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ORDINANCE NO. LXXI OF 2007

AN

ORDINANCE

to provide for the registration and regulation of trade organisations

WHEREAS it is expedient to ensure appropriate representation of all genders and business sectors at all levels in trade organisations and that they play significant role in developing policy framework for improving business environment and economic growth;

AND WHEREAS it is imperative to define the purpose, role, responsibilities and operational framework including code of corporate governance for trade organisations; and for matters connected therewith or incidental thereto;

AND WHEREAS the National Assembly is not in session and the President is satisfied that the circumstances exist which render it necessary to take immediate action;

NOW, THEREFORE, in exercise of the powers conferred by clause (1) of Article 89 of the Constitution of Islamic Republic of Pakistan, the President is pleased to make and promulgate the following Ordinance:—

CHAPTER I

PRELIMINARY

1. **Short title, extent, application and commencement.**—(1) This Ordinance may be called the Trade Organisations Ordinance, 2007.

(2) It extends to the whole of Pakistan.

(3) It shall apply to trade organisations whose objects and business are not confined to a province.

(4) It shall come into force at once.

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

(a) “administrator” means an Administrator appointed under this Ordinance;

- (b) “articles” mean the articles of association of a trade organisation;
- (c) “Director-General” means the Director-General of the Trade Organisations appointed by the Federal Government and includes an officer empowered by the Federal Government to perform the functions of the Director-General under this Ordinance;
- (d) “district” means a district notified by the Provincial Governments from time to time.
- (e) “Executive Committee” means the Board of Directors, the Managing Committee or any other body, by whatever name called, of a registered trade organisation responsible for the management or conduct of the affairs of such trade organisation;
- (f) “existing trade organisation” means an organisation licensed under the Trade Organisations Ordinance, 1961(XLV of 1961);
- (g) “licence” means a licence granted to a trade organisation under section 3 of this Ordinance;
- (h) “Member of the Executive Committee” includes a Director where the Executive Committee is a Board of Directors and the Chairman, Vice-Chairman, President and Vice-President of a trade organisation licensed under this Ordinance.
- (i) “member of a trade organisation” means a firm and includes a proprietorship, an association of persons, a partnership, a company or a multinational corporation, engaged in trade, industry or services and enrolled as a member of a trade organisation licensed under this Ordinance;
- (j) “memorandum” means the memorandum of association of a trade organisation;
- (k) “office bearers” means President, Vice-President, Chairman and Vice-Chairman of a trade organization;
- (l) “Ordinance” means the Companies Ordinance, 1984 (XLVII of 1984);
- (m) “prescribed” means prescribed by the rules made under this Ordinance;
- (n) “register” means the Register of Companies required to be kept under section 147 of the Ordinance;

- (o) “registered trade organisation” means a trade organisation registered under the Ordinance;
- (p) “repealed ordinance” means the Trade Organizations Ordinance 1961 (XLV of 1961); and
- (q) “trade organisation” means an organisation which:—
 - (i) is capable of being formed as a limited company within the meaning of the Ordinance;
 - (ii) is formed or intended to be formed with the object of promoting trade, industry or service or any combination thereof;
 - (iii) prohibits payment of any profits to its members; and
 - (iv) applies its income and profits for achieving its objects.

3. Licensing and registration of trade organisations.—(1) Notwithstanding anything contained in the Ordinance or in any other law for the time being in force relating to registration of societies, bodies or associations of persons, no trade organisation shall be registered under the Ordinance or such other law unless it holds a licence granted by the Federal Government authorizing it to be so registered.

(2) No licence shall be granted for registration under the Ordinance to a trade organisation unless it is—

- (a) a Federation of Chambers of Commerce and Industry, organized on all-Pakistan basis, to represent Chambers and Associations referred to in clauses (b), (c), (d) and (f):

Provided that a licence for registration as a Federation of Chambers of Commerce and Industry shall not be granted to more than one trade organisation;

- (b) a Chamber of Commerce and Industry organized to represent trade, industry and services in a district. Such a Chamber representing less than the prescribed number of persons shall not be granted licence. Where the number of persons desiring to form a Chamber is less than the prescribed number of persons, they may join a licenced Chamber of the adjoining district:

Provided that the Federal Government may, by notification in official gazette, combine one or more districts for the purpose of grant of only one licence. In such a case the Federal Government may allow the districts so combined to form a Town Association under clause (e);

- (c) a Women's Chamber of Commerce and Industry organized to represent the women entrepreneurs engaged in trade, industry or services and territorial jurisdiction of such a Chamber shall be determined by the Government from time to time by a notification in official gazette but such a Chamber representing less than the prescribed number of women entrepreneurs shall not be granted licence and where the number of women entrepreneurs desiring to form a Chamber is less than the prescribed number, they may join an adjoining Women's Chamber of Commerce and Industry:

Provided that nothing contained in this clause shall debar a woman entrepreneur to become member of a Chamber in clause (b) if such woman entrepreneur otherwise qualifies the criteria of membership of the respective chamber;

- (d) an association with membership on all-Pakistan basis organized to represent a specific trade, industry or service or any combination thereof:

Provided that a licence for registration as an all-Pakistan association shall not be granted to more than one trade organisation in the same sector:

Provided further that whether a specific activity in trade, industry or service is an independent sector or only a sub-sector shall be determined by the Government, whose decision in this respect shall be final;

- (e) a Town Association, organized to represent trade, industry and services in a town, tehsil, taluka or a district where there is no chamber and such Town Association shall be affiliated with the Chamber of the concerned district:

Provided that when a town, tehsil or taluka is upgraded as a district or is granted licence under clause (b), the Town Association in that town, tehsil, taluka or district shall cease to exist with immediate effect; and

- (f) a Chamber of Small Traders organized to represent small businesses and cottage industry:

Provided that the size, nature and extent of small businesses and cottage industry and the organizational structure and territorial jurisdiction of such a Chamber shall be prescribed by the Federal Government.

(3) Notwithstanding the provisions of clause (b) and (d) of sub-section (2), where the membership of a chamber in a district attains the minimum prescribed number for grant of licence to a chamber under this Ordinance, such persons shall be entitled to form and apply for grant of licence as a chamber.

(4) On grant of licence to a Chamber under sub-section (3), the firms and companies, which had obtained membership in the Chamber of an adjoining district, shall be deemed to have de-registered from membership register of the adjoining Chamber.

(5) Application for grant of licence of a trade organisation shall be submitted to the Federal Government in the prescribed Application Form.

(6) A trade organisation shall be granted licence on such terms and subject to such conditions as may be prescribed.

(7) Licence shall be granted to a trade organisation for a period of three years.

(8) A trade organisation holding a licence shall be registered under the Ordinance as a company with limited liability without the addition of the word "limited" to its name and on such registration shall enjoy all the privileges of a limited company and be subject to all its obligations except those of—

- (a) using the word "limited" as any part of its name;
- (b) publishing its name; and
- (c) sending lists of members to the registrar.

(9) The Federal Government may, by notification in the official gazette, grant exemption to any trade organisation from any provision of this Ordinance and such exemption may be for such period and subject to such conditions as may be specified in the notification:

Provided that no such exemption shall be granted to a trade organisation unless the Federal Government is satisfied that it would be in the public interest to do so.

4. Revocation of licences of existing trade organisations.—(1) Except as hereinafter provided, and notwithstanding anything in any other law for the time being in force and memorandum and articles of association of any trade organisation, any licence granted under section 3 of the repealed ordinance to an existing trade organisation shall stand revoked with effect from December 30th, 2006, and such trade organisation shall be required to apply for grant of licence under this Ordinance by the date notified by the Federal Government:

Provided that revocation of licence of a trade organisation shall not prevent its members from assuming office, subject to section 11, consequent upon elections under the repealed Ordinance.

(2) The Federal Government shall decide on application for grant of licence within such period of its filing as notified by the Federal Government.

(3) An existing trade organisation which has applied for grant of licence within the time notified by the Federal Government shall continue to function as a trade organisation until the Federal Government decides its application for grant of license and until the first elections are held according to rules made under this Ordinance.

5. Privileges and obligations of trade organisations.—(1) A licensed and registered trade organisation shall be a body corporate with perpetual succession and a common seal and may sue and be sued in its own name and, subject to and for the purposes of this Ordinance, may enter into contracts and may acquire, purchase, take, hold and enjoy movable and immovable property of every description and may convey, assign, surrender, yield up, charge, mortgage, demise, re-assign, transfer or otherwise dispose off or deal with, any movable or immovable property or any interest vested in it, upon such terms as it deems fit.

(2) The liability of members of a licensed and registered trade organisation shall be limited to their membership subscription.

(3) No trade organisation other than a licensed and registered trade organisation shall use in its name or title the word “Federation” or “Chamber” or “Association” except an existing trade organisation which has applied for grant of licence under this Ordinance:

Provided that nothing in sub-section (3) shall apply to a company, association or body of persons formed for promoting art, science, religion, charity, sports, any

profession other than trade, commerce, industry, service or any other subject which the Government may, by notification in the official gazette specify in this behalf.

6. Renewal of licence.—(1) A licensed trade organisation shall require renewal of its licence every three years.

(2) Application for renewal of licence shall be made to the Director-General ninety days prior to the expiry of licence:

Provided that the Director-General, on sufficient cause being shown, by an order in writing, may extend the period not exceeding thirty days.

(3) Annual accounts and performance of a trade organisation shall be audited by a firm of chartered accountants, and the reports thereof shall be submitted to the Director-General along with the renewal application.

(4) The Director-General, on receipt of the application for renewal of licence, shall endeavour to decide before the expiry of the licence.

7. Cancellation of licence and exemption.—(1) The licence granted to a trade organisation shall be cancelled by the Federal Government where:—

- (a) a trade organisation fails to apply for renewal of the licence granted under section 3 of this Ordinance within the prescribed or extended period allowed by the Director-General;
- (b) a trade organisation fails to apply for membership of the Federation of Pakistan Chambers of Commerce and Industry within one month of grant of licence;
- (c) a trade organisation fails to get registration under the Ordinance;
- (d) a trade organisation is found to be non-existent at the registered address or is non-operational;
- (e) a trade organisation is not holding elections or operating according to the provisions of the memorandum within the prescribed period;
- (f) a trade organisation is not complying with the orders and directions of the Federal Government or Director-General issued under this Ordinance of the prescribed rules;
- (g) a trade organisation is not discharging statutory obligations as a Limited Company incurred under the Ordinance;

- (h) a trade organisation is not discharging statutory obligations under this Ordinance or prescribed rules;
- (i) a trade organisation fails to pay the penalties imposed under this Ordinance within the prescribed period;
- (j) the Federal Government cancels any exemption granted to a trade organisation, under sub-section (9) of section 3;
- (k) the trade organisation is engaged in activities other than those for which it was established;
- (l) the trade organisation has lost its representative character, or its membership remains below the prescribed threshold over a period of two years;
- (m) the financial or performance audit report of a trade organisation states that:—
 - (i) the income and profits of the trade organisation are spent for purposes other than those for which it was established;
 - (ii) the trade organisation does not remain financially viable.

(2) Where the Federal Government intends to cancel the licence of a trade organisation, granted under section 3 of this Ordinance, it shall issue a show cause notice to such trade organisation specifying the grounds for its intention to cancel the licence and provide adequate opportunity of being heard before deciding the matter.

(3) The Federal Government shall notify, in the official gazette, cancellation of licence of a trade organisation.

(4) Where the licence is cancelled on any ground mentioned in clause (d), (e), (f), (g), (h), (i), (k), (l) and (m) of sub-section (1) members of the trade organisation concerned found responsible by the Federal Government for the grounds of cancellation shall be debarred from sponsoring the proposal for grant of licence or *de novo* licence to a trade organisation or becoming member of or holding any office of any trade organisation for a period not exceeding three years.

(5) Where the licence of a trade organisation has been cancelled under sub-section (1), a member or member of executive committee or employee of such trade organisation continues to impersonate as member, member of executive

committee or employee of the trade organisation, such person shall be liable to penalties under section 24.

8. Cancellation of registration.—(1) Notwithstanding anything contained in the Ordinance or any other law for the time being in force,—

- (a) the registration of a trade organisation under the Ordinance shall be deemed to have been cancelled with immediate effect if the licence granted to such trade organisation has been cancelled by the Federal Government under section 7;
- (b) the registration of an existing trade organisation shall stand cancelled with immediate effect if such a trade organisation has failed to apply for grant of fresh licence within the time notified by the Federal Government.
- (c) the registration of an existing trade organisation under the Ordinance shall stand cancelled on 1st July, 2008, unless it has been granted licence by the Federal Government under section 3.

(2) The registrar shall strike off the register, and publish in the official gazette, the names of all such trade organisations whose registration has been cancelled under sub-section (1).

(3) All affairs of a trade organisation whose registration stands cancelled under sub-section (1) shall be wound up in a manner as determined by the Federal Government.

9. Grant of licence *de novo*.—(1) Where licence of a trade organisation is cancelled under section 7 the Federal Government may consider grant of licence *de novo* after a period of one year from the date of cancellation of licence:

Provided that where the licence of a trade organisation was cancelled under clause (a) of sub-section (1) of section 7, the Federal Government may consider the grant of licence *de novo* at an earlier date.

(2) The trade organisation seeking licence under sub-section (1) shall be required to make an application in such form and manner as may be prescribed.

10. Membership of trade organisations.—(1) Chambers and sector-specific associations on all-Pakistan basis, granted licence under this Ordinance, shall apply for membership of the Federation of Pakistan Chambers of Commerce and Industry within thirty days of grant of licence under this Ordinance.

(2) Upon an application by a trade organisation under sub-section (1), the Federation of Pakistan Chambers of Commerce and Industry shall enrol such trade organisation as its member within thirty days and where such an enrolment is not decided within thirty days, the matter shall be referred to the Director-General along with the reasons for not allowing enrolment and the Director-General shall decide the matter within thirty days.

(3) A chamber or an association which is a member of the Federation of Chambers of Commerce and Industry shall be eligible to vote in the election of office-bearers and committees of the Federation on completion of two years of grant of licence:

Provided that the existing trade organisations, on grant of licence under this Ordinance, shall be deemed to be members of the Federation and shall be entitled to vote.

(4) Proprietorships, associations of persons, partnerships, companies or multinational corporations engaged in trade, industry or services shall be entitled to enrolment as members of chambers and associations on fulfilment of the prescribed conditions.

(5) Notwithstanding anything contained in any other law for the time being in force any person engaged in trade, industry or service, or any combination thereof, shall be entitled to be enrolled as a member of a registered trade organisation except where such person is otherwise disqualified for any of the reasons as may be prescribed.

(6) Where a person, qualified to be enrolled as a member of a trade organisation, is refused enrolment or the enrolment is unduly delayed, on a complaint by the aggrieved person, the Director-General may direct the trade organisation concerned to enrol such person as a member on fulfilment of the prescribed requirements.

(7) Members of the Chambers and Associations shall be eligible to vote on completion of two years of their enrolment and payment of all dues.

(8) Except for the membership and office-bearers provided under this Ordinance or prescribed rules, there shall not be any other position by any nomenclature in a trade organisation.

11. Organisation and tenure of office-bearers and executive committee of trade organisations.—(1) Notwithstanding anything in any other law for the time being in force and memorandum and articles of association of any

existing trade organisation the tenure of office-bearers of all trade organisations shall be one year,—

- (a) in the case of the Federation of Pakistan Chambers of Commerce and Industry from the 1st day of January to 31st day of December;
- (b) in the case of all other trade organisations, the 1st day of October to 30th day of September:

Provided that the tenure of the office-bearers and executive committee of the Federation shall remain two years till 31st December, 2010.

(2) The organisational structure of trade organisations including composition and tenure of Executive Committees and the manner of their elections shall be such as prescribed.

12. Amendment, repeal, etc. of articles, memorandum, etc. of trade organisations.—(1) Notwithstanding anything contained in this Ordinance or in any other law for the time being in force or in the articles or memorandum,—

- (a) a registered trade organisation shall not rescind, amend or otherwise modify its articles or memorandum without the prior approval of the Federal Government; and
- (b) the Federal Government may, whenever it considers expedient to do so, by order in writing, direct any such trade organisation to rescind, amend or otherwise modify its articles, memorandum, rules, or bye-laws or to make any rule or bye-law, in such manner and within such period as may be specified in the order.

(2) If any registered trade organisation fails or neglects to comply with the direction under clause (b) of sub-section (1), the rescission, amendment, modification, or making as provided in the order under clause (b) of sub-section (1) shall be deemed to have been duly done by the trade organisation in accordance with this ordinance or its articles or memorandum or in the manner it is otherwise competent to do so.

13. The Director-General.—(1) The Federal Government may, by notification in the official gazette, appoint or empower an officer to perform the functions of Director-General of trade organisations under this Ordinance.

(2) The Federal Government may appoint or empower such other officers with such designations as it deems fit for performing under the superintendence and

direction of the Director-General, such functions of the Director-General, under this Ordinance as he may, from time to time, authorise them to discharge.

- (3) The Director-General may, by order in writing,—
- (a) review any function, matter, case or decision of any officer; or
 - (b) withdraw any function, matter or case from any officer or staff, and deal with such function, matter or case himself either *de novo* or from the stage it was so withdrawn, or transfer the same to another officer or staff at any stage.

14. **Powers and functions of the Director-General.**—(1) All acts and proceedings of a registered trade organisation shall be subject to the control of the Federal Government and, subject to such control the affairs of such trade organisation shall be managed and conducted in such manner as the Director-General may, from time to time, direct.

(2) The Director-General shall, for the purpose of this Ordinance, have the same powers as are vested in a Civil Court under the Code of Civil Procedures 1908 (Act V of 1908) in respect of the following matters, namely:—

- (a) summoning and enforcing the attendance of any person and examining him on oath;
- (b) compelling the production of documents;
- (c) receiving evidence on affidavit; and
- (d) issuing commission for the examination of witnesses.

(3) Notwithstanding anything contained in any law for the time being in force or in the articles or memorandum of a registered trade organisation and without prejudice to the generality of the foregoing provisions, the Director-General shall exercise the powers to—

- (a) conduct enquiries into the affairs of a trade organisation as may be necessary for the purposes of this Ordinance;
- (b) inspect, with or without prior notice, any office of such trade organisation including any of its branch or regional, circle, zonal or liaison office, or any record or document found therein;
- (c) attend any meeting of the general body or the Executive Committee of such trade organisation or of any committee or other body set up or

- appointed to transact any business, or to conduct any affair, of such trade organisation;
- (d) watch and supervise, or cause to be watched and supervised, any election held by, or for the purpose of electing persons to the Executive Committee or other body including a region, circle or zone of any such trade organisation;
 - (e) act as a final forum of appeals against the decisions of any person, committee or office-bearers of a trade organisation in matters relating to electoral process before the conduct of election; and
 - (f) annul the results of any election held by any trade organisation if he is satisfied—
 - (i) upon his own knowledge and after such investigation he may think fit to make; or
 - (ii) upon a report made by a person authorised by him to make investigation for the purpose; or
 - (iii) upon a complaint filed by an aggrieved person in this behalf within thirty days of the announcement of the results of such election, that the irregularities in the conduct of such election justify such annulment and, by order in writing, direct fresh election to be held within such period as may be specified in the order;
 - (g) cancel, suspend or modify any resolution adopted or any decision taken, by the general body or the Executive Committee of such trade organisation if he is satisfied that such resolution or decision is not in conformity with the provisions of the articles or memorandum or any rules or regulations made thereunder, or that the requirements of the provisions of articles or memorandum or any rules or regulations made thereunder have not been complied with while adopting such resolution or taking such decision, or that such resolution or decision is contrary to any rules, regulations, directions or instructions issued by the Director-General or by the Federal Government to such trade organisation;
 - (h) if he considers it necessary for smooth, orderly and efficient functioning of any such trade organisation—
 - (i) remove or cause to be removed any number of members of the Executive Committee of such trade organisation and fill up, or cause to be filled up, the resultant vacancies;

- (ii) suspend, or cause to be suspended, for a specified period, any number of members of any such trade organisation and cancel, or cause to be cancelled, any such suspension or the suspension of any member otherwise than by or at the instance of the Director-General;
- (iii) remove, or cause to be removed, from the membership register, the name of any number of members, and reinstate, or cause to be reinstated, in the membership register, any member so removed or removed otherwise than by or at the instance of the Director-General;
- l) give directions to persons or trade organisations in matters concerning this Ordinance, or any rules or directive made thereunder;
- (j) impose and collect penalties and fines under section 25;
- (k) such other powers as are provided by this Ordinance.

15. **Powers to enter and search the premises.**—(1) The Director-General or any officer authorized in this behalf may, for the purpose of making any investigation, enter any premises, where the Director-General or such authorized officer, as the case may be, has reasons to believe that any article, books of account, computer hardware or software, data recording devices, or other document relating to the subject matter of investigation may be found, and may—

- (a) search such premises and inspect any article, books of account, computer hardware or software, data recording devices, or other document;
- (b) take extracts or copies of such articles, books of account, or any software data;
- (c) impound or seal such books of account, computer hardware or software, data recording devices, or other documents; and
- (d) make inventory of such articles, books of account, computer hardware or software, data recording devices, or other documents found in such premises.

(2) All searches made under sub-section (1) shall be carried out, *mutatis mutandis*, in accordance with the provisions of Code of Criminal Procedure, 1898 (Act V of 1898).

16. Supersession of Executive Committee, office-bearers and appointment of Administrator.—(1) Where the Federal Government is of the opinion that the affairs of a registered trade organisation are not being properly managed and that the interests of trade, industry or service so require, it may, by order in writing, suspend or supersede the Executive Committee of such trade organisation for such period, not exceeding two years, as may be specified in the order:

Provided that no such order shall be made unless the Executive Committee, intended to be suspended or superceded, has been given a notice in writing of, and afforded an opportunity to make a representation against, the intended supersession.

(2) Where—

- (a) an Executive Committee is superseded under sub-section (1);
- (b) in the opinion of the Federal Government, it is not possible for any reason to reconstitute the Executive Committee at the due time of such reconstitution, or
- (c) the Executive Committee is debarred by an order of any Court, from discharging its functions, the Federal Government may appoint, for such period, not exceeding two years, as it may think fit, an Administrator to take over the functions of such Committee and to manage and conduct the affairs of the trade organisation:

Provided that when the period of supersession is terminated or the Executive Committee is reconstituted or the order of the Court is vacated before the expiry of the period for which the Administrator shall have been appointed, the Federal Government may direct the Administrator to relinquish the functions taken over by him in favour of the Executive Committee.

(3) Upon the appointment of an Administrator under clause (a) or clause (b) of sub-section (2), the members of the Executive Committee shall be deemed to have vacated their respective offices.

17. Administrator to act under the control of Director-General.—(1) The Administrator shall manage and conduct the affairs of the trade organisation under the supervision and control of the Director-General and in accordance with the rules, if any, made in this behalf by the Federal Government and, until such rules are made, in accordance with such directions as the Director-General may, from time to time, give.

(2) The rules and directions referred to in sub-section (1) may provide

for—

- (a) the appointment of an Advisory Committee consisting of persons selected from the members of the trade organisation to assist the Administrator in the discharge of his functions;
- (b) holding of elections for the purpose of reconstitution of the Executive Committee at any time considered appropriate before the expiry of the term of appointment of the Administrator;
- (c) compliance with the provisions of the Ordinance to the extent applicable to the trade organisation except those relating to the laying of the income and expenditure account and reading of the auditor's report in general meeting
- (d) withholding, during the period of supersession of the Executive Committee, of the general meeting of the trade organisation other than the meeting to hold elections for reconstituting the Executive Committee;
- (e) conduct of any business, during the period the general meeting remains withheld, which requires the approval or assent of the members at a general meeting;
- (f) the pay, allowances, remuneration and other privileges, of the Administrator and the members of the advisory committee; and
- (g) such other matters as are necessary for efficient management of the affairs of the trade organisation.

(3) Any expenditure incurred in connection with the management of a trade organisation by the Administrator including pay, allowances and remuneration of the Administrator and the members of the Advisory Committee shall be met as expenses, and be a charge on the income, of the trade organisation:

Provided that the Federal Government may allow remuneration, honorarium to and re-imbursment of actual expenses incurred by the Administrator in connection with performance of his functions to be met from the Trade Organisations Fund.

18. Restriction on suits against trade organisations.—Notwithstanding anything contained in any law for the time being in force or in the articles or memorandum of a registered trade organisation, no suit or other legal proceedings

relating to affairs of a trade organisation shall be instituted or commenced in any court except high court.

19. Compulsory membership of trade organisations.—(1) Notwithstanding anything contained in any other law for the time being in force or in the articles or memorandum of association of any trade organisation or other company or in any agreement or other instrument, the Federal Government may, –

- (a) subject to any rules made in this behalf, by order in writing, direct any firm, company or other concern engaged in any trade, commerce, industry or service to be a member of registered trade organisation specified in the order; or
- (b) if it considers expedient in the interest of trade, commerce, industry, or service, by notification in the official gazette, direct all such firms, companies or concerns or any class thereof engaged in trade, commerce, industry or service, as may be specified in the notification subject to exception if any, to be members of the registered trade organisation or organisations specified in this behalf in such notification.

(2) Upon the issue of an order or notification under sub-section (1) the registered trade organisation concerned shall admit as its member any firm, company or concern directed to be its member by such order or notification.

20. Restriction on membership.—(1) No person shall be a member of more than such number of trade organisations as the Federal Government may, by notification in the official gazette, specify in this behalf.

(2) A person convicted for any offence under this Ordinance shall not hold, or be eligible for holding, any office in a registered trade organisation unless a period of five years has elapsed.

21. Appeal.—(1) Any person or trade organisation aggrieved by any decision or order of the administrator may, within fourteen days of communication of such decision or order, prefer appeal to the Director-General.

(2) Any person or trade organisation aggrieved by any decision or order of the Director-General may, within fourteen days of communication of such decision or order, prefer appeal to the Federal Government whose decision, subject to sub-section (4), shall be final.

(3) On appeal under sub-section (1) the Director-General or, as the case may be, the Federal Government may suspend the operation or execution of the decision or order appealed against until the disposal of such appeal.

(4) Any person aggrieved by the final order or decision of the Federal Government involving a question of law may, within thirty days of such order or decision, prefer appeal to the High Court.

22. Delegation of powers.—(1) The Federal Government may, by notification in the official gazette, direct that all or any of its powers under this Ordinance shall, in relation to such matters or subject to such conditions as may be specified therein, also be exercisable by the Director-General.

(2) The Director-General may, by order in writing, authorise the Administrator or any other officer to exercise and perform any of his powers and functions under this Ordinance.

23. Federal Government may carry out the functions of the Director-General.—Notwithstanding anything contained in any other provision of this Ordinance, the Federal Government may, by notification in the official gazette, direct that the powers and functions of the Director-General shall, under such circumstances, or in such cases, as may be specified in the notification, be exercised and performed by the Federal Government and upon such notification reference to the Director-General in the relevant provisions of this Ordinance shall be construed as reference to the Federal Government and such provisions shall have effect accordingly.

24. Power to levy fee etc.—The Federal Government may levy and charge prescribed processing fee for grant of licence or renewal of licence to a trade organisation, and for examining the performance reports, audited accounts, and other documents submitted to the Federal Government or the Director-General.

25. Penalty.—Where a person contravenes any provision of this Ordinance or any rule or order made, or any direction or instruction given thereunder, or obstructs any officer or person acting under or in pursuance of any such provision, rule, order, direction, or instruction, shall be liable to penalty which may extend to one hundred thousand rupees.

26. Contravention by companies, etc.—Where a person contravening or failing to comply with, any provision of this ordinance or any rule, order or direction made or issued thereunder is a company or other body corporate, every managing director, director, manager, secretary or other officer or agent thereof shall, unless he proves that the offence was committed without his knowledge or that he exercised due diligence to prevent its commission, shall be liable to the penalty as provided for such contravention or failure.

27. Trade Organisations Fund.—(1) There shall be established a fund to be known as the Trade Organisations Fund which shall consist of,—

grants made by the Federal Government and the Provincial Governments;

- (a) fees and penalties collected by the Director-General; and
- (b) contributions from local and foreign donors or agencies.

(2) The Federal Government shall make rules and regulations for utilizing and incurring expenditures from the Fund.

(3) For the purpose of maintaining the Fund the Federal Government may open and maintain accounts at such scheduled banks as it may from time to time determine.

28. Presumption as to orders.—Where an order purports to have been made or signed by an authority or person in exercise of any power conferred by or under this Ordinance, a Court shall presume that such order was so made by that authority or person.

29. Mode of recovery.—Any sum imposed as penalty under this Ordinance shall be recoverable as an arrear of land revenue.

30. Indemnity.—No suit, prosecution or other legal proceedings shall lie against any person for anything which is, in good faith, done or intended to be done in pursuance of this Ordinance or any rule or order made or any direction given thereunder.

31. Power to make rules.—The Federal Government may, by notification in the official Gazette, make rules for carrying out the purposes of this Ordinance.

32. Ordinance to override other laws.—The provisions of this Ordinance shall have effect notwithstanding anything to the contrary contained in any other law, for the time being in force.

33. Merger of trade organisations.—Notwithstanding anything contained in any other law for the time being in force or provisions contained in Memorandum and Articles of Association of any trade organisation, the Federal Government may, by notification in official gazette, direct any number of trade organisations to merge if each of them is involved in the same or significantly similar trade, industry or services or any combination thereof:

Provided that if two or more trade organisations are involved in the same or significantly similar trade, industry or services or any combination thereof shall be determined by the Federal Government whose decision in this regard shall be final.

34. Transitional provisions.—(1) All existing trade organisations, before submitting application for grant of licence under this Ordinance, shall alter their memorandum and articles of association or any existing arrangement, and shall take such other actions as are necessary to bring the constitution, working and procedures of the existing trade organisations in conformity with the provisions of this Ordinance.

(2) Notwithstanding anything contained in this Ordinance, or any other law for the time being in force, or provisions contained in the memorandum and articles of association of any trade organisation, in order to bring the composition of the Federation of Pakistan Chambers of Commerce and Industry, chambers and associations in conformity with the provisions of this Ordinance, the Federal Government may, within six months of the commencement of this Ordinance, pass any orders deemed appropriate for this purpose. Such orders may include, but not limited to, extension of the tenure of the office bearers and committees, or supersession of Executive Committee, or appointment of administrator, or annulment of the elections of any trade organisation including the Federation of Pakistan Chambers of Commerce and industry, held under the repealed ordinance or the order of the court. Simultaneously, with the passing of such order, the Federal Government shall issue schedule of election for the respective trade organisation.

35. Repeal and savings.—On the Commencement of this Ordinance,—

- (a) the Trade Organisations Ordinance, 1961 (XLV of 1961), in its application to trade organisations with objects and business not confined to a province, shall stand repealed with effect from December 30th, 2006.
- (b) Save as otherwise expressly provided, nothing in this Ordinance, or any repeal effected thereby, shall affect or deemed to affect anything done, action taken, investigation and proceedings commenced, or orders, rules, regulations, appointment, documents or agreements made, directions given, proceedings taken, or instruments executed or issued under or in pursuance of the repealed ordinance and any such thing, action, investigation, proceeding, orders, rule, regulation, appointment, deed, document, directions, proceeding shall, if in force at the commencement of this Ordinance and not inconsistent with any of the provisions of this Ordinance, continue to be in force, and have effect

as if it were respectively done, taken, commenced, made, directed, given, executed or issued under corresponding provision of this Ordinance.

36. **Validation of actions etc.**—Anything done, actions taken, orders passed, instruments made, proceedings initiated, processes or communications issued, powers conferred, assumed, exercised by the Federal Government or Director-General on and after the 4th October, 2007 and before the commencement of this Ordinance shall be deemed to have been validly done, made, issued, taken, initiated, conferred, assumed and exercised and the provisions of this Ordinance shall have, and shall be deemed always to have had effect accordingly.

STATEMENT OF OBJECTIVES AND REASONS

All trade bodies were earlier functioning under Trade Organizations Ordinance, 1961 which had certain inherent shortcomings and did not cater for the needs of service sector, gender based women entrepreneurs, small businesses and Cottage industry, mechanism for dispute settlement and rules for Trade Organizations to become effective Business Support Organizations in true sense. The trade & industry also agitated on elimination of fake/ bogus trade bodies.

2. Accordingly, a Committee headed by a retired Judge and its members from public and private sectors, engaged in domestic and global commerce & trade was constituted. The Committee after extensive consultations with all stake holders, proposed a new Law. The new law titled as "Trade Organizations Ordinance, 2006" was first promulgated on 30th December, 2006, which remained in force by way of re-promulgation on 5th June and 14th December, 2007. The last promulgation of the Ordinance was done under Provisional Constitutional Order (PCO) provisions and as such it assumed the character of permanent legislation protected by Article 270-AAA of the constitution of Islamic Republic of Pakistan. Thereafter, detailed "Rules" to implement provisions of law were promulgated vide SRO. No. 570(1)/2007, dated 12th June, 2007.

3. Consequent upon declaration of Article 270-AAA of the Constitution of Islamabad Republic of Pakistan as null and void by the Supreme Court of Pakistan, permanence and protection available to Trade Organizations Ordinance, 2007 requires revalidation through Act of Parliament within 120 days.

4. The Trade Organizations Ordinance, 2007 accordingly requires approval of the Parliament to attain permanence as per Supreme Court of Pakistan's decision.

5. The objectives of the Organization are as under:—

- (a) Gender based representation through Women Chambers.
- (b) Small businesses & Cottage industry representation through Chambers.
- (c) Acknowledgement of Services Sector representation.
- (d) Rules for effective implementation of law.
- (e) Territorial jurisdiction of all trade bodies defined.
- (f) Elimination of fake/bogus trade bodies.
- (g) Specific period licencing introduced.
- (h) Built in mechanism for trade dispute settlement.

MAKHDOOM MUHAMMAD AMIN FAHIM,
Minister for Commerce
Member-in-charge.