within forty-five days of the application for registration of transfer, a certificate under the seal specifying the share or shares held by him.

TRANSFER AND TRANSMISSION OF SHARES

10. Transfer and transmission of shares shall be in accordance with provisions of sections 74 to 81.
11. In case of death of the single member, the power to register or refuse transfer of shares shall be exercised by the secretary and the nominee director under the Rules.
12. If the company allots further shares or the shares held by the single member are transferred in total or in part and as a result thereof the company becomes a private company, the fact that it has converted from a single member company to a private company and number of its members has increased to two or more shall be recorded in the register of members along with the date of the event and the particulars of the members.
13. Transmission of shares to the legal heirs shall be recorded in the register of members by the secretary and the nominee director.

CHANGE OF STATUS

15. 14. The company may convert itself from single member private company to a private company in accordance with the provisions of rule 4.

GENERAL MEETINGS

15. A general meeting, to be called annual general meeting, shall be held, in accordance with the provisions of section 158 and rule 5.
16. All general meetings of the company other than an annual general meeting as specified in section 158 shall be called extraordinary general meetings and shall be deemed to be held in accordance with the provisions of rule 5.
17. The secretary shall attend all the meetings of the company but shall have no vote.

NOTICE AND PROCEEDINGS OF GENERAL MEETINGS

18. In case where the law specifies time period for giving of notice of any meeting of the members or of director(s), requirements of the law shall be deemed to have been complied with if both the secretary and the members are notified of the meeting and they attend such meeting provided that in case of annual general meeting the time period for giving of notice to the auditor of the company shall not be less than twenty one days.
19. The single member present in person or through proxy shall be the quorum for the general meeting provided that secretary shall not act as proxy of the single member.
20. If the single member takes any decision which is required to be taken in a meeting of the board or in the general meeting or by means of a resolution and such decision is delivered by the single member in writing, within three days of such decision, to the company for entry in the minute book and is so recorded, that decision shall be valid as if agreed in such a meeting.

DIRECTOR(S)

21. The company shall always have the single member as a director but it may have such number of other director(s) who fulfill the conditions as specified in section 187.

22. The board or the general meeting shall not have the power to remove the member director but the single member (or member director) shall have the power to remove any director, chief executive or secretary through a resolution.
23. The director(s) shall have the powers as specified in section 196.
24. The director(s) shall appoint a chief executive in accordance with the provisions of sections 198 and 199.
25. The director(s) shall cause minutes to be made in books as required under section 173.

SECRETARY

26. A single member private limited company shall appoint a secretary in terms of section 204A and rule 6 who shall be responsible for discharge of duties and functions normally discharged by a secretary under the corporate laws and secretarial practice.
27. The secretary shall be appointed at the time of incorporation and subsequently on the same day or the day next following his resignation or removal or in case of his death within seven days of the event.
28. The sole director shall not be the secretary of the company.

CONTRACTS WITH THE SINGLE MEMBER

29. Contract between the company and single member shall be made in accordance with the provisions of rule 8.

DIVIDENDS AND RESERVES

30. The company may declare dividends and pay in accordance with the provisions of sections 248 to 251.

ACCOUNTS

31. The director(s) shall cause to keep proper books of account in accordance with the provisions of section 230 and shall, as required by sections 233 and 236, cause to be prepared and to be laid before the company in general meeting such profit and loss accounts or income and expenditure accounts and balance sheets duly audited and reports as are referred to in those sections. They shall in all respects comply with the provisions of sections 230 to 236.
32. So long as the company has only one director, the requirements of section 241 shall be deemed to have been met if the balance sheet and profit and loss account is authenticated by the sole director.
33. Auditors shall be appointed and their duties regulated in accordance with the provisions of sections 252 to 255.

THE SEAL

34. The director(s) shall provide for the safe custody of the seal and the seal shall not be affixed to any instrument except by the authority of a resolution of the board of director(s) or by a committee of director(s) authorized in that behalf by the member director and in the presence of at least member director and of the secretary or such other person as the director(s) may appoint for the purpose; and the member director and the secretary or other person as aforesaid shall sign every instrument to which the seal of the company is affixed in their presence.

WINDING UP

35. The company shall follow, in case of its winding up, the relevant provisions of the Companies Ordinance, 1984 (XLVII of 1984).

INDEMNITY

36. Every officer or agent for the time being of the company may be indemnified out of the assets of the company against any liability incurred by him in defending any proceedings, whether civil or criminal arising out of his dealings in relation to the affairs of the company, except those brought by the company against him, in which judgment is given in his favour or in which he is acquitted, or in connection with any application under section 488 in which relief is granted to him by the Court.

[F.No.CLD/602/1/2003]

(MOHAMMED HAYAT JASRA)
EXECUTIVE DIRECTOR