



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN

Company Law Division

Corporatization & Compliance Department

No. CLD/CCD/Co.42/17/2005

December 05, 2019

CIRCULAR NO. 16 OF 2019

Subject: **Acceptance Of Donations From Foreign Sources Without Prior Permission**

Section 42 of the Companies Act, 2017 (the "Act") and regulations made thereunder provide the legal framework for licensing of associations formed with charitable and not for profit objects (companies licensed under section 42 of the Act). Sub-section (2) of section 42 of the Act empowers the Commission to grant license on such conditions as it may think fit.

2. The Commission vide SRO 733(1) 2018 dated June 07, 2018 issued the Associations with Charitable and Not for Profit Objects Regulations, 2018 (the "Regulations"), which are binding on all companies licensed under section 42 of the Act. Regulation 7 of the Regulations provides conditions applicable to section 42 companies.

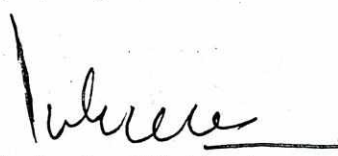
3. Attention is invited to the following condition contained in sub regulation (xxii) of Regulation 7 of the Regulations which is reproduced as under:-

"the company shall not appeal, solicit, receive or accept donations from foreign sources except with the prior permission, clearance or approval from the relevant authorities as may be required under any law or specified by the Government."

4. It has been noted that certain companies licensed under section 42 of the Act, receive foreign funding/donations without obtaining prior permission from relevant authorities in contravention to the requirements of aforementioned regulations.

5. Accordingly, all companies licensed under section 42 of the Act, which intend to receive foreign funding/donations, are hereby directed to apply to the Commission alongwith eight (08) sets of following documents for seeking prior permission from Ministry of Interior.

- (i) Latest Memorandum & Articles of the Association of the company;
- (ii) Certified copy of latest Form B of the company;
- (iii) Resumes and affidavits of the chief executive and directors of the company as per the format specified in the Regulations and
- (iv) CNICs/passports of all the directors & chief executive of the Company.


Mubasher Saeed Saddozai
ROC/HOD (CCD)

Copy to:-

- (i) Chief Executive of all section 42 licensed companies
- (ii) The Institute of Chartered Accountants of Pakistan, Karachi
- (iii) The Institute of Cost & Management Accountants of Pakistan, Karachi
- (iv) The Institute of Corporate Secretaries of Pakistan
- (v) All Chambers of Commerce and Industry
- (vi) All CROs for placement on their board and for record
- (vii) Office Copy