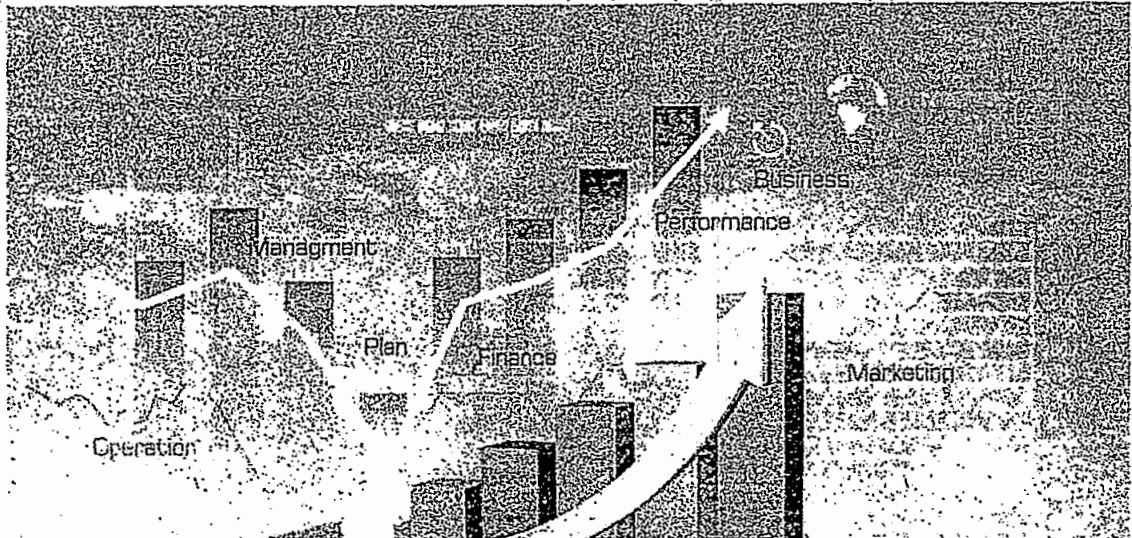


SENATE OF PAKISTAN



REPORT OF THE SENATE STANDING COMMITTEE ON FINANCE AND REVENUE



REPORT OF THE SENATE STANDING COMMITTEE ON FINANCE AND REVENUE ON A PRIVATE MEMBER BILL TITLED "THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN (AMENDMENT) BILL, 2026"

PRESENTED BY

SENATOR SALEEM MANDVIWALLA

CHAIRMAN

SENATE SECRETARIAT

REPORT OF THE SENATE STANDING COMMITTEE ON FINANCE AND REVENUE ON A PRIVATE MEMBER BILL TITLED "THE SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN (AMENDMENT) BILL, 2026" REFERRED BY THE HOUSE ON 10TH FEBRUARY, 2026

I, Senator Saleem Mandviwalla, Chairman Senate Standing Committee on Finance and Revenue have the honor to present the report of the Committee on Private Member Bill titled "The Securities and Exchange Commission of Pakistan (Amendment) Bill, 2026" referred by the house on 10th February, 2026 to the Committee for Consideration and report.

2. The Committee comprises of the following honorable Members:-

1. Senator Saleem Mandviwalla	Chairman
2. Senator Farooq Hamid Naek	Member
3. Senator Sherry Rehman	Member
4. Senator Mohsin Aziz	Member
5. Senator Anusha Rahman Ahmad Khan	Member
6. Senator Muhammad Talha Mahmood	Member
7. Senator Shahzaib Durrani	Member
8. Senator Fesal Vawda	Member
9. Senator Ahmed Khan	Member
10. Senator Manzoor Ahmed	Member
11. Senator Syed Faisal Ali Subzwari	Member
12. Senator Muhammad Abdul Qadir	Member
13. Senator Dilawar Khan	Member
14. Senator Zeeshan Khanzada	Member
15. Minister for Finance and Revenue	Ex-Officio Member
16. Minister of State for Finance and Revenue	Ex-Officio Member

3. The Committee considered the Bill in its meeting held on 4th March, 2026, at 12:00 p.m. in Committee Room No.1, Parliament House, Islamabad. The meeting was attended by the following Members on 4th March, 2026.

1. Senator Saleem Mandviwalla	Chairman
2. Senator Anusha Rahman Ahmad Khan	Member
3. Senator Muhammad Talha Mahmood	Member
4. Senator Shahzaib Durrani	Member
5. Minister for Finance and Revenue	Ex-Officio Member
6. Minister of State for Finance and Revenue	Ex-Officio Member

4. Senator Anusha Rahman Ahmad Khan presented two sets of amendments to the Securities and Exchange Commission of Pakistan (SECP) Act, 1997. She stated that the amendments were prompted by observations of the Auditor General in para 12.5.6 regarding the unlawful revision and increase of pay and allowances of SECP employees under subsection (4) of section 5 of the Act. The matter had been widely discussed in the media, examined by the Public Accounts Committee (PAC).

11/11/26

5. She stated that the Committee had examined the matter multiple times and observed that SECP funds constituted public money generated through fees collected from companies which ultimately formed part of the Federal Consolidated Fund and therefore could not be treated as personal income of SECP.

6. She stated that SECP had increased salaries retrospectively from June 2023 for a period of 16 months, justifying the increase on the basis of a KPMG salary benchmarking report claiming that SECP salaries were not market competitive. However, the benchmarking largely compared SECP salaries with those of the State Bank of Pakistan, whereas among the remaining 19 regulators in Pakistan, 16 operated either on statutory pay or MP-1 scales. Apart from the State Bank, no regulator received salaries at such levels.

7. She further stated that SECP commissioners received crores of rupees through retrospective salary increases and benefits. She cited an example where a former commissioner, instead of paying approximately Rs. 7 million for Club membership as part of his package, had the amount settled in his personal account.

8. She stated that during a Committee meeting held around 9–10 December 2025, shortly before the Commissioner's term ended on 12 December 2025, the Committee directed that outstanding dues of retiring commissioner's be withheld until the PAC examined the matter. Despite explicit instructions communicated by the Committee, the outgoing commissioners got their dues cleared before leaving office. According to available information, the amount of approximately Rs. 7 million relating to Club membership was credited to personal account of Abdul Rahman Warraich instead of being paid to the Club. She stated that when he later applied again for becoming SECP commissioner, he was asked to return the amount, which was subsequently deposited back into the government treasury. She argued that such incidents demonstrated abuse of authority and weaknesses in the legal framework. It is a separate matter that such a person should be permanently barred from holding any public sector position in future.

9. Senator Anusha Rahman further argued that SECP was unique among Pakistan's 19 regulatory bodies because its policy board was led by a majority of private sector members. Those private sector members represented companies that were themselves subject to regulation, while government representatives remained in the minority and remained unable to protect public exchequer.

10. She argued that regulatory bodies should maintain a balance between public and private interests, citing the Pakistan Telecommunication Authority (PTA) as an example and noting that if representatives of telecom companies such as Telenor, Mobilink, and Jazz sat on the PTA board,

effective regulation would not be possible.

11. She therefore proposed amendments to section 12 of the SECP Act to reconstitute the policy board so that the public sector made a majority. She proposed reducing the number of private sector members from six to four and increasing public sector representation from five to seven, by adding a member of the National Assembly and a member of the Senate to ensure parliamentary oversight. She also proposed reducing private sector representation from six members to four with representation from the four provinces, noting that all board members today are from Karachi, and further proposed reducing the tenure of private members from four years to two years to allow rotation. She suggested that the Chairman of the Commission should be from the public sector rather than the private sector to ensure accountability to Parliament.

12. The Federal Minister for Finance and Revenue stated that the Government opposed the bill, arguing that government secretaries serving on boards were principal accounting officers who could record dissenting views regardless of whether they were in the minority. He added that private sector members on policy boards were respected individuals rather than representatives of specific companies, and noted that broader governance reforms, including the State-Owned Enterprises (SOE) framework, had moved towards greater private sector participation and private-sector-led chairpersons.

13. The Chairman SECP, Dr. Kabir Sidhu, informed the Committee that earlier the SECP board had a greater number of government members, but under reforms associated with an Asian Development Bank (ADB) loan package the composition had been changed to increase private sector representation and provide financial independence. He stated that Pakistan was a signatory to these reform commitments with ADB and reversing them could breach the agreement. He added that the International Organization of Securities Commissions (IOSCO) recommended financial and administrative independence for regulators worldwide and cautioned that increased government control could make SECP overly bureaucratic and hinder recruitment of qualified professionals. He noted that Pakistan had only around 80 actuaries and that SECP's salary structure already made recruitment difficult, adding that actions of certain individuals should not lead to institutional changes affecting the entire organization.



14. Senator Anusha Rahman responded that the loan package from the Asian Development Bank (ADB) cannot be perpetually invoked as a justification for the current SECP law. The proposed amendments are aimed solely at harmonizing the modalities of salaries and remuneration with those of other regulatory bodies. If there exists any agreement with the ADB that restricts the legislature's ability to safeguard the public exchequer from misuse by the SECP, as clearly evidenced by recent events, then such an agreement must be presented before the Committee. A generic assertion by the Chairman of the SECP is not sufficient. Financial and administrative independence does not, under any circumstances, entitle the SECP to treat its funds, which are public property, as personal income for individuals. Financial independence refers to the authority to utilize resources in furtherance of the organization's objectives, not to benefit the individuals.

15. The Chairman Committee observed that parliamentary representatives served an oversight role rather than involvement in day-to-day regulatory operations. He also raised the issue of surplus funds generated by regulatory authorities being transferred to the Federal Consolidated Fund through the Ministry of Finance. The Chairman SECP responded that a committee headed by the Secretary Finance was already examining the matter.

16. Senator Anusha Rahman maintained that financial autonomy led to misuse of public funds by SECP commissioners and they didn't stop despite PAC paras and Senate committee caution on the pretext that they were enabled to do so by legislature. This proves that legislative safeguards are necessary, reiterating that individuals accountable to Parliament should have a greater oversight role. She urged that none of the Secretaries filed a note of dissent nor secretary finance sought direction from Minister Finance before attending the Board meeting increasing salaries with retrospective effect. The public funds oversight responsibility is that of elected members who should perform their due role. The Federal Minister for Finance and Revenue responded that institutional changes should not be made solely because of failures of individuals.

17. During further discussion, the Chairman Committee suggested reaching consensus with the Government. Senator Anusha Rahman stated that already many weeks have passed and even after last meeting it was agreed that a meeting would be held to reach consensus but no such meeting was called by Finance Ministry. She suggested to take sense of the Committee. After deliberations, certain amendments were adjusted through discussion. The Committee agreed and recommended amendments relating to section 12, including representation considerations, and accepted proposals concerning section 23 regarding fees, charges, penalties, and expenditures of SECP. Some proposed clauses were withdrawn by the mover.

18. The Federal Minister for Finance and Revenue clarified that the Government was not agreeing to all the amendments at that stage but will consider some amendments.



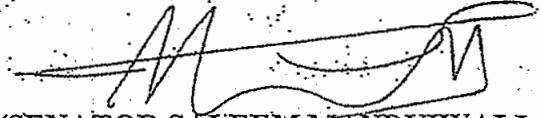
19. However, notwithstanding the foregoing, the Committee unanimously recommended the amendments.

20. The Bill as introduced in the Senate is annexed at "A" and the Bill as reported by the Committee is annexed at "B".

21. The Committee also gave approval for presentation of this report to the House.



(IFFAT MUSTAFA)
Secretary Committee



(SENATOR SALEEM MANDVIWALLA)
Chairman Committee

A

BILL

further to amend the Securities and Exchange Commission of Pakistan Act, 1997

WHEREAS it is expedient further to amend the Securities and Exchange Commission of Pakistan Act, 1997 (XLII of 1997) for the purposes hereinafter appearing;

It is hereby enacted as follows:-

1. Short title and commencement.- (1) This Act may be called the *Securities and Exchange Commission of Pakistan (Amendment) Act, 2026*.

2. It shall come into force at once.

3. Amendment of section 5, Act XLII of 1997.- In the Securities and Exchange Commission of Pakistan Act, 1997 (XLII of 1997), hereinafter referred to as the said Act, in section 5, sub-section (2) shall be omitted.

4. Amendment of section 12, Act XLII of 1997.- In the said Act, in section 12,-

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

i. in clause (a),-

(a). for the word "five", the word "seven" shall be substituted;

(b). in sub-clause (i), for the expression "Finance Minister or, in his absence, the Advisor to Prime Minister on Finance, as the case may be", the expression "Secretary, Finance Division, Government of Pakistan" shall be substituted;

(c). after sub-clause "(iia)", the following new clauses "(iib) and (iic)", shall be inserted, namely:-

"(iib). One member of the National Assembly nominated by the Speaker of the National Assembly;

(iic). One member of the Senate nominated by the Chairman Senate;"

ii. in clause (b), for the word "six" the word "four" shall be substituted, and after the words "Federal Government", the words "including at least one from each Province", shall be inserted;

- (B) in sub-section (3), the word "four" appearing after the word "a term of" occurring in first line, the word "two" shall be substituted and for the words "four-year", occurring in the second line the words "two-years" shall be substituted; and
- (C) in sub-section (7), after the words "Members", the words "from the public sector" shall be substituted.

5. Amendment of section 23, Act XLII of 1997.- In the said Act, in section 23, for sub-section (3), the following shall be substituted, namely:-

"(3) All fees, charges, penalties, levies, income, grants, and any other amounts received by or on behalf of the Securities and Exchange Commission of Pakistan under this Act or any other law for the time being in force shall, without any deduction or retention, be credited to the Federal Consolidated Fund in accordance with Article 78 of the Constitution of the Islamic Republic of Pakistan.

(3a) The expenditure of the Securities and Exchange Commission of Pakistan shall be met through budgetary allocations approved by Parliament and released in accordance with the financial rules and procedures applicable to the Federal Government."

6. Insertion of new section 23A, Act XLII of 1997.- In the said Act, after section 23, as amended as aforesaid, the following new section shall be inserted, namely:-

"23A. Transfer of Existing Funds.- All amounts standing to the credit of the Fund of the Commission or any bank account maintained by the Securities and Exchange Commission of Pakistan immediately before the commencement of the Securities and Exchange Commission of Pakistan (Amendment) Act, 2026, shall, within such period and in such manner as may be prescribed, be transferred to the Federal Consolidated Fund."

STATEMENT OF OBJECTS AND REASONS

Securities and Exchange Commission of Pakistan (SECP) is a regulator and its Board cannot run by private sector and needs to be harmonized in line with other regulatory bodies. Presently the SECP Act, 1997, allows the Securities and Exchange Commission of Pakistan to retain and utilize its receipts outside the Federal Consolidated Fund. Such retention of public money limits effective Parliamentary oversight and is inconsistent with Articles 78 to 81 of the Constitution of the Islamic Republic of Pakistan. The object of this Bill is to ensure that all receipts of the SECP are credited to the Federal Consolidated Fund and that its expenditure is regulated through Parliamentary appropriations, thereby promoting transparency, financial discipline, and accountability in accordance with constitutional principles:

2. This bill is aimed to achieve the above-said objective.

**SENATOR ANUSHA RAHMAN AHMAD KHAN
MEMBER-IN-CHARGE**

[AS REPORTED BY THE COMMITTEE]

A

BILL

further to amend the Securities and Exchange Commission of Pakistan Act, 1997

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It is hereby enacted as follows: -

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(2) It shall come into force at once.

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i. in clause (a),-

(a) for the word "five", the word "seven" shall be substituted;

(b) after sub-clause "(iia)", the following new sub-clauses "(iib) and (iic)" shall be inserted, namely:-

"(iib) One member of the National Assembly nominated by the Speaker of the National Assembly;

(iic) One member of the Senate nominated by the Chairman Senate;"; and

ii. in clause (b), for the word "six" the word "four" shall be substituted, and after the words "Federal Government", the words "including at least one from each Province" shall be inserted.

4. Amendment of section 23, Act XLII of 1997.- In the said Act, in section 23, for sub-section (3), the following shall be substituted, namely: -

"(3) All fees, charges, penalties, levies, income, grants, and any other amounts received by or on behalf of the Securities and Exchange Commission of Pakistan under this Act or any other law for the time being in force, after deducting compulsory expenditure shall be credited to the Federal Consolidated Fund in accordance with Article 78 of the Constitution of the Islamic Republic of Pakistan.

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"23A. Transfer of Existing Funds.- All amounts standing to the credit of the Fund of the Commission or any bank account maintained by the Securities and Exchange Commission of Pakistan immediately before the commencement of the Securities and Exchange Commission of Pakistan (Amendment) Act, 2026, shall, within such period and in such manner as may be prescribed, be transferred to the Federal Consolidated Fund."

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2. This Bill is aimed to achieve the above-said objective.

SENATOR ANUSHA RAHMAN AHMAD KHAN
MEMBER-IN-CHARGE