

# Regulatory Procedure

## Registration and Incorporation Procedure for a Limited Liability Partnership



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2021**

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Government of Pakistan  
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## **1 Introduction of SMEDA**

The Small and Medium Enterprises Development Authority (SMEDA) was established in October 1998 with an objective to provide fresh impetus to the economy through development of Small and Medium Enterprises (SMEs).

With a mission "to assist in employment generation and value addition to the national income, through development of the SME sector, by helping increase the number, scale and competitiveness of SMEs", SMEDA has carried out 'sectoral research' to identify policy, access to finance, business development services, strategic initiatives and institutional collaboration and networking initiatives.

Preparation and dissemination of prefeasibility studies in key areas of investment has been a successful hallmark of SME facilitation by SMEDA.

Concurrent to the prefeasibility studies, a broad spectrum of business development services is also offered to the SMEs by SMEDA. These services include identification of experts and consultants and delivery of need based capacity building programs of different types in addition to business guidance through help desk services.

## **2 Role of Legal Services Cell, SMEDA**

The Legal Services Cell (LSC) as part of Business & Sector Development Services (B&SDS) Division of SMEDA plays a key role in providing guidance an overall facilitation and support to SMEs on legal matters.

LSC believes that information dissemination to SMEs on the existing regulatory environment is of paramount importance and plays a pivotal role in their sustainable development.

In order to facilitate SMEs LSC has developed user-friendly systems, which provide them detail description of the laws and regulations including processes and steps required for compliance.

The purpose of this document is to provide SMEs, either individuals or companies, with information pertaining on the subject that a business entity may have to comply with. Entrepreneurs interested in enhancing their understanding about the procedures and their related rights can also use the document. For the convenience of the readers, sample of various forms, instructions on how fill up the forms and important addresses are also included.

### **3 Disclaimer**

This information memorandum is to introduce the subject matter and provide a general idea and information on the said matter. The information has been provided on an as is basis without any warranties or assertions as to the correctness or soundness thereof. Although, due care and diligence has been taken to compile this document, the contained information may vary due to changes in law and procedures at various times. SMEDA, its employees or agents do not assume any liability for any financial or other loss resulting from the use of this memorandum. The prospective user of this memorandum is encouraged to carry out due diligence and gather any information which is necessary for making an informed decision, including taking professional advice in addition to relying upon the memorandum.

For more information on services offered by SMEDA, please contact our website:

[www.smeda.org.pk](http://www.smeda.org.pk)

## **4 What is the Limited Liability Partnership (LLP)?**

### **a) Governing Law:**

The Limited Liability Partnership is governed by the limited Liability Partnership Act, 2017 and the Limited Liability Partnership Regulations 2018.

### **b) Features:**

The LLP is a cross between a company and a partnership and is a body corporate once registered under the Act and is a legal entity separate from its partners.

Therefore, the LLP allows the business owner the ease of a partnership in the course of doing business whilst also permitting the benefits that are allowed to a company some of which are listed below:

- i. An LLP can sue and be sued,
- ii. Own and dispose off property in its name,
- iii. A change in the partners does not affect the existence of the limited liability partnership.
- iv. Perform such other acts that a body corporate can do by law.

## **5 The limited liability partnership agreement**

Any 2 or more persons may come together for a lawful purpose and draw up an agreement that shall lay out the rights and duties of the partners in relation to themselves and in relation to the limited liability partnership and that agreement shall be the governing document for conducting the business of the LLP.

If the absence of an agreement to any matter, the rights and duties shall be determined by the default provisions as laid out in the First Schedule to the Act. (Please refer to Annexure 1)

## **6 Contributions by the Partners**

The partners may contribute towards the limited liability partnership in the form of money, negotiable instruments, property and/or intangibles such as knowledge or skills in accordance with the partnership agreement.

Respective contributions of the partners must be accounted for and disclosed in the financial statement of the LLP.

## **7 Books of accounts and Auditors.**

The LLP is required by virtue of law to maintain books of accounts at its registered office relating to its state of affairs and prepare yearly financial statements verified with signatures of the partners.

Also, within 60 days of incorporation, the LLP must appoint an auditor whose job shall be to prepare an audit report for the LLP in compliance with requirements of the institute of Chartered Accountants of Pakistan.

## **8 Incorporation and Registration of an LLP**

### **a) Reservation of Name**

The applicant shall make an application to the Registrar at the Securities and Exchange Commission of Pakistan, for the reservation of name for the LLP as per Form 1 provided in the LLP Regulations 2018 either online or manually at the SECP office. Fee for online submission is Rs.100 and Rs.200 for physical submission. (Please refer to Annexure 2)

If the Registrar is satisfied that the name complies with Section 6 of the Act and Regulation 4 of the Regulations shall allow the name and reserve the name for a period of 30 days during which the applicant shall make the application for the incorporation of the LLP.

If the applicant fails to make the incorporation application within the said time period of 30 days, the name shall stand cancelled.

### **b) Application for Incorporation**

The applicant shall submit to the Registrar an application for incorporation of the LLP as per Form III within 30 days if the name has been reserved successfully as stated above. The fee for online submission of the form is Rs.1000 and Rs. 2000 if the applicant submits the form manually. (Please refer to Annexure 3)

The applicant is also required to submit the following documents along with his application for incorporation for the LLP.

- i. Copies of CNIC of the partners if local and passport copy if there is a foreigner partner. In case of manual submission of the application and documents, copies of CNIC of witnesses to the documents
- ii. Attested copy of the LLP Agreement duly executed by the partners, witnessed and notarized.
- iii. Consent of designated partner (if any)

- iv. If the application is submitted manually, the original bank challan evidencing the payment of fee.
- v. An authority letter signed by all the partners in favor of the person filing the documents.
- vi. Copy of the name availability receipt issued by the Registrar.
- vii. Any other information or document that the Registrar may so require.

**c) Examination of documents**

Following their submission, the Registrar shall examine the application and accompanying documents as to their correctness and compliance with the Act and Regulations and if satisfied shall register the documents.

**d) Issuance of Certificate of incorporation**

Following the registration of the documents the Registrar shall issue the Certificate of Incorporation for the LLP. (Please refer to Annexure 4)

## **9 Useful Contact Information**

Securities and Exchange Commission of Pakistan  
NIC building, 63 Jinnah Avenue  
Blue Area, Islamabad

Tel: 051-9207091-4

Website: [www.secp.gov.pk](http://www.secp.gov.pk)

## **10 Annexures (Sample Forms)**

- a) The First Schedule (Default Provisions for LLPs)
- b) Application for Reservation of Name (LLP Form 1)
- c) Application for incorporation of Limited Liability Partnership (LLP Form III)
- d) Certificate of Incorporation (LLP –Annexure –II)

## Annexure 1

### a) The First Schedule (Default Provisions for LLPs)

#### THE FIRST SCHEDULE

[See Section 12(4)]

#### **DEFAULT PROVISIONS FOR LIMITED LIABILITY PARTNERSHIPS**

1. The mutual rights and duties of the partners and the mutual rights and duties of the Limited Liability Partnership and its partners shall be determined, subject to the terms of any Limited Liability Partnership Agreement or in the absence of any such agreement, by the provisions in this Schedule.
2. All the partners of a Limited Liability Partnership are entitled to share equally in the capital, profits and losses of the Limited Liability Partnership.
3. The Limited Liability Partnership shall indemnify each partner in respect of payments made and personal liabilities incurred by him,—
  - (a) in the ordinary and proper conduct of the business of the Limited Liability Partnership; or
  - (b) in or about anything necessarily done for the preservation of the business or property of the Limited Liability Partnership.



4. Every partner may take part in the management of the Limited Liability Partnership.
5. No partner shall be entitled to remuneration for acting in the business or management of the Limited Liability Partnership.
6. No person may be introduced as a partner without the consent of all the existing partners.
7. Any matter or issue relating to the Limited Liability Partnership shall be decided by resolution passed by a majority in number of the partners, and for this purpose, each partner shall have one vote. However, no change may be made in the nature of business of the Limited Liability Partnership without resolution passed by majority of less than three-fourth.
8. Each partner shall render true accounts and full information of all things affecting the Limited Liability Partnership to any partner or his authorized representatives.
9. If a partner, without the consent of the Limited Liability Partnership, carries on any business of the same nature as and competing with the Limited Liability Partnership, he must account for and pay over to the Limited Liability Partnership all profits made by him in that business.
10. Every partner shall account to the Limited Liability Partnership for any benefit derived by him without the consent of the Limited Liability Partnership from any transaction concerning the Limited Liability Partnership, or from any use by him of the property, name or any business connection of the Limited Liability Partnership.
11. No majority of the partners can expel any partner unless a power to do so has been conferred by express agreement between the partners.

**Annexure 2**

**b) Application for Reservation of Name (LLP Form 1)**

[LLP Form – I]

**LIMITED LIABILITY PARTNERSHIP REGULATIONS, 2018**

[See Regulation 3]

**APPLICATION FOR RESERVATION OF NAME**

**PART – I**

*(To be filled by the applicant in block letters)*

	Challan No	Amount
1. Fee Payment Details		
2. Proposed name for reservation <i>(Provide three options of choice in order in which only one name shall be allowed)</i>	Option:1	
	Option:2	
	Option:3	
3. Meaning / Significance of the proposed name/s		
4. If any LLP, company or body corporate already exists with identical or similar name, please mention your relationship with such company or entity along with documentary evidence.		
5. Declaration by the applicant	I do hereby solemnly and sincerely declare that the information provided in the form is true and correct and nothing is concealed.	
6. Name and Signature of applicant		
7. N.I.C No. of applicant <i>(Passport No. in case of foreign national)</i>		
8. Postal Address		
9. Email address		
10. Phone number(s) -	Mobile #:	Landline #:

11. Date Day Month Year

**Enclosures:**

- (i) Original copy of paid bank challan or any other evidence of payment of fee. (in case of physical filing only)
- (ii) Any other document deemed necessary.

**PART – II**

(for official use only)

No.

Date:

**AVAILABILITY OF NAME**

The above proposed name appears to be available for registration under the provisions of the Limited Liability Partnership Act, 2017 and Limited Liability Partnership Regulations, 2018. The proposed name shall be reserved for a period of thirty (30) days in which the proposed LLP shall be registered. In case the applicant fails to file application for incorporation of LLP within the said period, the availability of name shall stand cancelled.

<REGISTRAR>  
(Name and designation)

**PART – III**

(for official use only)

No.

Date:

**REFUSAL OF NAME**

We regret to inform you that the proposed name is not available for registration due to the below mentioned reasons/restrictions imposed under section 6 of the Limited Liability Partnership Act, 2017 and regulation 4 of the Limited Liability Partnership Regulations, 2018:

<Reasons>

However, you may wish to adopt some other suitable name of your preference or file an appeal with the Commission, if desired.

<REGISTRAR>  
(Name and designation)

**Annexure 3**

**c) Application for incorporation of Limited Liability Partnership (LLP Form III)**

[LLP-Form-III]

**LIMITED LIABILITY PARTNERSHIP REGULATIONS, 2018**

[See Regulation 8]

**APPLICATION FOR INCORPORATION OF LIMITED LIABILITY PARTNERSHIP**

**PART-I**

*(To be completed by the applicant in block letters)*

1.1 Name of the LLP

1.2 Fee Payment Details

Challan No	<input type="text"/>	Challan Amount	<input type="text"/>
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**PART-II**

**Section – A - LLP information**

2.1 Registered office Address

Telephone Number  Website(if any)

Mobile Number  Email Address

**Section – B – Business Objects**

*(General nature of its main business and any other incidental or ancillary object thereto, which it proposes to carry on as a limited liability partnership)*

3.1 Nature of main business /Objects

3.2 Sector

3.3 Ancillary Objects, if any

**Section – C – Details of Partners**

**4.1 Natural Persons**

Name	Father/ Husband Name	NIC OR Passport No	Nationality	Occupation	Residential Address	Signatures
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

regulations made there under in respect of matters precedent to the registration of the said LLP and incidental thereto have been complied with; and  
 c) I make this solemn statement conscientiously believing the same to be true.

7.4 Signature of person making the statement

**Enclosures:**

*Before submitting your application please check that all required documents are attached and the same are complete in all respects;*

- (i) Original copy of paid bank challan or any other evidence of payment of fee. (in case of physical filing only).
- (ii) Copies of NICs/passport of the partners/designated partners and of the person making the statement.
- (iii) Attested copy of LLP agreement duly signed, notarized and witnessed.
- (iv) Consent of designated partners, if any
- (v) Authority letter signed by all the partners in favour of the person who has been authorized to file documents
- (vi) Name availability letter
- (vii) Any other document deemed necessary by the Registrar

Witness to above signatures: *(For the documents submitted in physical form)*

Signatures	
Full Name (in Block Letters)	
Father's/ Husband's name	
Nationality	
NIC No.	
Usual residential address	

**4.2 Body Corporate**

Name	CUIN/Registration No.	Place of incorporation/registration	Name and address of registering body/authority	Registered Office	Authorized Signatory on behalf of body corporate

**Section – D– Details of Designated Partners, if any**

5.1

Name	Father/ Husband Name	NIC OR Passport No	Nationality	Occupation	Residential address	Status (whether partner or nominee of partner)	Signatures

*The partners hereby solemnly and sincerely declare that in case no designated partner is specified in table above then every person who from time to time is a partner of the limited liability partnership shall be a designated partner.*

**Section – E– Liability of Partners**

6.1 The liability of partners of <name of LLP> shall be limited.

**PART-III**

**Statement of applicant under section 5(d) of the Act.**

7.1 Name of person making the statement	
7.2 father/husband name of person making the statement	
7.3 Profession / Designation of the person making the statement <i>(Please check relevant box)</i>	<input type="checkbox"/> Advocate entitled to appear before a High Court/ Supreme Court <input type="checkbox"/> Chartered Accountant/ Cost & Management Accountant practicing in Pakistan engaged in the formation of LLP <input type="checkbox"/> a person who has subscribed his name to the incorporation document of the proposed LLP.
7.4 Statement	I do hereby solemnly and sincerely declare that: a) I have been authorized by the subscribers to the incorporation document of proposed LLP to give this statement; b) all the requirements of the Limited Liability Partnership, 2017, and the rules, the

**Annexure 4**

**d) Certificate of Incorporation (LLP –Annexure –II)**

[LLP-Annexure-II]



**SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN  
LLP REGISTRATION OFFICE**

**CERTIFICATE OF INCORPORATION**

[Under section 7 of the Limited Liability Partnership Act, 2017 (XV of 2017)]

Limited Liability Partnership Incorporation No. **##LLPIN##**

I hereby certify that **##LLP Name##** is this day incorporated under the Limited Liability Partnership Act, 2017 (XV of 2017).

Given under my hand at **(LOCATION)** this **(DAY)** day of **(MONTH)**, Two Thousand and **YEAR**.

<REGISTRAR\*>

(Official Seal)

\*Designation of the officer signing the certificate.