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PART I

Acts, Ordinances, President's Orders and Regulations

SENATE SECRETARIAT

Islamabad, the 5th August, 2023

No. F. 9(37)/2023-Legis.—The following Act of *Majlis-e-Shoora* (Parliament) received the assent of the President on 4th August, 2023 and is hereby published for general information:-

ACT NO. XLVIII OF 2023

AN

ACT

to provide for establishment of Pakistan Sovereign Wealth Fund

WHEREAS it is expedient to provide for establishment of a sovereign wealth fund to contribute for sustainable economic development through the management of its funds and assets to achieve their optimal use according to the best international standards, policies and practices to maximize their value for future generations;

It is hereby enacted as follows:—

(663)

Price: Rs. 40.00

[1532(2023)/Ex. Gaz.].

PART I**PRELIMINARY**

1. **Short title, extent and commencement.**—(1) This Act shall be called the Pakistan Sovereign Wealth Fund Act, 2023.

(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) “asset” includes any—

(i) kind of property whether movable or immovable, tangible or intangible; or

(ii) legal or equitable estate or interest in property; or

(iii) legal or equitable right.

(b) “Board” means the Sovereign Wealth Fund’s Board constituted under this Act;

(c) “chief executive officer “or” CEO” means the chief executive officer of the Fund appointed under this Act;

(d) “foreign assets” mean any assets located outside Pakistan or title to which is held or registered outside Pakistan;

(e) “Fund” means the Pakistan Sovereign Wealth Fund established under this Act;

(f) “investment manager” includes a manager of the Fund, or of a sub-Fund or any portfolio of assets held by the Fund or of a sub-Fund;

(g) “investment mandate” means investment strategy followed by the fund as approved by the Supervisory Council and includes—

(i) types of assets in which the Fund will invest;

(ii) details of assets to be transferred to the Fund;

- (iii) sectors and regions in which the Fund will invest;
 - (iv) use or restriction on derivatives and gearing; and
 - (v) benchmarks of the Fund.
- (h) “in the public private partnership” shall have the same meaning as defined in Public Private Partnership Authority Act, 2017 (VIII of 2017);
- (i) “person” includes an individual, a company, a statutory body corporate, an association of persons whether incorporated or not, a trust and a partnership;
- (j) “in the private party” shall have the same meaning as defined in Public Private Partnership Authority Act, 2017 and includes a person who is eligible to bid for a Public Private Partnership project with the implementing agency;
- (k) “regulations” means regulations made under, this Act;
- (l) “sub-fund” means sub-fund established within the Fund with specific investment objective having separate property and capital;
- (m) “Supervisory Council” means the Sovereign Wealth Fund’s Supervisory Council constituted under this Act;
- (n) “Schedule” means schedule to this Act; and
- (o) “transfer assets” means the assets of every kind, whether corporeal or incorporeal, movable or immovable, tangible or intangible, and legal documents or instruments evidencing title to or interest in such assets listed in the Schedule I to this Act and in terms of section 9 of the Act, transferred subsequently to the Fund, which are owned, directly or indirectly, by the Federal Government.

PART II

PAKISTAN SOVEREIGN WEALTH FUND

3. **The Fund.**—(1) For the purposes of this Act, a Fund to be called the Pakistan Sovereign Wealth Fund hereby stands established which shall be owned and controlled by the Federal Government.

(2) The head office of the Fund shall be situated in Islamabad and the Board of the Fund may also establish offices in Pakistan and outside Pakistan.

(3) The Fund shall have perpetual succession and common seal and may sue and be sued at its own name, have independent legal personality and enjoy financial and administrative independence.

(4) The Fund's resources shall consist of—

- (i) the capital provided by the Federal Government;
- (ii) contribution from the Federal Government or State Bank of Pakistan;
- (iii) transfer of existing assets of the Federal Government including real estate and assets of state-owned enterprises under whatsoever arrangement;
- (iv) transfer of Federal Government shareholdings in state owned enterprises;
- (v) borrowings from established and reputable financial institutions;
- (vi) the profits and proceeds of the investments of the Fund;
- (vii) any moneys received by the Fund under any contract of insurance effected by the Board;
- (viii) such other moneys as may vest in or accrue to the Fund, whether in the course of its operations or otherwise; and
- (ix) any other resources as may be approved by the Board.

(5) The authorized capital of the Fund shall be one hundred trillion Rupees and its issued capital shall be paid in cash or in kind by the Federal Government.

(6) The issued capital of the Fund may be increased in the manner as provided in the regulations.

(7) The authorized capital of the Fund may be increased by a resolution of the Supervisory Council.

(8) The resolution to increase the authorized or the issued capital shall be published by the Board in the official Gazette and on the website of the Fund within fifteen days from the date of issue.

(9) The Board shall apply resources of the Fund to fulfil the objectives of the Fund as per the investment mandate approved by the Supervisory Council.

4. **Objectives of the Fund.**—(1) The objectives of the Fund shall be to contribute to sustainable economic development through the management of its funds and assets and achieving optimal use of them according to the best international standards and policies to maximize their value for future generations. This purpose may be achieved through the cooperation and participation with counterpart funds or other financial institutions or any of them on commercial basis to achieve the return determined by the investment policy of the Fund.

(2) The Fund shall ensure that its investment policy is consistent with best practices with regards to environmental and social responsibility and rules of governance.

5. **Business, which the Fund can transact.**—The Fund may, in order to achieve its objectives always in accordance with law, carry on, transact or do several kinds of business and acts as per its investment mandate including but not limited to the following—

- (a) invest in, purchase, maintain, divest through sell, or otherwise realize assets and investment of any kind;
- (b) sale and purchase of domestic and foreign equity securities, debt securities, derivatives, commodities and other financial assets;
- (c) developing rights on immovable, and all kinds of tangible assets;
- (d) project development, fund raising based on projects, foreign project credit extensions, and resource procurement through other means;
- (e) conducting of any kinds of commercial and financial activities in domestic and foreign primary and secondary markets;
- (f) participating in domestic investments and foreign investments conducted by other states and foreign companies;
- (g) investing in financial instruments issued domestically or foreign investment instruments;

- (h) participating in all kinds of money market operations;
- (i) acquiring, retaining and disposing of assets of any type in satisfaction of its claims;
- (j) entering into agreement as private party or implementing agency in Public Private Partnership;
- (k) appointing managers, custodians, consultants, attorney, agents and any other professional advisors for the effective management of the Fund;
- (l) purchasing or otherwise acquiring, owning, selling, transferring and exchanging any tangible and intangible, movable or immovable property or any rights, title or interest in such property acquired or vested in Fund for the conduct of its business;
- (m) accepting and furnishing any lien, charge, hypothecation or mortgage of any tangible or intangible movable or immovable property or assets in the conduct of its business receiving and paying commissions, fees and brokerage in connection with its business;
- (n) establishing any entity constituted, organised and operated in compliance with applicable law, including funds, sub-funds, any company, corporation, trust, limited liability partnership or a joint venture solely or jointly with other investors.
- (o) Coordinating and taking local or foreign technical assistance including exchange of experiences and capacity building to achieve objectives of the fund; entering into agreements and contracts and executing such documents as may be considered necessary to achieve its objectives;
- (p) borrowing or raising any money in such manner and upon such security as the fund may consider fit;
- (q) participate in the process of privatization to acquire ownership of state-owned enterprises or to provide financial advisory services in the privatization process;
- (r) doing of all such acts and things as may be incidental or subsidiary to transacting any of the aforesaid businesses; and

- (s) doing of such other acts and things in furtherance of purposes of this Act as may be approved by the Supervisory Council.

6. **Expenditure charged upon the Fund.**—The follow expenditure shall be expenditure charged upon the Fund in accordance with annual budget referred to in section 28,—

- (a) general operational and administrative expenses of the Fund;
- (b) such remuneration, if any, as the Supervisory Council may fix for directors of the Board;
- (c) charges regarding insurance and indemnity of directors of the Board;
- (d) such remuneration of the chief executive officer and staff of the Fund;
- (e) the expenses for the audit of the Fund's books and accounts;
- (f) the remuneration payable to any investment manager, agent, advisor or consultant employed or retained by the Fund;
- (g) expenses arising from the contractual obligations and liabilities of the Fund; and
- (h) any other amount as approved by the Board.

7. **Borrowing and lending.**—(1) The Fund may, subject to Board approval, borrow in order to finance any of the investment projects that it is carrying out or participating in.

(2) A request for loan approval must be based on a recommendation from the investment committee accompanied by a review of the economic viability of each project and the data and analysis that the Investment Committee depended on for its recommendation, and the project must meet all standards required by the investment policy of the Fund.

(3) The Fund shall exercise its lending powers in accordance with this Act, as well as any regulations and limits established by the Board upon recommendation from the chief executive officer.

8. **Winding up of the Fund.**—The Fund shall not be wound up except through an Act of the *Majlis-e-Shoora* (Parliament).

9. **Transfer of assets to the Fund.**—(1) The Supervisory Council shall have the power to transfer the ownership of any of the assets of the Federal Government or the ownership interests of the Federal Government in any entity to the Fund on the recommendation of the Board and subject to the approval of Federal Government.

(2) From the date of commencement of this Act, the transfer assets listed in Schedule I shall stand transferred to the Fund as ultimate owner and their valuation in terms of Schedule II may be approved by the Federal Government subsequently. The transfer assets and any assets of the Federal Government which are transferred thereafter to the Fund in accordance with this section shall be recorded in the books and accounts of the Fund at their fair value.

(3) The fair value of transfer assets listed in Schedule I and assets transferred thereafter to the Fund shall be determined in accordance with the methodologies as given in Schedule II, by an independent valuer appointed by Supervisory Council and such fair value of transfer assets shall also be approved by the Federal Government.

10. **Establishment of entities.**—(1) Subject to the approval of the investment committee and the Board, the Fund may establish entities that are wholly owned by it, or acquire shares in other entities and increase their capital, in accordance with the investment plan proposed by the chief executive officer.

(2) The entities established or acquired in this manner shall be governed by the laws for the time being in force as applicable in their respective jurisdiction of incorporation and such entities shall not be subject to Pakistani governmental auditing rules, regulations, maximum wage or similar laws.

PART III

THE SUPERVISORY COUNCIL

11. **Constitution and composition of Supervisory Council.**—(1) A Supervisory Council of the Fund is hereby constituted with the following membership, namely:—

- (a) The Prime Minister of Pakistan, being Chairman;
- (b) the Minister of Finance and Revenue;
- (c) the Minister of Planning Development and Special Initiative;
- (d) the *ex-officio* Finance Secretary;

- (e) the *ex-officio* Governor of the State Bank of Pakistan; and
- (f) the CEO of the Fund.

(2) In the absence of Prime Minister, the Minister of Finance and Revenue shall chair the meetings of the Supervisory Council.

(3) The quorum for the Supervisory Council meetings shall not be less than four members.

(4) Membership of the Supervisory Council members shall end in the case of their death or by resignation.

12. **Powers of Supervisory Council.**—The Supervisory Council shall have the following powers, namely:—

- (a) follow up and assessment of the Fund performance and the extent to which the Fund has achieved its purposes;
- (b) appoint members of the Advisory Committee of the Fund and form a nomination committee and appoint the directors of the Board on the proposal of the nomination committee;
- (c) transfer any asset to the Fund;
- (d) review the reports submitted by the Board and the action plan for the following fiscal year;
- (e) discussion and approval of the Board's annual report on what the remuneration of the Board members is, under any circumstance, during the fiscal year;
- (f) discussion and approval of the annual financial statements, the budget, the proposal for the distribution of profits, the report of the Board and the auditors and the Fund's final financial statements;
- (g) follow up on the performance of the Board in light of performance measurement standards;
- (h) reduce, increase or determine the Fund's authorized capital;
- (i) proposal for dissolving and liquidating the Fund;
- (j) proposal for removing any of the members of the Board from office;