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THE COMPANIES (APPOINTMENT OF LEGAL ADVISERS) ACT, 1974.

'ACT NO. X OF 1974

[1st March, 1974]

An Act to provide for the appointment of Legal Advisers to companies

WHEREAS it is expedient to provide for the appointment of Legal Advisers to companies and matters connected therewith;

It is hereby enacted as follows:—

1. Short title, extent and commencement.—(1) This Act may be called the Companies (Appointment of Legal Advisers) Act, 1974.

(2) It extends to the whole of Pakistan.

(3) It shall come into force at once.

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

(a) “advocate” means an advocate entered in any roll under the provisions of the Legal Practitioners and Bar Councils Act, 1973 (XXXV of 1973);

3[(aa)“Commission” means the Securities and Exchange Commission of Pakistan established under section 3 of the Securities and Exchange Commission of Pakistan Act, 1997 (XLII of 1997);]

3[(b) “company” means a company formed and registered under the Companies Ordinance, 1984 (XLVII of 1984), having paid up capital of more than seven and a half million Rupees or a company limited by guarantee or an association registered under section 42 of the said Ordinance;]

(c) “Legal Adviser” means a person appointed as such under section 3; “[*]

(d) “registered firm” means a firm registered under the Partnership Act, 1932 (IX of 1932), all the partners of which are advocates °[;]

5[(e) “Ordinance” means the Companies Ordinance, 1984 (XLVII of 1984); and

(f) “Registrar” shall have the same meaning as are assigned to it in the Ordinance.]

'For Statement of Objects and Reasons, see Gaz. of p., 1973, Ext., Pt. IIL, p. 1848.

7Ins. by the Companies (Appointment of Legal Advisers) (Amdt.) Act, 2017 (Act II of 2017), s.2.

3Subs. by the Companies (Appointment of Legal Advisers) (Amdt.) Act, 2017 (Act II of 2017), s.2.

4Ommitted by the Companies (Appointment of Legal Advisers) (Amdt.) Act, 2017 (Act II of 2017), s.2.

*Subs. and added by the Companies (Appointment of Legal Advisers) (Amdt.) Act, 2017 (Act II of 2017),

3. Appointment of Legal Adviser.—(1) Every company shall appoint at least one Legal Adviser on retainer to advise such company in the performance of its functions and the discharge of its duties in accordance with law '[and in accordance with the terms and conditions of agreement entered into by and between the company and Legal Advisor or required by law or prescribed by any rules, regulations governing the company]:

Provided that a company in existence immediately before the commencement of this Act shall be deemed to have complied with the provisions of this sub-section if it appoints a Legal Adviser before the expiration of three months from such commencement.

(2) No person other than an advocate *[of High Court] or a registered firm shall be appointed to be a Legal Adviser.

3[4, Retainer.— Every Legal Adviser appointed by a company shall be paid a retainer which shall not be less than five thousand rupees per mensem or such higher amount as may be notified by the Federal Government in the official Gazette.]

5. Who may not be appointed Legal Adviser.—(1) A company shall not appoint an advocate or a registered firm to be its Legal Adviser if, upon such appointment, the number of companies of which such advocate or firm is a Legal Adviser will exceed,—

(a) in the case of the advocate, three; or

(b) in the case of the firm, the product of three and the total number of partners of the firm:

Provided that a company in existence immediately before the commencement of this Act shall be deemed to have complied with the provisions of this sub-section if, before the expiration of three months from such commencement, it terminates the appointment of the advocate or registered firm the appointment of whom or which is prohibited by this sub-section.

(2) No compensation shall be payable for the termination of an appointment or agreement under or by virtue of the operation of the provisions of sub-section (1).

6. Power to exempt.— The Federal Government may, by notification in the official Gazette, exempt any company or class of companies from the operation of the provisions of sub-section (1) of section 3 subject to such conditions and for such period as may be specified in the notification.

4[7. Penalty, adjudication of offence and appeal.—(1) Any person who contravenes any provision of this Act or rules or regulations made thereunder shall be guilty of an offence and shall be liable to a penalty to be imposed by the Commission as under:—

‘Added by the Companies (Appointment of Legal Advisers) (Amdt.) Act, 2017 (Act II of 2017), s.3.

?Ins. by the Companies (Appointment of Legal Advisers) (Amdt.) Act, 2017 (Act II of 2017).

3Subs. by the Companies (Appointment of Legal Advisers) (Amdt.) Act, 2017 (Act II of 2017), s.4.

4Subs. by the Companies (Appointment of Legal Advisers) (Amdt) Act, 2017 (Act II of 2017), s.5.

(a) in the case of an individual including directors of the company, such sum which may extended to one hundred thousand rupees; and

(b) in the case of company, such sum which may extend to two hundred thousand rupees.

(2) The amount of penalty imposed under sub-section (1) shall be payable to the Commission and may be recovered as provided under section 162 of the Securities Act, 2015 (II of 2015).

(3) Any person aggrieved by an order passed by the Commission or an officer authorized in this behalf may prefer an appeal to Appellate Bench of the Commission under section 33 of the Securities and Exchange Commission of Pakistan Act, 1997 (XLII of 1997).

(4) The Commission, before adjudication of contravention of, or failure in complying with, any provision of this Act, rules or regulations, shall give show cause notice and reasonable opportunity of being heard to the company or person.

(5) From the date of coming into effect of this section, in respect of all prosecutions filed under the substituted section 7 the respective courts shall continue with the pending proceedings and may impose penalty as provided under section 7 as substituted.]

'17A. Penalty for false statement.— Whoever, in any return or document, required by or for the purposes of any of the provisions of this Act, willfully makes a statement false in any material particular, knowing it to be false, shall be punishable with imprisonment for a term which may extend to one year or with fine which may extend to two hundred thousand rupees or with both.]

8. Power to make rules.—(1) The Federal Government may, by notification in the official Gazette, make rules” for carrying out the purposes of this Act.

(2) In particular and without prejudice to the generality of the foregoing provision, such rules may provide for the maintenance of registers of Legal Advisers by companies, the form in which such registers shall be maintained the furnishing of information by companies and the intervals at which such information shall be furnished.

Ins. by Companies (Appointment of Legal Advisers) (Amdt.) Act, 2017 (Act II of 2017) ,s.6.

?For the Companies (Appointment of Legal Advisers) Rules, 1975, see S.R.O. No. 373 (1)/1975. dt. 2-3-Pt, II, pp. 559-560.