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PART III

Other Notifications, Orders, etc.

NATIONAL ASSEMBLY SECRETARIAT

NOTIFICATION

Islamabad, the 7th September, 2016

Pursuant to rule 235 (4) of the Rules of Procedure and Conduct of Business in the National Assembly, 2007, the following report of the Standing Committee, presented to the Assembly on 7th September, 2016 is published for information:—

REPORT OF THE STANDING COMMITTEE ON FINANCE, REVENUE, ECONOMIC AFFAIRS, STATISTICS AND PRIVATIZATION ON THE COMPANIES (APPOINTMENT OF LEGAL ADVISORS) (AMENDMENT), BILL, 2016.

I, Chairman of the Standing Committee on Finance, Revenue, Economic Affairs, Statistics and Privatization have the honour to present this Report on the Bill further to amend the Companies (Appointment of Legal Advisors) Act, 1974 [The Companies (Appointment of Legal Advisors) (Amendment) Bill, 2016], referred to the Standing Committee on 08-04-2016.

(2909)

Price : Rs. 5.00

[3698 (2016)/Ex. Gaz.]

2. The Committee comprises the following Members:—

| | |
|--|--------------------------|
| (1) Mr. Qaiser Ahmad Sheikh | <i>Chairman</i> |
| (2) Mr. Saec Ahmed Khan Manais | <i>Member</i> |
| (3) Rana Shanim Ahmed Khan | <i>Member</i> |
| (4) Mr. Daniyal Aziz | <i>Member</i> |
| (5) Mr. Muhammad Pervaiz Malik | <i>Member</i> |
| (6) Sardar Muhammad Jaffar Khan Leghari | <i>Member</i> |
| (7) Ms. Shahzadi Umerzadi Tiwana | <i>Member</i> |
| (8) Mr. Alam Dad Laleka | <i>Member</i> |
| (9) Sheikh Fayyaz-ud-Din | <i>Member</i> |
| (10) Mian Abdul Mannan | <i>Member</i> |
| (11) Ms. Shaza Fatima Khawaja | <i>Member</i> |
| (12) Ms. Leila Khan | <i>Member</i> |
| (13) Syed Naveed Qamar | <i>Member</i> |
| (14) Dr. Nafisa Shah | <i>Member</i> |
| (15) Syed Mustafa Mehmud | <i>Member</i> |
| (16) Mr. Jehangir Khan Tareen | <i>Member</i> |
| (17) Mr. Asad Umar | <i>Member</i> |
| (18) Mr. Abdul Rashid Godil | <i>Member</i> |
| (19) Mr. Muhammad Ali Rashid | <i>Member</i> |
| (20) Mr. Aftab Ahmad Khan Sherpao | <i>Member</i> |
| (21) Senator Mohammad Ishaq Dar, Minister for Finance, Revenue, Economic Affairs, Statistics and Privatization | <i>Ex-officio Member</i> |

3. The Committee in its meeting held on 15th June, 2016, considered the above Bill in detail and approved the same. The Committee recommends that the Bill as introduced in the National Assembly placed at **Annex-A**, may be passed by the National Assembly.

Sd/-
(ABDUL JABBAR ALI)
Secretary
Islamabad, the 1st August, 2016.

Sd/-
(QAISER AHMAD SHEIKH)
Chairman
Standing Committee on
Finance, Revenue, Economic Affairs,
Statistics and Privatization.

Annex-A

[AS REPORTED BY THE STANDING COMMITTEE]

A

BILL

further to amend the Companies (Appointment of Legal Advisors) Act, 1974

WHEREAS it is expedient further to amend the Companies (Appointment of Legal Advisors), Act 1974 (X of 1974), for the purposes hereinafter appearing;

It is hereby enacted as follows:—

1. **Short title and commencement.**—(1) This Act may be called the Companies (Appointment of Legal Advisors) (Amendment) Act, 2016.

(2) It shall come into force at once.

2. **Amendment of section 2, Act X of 1974.**—In the Companies (Appointment of Legal Advisors) Act, 1974, hereinafter referred to the said Act, in section 2,—

(i) after clause (a), the following new clause shall be inserted, namely:—

“(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);”;

(ii) for clause (b), the following shall be substituted, namely:—

“(b) “Company” means a company formed and registered under the Companies Ordinance, 1984 (XLVII of 1984) and having paid up capital of more than 7.5 million rupees or such other higher or lower amount as may be specified by the Federal Government, by notification in the official Gazette, but does not include a company limited by guarantee or an association registered under section 42 of said Ordinance;”;

(iii) in clause (c) the word “and” at the end, shall be omitted; and

(iv) in clause (d), for the full stop at the end, a semicolon shall be substituted and thereafter the following new clause shall be added, namely:—

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

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

3. **Amendment of section 3, Act X of 1974.**—In the said Act, in section 3,—

- (i) in sub-section (1), after the words “in accordance with law” the words and comma “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” shall be added; and
- (ii) in sub-section (2), for the word “an advocate” the words “advocate of High Court” shall be substituted.

4. **Substitution of section 4, Act X of 1974.**—In the said, for section 4, the following shall be substituted, namely:—

“4. **Retainer.**—Every legal Advisor 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. **Substitution of section 7, Act X of 1974.**—In the said Act, for section 7, the following shall be substituted, namely:—

“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:—

- (a) in the case of an individual including directors of the company, such sum which may extend 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 62 of the Securities Act, 2015 (III of 2015).
- (3) Any person aggrieved by an order passed by the Commission or 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.
- (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 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.”.

6. **Insertion of section 7A, Act X of 1974.**—In the said Act, after section 7, substituted as aforesaid, the following new section shall be inserted, namely:—

“7A. **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 fine which may extend to two hundred thousand rupees or both.”.

STATEMENT OF OBJECTS & REASONS

The purpose of this Bill is to amend the Companies (Appointment of Legal Advisors) Act, 1974 to ensure compliance and better regulation of the law. The Commission shall be able to take timely cognizance of the violation of the provisions of the Act, rules or regulations made thereunder and impose penalty. Appeal process has also been provided. Besides, it will also give reprieve to small size companies from the mandatory requirement of appointing legal advisor.

SENATOR MOHAMMAD ISHAQ DAR,
*Minister for Finance, Revenue,
Economic Affairs, Statistics and
Privatization.*

ABDUL JABBAR ALI,
Secretary.