Subject: Renewal of licences granted under Section 42 of the Companies Ordinance, 1984 to Not for Profit Associations

The provisions of Section 42 of the Companies Ordinance, 1984 (the ‘Ordinance’) and the rules made thereunder provide the legal framework for licencing of associations not for profit formed to carry on the objects of commerce, art, science, religion, sports, social services, etc.

2. Sub-section (2) of Section 42 of the Ordinance and Rule 6 of the Companies (General Provisions and Forms) Rules, 1985 empower the Commission to grant licence on such conditions as it may think fit and which shall be binding on such associations.

3. In a recent meeting of the Sub-Committee constituted under the Prime Minister Implementation Committee for National Plan of Action on Counter Terrorism, it was decided to re-validate/renew all the licences issued by the Commission under Section 42 of the Ordinance to satisfy that such entities are working within the parameters of law and are not engaged or linked with any terrorist financing activities. Such re-validation/renewal process will also ensure compliance with all the mandatory requirements of the Ordinance as well as ensure that the income and profits of the association are applied solely towards the promotion of the objects for which the association was formed and that no portion thereof is used directly or indirectly for other purposes.

4. Earlier, the Commission vide its Circular No. 29/2008 dated 24.12.2008 has already provided the detail of requirements regarding making application for renewal of licence. Accordingly, all the associations set up in pursuance of licence granted under Section 42 of the Ordinance and registered with the Commission which have already completed five years’ time from the issuance date of their licence, are hereby directed to apply to the Commission for renewal of licence within 30 days of the date of this Circular failing which necessary legal action shall be initiated including revocation of licence in terms of sub-section (4) of Section 42 of the Ordinance.

(Mubasher Saeed Saddozai)
Director (CCD)