

GUIDELINES FOR COMPANY NAME SELECTION

The incorporation of a company involves several steps. The first step is seeking the availability of name from the “registrar concerned”. An application is to be submitted along with a fee of Rs. 200. While choosing a name it is important to bear in mind that the following can affect a choice of name and it can be rejected if:

- it is identical with a name already on the index of companies;
- it has close resemblance or close phonic resemblance with the name of an existing company;
- it is inappropriate or deceptive;
- it is designed to exploit or offend the religious susceptibilities of the people.
- ▪ addition of words New, Modern, International, Mills, Enterprises, Company, Co etc. are considered insignificant and do not constitute new name.

Name of a company, under liquidation, may be allowed on consent of the said company.

In addition, some names need prior approval in writing of the Commission, before they can be registered. These include names which contain any words suggesting or calculated/to suggest:-

- a) the patronage of any, past or present, Pakistani or foreign, Head of State;
- b) any connection with the Federal Government or a Provincial Government or any department or authority of any such Government;
- c) any connection with any corporation set up by or under any Federal or Provincial law; or
- d) the patronage of, or any connection with, any foreign Government or any international organization.

It is in the interest of promoters to ensure that the name they choose for their company is sufficiently different from any other name on the register. This will reduce the’ risk of confusion and the following potential difficulties like:-

- objections to the company name;
- confusion with other companies with a poor trading record;
- a ‘passing Off’ action in civil law.

There are certain words and expressions that when used in a company name may imply business pre-eminence, a particular status or a specific function. These words are generally not allowed by the Registrar, unless the promoters provide sufficient justification. The aim is to ensure that use of these words is justified so that public is not misled by the name. Few examples of the type of words which are sensitive or imply national or international business pre-eminence or having representative or authoritative status and requiring prior permission of the Commission are mentioned below:

- ➤ **International** — if one wishes to use this word as a prefix, he has to show that the major part of the company's activities is in trading overseas. If he wishes to use it as a suffix, then approval will usually be given if he can show that the company operates in two or more overseas countries.
- ➤ **Association or federation** — these words are generally used when the company is to be limited by guarantee. Each member should have one vote and the constitution should contain a non-profit distribution clause. This provides that any profits should be used to further the objects of the company and not be paid to the members as dividends.
- ➤ **Commission, Authority, board or council** — if one wants to use any of these words, he should seek prior approval of the Commission.
- ➤ **Institute or institution** — approval for use of these words is normally given only to those organizations that are carrying out research at the highest level or to professional bodies of the highest standing. One will need to show that: there is a need for the proposed institute; it has appropriate regulations or examination standards; and it has affiliation with some university approved by the Higher Education Commission.
- ➤ **Assurance, assurer, insurance, insurer, re-assurance, re-assurer, re-insurance or re-insurer** — Such names will only be allowed to proposed companies which intend to provide insurance services and have prior permission of the Commission for the establishment.
- ➤ **Benevolent, foundation or fund** — names that include any of these words are normally refused if they imply that the company has charitable status, If the company is limited by guarantee and has a non-profit distribution clause in the memorandum of association, the name may normally be approved.

- ➤ **Chamber of Commerce, and/or Trade and for Industry** — if one wishes to use a name that includes any of these expressions, prior permission of the Ministry of Commerce is needed.
- ➤ **Charter or Chartered** — names that include these words are normally refused if they unjustifiably give the impression that the company has a Royal Charter. If the words are used to qualify a profession, advice of the appropriate, governing body is sought before considering the proposed; name.
- ➤ **Group** — if use of this word implies several companies under one corporate ownership, then applicants have to provide evidence of association with two or more other Pakistani or overseas companies.
- ➤ **Holding** — a company wishing to use this word must be a ‘holding company’ as defined in section 3 of the Companies Ordinance 1984.
- ➤ **Register or registered** — Every application for use of these words is treated on its merits. Generally, advice from the appropriate governing body is sought if names, that include these words, are linked with a professional qualification. The name is not registered if it unjustifiably implies a connection with the Government or a local authority. If such a connection ‘actually exists, the name may be allowed if the appropriate body supports the application.
- ➤ **Exchange** — names including this expression will normally be refused unless they conform to legislation relating to the securities or commodity exchanges.
- ➤ **Trust** — the word ‘trust’ can be used in many different senses. Each application, is dealt with on its merits.
- ➤ **Investment, Trust, Society, Co-operative, Bureau, Division, etc** are not allowed unless there is justification to usage of such words.
- ➤ **Banks, Banking Company**— no company other than a banking company is allowed to use the word “bank”, or any of its derivatives as part of its name or any word calculated to indicate that it is a banking company unless prior approval of the State Bank of Pakistan is produced as provided under section 8 of the Banking Companies Ordinance, 1962.