## THE COMPANIES

(APPOINTMENT OF LEGAL ADVISERS) ACT, 1974 (X of 1974)

An Act to provide for the appointment of Legal Advisers to companies (Gazette of Pakistan, Extraordinary, 5th March, 1974)

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 any thing 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).
- (b) "Company" means a company formed and registered under the Companies Act, 1913 (VII of 1913), but does not include a company the paid -up capital of which is less than <sup>1</sup>[five lakh rupees] or a company limited by guarantee or an association registered under section 26 of that Act;
- (c) "Legal Adviser" means a person appointed as such under section 3; and
- (d) "Registered firm" means firm registered under the Partnership Act, 1932 (IX of 1932), all the partners of which are advocates.
- **3. Appointment of Legal Adviser. --** (1) Every company shall appoint at least one Legal Adviser on retainership to advise such company in the performance of its functions and the discharge of its duties in accordance with law:

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 or a registered firm shall be appointed to be a Legal Adviser.

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<sup>&</sup>lt;sup>1</sup> Substituted by Act LXI of 1975, S.2.

- **4. Retainer.** -- Every Legal Adviser appointed by Company shall be paid by the company a retainer which shall in no case be less than <sup>2</sup> [one thousand two hundred] rupees per *mensum*.
- **5. Who may not be appointed Legal Adviser. --** 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 subsection 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 subsection. (2) No compensation shall be payable for the termination of an appointment of agreement under or by virtue of the operation of the provisions of subsection (2).

- **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 subsection (1) of section 3 subject to such conditions and for such period as may be specified in the notification.
- **7. Penalty and procedure.** -- (1) If a company contravenes, or fails to comply with any of the provisions of this Act or the rules made thereunder, manager or other officer responsible for the conduct of its affairs shall unless he proves that the contravention or failure took place without his knowledge or that he exercised all diligence to prevent such contravention or failure, he deemed to be guilty of such contravention or failure and be punishable with simple imprisonment for a term which may extend to three months or with fine, or with both.
- (2) No Court shall take cognizance of any offence punishable under this Act except on a report in writing of the facts constituting such offence made by an officer of the Federal Government or of a Provincial Government authorised by the Federal Government in this behalf.
- (3) No Court inferior to that of a Magistrate of the first Class shall try an offence punishable under this Act.
- **8. Power to make rules.--** (1) The Federal Government may by notification in the official Gazette, make rules for carrying out the purposes of the 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.

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<sup>&</sup>lt;sup>2</sup> Substituted for the words "three hundred and fifty" by the Companies (Appointment of Legal Advisors)(Amendment) Act, 1994 (IV of 1994)