

[AS PASSED BY THE NATIONAL ASSEMBLY]

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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.



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