

[AS PASSED BY THE NATIONAL ASSEMBLY]

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*further to amend the SBP Banking Services Corporation Ordinance, 2001*

**WHEREAS** it is expedient further to amend the SBP Banking Services Corporation Ordinance, 2001 (LXVII of 2001), for the purposes hereinafter appearing;

It is hereby enacted as follows:-

**1. Short title and commencement.**— (1) This Act shall be called the SBP Banking Services Corporation (Amendment) Act, 2021,

(2) It shall come into force at once.

**2. Amendment of section 5, Ordinance LXVII of 2001.**— In the SBP Banking Services Corporation Ordinance, 2001 (LXVII of 2001), hereinafter referred to as the said Ordinance, in section 5,—

(1) in sub-section (1),—

(a) in clause (d), the word "and", at the end, shall be omitted; and

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

“(f) to carry out its functions effectively, the Bank if deemed necessary may, with the prior approval of the Board and State Bank, establish one or more subsidiaries for the purpose of conducting its business.”; and

(2) for sub-section (2), the following shall be substituted, namely:—

“(2) The State Bank shall not transfer or delegate any of the functions specified in section 9A of the State Bank of Pakistan Act, 1956 (XXXIII of 1956), including:—

- (a) formulation and monitoring of monetary and credit policies;
- (b) regulation and supervision of the financial sector;
- (c) foreign exchange regime and exchange rate policy; and
- (d) payment and settlement system."

3. **Amendment of section 9, Ordinance LXVII of 2001.**— In the said Ordinance, in section 9, after sub-section (5), the following new sub-section shall be added, namely:-

"(6) At any time when the office of the Managing Director is vacant, the Governor may appoint any officer of the State Bank or from the Bank as Acting Managing Director within a period of sixty days from the date of vacancy:

Provided that the Managing Director shall be appointed under sub-section (1) within a period of three months of the occurrence of vacancy."

4. **Amendment of section 13, Ordinance LXVII of 2001.**— In the said Ordinance, in section 13, in sub-section (3), for the words "State Bank", the word "Board" shall be substituted.

5. **Substitution of section 24, Ordinance LXVII of 2001.**— In the said Ordinance, for section 24, the following shall be substituted, namely:-

**"24. Pension, gratuity and provident fund of Bank employees to be exempt from attachments, etc.**— Notwithstanding anything contained in any law for the time being in force, pensions, gratuity and provident fund of the executives and other employees or pensioners shall not be liable to seizure, attachment or sequestration by process of any court order at the instance of a creditor, decree holder etc., for any demand against the executives, employees or pensioners or in satisfaction of a decree or order of any court."

6. **Insertion of new section 24A, Ordinance LXVII of 2001.**— In the said Ordinance, after section 24, substituted as aforesaid, the following new section shall be inserted, namely:-

**"24A. Act or proceeding of the Board not to be questioned.—**

No act or proceeding of the Board or the committees of the Board shall be questioned on the ground only on the existence of any vacancy in or any defect in the constitution of such Board or committee thereof."

7. **Substitution of section 28, Ordinance LXVII of 2001.**— In the said Ordinance, for section 28, the following shall be substituted, namely:-

**"28. Protection of action taken in good faith.**— No suit or other legal proceedings shall lie against the State Bank and the Bank or any director or officer of the State Bank and the Bank for anything which is in good faith done or intended to be done in pursuance of this Ordinance or of any rules, regulations or orders made thereunder."

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## STATEMENT OF OBJECTS & REASONS

The purpose of amendments in the SBP Banking Services Corporation Ordinance 2001(Ordinance) is to enable the SBP Banking Services Corporation (SBP BSC) to optimize its operational efficiency thereby bringing it in conformity with the emerging operational needs.

The amendments in the Ordinance are being proposed for the following reasons:

- (i) A new sub-section has been introduced in section 9, in line with good governance for the appointment of an Acting Managing Director within a period of sixty (60) days, from the date of vacancy, provided that the Managing Director shall be appointed within a period of three (3) months from the date of the occurrence of vacancy.
- (ii) The power of the Board of Directors to appoint external auditors has been proposed in line with good governance.
- (iii) An enabling clause on creation of subsidiaries by SBP BSC with the approval of Board and State Bank under the Ordinance has been introduced for operational efficiency.
- (iv) Amendments have been proposed to exempt the gratuity and provident fund of employees of the Bank from attachment as already provided for, in case of pensioners to make the Ordinance consistent with the existing compensation benefits.
- (v) In order to provide adequate protection to the Bank and the officers of the Bank for actions taken in good faith, amendments have been proposed in section 28 of the Ordinance.
- (vi) A new section 24A has been proposed to legally protect the proceedings of the Board and the committees of the Board from any questions arising only on the grounds of any vacancy or any defect in the constitution of the Board.

This Bill is designed to achieve the aforesaid purpose.

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