



SINDH ACT NO.XLV OF 2013
THE SINDH FUND MANAGEMENT HOUSE ACT, 2013

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[29th October, 2013]

An Act to provide for the establishment and regulation of the Sindh Fund Management House.

WHEREAS it is expedient to provide for the establishment and regulation of the Sindh Fund Management House for efficient management of the investment of funds of Government and its entities in the Province of Sindh and to make provisions for ancillary matters.

Preamble.

It is hereby enacted as follows:-

CHAPTER-I
PRELIMINARY

1. (1) This Act may be called the Sindh Fund Management House Act, 2013.

Short title, extent and commencement.

(2) It extends to the whole of the Province of Sindh.

(3) It shall come into force at once.

2. In this Act, unless there is anything repugnant in the subject or context -

Definitions.

(a) "asset" means and includes –

- (i) any kind of the property;
- (ii) any legal, equitable or beneficial estate or interest in the property;
- (iii) any legal, equitable or beneficial right;

(b) "Board" means the Sindh Fund Management House Board constituted under section 11;

(c) "Chairperson" means the Chairperson of the Board;

(d) "Chief Investment Officer" means the Chief Investment Officer of the House;

(e) "Commission" means the Securities and Exchange Commission of Pakistan established under sub-section (1) of section 3 of the Securities and Exchange Commission of Pakistan Act, 1997 (Federal Act No.XLII of 1997);

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- (f) "designated fund" means a fund designated under section 42;
- (g) "Director" means the Director of the Board;
- (h) "employee" means the employee of the House;
- (i) "External Auditor" means the External Auditor engaged under section 37;
- (j) "Finance Department" means the Finance Department of the Government of Sindh;
- (k) "financial asset" in relation to a designated fund, includes the units of a real estate investment trust scheme registered by the Securities and Exchange Commission of Pakistan but does not include real estate;
- (l) "Government" means the Government of Sindh;
- (m) "House" means the Sindh Fund Management House established under section 3;
- (n) "Internal Auditor" means the Internal Auditor engaged under section 9;
- (o) "Interim Committee" means the Interim Committee constituted under section 51;
- (p) "investment" means any mode of application of money or financial assets for the purpose of gaining a return whether by way of income, capital gain or any other form of return;
- (q) "Investment Committee" means the Investment Committee constituted under section 15;
- (r) "investment policy of a designated fund" means the policy defined in section 43;
- (s) "Managing Director" means the Managing Director appointed under section 7;
- (t) "member" means a member of the Investment Committee;

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- (u) “Presiding member” means the Presiding member of the Investment Committee elected under sub-section (2) of section 15.
- (v) “private member” means a member of the Investment Committee other than the Managing Director and Chief Investment Officer of the House;
- (w) “Public Private Partnership” has the same meaning as defined under the Sindh Public Private Partnership Act, 2010;
- (x) “prescribed” means prescribed by rules or regulations;
- (y) “real estate” means land and includes –
 - (i) all attachments to land;
 - (ii) all minerals and other materials on the surface of or below the land;
 - (iii) all things that form a natural part of land;
 - (iv) all things that are developed or installed on land, including buildings and site improvements; and
 - (v) all permanent building attachments, and further includes all rights and interests in any of the above, whether the interest is freehold or leasehold and whether the purpose or use thereof is residential, business, industrial or of any other nature;
- (z) “responsible entity” means the department, authority, agency, organization, foundation, board, or any other body corporate;
- (aa) “rules and regulations” means the rules and regulations made under this Act;
- (bb) “scheduled bank” shall have the same meaning as given in the State Bank of Pakistan Act, 1956 (Federal Act No.XXXIII of 1956);
- (cc) “Speaker” means the Speaker of the Provincial Assembly of Sindh.
- (dd) “surplus money” means money of the House which is lying un-used for the time being;

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CHAPTER-II
THE SINDH FUND MANAGEMENT HOUSE

3. (1) The House to be called the Sindh Fund Management House is established in accordance with the provisions of this Act. **Establishment of the House.**

(2) The House shall be a body corporate by the name of the Sindh Fund Management House and shall have perpetual succession and a common seal, with power, subject to the provisions of this Act, to acquire, hold and dispose of property both movable and immovable and shall by the said name sue and be sued.

(3) The seal of the House shall be kept in such custody as the Board directs and shall not be used except by authorized person.

4. The House shall, subject to the provisions of this Act and the rules and regulations, have the following functions:- **Functions of the House.**

- (a) to make arrangements for the investment of amounts of the relevant designated funds in financial assets, and to manage investments of the relevant designated funds;
- (b) to make arrangements for the realization of financial assets which are investments of the relevant designated funds;
- (c) to make arrangements for the borrowing of money and to enter into securities lending arrangements in connection with the relevant designated funds;
- (d) to deposit all moneys received by it into an account maintained by it with a scheduled bank;
- (e) to invest surplus money by depositing it with a scheduled bank, financial assets, non-financial assets or real estate or in any other manner and on such terms and conditions as may be approved by the Investment Committee;
- (f) to perform such other functions as are conferred on the House by this Act and the rules and regulations; and

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(g) to do anything incidental or conducive to the performance of any of the above functions.

5. (1) The House shall have powers to do all things necessary to be done in connection with the performance of its functions. **Powers of the House.**

(2) In particular and without prejudice to the generality of the powers, the House may -

(a) charge, in relation to each pension fund and each general provident fund, a one-time fee of an amount up to two percent of the net asset value of such designated fund, at any time as decided by the Investment Committee;

(b) convey, assign, surrender, yield up, charge, mortgage, demise, reassign, transfer or otherwise dispose of, deal with or encumber any moveable or immovable property or any interest vested in it, upon such terms as deemed fit.

6. (1) The capital of the House shall consist of an amount paid to the House under sub-section (2) and the amount transferred to capital from reserves under sub-section (3). **Capital of the House.**

(2) Government shall capitalize the House by transferring an amount which shall not be less than rupees three hundred million from the Provincial Consolidated Fund, not later than one year from the date on which this Act comes into force.

(3) The House may transfer from its reserves to its capital such amounts as the Investment Committee determines.

(4) The Board shall ensure that the capital and reserves of the House are sufficient to meet the liabilities of the House and if the Board determines that the capital and reserves of the House are not sufficient to meet the liabilities of the House or there are reasonable grounds for believing that in the future, the capital and reserves of the House may not be sufficient to meet the expected liabilities of the House, the Board shall, as soon as practicable, inform the Government in writing of its determination and the reasons for that determination.

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7. (1) There shall be a Managing Director and a Chief Investment Officer who shall be the whole-time officers of the House and shall be appointed by the Board for an initial term of four years and subsequently it may be extended by the Board for two more terms of four years each; on terms and conditions to be determined by the Board.

Officers and employees of the House.

(2) There shall be an Internal Auditor engaged by the Investment Committee on such terms and conditions as it may determine.

(5) No person shall be eligible for appointment as an employee unless he possesses qualification and experience as determined by the Board, if it is satisfied that -

- (a) in case of the Managing Director, the person has relevant experience of a period not less than twelve years; provided that the Board may relax the experience to ten years for a person who meets all other requirements and has substantial experience of investing funds belonging to a government, any agency of a government or any public sector entity or of managing such investments;
- (b) in case of the Chief Investment Officer, the person has relevant experience of a period not less than eight years;
- (c) in case of the Managing Director and Chief Investment Officer, the person shall have professional credibility and standing, in one or more of the following fields:-
 - (i) investing in financial assets or advising in relation to such investments;
 - (ii) the management of investments in financial assets;

(6) An employee shall hold office on such terms and conditions as the House may determine.

(7) The Managing Director or the Chief Investment Officer may resign from office by writing under his hand, addressed to the Board.

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(8) The Managing Director and the Chief Investment Officer shall give written notice to the Presiding member of all direct or indirect pecuniary interests that he / she has in any business or body corporate that carries on a business.

(9) A director is not eligible to be appointed as an officer of the House, except for the Managing Director.

(10) Subject to the provisions of this Act, the Managing Director shall exercise the administrative authority under the control of the Board.

(11) The House may employ such other persons as the Investment Committee thinks necessary for the performance of the functions and duties and exercise of the powers of the House.

(12) All directors, officers and employees of the House shall adhere to the provisions of this Act, rules and regulations and the code of conduct approved by the Board.

8. (1) The House may engage one or more investment managers to perform any specific function of the House but shall not delegate any investment function.

**Investment
managers and
custodians.**

(2) The House may engage one or more custodians in relation to investments of the designated fund.

(3) The terms and conditions of engagement of an investment manager or custodian shall be as determined by the Board.

9. (1) The Investment Committee shall engage an Internal Auditor for the purpose of performing compliance functions.

Internal Auditor.

(2) The House shall ensure that the Internal Auditor's reports to the Investment Committee on the performance of the compliance functions are communicated at such times and in such manner as the Investment Committee may determine.

(3) The Internal Auditor shall be a company which provides services as a trustee for one or more collective investment schemes registered with the Commission, or a firm of Chartered Accountants within the meaning of the Chartered Accountants Ordinance, 1961 (X of 1961)

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other than the current external auditor of the House, which meets the prescribed criteria to the satisfaction of the Investment Committee.

Explanation:- “compliance functions” for the purpose of this section means -

- (i) to examine the investments of a designated fund whether they are inconsistent with the provisions of this Act, the rules or regulations or of the investment policy of the designated fund;
- (ii) to examine where there is undue concentration of business with any broker or bank engaged by the House;
- (iii) to examine whether there is undue concentration of business with any investment manager engaged by the House;
- (iv) to identify systems for ascertaining whether the investments of the designated funds are in accordance with the provisions of this Act, the rules and regulations and the respective investment policies of the designated funds;
- (v) to advise in a timely manner to the Managing Director, the Chief Investment Officer and the Investment Committee about breaches of the provisions of this Act, the rules and regulations and the respective investment policies of the designated funds;
- (vi) to prepare reports periodically for the Investment Committee on any violations of the code of conduct; and
- (vii) to discharge any other functions assigned to the Internal Auditor by the Investment Committee which are not inconsistent with this Act, or rules and regulations;

(4) The Investment Committee may at any time, by giving notice, remove the Internal Auditor.

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10. (1) The House may engage consultants and advisers for the efficient performance of the House in connection with the performance of its functions. **Consultants and advisers.**

(2) The terms and conditions for hiring of a consultant or adviser engaged under sub-section (1) shall be determined with the approval of the Investment Committee.

(3) The consultant or adviser appointed under sub-section (1) shall provide professional or investment advice to the Investment Committee in connection with the performance of any of its functions, duties or obligations.

CHAPTER-III
THE BOARD

11. (1) The Board is established in accordance with the provisions of this Act and shall consist of the following:- **Board.**

- (a) the Chief Minister Sindh, as Chairperson;
- (b) the Finance Minister, Sindh (director);
- (c) the Law Minister, Sindh (director);
- (d) the Chief Secretary, Sindh or his nominee (director);
- (e) the Secretary Finance (director); and
- (f) three members of the Provincial Assembly of Sindh to be nominated by the Speaker (directors).
- (g) the Managing Director of the House (director).

(2) The Managing Director shall act as Secretary of the Board.

(3) A non-official director shall hold office for a period of three years from the date of nomination.

(4) A non-official director may at any time, before the expiry of his or her term, resign from his or her office, or be withdrawn from office by the Speaker without assigning any reason, or the Board may request the Speaker for his or her withdrawal.

(5) A non-official director nominated on a casual vacancy shall hold office for the remaining term.

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(6) The directors shall be paid reasonable honorarium and allowances for each meeting, as may be determined by Government.

12. (1) The Board shall meet as often as necessary but not less than once in a calendar year. **Meetings of Board.**

(2) Four directors shall form a quorum of the Board.

(3) The Chairperson shall preside all meetings and in his or her absence, the directors present shall elect from amongst them a Chairperson to preside the meeting.

(4) The directors shall have reasonable notice of the time and place of the meeting and the agenda for such meeting.

(5) The decision of the Board shall be taken by majority vote and in case of a tie, the Chairperson shall have a casting vote.

(6) The decisions taken by the Board shall be in writing and signed by the Secretary of the Board.

13. (1) Minutes of meetings of the Board shall be circulated to all directors within fifteen days of the date of that meeting and proper record of such meetings shall be maintained by the House. **Records of Board meetings.**

(2) A director who is incapable to attend a meeting, due to illness or is out of station, may be allowed by the Chairperson to participate in the meeting through video conference or other electronic means of communication.

14. A resolution in writing, signed by all directors entitled to vote on that resolution shall be valid and deemed to have been passed in the meeting and the House shall keep a record of such resolutions. **Resolutions of the Board without meetings.**

CHAPTER-IV
INVESTMENT COMMITTEE

15. (1) The Investment Committee shall consist of the following:- **Investment Committee.**

- (a) Three private members,
- (b) Managing Director, and
- (c) Chief Investment Officer;

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(2) A private member shall be nominated as Presiding member of the Investment Committee by majority vote. Such elected Presiding member shall hold the position for not exceeding two years; where after, fresh elections shall be conducted.

(3) If the position of Managing Director or Chief Investment Officer has fallen vacant, in such case, functions of the Investment Committee shall not be affected in any manner.

(4) Private members shall be appointed by the Board for a period not exceeding three years, they shall, after expiry of the term, be eligible for re-appointment.

(5) The Board shall be required to appoint the Investment Committee, the Managing Director and the Chief Investment Officer within a period of ninety days from the date of promulgation of this Act.

(6) A private member shall not hold office for more than -

- (a) two consecutive terms; or
- (b) if he has been appointed at any time as the Presiding member, for three consecutive terms.

(7) The Board shall fill such vacancy in the Investment Committee within sixty days from the date it is intimated in writing to the Board by the Managing Director or anyone acting on his behalf.

(8) A person shall not be eligible for appointment as private member unless he or she has experience for a period not less than fifteen years, professional credibility and significant standing in one or more of the following :-

- (a) investment in financial assets or advisory in relation to such investments;
- (b) the management of investments in financial assets;
- (c) corporate and financial law, corporate governance, risk management, audit or banking;

Provided that a majority of the private members shall be appointed from amongst the persons mentioned under clauses (a) and (b) of the sub-section (8).

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(9) The office of a private member shall be deemed to have fallen vacant if he is absent in three consecutive meetings of the Investment Committee without sufficient cause or is unable to perform his duties due to illness or some other reason.

(10) A private member shall be paid such reasonable honorarium and allowances as may be determined by the Board.

(11) No act of the Investment Committee shall become invalid only for reason of the non-existence of a member of the Investment Committee.

16.(1) Subject to the provisions of this Act, the Investment Committee shall :-

**Responsibilities of the
Investment
Committee.**

- (a) frame procedure for the identification of conflicts of interest and their resolution;
- (b) prepare a code of conduct for the directors, private members, officers and employees of the House;
- (c) monitor application of procedure to be followed for identification and resolution of the conflicts of interest and the code of conduct; and
- (d) determine the fees and expenses to be charged by the House for carrying out the investment functions in relation to a designated fund:

Provided that the fees charged by the House under clause (e) in relation to a designated fund shall not exceed 0.2 percent per annum of the closing monthly value of the net assets of the designated fund.

(3) Where the House lends monies or use of assets from any of the designated funds to any other designated fund or to the Government, it shall ensure that adequate safeguards for timely recovery of such lent amount or assets are in place.

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17. The Investment Committee ordinarily shall not delegate any of its powers, functions or duties, except under exceptional circumstances that too for a limited period and if there is chance of loss to any of the designated funds and urgency of decision is required.

Delegation of powers.

18. The Presiding member of the Investment Committee shall grant leave of absence to a member from attending a meeting on such conditions that the Investment Committee may determine.

Leave of absence of members.

19. (1) A private member may resign from his or her office by tendering his or her resignation to the Managing Director in person or through registered post or courier service.

Resignation of members.

(2) The resignation shall be effective from the date it is received at the principal office of the House, or from the date mentioned in a resignation, whichever is later.

(3) The House shall intimate the receipt of a resignation to all members and directors within seven days.

20. (1) The Board may dispense with the services of a private member and terminate the appointment of Managing Director or the Chief Investment Officer if he or she contravenes the provisions of sections 26, 27, 28 or 29 and without lawful excuse, fails to abide by section 45.

Termination of appointment of members.

(2) The Board may dispense with the services of a private member and terminate the appointment of Managing Director or the Chief Investment Officer by majority decision if the Board is not satisfied with the performance of such member for any reason:

Provided that the services or appointment of a member shall not be dispensed with or terminated under sub-sections (1) and (2) unless he or she has been provided a reasonable opportunity of being heard.

21. (1) Where a private member, including Presiding member, ceases to be a private member, the Board shall appoint a qualified person as defined under sub-section (7) of Section 15 of this Act, for the remaining period of the term.

Filling of vacancy and election of the Presiding member.

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(2) In absence of a Presiding member due to his illness or for any other reason, the Investment Committee shall elect one of the private members to act as Presiding member.

22.(1) The Investment Committee shall hold meetings, as many as are necessary, for the performance of its functions and duties but shall meet at least once in every quarter of a financial year.

Meetings of the Investment Committee.

(2) The Presiding member may on any date, convene a meeting of the Investment Committee if he or she deems beneficial and in the interest of the Investment Committee, the House, or any or the designated funds.

(3) The Presiding member shall convene a meeting within seven days after receiving a written request from at least two members.

(4) The Presiding member shall preside over all meetings and exercise such powers and perform such duties and functions given in this Act or as may be prescribed.

(5) The quorum for a meeting of the Investment Committee shall be three members, out of which at least one of the members shall be the Managing Director or the Chief Investment Officer of the House.

23. (1) The decisions in a meeting of the Investment Committee shall be affirmed by a majority of votes of the members.

Voting.

(2) The Presiding member or any other member presiding a meeting shall, in the event of an equality of votes, have a casting vote.

24. (1) The Investment Committee shall cause a fair and accurate summary of the minutes of the meeting, with names of the participants.

Records of meetings.

(2) A copy of the minutes of meeting shall be furnished to every member within fifteen days of the meeting.

(3) A member who is incapable to attend a meeting, due to illness or is out of station, may be allowed by the Presiding member to participate in the meeting through video conference or other electronic means of communication.

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(4) A member shall have the right to dissent a decision of the Investment Committee and such dissenting note shall be recorded in the minutes of the meeting.

25. A resolution in writing, signed by all members entitled to vote on that resolution shall be valid and deemed to have been passed in the meeting and the House shall keep a record of such resolutions.

Resolutions.

26. A member shall discharge his duties in respect of care and diligence if he :-

Care and diligence.

- (a) makes judgment in good faith;
- (b) does not have a personal interest in the subject matter of the judgment; and
- (c) believes rationally that the judgment is in the interest of performance and functions of the Investment Committee.

27. A member shall not misuse his position to:

Misuse of position.

- (a) gain an advantage for himself or someone else;
- (b) cause damage to the objects of the Investment Committee or to the House in any manner; or
- (c) cause harm or loss of reputation to any person.

28. A member who is or has been a member of the Investment Committee shall not misuse the information, if any, to:

Misuse of information.

- (a) gain an advantage for himself or someone else;
- (b) cause damage to the objects of the Investment Committee or to the House in any manner; or
- (c) cause harm or loss of reputation to any person.

29. A member shall disclose in writing to the Investment Committee the nature and extent of his interest and abstain from participating in the voting or decision on such matter in which he is an interested party.

Disclosure of interest.

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30. (1) The Board shall, for efficient performance of the House, establish an Internal Audit Committee from amongst the members of the Investment Committee and may also include one or more officers of the House who are not members of the Investment Committee. Such Internal Audit Committee shall be headed by a private member of the Investment Committee, nominated by the Board for one year.

Internal Audit Committee

(2) Notwithstanding anything contained in this Act, the Board may give such directions as it thinks fit regarding the procedure to be followed in relation to the meetings of the committee.

31. The Internal Audit Committee shall -

Functions of the Internal Audit Committee.

- (a) require the officers of the House to maintain internal control over day to day business of the House;
- (b) review, evaluate and approve the internal control;
- (c) review the annual financial statements of the House and all designated funds and present to the Board for approval;
- (d) discuss with the External Auditors, the annual financial statements and the External Auditors' report of the House and of all designated funds;

32. A member of the Internal Audit Committee may at any time request the House for convening a meeting of the committee, if there is an emergent need within seven days.

Meeting of the Internal Audit Committee.

33. The Board may call the External Auditor, Internal Auditor or members of the Internal Audit Committee in its meeting.

Attendance of auditors in the Board meeting.

34. The House shall cause a fair and accurate recording of the minutes of the meeting of the Internal Audit Committee.

Recording of minutes

CHAPTER-V
FINANCIAL MANAGEMENT

35. The financial year of the House shall commence from 1st July and end on 30th June every year.

Financial year.

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36. (1) The Investment Committee shall cause -

Books, records and systems.

- (a) proper books of account and records to be kept in relation to the House and each designated fund;
- (b) proper financial and management system in relation to the House;
- (c) a record to be kept of the investments of each designated fund and of the House.

(2) The books, records, systems and practices required by sub-section (1) shall be maintained in such form and in such manner that-

- (a) the assets of the House and of each designated fund are safeguarded and controlled;
- (b) the transactions of the House are in accordance with the provisions of this Act and the rules and regulations;
- (c) the financial, human and physical resources of the House and the investments of each designated fund are managed efficiently.

(3) The House shall prepare its financial statements and also of each designated fund annually within four months of the end of each financial year, including -

- (a) a balance sheet as at the end of the financial year;
- (b) a statement of income for the financial year;
- (c) a statement of change in net assets of the House and each designated fund for the financial year; and
- (d) a statement of investment portfolio of the House and each designated fund.

(4) The annual financial statements shall reflect information and particulars accurately and fairly and in accordance with accepted principles of accounting.

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(5) In addition to annual financial statements, the House shall also prepare its financial statements quarterly and also for each designated fund, within thirty days of the end of that quarter and send the same to the Board, the Investment Committee and also to the Internal Audit Committee and also publish the same on the website of the House within fifteen days of preparation of such financial statements.

(6) The Investment Committee shall approve the annual financial statements of the House and of each designated fund.

37. (1) The External Auditor shall be engaged by the Board for a period of three years and shall, on expiry of the term, may be re-appointed.

Appointment, removal and resignation of External Auditor.

(2) The Board may at any time, by giving notice, remove the External Auditor.

(3) In case an External Auditor tenders resignation from the assignment, the resignation shall be effective from the date the House receives it, or the date mentioned therein.

(4) Where the House receives a resignation from the External Auditor, it shall without delay intimate to the Internal Audit Committee and also to the Board.

38. (1) The External Auditor shall prepare annual audit report in relation to the House and each designated fund -

Annual audit report of the External Auditor.

- (a) the annual financial statements;
- (b) revised financial statements, if any; and
- (c) the record of investments.

(2) The External Auditor who prepares a report under sub-section (1) shall examine all records considered necessary for the audit purpose in accordance with accepted auditing standards.

39. The External Auditor shall be a Chartered Accountants' firm within the meaning of the Chartered Accountants Ordinance, 1961 (X of 1961);

Qualifications of External Auditor.

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40. On the request of the External Auditor, the present and former directors, officers, employees, members of committees, investment managers, custodians or Internal Auditor of the House shall provide information; and access to records, documents, books, accounts and vouchers of the House to prepare a report required under the provisions of this Act. **Right to information.**

41. (1) The Board shall, within four months after the end of each financial year, provide Government annual report on the operations of the House and the House shall publish the report on the website within fifteen days of preparation of such report. **Annual report.**

(2) The annual report shall contain -

- (a) the financial statements for the year ending 30th June of the financial year and the financial statements of the last financial year;
- (b) a certificate, signed by the Managing Director on behalf of the House, stating that the investments made during the financial year are in accordance with the provisions of this Act, the investment policies of the designated funds and the House;
- (c) a report containing a description of the officers of the House, including the Managing Director and the Chief Investment Officer;
- (d) a report by the Internal Auditor in relation to the performance of the House;
- (e) a description of the operational structure of the House, including investment management, research, accounting and financial matters;
- (f) any other information as required under the rules and regulations.

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CHAPTER-VI
DESIGNATED FUNDS
AND THEIR MANAGEMENT

42. (1) A Fund shall be called a designated fund if the House has entered into an agreement with the responsible entity of such Fund for managing the investments of the Fund. **Designated fund.**

Provided that for a Fund of which investments are managed by the Finance Department at the time of promulgation of this Act, the investments of the Fund shall stand transferred to the House for further management and no fresh agreement with the House shall be required in respect of such management of investments. Any agreement between the Finance Department and the responsible entity of a Fund and co-related terms and conditions shall be deemed to have been agreed and executed between the House and the responsible entity.

(2) A Fund shall remain a designated fund till an agreement for managing the investment of such Fund expires or otherwise comes to an end.

43. (1) The responsible entity of a designated fund shall provide the House in writing about the performance of its investment functions in respect of the designated fund; or authorize the House to form an investment policy for a designated fund on its behalf. If written instructions are not provided by the responsible entity to the House, and no authorization is given to the House within three months of the fund having become a designated fund, the House shall be deemed to have been authorized by the responsible entity to form an investment policy for the designated fund on its behalf. **Investment policy of a designated fund.**

(2) The House shall obtain approval of the Investment Committee before accepting any investment policy proposed by the responsible entity, or forming an investment policy for a designated fund.

(3) The House shall ensure that an investment policy for a designated fund is in accordance with the objectives of such designated fund.

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44. (1) The House shall not accept or form an investment policy which requires it to make arrangements to allocate financial assets to a particular person, activity or business; except where the responsible entity requires that the assets of the designated fund be invested in infrastructure related bonds, equity or other financial instruments issued by the Government of Sindh, or any of its projects undertaken in the Public Private Partnership mode.

Limitation on investment policy of a designated fund.

Provided that in such case the investment policy shall be accepted by the House if such investment is not in excess of twenty-five percent of the total assets of the designated fund.

(2) Notwithstanding anything contained in this Act, the House may accept or form an investment policy for a designated fund which includes investment in non-financial assets, where such designated fund requires the investment in non-financial assets in its normal course of activities.

Provided that for all funds, the investment policy may include investment in real estate only with a condition that such acquisition of real estate shall be made directly from the federal, provincial or local government, or any other entity directly owned or controlled by the federal or provincial government, or through an auction conducted either by a court of law, or conducted by a scheduled bank.

CHAPTER-VII
SECRECY AND CONFLICT OF INTEREST

45. (1) The directors, members, employees of the House and Internal Auditor shall not disclose any information concerning the affairs of the House except authorized by the Board.

Secrecy and conflict of interest.

(2) No director, member, employee of the House or Internal Auditor shall act for his or her personal benefit on the basis of information obtained during the course of business of the House.

(3) Any director, member, employee of the House or Internal Auditor, having a conflict of interest over any transaction or business matter, shall disclose the same and ensure compliance with the procedure formed by the Investment Committee in this regard.

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46. No court shall take cognizance of an offence under this Act except upon complaint made in writing by the Managing Director or any person authorized by the House.

Cognizance of offence.

CHAPTER-VIII
MISCELLANEOUS

47.(1) Where the House needs the services of a Government employee, it may request Government for the services of such persons on such terms and conditions as may be determined by Government; however, those shall not be less than those which were admissible to the Government employee immediately before his or her transfer to the House.

Transfer of the employees of Government to House.

(2) The Government employees so transferred shall continue to be employees of Government and can be transferred back to Government unless absorbed by consent, in the service of the House.

48. No suit, or other legal proceedings shall lie against the Board, House, Chairperson, directors, members, officers and employees, Internal Auditor, external auditor, advisers or consultants of the House in respect of anything done in good faith or intended to be done in good faith under this Act or the rules and regulations made hereunder.

Indemnity.

49. Government may by notification in the official Gazette, make rules for carrying out the purposes of this Act.

Powers to make rules.

50. The House may make regulations not inconsistent with the provisions of this Act, with the approval of the Government for carrying out the purposes of this Act.

Power to make regulations.

51. (1) Notwithstanding anything contained in this Act, until the Investment Committee is constituted and its members, including the Managing Director and the Chief Investment Officer, are appointed by the Board, an Interim Committee shall exercise the powers of the Investment Committee and also the administrative powers of the Managing Director. This interim committee shall consist of the following –

Constitution of the Interim Committee and its powers.

- (a) the Chief Secretary, Sindh;
- (b) the Secretary Finance;
- (c) the Secretary (GA);

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(2) The Chief Secretary Sindh shall preside over the meetings of the Interim Committee, while Secretary Finance shall act as secretary for the Interim Committee and shall prepare a summary of the minutes of the meetings of the Interim Committee.

(3) The Interim Committee shall cease to exist when the Investment Committee and its members, including the Managing Director and the Chief Investment Officer, are appointed by the Board.

(4) The records of the meetings of the Interim Committee shall be handed over to the House, when the Interim Committee ceases to exist.

52. If any difficulty arises in giving effect to any of the provisions of this Act, Government may make such order not inconsistent with the provisions of this Act for removing the difficulty. **Removal of difficulty.**