

[AS PASSED BY THE SENATE]

A
BILL

to amend the State-Owned Enterprises (Governance and Operations) Act, 2023

WHEREAS it is expedient to amend the State-Owned Enterprises (Governance and Operations) Act, 2023 (Act No. VII of 2023) for the purposes hereinafter appearing;

It is hereby enacted as follows:

1. **Short title and commencement.**— (1) This Act may be called the State-Owned Enterprises (Governance and Operations) (Amendment) Act, 2024.

(2) It shall come into force at once.

2. **Amendment of section 4, Act No. VII of 2023.**— In the State-Owned Enterprises (Governance and Operations) Act, 2023 (Act No. VII of 2023), hereinafter referred to as the said Act, clause (k) in sub-section (2) of section 4 shall be omitted.

3. **Amendment of section 10, Act No. VII of 2023.**— (1) In the said Act, in section 10,

(i) in sub-section (2),-

(a) in clause (a), after semicolon the word “and” shall be omitted; and

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

“(c) evaluating the performance of *ex-officio* and independent directors; and

(d) recommending the removal of a director or directors to the Federal Government on the basis of evaluating the performance of such director or directors.”

(ii) in sub-section (3), after the words “performing its functions” the words “under clauses (a) and (b) of sub-section (2)” shall be inserted; and

(iii) after sub-section (3), amended as aforesaid, the following new sub-section shall be added, namely:-

“(3A). In carrying out its functions under clauses (c) and (d) of sub-section (2) of section 10, the Board Nomination Committee shall evaluate the performance of a director or directors of a state-owned enterprise based on the objectives and principles laid down in Chapters 2, 3 and 4 of this Act, to the extent applicable to a Board of a state-owned enterprise.”

4. **Amendment of section 13, Act No. VII of 2023.**— (1) In the said Act, in section 13,

(i) in sub-section (1), the following *proviso* shall be inserted, namely:-

“Provided that for reasons to be recorded, the Federal Government may remove a director or directors on the recommendation of the Board Nominations Committee under clause (d) of sub-section (2) of section 10.”

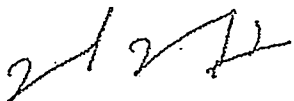
(ii) in sub-section (2),

- (a) for the word "An" appearing in the beginning, the expression "Save for as provided in the *proviso* to sub-section (1) of section 13, an" shall be substituted; and
- (b) clause (b) shall be omitted.

STATEMENT OF OBJECTS AND REASONS

The State Owned Enterprises (Governance and Operations) Act was promulgated in February, 2023. The Act, inter alia, provides for the matters relating to constitution of Boards of Directors of SOEs. There is presently a need to reconstitute the Boards of SOEs to better align them with the reform initiatives aimed at restructuring and transformation as well as privatization of certain entities. In order to achieve the above objective, there is a need to strengthen the provisions for removal of directors under the SOE Act, 2023.

2. This Bill is designed to achieve the aforesaid purpose.



Muhammad Aurangzeb
Minister for Finance