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Course Name: Corporate Law

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Mid Term Exam

Q.No.1: Write detail note on history of Corporate Law?

Answer. history of Corporate Law:

Today the corporate sector of Pakistan is governed by Companies Ordinance of 1984. The history of corporate law in this region is much older than the history of Pakistan. Great Britain passed Companies Act in 1908 which introduced several important provisions relating to company administrations. In 1913 after five years, Companies Act of 1913 was passed in British India. Pakistan came into being on 14 August 1947 and adopted the companies Act of 1913. In 1959 a company Law Commission was set up to make laws in accordance with modern times. Report of Company Law Commission of Pakistan was published in 1960. Finally, the Companies Act of 1913 was replaced by the Companies Ordinance 1984. Corporate law (also known as business law or enterprise law or sometimes company law) is the body of law governing the rights, relations, and conduct of persons, companies, organizations and businesses. The term refers to the legal practice of law relating to corporations, or to the theory of corporations. Corporate law often describes the law relating to matters which derive directly from the life-cycle of a corporation. It thus encompasses the formation, funding, governance, and death of a corporation.

Purpose of Corporate Law

The purpose of the module is to give the participants an insight into the various facets of companies ordinance 1984 outlined in the syllabus.

This course deals with the practical and theoretical approach to the companies' ordinance 1984 and securities and exchange commission of Pakistan. A deep insight of modarba companies and modaraba (floatation and control) ordinance 1980, modaraba companies and modaraba rules 1981.

Registration of a Company in Pakistan

Company Registration in Pakistan - Requirements and Procedure:

This brief overview explains, in very general terms, the procedure and requirements for registration of a company in Pakistan. These brief notes are for general guidance only and should not be taken as a substitute for thorough and professional legal advice.

The Companies Ordinance, 1984 provides for three different types of companies:

- A company limited by shares
- A company limited by guarantee
- An unlimited liability company

Q.No.2: Write Short Notes on the following.

- A. Chief Executive
- B. Commission
- C. Debenture
- D. Company

E. Court

A. Chief Executive:

A chief executive officer (CEO), or just chief executive (CE), is the most senior corporate, executive, or administrative officer in charge of managing an organization – especially an independent legal entity such as a company or nonprofit institution. CEOs lead a range of organizations, including public and private corporations, non-profit organizations and even some government organizations (notably Crown corporations)

The Prime Minister of Pakistan is also the head of government of Pakistan and designated as the "**chief executive** of the Republic". The Prime Minister leads the executive branch of the government, oversees was ousted by army chief General Ayub Khan who had for a **brief** period held the post of Prime Minister.

B. Commission:

A **commission** is a service charge assessed by a broker or investment advisor for providing investment advice or handling purchases and sales of securities for a client.

Commission, also known as sales commission, is a payment given to employees based on the sales they make.

In another words **Commission**” means the securities and exchange commission of Pakistan established under section 3 of the securities and exchange commission of Pakistan Act 1997.

C. Debenture

A debenture is a type of debt instrument unsecured by collateral. Since debentures have no collateral backing, debentures must rely on the creditworthiness and reputation of the issuer for support. Both corporations and governments frequently issue debentures to raise capital or funds.

D. Company

A company has different definitions based on the country it is situated in.

A company is a legal entity formed by a group of individuals to engage in and operate a business—commercial or industrial—enterprise. A company may be organized in various ways for tax and financial liability purposes depending on the corporate law of its jurisdiction.

OR

A Company means a company formed and registered under this ordinance or an existing company.

OR

A company is a body corporate or an incorporated business organization registered under the companies act. It can be a limited or an unlimited company, private or a public company, company limited by guarantee or a company having a share capital, or a community interest company.

E. Court

A court is any person or institution, often as a government institution, with the authority to adjudicate legal disputes between parties and carry out the administration of justice in civil, criminal, and administrative matters in accordance with the rule of law. In both common

law and civil law legal systems, courts are the central means for dispute resolution, and it is generally understood that all people have an ability to bring their claims before a court. Similarly, the rights of those accused of a crime include the right to present a defense before a court.

Q.No.3: Write down at least 5 decisions of Corporation in Pakistani Courts.

Over the past decade, the Supreme Court (SC) of Pakistan as well as the others courts of the country have chosen Friday to issue several landmark judgements.

As the Islamabad accountability court announced the much-awaited verdict in the Avenfield corruption reference on Friday, Dawn.com lists eight major decisions from the last 10 years which were issued on the day before the weekend. Which includes 5 decisions of corporation in Pakistani Courts are as under.

July 20, 2007

A 13-member bench of SC judges unanimously overturns former president Pervez Musharraf's decision to suspend the then chief justice Iftikhar Mohammad Chaudhry.

July 31, 2009

The SC declares Musharraf's decision to impose an emergency on November 3, 2007 as well as his Provisional Constitutional Order illegal and unconstitutional.

July 28, 2017

A five-member bench of the apex court disqualifies Nawaz Sharif, the then prime minister, from holding public office in its landmark decision on the Panama Papers case. The verdict brings the PML-N suprema's third term in power to an unceremonious end.

December 8, 2017

A Lahore High Court verdict halting the construction of the Orange Line Metro Train is set aside by a SC bench and the Punjab government is allowed to go ahead with the project subject to certain conditions to ensure the preservation of heritage sites in the area.

December 15, 2017

A three-member bench comprising SC judges rejects the National Accountability Bureau's appeal to reopen the Rs1.2 billion Hudaibya Paper Mills reference. The reference would have further complicated the Sharif family's legal troubles following Panama Papers verdict.

This study of piercing the corporate veil aims to measure the effects of incorporation in Pakistan in a variety of situations. The main goal is to identify scenarios in which the courts disregarded the separate legal identity of a firm in favour of its constituents. The distribution of veil piercing cases among the three categories set out by the courts is pivotal in reaching this goal. The decisions of the courts vary depending on which party asked for the corporate veil to be pierced. The paper classifies the decisions into three categories: i) classic veil piercing scenarios, ii) voluntary piercing cases, and iii) shareholder disputes, with each category having its own jurisprudence. In the first and the third category, the paper finds that the courts rarely follow a single formula, and that the judgments have mostly been based upon vague principles of equity and good conscience. However, courts have essentially been consistent in attempting to follow the universally-recognized rule which endorses piercing of the corporate veil in cases where fraud or wrongdoing has been perpetuated. Nevertheless, the application of this doctrine is highly restricted, except in cases where a public office is involved.