

CONTENTS

Short title, extent, application and commencement

Act to override other laws

Definitions

Appointment of trustees

Management of company to vest in trustee

All assets to be delivered to trustee

Power of trustee

Transfer of assets prohibited

Liabilities of company

Amounts payable to trustee

Instructions to trustee prohibited

Bar of jurisdiction, etc.

Power to make rules

Delegation of powers

Removal of difficulties

[Omitted]

Page 1 of 4

THE COMPANIES (APPOINTMENT OF TRUSTEES) ACT, 1972

"Act No. XV of 1972

[24th September, 1972]

An Act to provide for the management of the affairs of certain companies.

WHEREAS it is expedient to provide for the management of the affairs of certain companies and for matters connected therewith;

It is hereby enacted as follows:—

1. Short title, extent, application and commencement.—(1) This Act may be called the Companies (Appointment of Trustees) Act, 1972.

(2) It extends to the whole of Pakistan.

(3) It applies only to companies the object of which are not confined to one Province.

(4) It shall come into force at once.

2. Act to override other laws. This Act shall have effect notwithstanding anything contained in the Companies Act, 1913 (VIL of 1913), or in any other law for the time being in force or in any agreement, contract or memorandum or articles of association.

3. Definitions. In this Act, unless there is anything repugnant in the subject or context,—

(a) "assets" include all rights and powers and properties, whether movable or immovable, cash balances, reserve funds, investments, deposits and all other interests and rights in or to or arising out of any such property and the books of accounts and documents;

(b) "company" has the same meaning as in the Companies Act, 1913 (VII of 1913); and

(c) "trustee" in relation to a company means the trustee appointed under section 4 in respect of such company.

4. Appointment of trustees.—(1) If the Federal Government is of opinion that it is necessary in the public interest so to do, the Federal Government may, by notification in the official Gazette, appoint a trustee in respect of a company the registered office of which is located in Pakistan beyond the Provinces of Baluchistan, the North-West Frontier, the Punjab and Sind on such terms and conditions as may be determined by the Federal Government.

(2) The trustee shall hold office during the pleasure of the Federal Government.

(3) The trustee may, by writing under his own hand addressed to the Federal Government, resign his office.

¹For Statement of Objects and Reasons, see Gaz. of P., 1972, Ext. Pt. HI, p. 406.

5. Management of company to vest in trustee.—(1) Upon the appointment of a trustee under section 4 in respect of a company, the management of the affairs of such company in so far as they relate to its business and assets and liabilities in the Provinces referred to in that section and all such assets and liabilities shall vest in that trustee and any person or authority-exercising or having the right to exercise immediately before such appointment any power or function in relation to the management of such affairs shall cease to exercise or to have the right to exercise such power to function.

(2) The trustee appointed in respect of a company shall, where necessary, open on behalf of such a company, with a branch of the National Bank of Pakistan an account to which he shall credit from time to time all moneys received by him on behalf or on the account of the company after deducting therefrom such amount representing the expenses of the management of the affairs of the company as he may determine with the approval of the Federal Government.

(3) Every trustee appointed in respect of a company shall keep proper account of all income and expenditure received or incurred by him on account of company.

(4) Where a trustee is appointed in respect of a company, the Federal Government may, by order, remove from office any officer howsoever designated performing or having the right to perform any function in relation to the management of the affairs of the company in so far as they relate to its assets or liabilities referred to in sub-section (1).

6. All assets to be delivered to trustee. No officer of a company, nor any other person, shall retain or fail to deliver to the trustee any assets which vest in the trustee under section 5.

7. Powers of trustee. The trustee appointed in respect of a company shall exercise all the powers and functions of the Board of Directors of the company in so far as they relate to the assets and liabilities of the company in the Provinces referred to in section 4.

8. Transfer of assets prohibited. No person shall transfer any of the assets of a company in respect of which a trustee has been appointed or create any charge or encumbrance on such assets and any transfer made or charge or encumbrance created in contravention of this section shall be void.

9. Liabilities of company. When a trustee is appointed in respect of a company, only such liabilities of the company shall be deemed to be liabilities relating to the assets of the company vested in the trustee as may be determined by such authority and in such manner as may be prescribed by rules made under this Act.

10. Amounts payable to trustee.—(1) Any amount payable to a company in respect of which a trustee has been appointed shall be paid to the trustee by the person liable to pay the same.

(2) Any person who makes a payment under sub-section (1) shall be discharged from further liability to pay to the extent of the payment so made.

(3) Any payment made otherwise than in accordance with sub-section (1) shall not discharge the person paying it from his obligation to pay the amount due, and shall not affect the right of the trustee to enforce such obligation against any such person.

11. Instructions to trustee prohibited. No person shall, except on the authority of the Federal Government, give any instructions to the trustee, nor shall any person in any manner obstruct him in the discharge of his functions.

12. Bar of jurisdiction, etc—(1) No court shall call in question, or permit to be called in question, anything done or any action taken or purporting to be done or taken under this Act.

(2) No court shall grant any injunction or make any order, nor shall any such court entertain any proceedings, in relation to anything done or intended or purported to be done under this Act.

(3) No suit, prosecution or other legal proceeding shall lie against the Federal Government or the trustee or any person for anything in good faith done under this Act or any rule or order made or notification issued thereunder.

13. Power to make rules. The Federal Government may, by notification in the official Gazette, make such rules as appear to it to be necessary or expedient for carrying out the purposes of this Act.

14. Delegation of powers. The Federal Government may, by notification in the official Gazette, direct that all or any of its powers under this Act shall, subject to such conditions, if any, as may be specified in the notification, be exercised by such officer or authority as may be so specified.

15. Removal of difficulties. If any difficulty arises in giving effect to any provision of this Act, the Federal Government may make such order, not inconsistent with the provisions of this Act, including an order modifying the provisions of the memorandum or articles of association of company, as it considers necessary or expedient for the purpose of removing of that difficulty.

16. [Repeal.] Omitted by the Federal Laws (Revision and Declaration) Ordinance, 1981 (XXVII of 1981), s. 3 and Sch., I.

'For the Companies (Appointment of Trustees) Rules, 1973 see S.R.O. No. 643(D/73. dt. 12-5-73. Gaz. c