

SENATE OF PAKISTAN

REPORT NO.32 OF 2020



House of the Federation

**REPORT OF THE STANDING COMMITTEE ON FINANCE,
REVENUE AND ECONOMIC AFFAIRS**

ON

**THE LIMITED LIABILITY PARTNERSHIP (AMENDMENT) BILL, 2020,
AS PASSED BY THE NATIONAL ASSEMBLY**

PRESENTED BY:

SENATOR FAROOQ HAMID NAEK

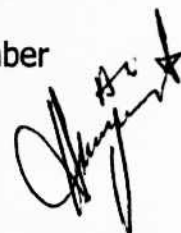
SENATE SECRETARIAT

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

I, Senator Farooq Hamid Naek, Chairman, Standing Committee on Finance, Revenue and Economic Affairs, have the honour to present, on behalf of the Committee, this report on a Bill to amend the Limited Liability Partnership Act, 2017, [The Limited Liability Partnership (Amendment) Bill, 2020], as passed by the National Assembly and referred by the House to the Committee on 13th August, 2020, for consideration and report.

2. The composition of the Standing Committee is given as under: -

| | | |
|------|---|-------------------|
| (1) | Senator Farooq Hamid Naek | Chairman |
| (2) | Senator Ayesha Raza Farooq | Member |
| (3) | Senator Mushahid Ullah Khan | Member |
| (4) | Senator Musadik Masood Malik | Member |
| (5) | Senator Dilawar Khan | Member |
| (6) | Senator Muhammad Akram | Member |
| (7) | Senator Muhammad Talha Mahmood | Member |
| (8) | Senator Imam-ud-Din Shouqeen | Member |
| (9) | Senator Mohsin Aziz | Member |
| (10) | Senator Mian Muhammad Ateeq Shaikh | Member |
| (11) | Senator Anwar ul Haq Kakar | Member |
| (12) | Senator Sherry Rehman | Member |
| (13) | Senator Zeeshan Khanzada | Member |
| (14) | Advisor the Prime Minister for Finance and Revenue | Ex-Officio Member |



3. The Committee considered the said Bill in its meetings held on 17th & 18th August, 2020, at Parliament House, Islamabad. The meeting of the Committee was attended by the following Senators:-

| | | |
|-----|------------------------------|----------|
| (1) | Senator Farooq Hamid Naek | Chairman |
| (2) | Senator Zeeshan Khanzada | Member |
| (3) | Senator Mohsin Aziz | Member |
| (4) | Senator Dilawar Khan | Member |
| (5) | Senator Musadik Masood Malik | Member |
| (6) | Senator Imam-ud-Din Shouqeen | Member |
| (7) | Senator Sherry Rehman | Member |

4. The Committee unanimously was of the view that a Sub-Committee be constituted for making amendments in the said Bills. The Chairman SECP agreed with the Members of the Committee for constitution of a Sub-Committee. Therefore, the Committee constituted a Sub-Committee in its meeting held today i.e. 17th August, 2020. The Composition and Terms of Reference of the Sub-Committee are given as under:-

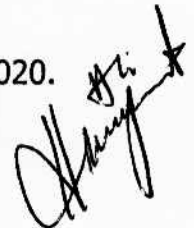
a. COMPOSITION:-

| | | |
|-----|------------------------------|----------|
| (1) | Senator Musadik Masood Malik | Convener |
| (2) | Senator Imam-ud-Din Shouqeen | Member |
| (3) | Senator Mohsin Aziz | Member |


b. TERMS OF REFERENCE:-

"The Sub-Committee will deliberate on following bills and submit its report to the Standing Committee:-

- (i) The Limited Liability Partnership (Amendment) Bill, 2020.
- (ii) The Companies (Amendment) Bill, 2020."



5. The Convener of the Sub-Committee, Senator Musadik Masood Malik informed the Committee that the Sub-Committee could not consider the Limited Liability Partnership (Amendment) Bill, 2020, clause by clause due to paucity of time.
6. The Finance Division and Chairman SECP failed to convince the Members of the Committee regarding said Bill, however, Chairman Committee apprised the participants of the meeting that we are not against the Bills which are being brought in the compliance of FATF. However, as the legislatures its our duty to pass improved and refined laws.
7. After discussion and deliberation, the four Members namely; Senators Farooq Hamid Naek, Musadik Masood Malik, Imam-du-Din Shouqeen and Sherry Rehman voted in favour to bring amendments in the said Bill, however, three members namely; Senators Mohsin Aziz, Zeshan Khanzada and Dilawar Khan voted in favour of the existing Bill, as passed by the National Assembly.
8. The Bill as passed by the National Assembly is annexed.


(HYDER ALI)
JS/Secretary (Committee)


(SENATOR FAROOQ HAMID NAEK)
Chairman (Committee)

Islamabad, the
18th August, 2020

[AS PASSED BY THE NATIONAL ASSEMBLY]

BILL

to amend the Limited Liability Partnership Act, 2017

WHEREAS it is expedient to amend the Limited Liability Partnership Act, 2017 (XV of 2017), for the purposes hereinafter appearing;

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

(2) It shall come into force at once.

2. **Amendment in section 8, Act XV of 2017.**— In the Limited Liability Partnership Act, 2017 (XV of 2017), in section 8,—

(a) in sub-section (2), for full stop at the end, a colon shall be substituted and thereafter the following proviso and explanation shall be added, namely:—

“Provided that a limited liability partnership shall obtain, maintain and timely update particulars of ultimate beneficial owner, including any change therein, of any person who is a partner in limited liability partnership in such form, manner and submit such declaration to the registrar 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 limited liability partnership through direct or indirect rights or controlling interest of such percentage as may be specified, in any form of contribution as provided for in section 18 or the underlying rights to share the profits and losses of the partnership and receive distributions accordingly as laid down in the limited liability partnership agreement, or by exercising effective control in that limited liability partnership through such other means as may be specified.”; and

(b) after sub-section (2), amended as aforesaid, the following new sub-section (3) shall be added, namely:—

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

(a) a partner, designated partner or officer, to a fine which may extend to one million rupees; and

(b) the limited liability partnership, to a fine which may extend to ten million rupees.”.

STATEMENT OF OBJECT AND REASONS

THE LIMITED LIABILITY PARTNERSHIP (AMENDMENT) BILL 2020 – FATF RELATED

The Limited Liability Partnership (Amendment) Bill 2020 has suggested various amendments to Limited Liability Partnership Act 2017 (XV of 2017) to ensure compliance with the recommendations on anti-money laundering and countering the financing of terrorism issued by the Financial Action Task Force (FATF). Pakistan's 2019 Mutual Evaluation Report (MER) on FATF Recommendations issued by the Asia Pacific Group on Money Laundering (APG) highlighted lack of obligations for limited liability partnerships (LLPs) to hold ultimate beneficial ownership information. The report also highlighted lack of penalties for breach of AML/CFT requirements by LLPs.

Accordingly, the proposed amendments are being made to ensure compliance with FATF's recommendation aimed at enhancing the transparency of legal persons, to fulfill the recommended actions in MER, and to enhance the country's ranking against the aforesaid standards. These are also aimed to conform to the action plan approved by the National Executive Committee on AML/CFT for compliance with the FATF recommendations.



(Dr. Abdul-Hafeez Shaikh)
Advisor to PM on Finance & Revenue