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ISLAMABAD, WEDNESDAY, JUNE 3, 2026

PART I

Acts, Ordinances, President's Orders and Regulations

GOVERNMENT OF PAKISTAN
MINISTRY OF LAW AND JUSTICE

Islamabad, the 3rd June, 2026

F. No. 2(1)/2026-Pub.—The following Ordinance Promulgated on 2nd June, 2026 by the President is hereby published for general information: -

ORDINANCE NO. IV OF 2026

AN

ORDINANCE

*to provide for establishment of Defence Industrial Production
and Regulatory Authority*

WHEREAS it is expedient to establish a Defence Industrial Production and Regulatory Authority to supervise, oversee and regulate defence industrial sector of Pakistan for making it an important segment of national development, national security, defence preparedness, technological sovereignty and national strategic interest to resultantly enhance Pakistan's stature in regional and global defence markets;

(469)

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[10920(2026)/Ex. Gaz.]

AND WHEREAS the Senate and National Assembly are not in session, and the President of the Islamic Republic of Pakistan is satisfied that circumstances exist which render it necessary to take immediate action;

NOW, THEREFORE, in exercise of powers conferred by clause (1) of Article 89 of the Constitution of the Islamic Republic of Pakistan, the President of the Islamic Republic of Pakistan is pleased to make and promulgate the following Ordinance: –

CHAPTER I
PRELIMINARY

1. Short title, extent, commencement and application.— (1) This Ordinance shall be called the Defence Industrial Production and Regulatory Authority of Pakistan Ordinance, 2026.

(2) It shall extend to the whole of the Pakistan.

(3) It shall come into force at once.

(4) This Ordinance shall apply to all of the Defence Industrial Sector in public and private domains.

2. Definitions.— In this Ordinance, unless there is anything repugnant in the subject or context—

- (i) "Affiliated entity" means a company or organization established under this Ordinance or already established by any other enactment, that may be a legally separate but closely associated with parent Defence Production Establishments (DPEs), Executive Departments (EDs), or

- Services through ownership, strategic cooperation linkages, and also including but not limited to an entity or a Special Purpose Vehicle (SPV) through Joint Venture, Public Private Partnership (PPP) model or any other arrangement between Authority and public or private sector entity directly or through subsidiaries, or service affiliated entities, as may be prescribed;
- (ii) "assembly" includes the process of fitting together manufactured components, parts or sub systems to form a complete defence product and security equipment system;
- (iii) "Authority" means Defence Industrial Production and Regulatory Authority of Pakistan established under this Ordinance;
- (iv) "authorized officer" means any officer of the Authority, authorized by the Chairman;
- (v) "CEO" means the Chief Executive Officer of the DPE or any others competent officer of the subsidiaries or of corporate body;
- (vi) "Chairman" means the Chairman of the Authority;
- (vii) "COAS and CDF" means the Chief of the Army Staff concurrently the Chief of the Defence Forces;
- (viii) "Defence Development" means research, design, engineering, testing, and improvement of defence products, system solutions, technologies; systems, and equipment before mass production included but not limited to research, development and innovation, concept design, final design, drawings, ideas and system engineering, prototyping and trials, testing, evaluation, validation, refinement, certification and technology maturation, before mass production;
- (ix) "Defence Equipment" includes military-grade weapons, equipment, systems and platforms designed, developed, manufactured, produced, modified, assembled, rebuild, procured or acquired for the use of Armed Forces, which includes but not limited to, arms, weapons, vehicles (wheeled and tracked), aircrafts, aerospace and aviation related equipment, platforms and radars, jammers, naval crafts, ships, electronics, communication systems, cyber security, miscellaneous military support system and solutions, electro medicals, optronics, radio sets, and miscellaneous gadgets related to defence systems;

- (x) "Defence Industrial and Technical Infrastructure" includes all physical, industrial, technical, and office or organizational facilities established or to be established by the public and private sector required to support, maintain and manage Defence Industrial Sector and Armed Forces and also includes production factories, munition factories, maintenance repair and overhaul facilities, research and development centers, laboratories, and test and evaluation facilities;
- (xi) "Defence Industrial and Technical System" include an integrated combination of equipment, sub systems, software platforms and support elements designed, developed, manufactured, produced, modified, assembled, rebuild, procured, acquired or redesigned including but not limited to plants, machines, tools, rigs and such other equipment to assist, Defence Industrial Sector and Armed Forces;
- (xii) "Defence Industrial Sector" includes public and private sectors involved in Defence Development, Defence Production, Defence Manufacturing, Defence Procurement, and sale of Defence Products, Defence Equipment and security equipment and also includes defence industrial services, Defence Solutions, Defence Industrial and Technical System, Defence Industrial and Technical Infrastructure, along with import or export thereof;
- (xiii) "Defence Industrial Services" includes specialized services and activities by public and private sector that contributes to sustain, manage, upgrade, planning, support, operate, enhance, quality assurance, compliance, budgeting and audit of the Defence Product, security equipment and Defence Industrial and Technical Infrastructures;
- (xiv) "Defence Intellectual Property" means Intellectual Property directly related to development and production of Defence Products and security equipment;
- (xv) "Defence Manufacturing" means industrial activities, processes, and technologies included but not limited to fabrication, machining, casting, forging, rebuilds, overhauls, assembles, precision engineering of defence products and security equipment;
- (xvi) "Defence Procurement" includes buying and acquiring Defence

Products, security equipment and Defence Industrial Sector related plants, machinery and allied equipment;

- (xvii) "Defence Product" means Munitions, war munitions, defence equipment, defence industrial and technical system and solution designed, developed, manufactured, produced, modified, assembled, rebuild, procured and acquired for Armed Forces, and where applicable for law enforcement agencies or for the purpose of import or export;
- (xviii) "Defence Production" includes organized process of defence design, development, manufacturing, production, modification, assembly and rebuild of defence products, security equipment and defence industrial and technical or support infrastructure;
- (xix) "Defence Production and Acquisition Directorate" or STC means DPA Directorate or STC as provided under this Ordinance;
- (xx) "Defence Solutions" means a comprehensive process that combines Defence Industrial and Technical System, Defence Products, Defence Technical Equipment, Defence Services, life cycle support and integrated operational and logistic support for Defence Industrial Sector and Armed Forces;
- (xxi) "DFHQ" means the Defence Forces Headquarters;
- (xxii) "DGs" means Director General of respective EDs;
- (xxiii) "DPAC" means Defence Production and Acquisition Council established under this Ordinance.
- (xxiv) "DPEs" means public sector Defence Production Establishments and includes Pakistan Ordnance Factories (POF), Heavy Industries Taxila (HIT), Pakistan Aeronautical Complex (PAC), Karachi Shipyard and Engineering Works (KS and EW), National Radio Telecommunication Corporation (NRTC), Telephone Industries of Pakistan (TIP), Gwadar Shipyard or any other entity duly placed under the Authority by addition into the Schedule.
- (xxv) "EDs" means Executive Departments placed under the Authority;
- (xxvi) "entities" means bodies other than affiliated entities, established as per prescribed procedures;
- (xxvii) "Executive Board" means Executive Board under the DPAC established under this Ordinance.

- (xxviii) "Fund" means Defence Industrial Production and Regulatory Authority Fund established under this Ordinance;
- (xxix) "Government" means the Federal Government;
- (xxx) "License" means the authorizations to establish an entity or project or a facility, or procure or export or import or manufacture or collaborate by the order or permission of the Authority;
- (xxxI) "Munition" includes lethal and non-lethal ammunition, weapons, bombs, explosive, propellants, fuses, pyrotechnics, devices, means, material, or any related devices or categories, designed, developed, manufactured, produced, modified, assembled, rebuild, procured and acquired which are primarily used for law enforcement agencies, for civil or commercial purposes and for training of the Armed Forces;
- (xxxii) "NOC" means no objection certificate for allowing any business, project, contract, imports, exports, movements of personal or goods, stores, purchases, deliver, produce, and any other associated activities issued by the Authority;
- (xxxiii) "Overhaul" includes comprehensive inspection, disassembly, repair and reassembly of Defence Products and security equipment to restore it to specified performance standards and includes, but not limited to, complete teardown, testing and requalification;
- (xxxiv) "Prescribed" means prescribed by rules or regulations or instructions or orders and procedures made under this Ordinance;
- (xxxv) "Project" means any new industrial, development or redevelopment initiative, established under this Ordinance or any already undertaken or to be undertaken project;
- (xxxvi) "R&DC" means the Research and Development Committee constituted under this Ordinance;
- (xxxvii) "Rebuild" includes the process of restoring of defence products and security equipment, to operational condition by replacing, repairing or reconditioning major components;
- (xxxviii) "Right of First Refusal" means the rights or privilege of Defence Industrial entities with regards to their first right to supply the War Munitions and security equipment for all kinds of domestic usage and their procurement;
- (xxxix) "Schedule" means a schedule appended to this Ordinance;

- (xi) "Secretariat" means DPA Directorate or STC established under this Ordinance, as the secretariat of Executive Board;
- (xii) "Security equipment" includes military grade or civil used specified equipment designed, developed, manufactured, produced, modified, assembled, rebuild, procured or acquired for the use of law enforcement agencies for the purpose of security, aid of civil power, sports and civil and commercial use, as prescribed; e.g security vehicles, low caliber weapons, radio sets, jammers and any other equipment required by law enforcement agency or for the purpose of civil use;
- (xiii) "Service affiliated entity" means entity established or to be established by the Services headquarters under respective statutes for the purpose of Defence Industrial Sector;
- (xiv) "Services headquarters" means headquarters of Defence Forces, Army, Navy and Airforce or any such related institution;
- (xv) "Specified area" includes an area in which the Authority may pursue a scheme or project;
- (xvi) "SPV" means the Special Purpose Vehicle established under this Ordinance;
- (xvii) "STC" means Strategic Transformation Cell established under this Ordinance;
- (xviii) "STZA" means Special Technology Zones Authority as defined in the Special Technology Zones Authority Act, 2021 (XVII of 2021);
- (xix) "Subsidiaries" means an entity established or already established under the Authority including Defence Production Establishments, Executive Departments, affiliated entities and any other entities, as scheduled under this Ordinance;
- (xx) "transfer of technology" means dissemination and transfer of all forms of commercially usable knowledge such as transfer of know-how skills, technical expertise, designs, processes and procedures, which enable the acquirer of such technology to perform activities using the transferred technology independently; and
- (i) "War Munition" includes lethal military payloads, used by any surface, sub-surface or aerial platform including but not limited to ship or surface crafts, submarine, aircrafts, air or space munition, specifically

designed, developed, manufactured, produced, modified, assembled, rebuild, procured and acquired or intended for use of the Armed Forces that includes but not limited to ammunition, cannon, bullets, shells, cartridges, bombs, rockets, missiles, grenades, mines, torpedoes, fuses, propellants, explosives, pyrotechnics, flares, smoke, illumination, guidance kits or systems, warheads and Explosive Ordinance Disposal (EOD) or such other categories.

CHAPTER II

ESTABLISHMENT AND FUNCTIONS OF THE AUTHORITY

3. Establishment of the Authority. — (1) There shall stand established an Authority, to be known as the Defense Industrial Production and Regulatory Authority of Pakistan to supervise, oversee and regulate the Defence Industrial Sector of Pakistan under this Ordinance.

(2) The Authority shall be a body corporate having perpetual succession and a common seal, with power to purchase, procure, sell, exchange, hold, acquire, and dispose of property and assets, both movable and immovable, as well as interests therein, and may, by its name, sue or be sued and shall also be empowered to undertake any act or do anything which a body corporate may lawfully do.

(3) The Authority shall have its own organization and structure, approved by the Federal Government on the recommendation of the Executive Board, in the manner as may be prescribed by Rules.

(4) The Authority may establish its head office at Rawalpindi or any other place as determined by the Chairman of the Executive Board. The regional or such other offices within or outside Pakistan shall be established with the approval of the Executive Board.

(5) Ministry of Defence shall be the line ministry of the Authority and restructured or reconstituted Defence Production Division shall act as an interface of the Authority, in the manner as may be prescribed by Rules.

(6) The existing Ministry of Defence Production, its personnel, assets, properties, budget, budgetary allocations, funds and accounts or any such future allocations or grants including powers and functions shall stand merged or awarded to the Authority or Defence Division, in the manner as may be prescribed by Rules.

(7) All subsidiaries including DPEs, EDs, departments, entities and offices shall work under the Authority as per specified mandate and functions under this Ordinance:

Provided that the subsidiaries are responsible, through their own statutes or laws, so far as they are not inconsistent with the provisions of this Ordinance, to the Authority for implementation of Authority's directions and efficient execution of subsidiaries' functions including administrative, operational, financial and services matters, in the manner as may be prescribed by rules.

4. Constitution of the Authority.— (1) The Authority shall comprise a Chairman and the following members, namely:-

- | | | |
|--|---|-----------|
| (a) Member Policy and Transformation | - | Secretary |
| (b) Member Production | | |
| (c) Member Procurement | | |
| (d) Member Research and Development | | |
| (e) Member Defence Export Promotion Organization | | |
| (f) Member Finance, Ministry of Finance | | |
| (g) Member Ministry of Industries and Production | | |
| (h) Member - Private Defence Industrial Sector | | |
| (i) All Chief Executive Officers of Defence Production Establishments | | |
| (j) Director General Strategic Transformation Cell | | |
| (k) Additional Secretary - Defence Production and Acquisition, Ministry of Defence | | |
| (l) Member - Academia | - | Co-opted |
| (m) Member - Science and Technology | - | Co-opted |
| (n) Member - Industries | - | Co-opted |
| (o) Any other Member nominated by the Chairman | | |

(2) The Chairman may, from time to time, co-opt such other members as deemed appropriate for carrying out functions envisioned under this Ordinance.

5. Appointment of Chairman and acting Chairman of the Authority. — (1) The Prime Minister shall, on recommendation of the Executive Board, appoint a Chairman of the Authority, who may be a serving or retired officer of the Armed Forces, not below the rank of a Lieutenant-General or equivalent, with such experience and qualifications and on such terms and conditions as may be prescribed by Rules;

(2) The Chairman shall not be more than sixty-two years of age on the date of

first appointment under this Ordinance.

(3) The Chairman shall, subject to this Ordinance, hold office for a term of three years, which may be extendable for another two years, subject to recommendation and annual review by the Executive Board.

(4) In the absence of the Chairman, the Executive Board may appoint an Acting Chairman from the existing members of the Authority to exercise the powers and discharge the functions and duties of the Chairman under this Ordinance.

(5) The Chairman shall draw such pay, allowances and other remunerations including requisite perks, privileges and other financial benefits as decided by the DPAC through Executive Board.

6. Appointment of members of the Authority. — (1) The Executive Board shall appoint or designate, as the case may be, the members of the Authority, on such terms and conditions, as may be prescribed by regulations.

(2) A member, unless disqualified under this Ordinance from holding office, may be re-appointed, by the Executive Board, for another similar term, in the manner as may be prescribed by regulations.

(3) The Chairman, or in his absence the Acting Chairman or in his absence a member nominated by Chairman, may call and preside a meeting of the Authority at such times and at such places as may be specified by him.

(4) The Chairman (or his nominee or the Acting Chairperson, as the case may be) and two thirds of the members present in person or through video-conference or tele-conference, shall constitute the quorum for a meeting of the Authority. Subject to quorum, the decisions of the Authority shall be taken by majority of the members present and voting. In the event of a tie, the Chairman, or the member presiding the meeting, shall have a casting vote.

(5) The Chairman may invite any person other than a member to attend a meeting of the Authority for the purposes of advising or assisting the Authority on any agenda item taken up for consideration at such meeting:

Provided that any such person shall have no right to vote in the proceedings of the Authority.

(6) No act or proceeding of the Authority shall be invalid or void merely by reason of any vacancy in or defect in the constitution of the Authority.

7. Removal of a Chairman, acting Chairman or member.— (1) The Executive Board may recommend the removal of the Chairman or remove a member during the term of office, if such member is:-

- (a) found guilty of misconduct or gross professional negligence, or convicted by court of competent jurisdiction for an offence involving moral turpitude;
- (b) absent from three consecutive meetings of the Authority without leave of absence, in the manner as may be prescribed;
- (c) has any conflict of interest;
- (d) found suffering from any physical or mental incapacity or illness; or
- (e) incapable of performing its duties in the opinion of the Executive Board.

(2) The Chairman shall only be removed by the Prime Minister on the recommendation of Executive Board.

(3) The Chairman or member shall not be removed or recommended to be removed, as the case may be, unless a show cause notice has been served and an opportunity of hearing has been provided by the Executive Board.

8. Functions and powers of the Chairman.— (1) The Chairman shall be the Chief Executive Officer of the Authority and shall be responsible for the management, administration and carrying out day-to-day operations of the Authority and shall also exercise all powers and perform all functions including powers and functions of the Authority or as may be assigned to him by the Executive Board, from time to time.

(2) The Chairman shall be empowered for hiring the services of consultants, and subject matter experts for the effective functioning of the Authority.

9. Appointments of employees of the Authority. — (1) The Authority may, in such manner and on such terms and conditions as may be prescribed by regulations, create, sanction and abolish posts, and appoint, remove, dismiss, suspend and regulate the working of the officers, employees, consultants and advisers of the Authority as may be necessary for the purposes of this Ordinance.

(2) The Authority may, from time to time, request the Executive Board to arrange for the secondment or deputation of employees of the Federal or Provincial Governments to the Authority for the purposes of this Ordinance and the Government may depute, or arrange deputation of, such employees, subject to applicable laws.

10. Powers and functions of the Authority.— (1) Subject to the provisions of this Ordinance and the directions of Executive Board, the Authority may exercise all such powers and take all such measures as may be necessary for effective and efficient supervision, oversight, management and regulation of the entire Defence Industrial

Sector, its subsidiaries including DPEs and EDs, as well as for carrying out the provisions of this Ordinance.

(2) Without prejudice to generality of the provisions of sub-section (1), Authority shall, inter alia:-

- (i) advise DPAC, through the Executive Board, on policy matters relating to the Defence Industrial Sector;
- (ii) formulate and review National Defence Production Policy for approval of Government through Executive Board;
- (iii) implement policies related to Defence Industrial Sector in line with National Security Policy as specified by Executive Board;
- (iv) undertake strategic planning, coordination and oversight for development and execution of Defence Industrial Sector Initiatives, subject to approval of DPAC through the Executive Board;
- (v) propose amendments, alteration or repeal of the statutes of the subsidiaries;
- (vi) supervise, oversee and regulate Defence Industrial Sector including subsidiaries and entities and ensure compliance with policies, standards, licenses, directions and regulatory frameworks issued under this Ordinance;
- (vii) act as a regulator for private sector related to Defence Industrial Sector and support private sector where deemed necessary and as prescribed;
- (viii) regulate procurements of plants, machinery and specific raw materials only for defence procurement of EDs and DPEs, from domestic and international markets;
- (ix) establish new entities for Defence Industrial Sector as deemed appropriate;
- (x) declare the private industries necessary for the purpose of defence and for the prosecution of war, after the approval of Federal Government through Executive Board;
- (xi) shall be the lead Authority to declare a product, solution or system as dual use and regulate the production, assembly, overhaul, and procurement of such products, solutions and systems after the approval of Executive Board;
- (xii) promote, encourage, approve, regulate and facilitate indigenization

- including local production, manufacturing and development of defence products and security equipments through Public Private Partnership, encouraging Joint Ventures, transfer of technology, offsets and transfer of knowledge or any such arrangements;
- (xiii) establish, supervise, oversee and regulate Defence Research and Development institutions and promote Research and Development related to Defence Industrial Sector;
 - (xiv) act as a sole Authority for issuance of NOC to Armed Forces, Law Enforcement Agencies, Civil Armed Forces and private security companies for procurement, import, export of arms and Munitions;
 - (xv) grant, suspend, revoke, cancel licenses, permits and NOC (whether provisional or permanent) and impose prescribed fines by Rules, for the individuals and other entities in the public and private sector, undertaking activities related to Defence Industrial Sector including the Armed Forces, law enforcement agencies and Civil Armed Forces;
 - (xvi) promote and oversee national defence products activities including related trade and commerce matters;
 - (xvii) ensure protection of classified information and facilities of Defence Industrial Sector;
 - (xviii) establish and enforce military grade quality standards, conduct inspection, testing, and certification mechanism of defence products and ensure compliance with international benchmarks;
 - (xix) align Defence Industrial Sector with the international standards and monitor compliance with import or export control regimes, international obligations, treaties, conventions and agreements;
 - (xx) maintain strategic oversight of Human Resource Policy of the Authority and subsidiaries for human resource development and management;
 - (xxi) seek, allocate, appropriate, re-appropriate and recommend defence production budget of the Authority and subsidiaries, for approval of Executive Board;
 - (xxii) allocate, raise, generate, oversee, supervise and regulate funds of the Authority and subsidiaries including but not limited to business development plans, on the direction or approval of Executive Board

- or as prescribed by regulations;
- (xxiii) establish, restructure, reform, dissolution, privatization and merger of any new or existing subsidiaries including, DPEs, EDs amongst themselves and with private sector and undertake new projects, as may be prescribed after approval of Executive Board;
 - (xxiv) promote ease of doing business, incentivize and encourage investment in the Defence Industrial Sector;
 - (xxv) task the declared critical defence Industry for the purpose of this Ordinance;
 - (xxvi) act as the principal owner of all products of Defence Industrial Sector and its subsidiaries and its related accrual Intellectual Property Rights alongwith its exclusivity rights;
 - (xxvii) enter into contract, or Memorandum of Understanding (MoUs) and encourage Joint Ventures or Public Private Partnerships by DPEs, EDs and subsidiaries, with any domestic or international entity, directly or through subsidiaries, for the purpose of this Ordinance, subject to approval of Executive Board;
 - (xxviii) resolve jurisdictional Issue and act as Inter provincial and departmental coordination body for matters related to Defense Industrial Sector, on behalf of DPAC;
 - (xxix) represent Internationally as national body for Defense Industrial Sector on behalf of DPAC, negotiations of agreements or Memorandum of Understanding (MOUs) for foreign assistance or collaboration and loans for purchase of military stores and technical know-how or transfer of technology, after the approval of Executive Board;
 - (xxx) establish an effective liaison and collaborate with universities, research centers and private firms at domestic and international levels for the purpose of Defence Industrial Sector;
 - (xxxi) prescribe the manner for procurement and production from local industry dealing with equipment related to defence, security and Law Enforcement Agencies after the approval of Executive Board;
 - (xxxii) acquire, divest, develop or utilize assets and property, or interests therein, by acquisition, purchase, rent, lease, or any other mode, for use or utilization by the Authority;

- (xxxiii) establish liaison with Service Headquarters for identification and evaluation of new projects, review Arms Export Policy and other related aspects of Defence Industrial Sector, as may be prescribed by Rules;
- (xxxiv) exercise implementation of existing laws relating to Arms Control, in coordination with Ministry of Interior and prescribe procedures to facilitate sales and imports of arms and ammunition for purposes including but not limited to sports, hunting, security and self defence;
- (xxxv) lay down policies, standard operating procedures and instructions related to issuance of NOC and End User Certificates (EUCs);
- (xxxvi) maintain national record and track data regarding import, export and production of munitions and war munitions, as prescribed;
- (xxxvii) declare the Defence Production Establishments as Strategic Defence Production Establishments due to their operations related to tri services;
- (xxxviii) implement decisions taken by DPAC and ensure execution of Defence Production Policy;
- (xxxix) reorganize and integrate current Defence Industrial Sector in line with defence industry needs;
- (xi) incentivize new Joint Ventures or Public Private Partnership on condition of openness when necessary;
- (xli) establish uniform regulatory framework, enabling Defence Production Establishments to fulfill domestic requirements and exports;
- (xlii) coordinate exports of defence industrial products and offset trade issues;
- (xlili) establish strong liaison with Ministry of Defence for acquisition and development of critical defence system or military hardware;
- (xliv) execute effective coordination between government, academia and defence industry to accrue benefits of triple helix model;
- (xlv) undertake all such acts, deeds and things that may be necessary or expedient for the purpose of proper preparation, planning, development, execution, implementation, management and maintenance of new projects; and

- (xlv) undertake any other function ancillary thereto or connected therewith for sustainable development and efficient functioning of Defence Industrial Sector.

11. Delegation of functions.— (1) The Chairman may, through a written order, delegate any powers, functions or duties of the Chairman to Acting Chairman or any other member of the Authority, as it considers appropriate for implementation of the provisions of the Ordinance, subject to such conditions and restrictions as may be specified in the order.

(2) The Chairman may at his discretion, through a written order, revoke and rescind such delegation, as may be prescribed.

12. Conflict of interest.— (1) The Chairman or a member of the Authority, shall not, directly or indirectly, receive any remuneration for his position as the member except the reasonable expenses incurred by the member in the performance of duties under this Ordinance and such fee for attending the meetings as may be prescribed by regulations.

(2) The pecuniary interests of the immediate family members or close personal or business associates of a member, the Chairman, or an employee of the Authority shall also be considered to be the pecuniary interest of such member or employee or Chairman.

(3) A member, including the Chairman, or an employee of the Authority shall be in conflict of interest if such member or employee:—

- (i) is an employee, advisor or a consultant of a business entity that has, or of a trade association of business entities that have, a substantial pecuniary interest in any matter connected with the exercise of powers and discharge of functions by the Authority;
- (ii) directly or indirectly holds, owns or controls more than ten percent equity or management stakes in a business entity that has a substantial pecuniary interest in any matter connected with the exercise of powers and discharge of functions by the Authority; or
- (iii) directly or indirectly benefits financially or otherwise, from any other organization, except his parent government department or institution, for being the member, including the Chairman, or employee of the Authority.

(4) The disclosure of conflict of interests and the decision of the Chairman thereon, as the case may be, shall be specifically recorded in writing and form part of the records of the Authority.

(5) A member or an employee of the Authority shall disclose a potential, real or

perceived conflict of interest as soon as he becomes aware of the potential conflict to the Chairman:

Provided that disclosure by the Chairman in this regard shall be made before the Executive Board.

(6) A member shall not take part in the proceedings of the Authority, in which any question of conflict of interest of that member or the Chairman, as the case may be, is on the agenda.

13. Committees and sub-committees.— (1) The Chairman may constitute such committees or sub-committees as may be considered necessary for carrying out the purposes of this Ordinance and committees or sub-committees shall exercise such powers and perform such functions as may be assigned to them by the Chairman.

(2) A committee or sub-committee may comprise members of the Authority, employees of the Authority, representatives of DPEs, EDs, or related organizations, and may, on the recommendation or approval of the Chairman, co-opt or invite any other person, including experts or private sector representatives, to assist in its proceedings:

Provided such co-opted or additional members may be paid such allowances, remuneration or honoraria as may be determined by the Authority.

(3) The committees or sub-committees shall submit their reports and recommendations to the Chairman.

CHAPTER III

PATRONAGE AND POLICY OVERSIGHT

14. Establishment of Defence Production and Acquisition Council.— (1) There shall be a council to be known as Defence Production and Acquisition Council, headed by the Prime Minister of Islamic Republic of Pakistan.

(2) The DPAC shall be responsible for policy oversight and patronage of the affairs of the Authority and may, from time to time, issue policy guidelines to the Executive Board and Authority.

(3) The composition of the DPAC, shall be:-

- | | | |
|-----|--|-----------------|
| (a) | Prime Minister | - Chairman |
| (b) | Chief of Army Staff and Chief of Defence Forces
<i>Member</i> | - |
| (c) | Chief of Naval Staff | - <i>Member</i> |
| (d) | Chief of Air Staff
<i>Member</i> | - |
| (e) | Minister for Finance | - <i>Member</i> |

- | | | |
|-----|---|------------------|
| (f) | Minister for Defence | - Member |
| (g) | Chairman Defence Industrial Production and Regulatory Authority | - Member |
| (h) | Director General DPA Directorate or STC | - Member |
| (i) | Director General Budget Headquarters of the Defence Forces | - Member |
| (j) | Director General Policy and Transformation | - Member |
| (k) | Minister for Foreign Affairs | -Co-opted Member |
| (l) | Minister for Interior | -Co-opted Member |
| (m) | Minister for Science and Technology | -Co-opted Member |
| (n) | Minister for Industries and Production | -Co-opted Member |
| (o) | Minister for Commerce | -Co-opted Member |
| (p) | Chairman Federal Board of Revenue | -Co-opted Member |
| (q) | Governor State Bank of Pakistan | -Co-opted Member |
| (r) | Secretary Defence | - Secretary |
| (s) | Upto five Co-opted members | |

(4) Without prejudice to the generality of sub-section (2), the powers of DPAC shall include:-

- (a) provide overall leadership, policy direction and strategic guidance for the Defence Industrial Sector and determine national vision, priorities and strategic direction to the Executive Board and Authority;
- (b) recommend National Defence Production Policy to Federal Government and ensure alignment of defence acquisition and defence production with National Security objectives, geopolitical considerations, emerging threats and national defence industrial capability and potential;
- (c) provide policy directions and ensure synergy and coordination at Federal and Provincial level for Defence Industrial Sector;
- (d) set direction for self-reliance in Defence Industrial sector;

- (e) approve measures for promoting innovation, capacity enhancement and technological advancement in Defence Industrial Sector;
- (f) approve critical industries and incentives for Defence Industrial Sector for sustained and accelerated growth;
- (g) accord policy approval to leverage international strategic relations for Joint Ventures;
- (h) approve suitable mergers, requisite closures and co-production possibilities within government entities;
- (i) facilitate and arrange for provision of fund and grants beyond annual defence budget, for the purpose of Defence Industrial Sector as prescribed; and
- (j) consider any matter placed before it by the Executive Board through its Secretariat.

15. Establishment of Executive Board.- (1) There shall stand established an Executive Board under this Ordinance, headed by Chief of Army Staff and Chief of Defence Forces, for the purpose of supervision, control and monitoring of the functions of the Authority and Defence Industrial Sector, and implement the policy direction and strategic guidelines of the DPAC.

(2) The composition of the Executive Board shall be as follows:-

- (a) Chief of Army Staff and Chief of Defence Forces -
Chairman
- (b) Chief of Integrated Defence Staff or Chief of General Staff - Vice
Chairman
- (c) Deputy Chief of Air Staff (Operations) - Member
- (d) Deputy Chief of Naval Staff (Operations) - Member
- (e) Secretary Defence - Member
- (f) Director General Strategic Plans Division - Member
- (g) Chairman Defence Industrial Production and Regulatory Authority -
Member
- (h) Secretary Finance - Member
- (i) Secretary Ministry of Foreign Affairs - Co-
opted Member
- (j) Secretary Science and Technology - Co-opted
Member
- (k) Secretary Industries and Production - Co-
opted Member

- (l) Secretary Commerce - Co-opted Member
- (m) Secretary Ministry of Interior - Co-opted Member
- (n) Chief Executive Officers of all Defence Production Establishments - Member
- (o) Director General Operations and Plans Headquarters of the Defence Forces - Member
- (p) Director General Budget Headquarters of the Defence Forces - Member
- (q) Director General Policy and Transformation (DIPRA) - Member
- (r) Upto five representative from Government, Academia and Industry - Co-opted Members
- (s) Director General DPA Directorate or STC - Secretary

(3) The Co-opted members of the Executive Board shall be invited to attend meetings as and when required by the Chairman of the Executive Board, and the Chairman may also co-opt and invite any other person, being an expert in a relevant domain, to attend and assist the Executive Board in its deliberations.

(4) The Executive Board shall meet at such time and place as may be determined by its Chairman, and shall convene as and when called by its Secretary on instructions of its Chairman.

(5) The meetings of the Executive Board shall be held and conducted in such manner as may be determined by its Chairman, including provisions relating to the quorum, agenda, procedure for conduct of business and manner of decision-making.

(6) Without prejudice to the generality of the sub-section (1), the powers and mandate of the Executive Board shall include, inter alia:-

- (a) advice, assist and facilitate DPAC and Federal Government on matters relating to Defence Industrial Sector;
- (b) supervise, oversee, arrange for allocation and utilization of development and acquisition fund to services by compiling and analyzing requests from Services Headquarters;
- (c) prepare draft Defence Production and Acquisition policy for approval by DPAC, and oversee policy implementation, budget allocation and follow up decisions of DPAC;
- (d) arrange for, supervise and oversee the provision and utilization of funds for the Defence Industrial Sector including but not limited to approval of financial support to Authority, Subsidiaries, Entities, projects and DPA

Directorate or STC;

- (e) prepare policies in respect of the Defence Industrial Sector for approval of Government on the recommendation of the Authority and oversee implementation of approved policies, strategic objectives and follow-up decisions;
- (f) on recommendation of the Authority, declare any industry from the Defence Industrial Sector as a critical defence industry and issue necessary directions in that regard, subject to approval of the Government;
- (g) seek exemptions, concession or waivers on behalf of the Authority after the approval of DPAC;
- (h) evaluate and recommend Industrial Incentives, offsets, Joint Ventures and policy interventions aimed at promoting indigenization, improving the business environment (Ease of Doing Business) and removing procedural or systemic hurdles in both Public and Private sector to DPAC;
- (i) approve feasibility studies and proposals for development of scheme or new projects or industries in specified areas;
- (j) approve selected Joint Ventures and policy interventions brought forward by the Authority as prescribed by Rules;
- (k) approve procurement of defence products, defence equipment, defence solutions, defence manufacturing, defence development or any such procurement related to defence industrial sector, worth more than twenty-five million US dollars;
- (l) recommend reforms and policy measures for development, growth, export promotion and reduction of defence and security related imports;
- (m) formulate and oversee human resource development and capacity-building policies for the Authority, its subsidiaries and affiliated entities, institutions, including development of accredited skill sets in critical technologies, as prescribed;
- (n) approve rules of business of the Authority, operational directions and institutional measures necessary for efficient functioning of entities operating in the Defence Industrial Sector, including DPA Directorate or STC, and related organizations, as prescribed;
- (o) legal and legislative oversight and propose, including but not limited to, amendments, alteration or repeal subsidiaries or entities statutes, rules,

regulations;

- (p) undertake measures necessary for strengthening institutional capacity and operational effectiveness of the Authority;
- (q) implement strategic initiatives and monitor, supervise and overwatch performance and functions of the Authority and subsidiaries, entities already established or to be established under this Ordinance;
- (r) consider and decide any other matter relating to reform, development and efficient functioning of the Defence Industrial Sector or the Authority, as deemed appropriate;
- (s) approve, organize Human Resource of Authority, Subsidiaries, DPA Directorate or STC, DPE or any other organization established or to be established under this Ordinance; and
- (t) any other matter as deemed appropriate related to Defence Industrial Sector.

(7) Notwithstanding the above, the Chairman of the Executive Board may, where necessary, exercise such powers of the Executive Board as are required for effective oversight of the Authority and the Defence Industrial Sector.

16. Establishment of Research and Development Committee.— (1) There shall stand established a committee to be known as the Research and Development Committee (R&DC) for the purpose of promoting, coordinating and overseeing research, innovation, indigenization and development activities relating to the Defence Industrial Sector, and for such functions connected therewith as may be prescribed by Rules.

(2) The Composition of the Research and Development Committee, shall be:-

- (a) Chief of Army Staff and Chief of Defence Forces -
Chairman
- (b) Chief of Integrated Defence Staff/ Chief of General Staff - Vice
Chairman
- (c) Chairman Defence Industrial Production and Regulatory Authority -
Additional Vice Chairman
- (d) Deputy Chief of Air Staff (Engineering) - Member
- (e) Deputy Chief of Naval Staff (Materials) - Member
- (f) Secretary Defence - Member
- (g) Director General Strategic Plans Division - Member

- (h) Chief Executive Officers of Defence Production Establishments- Member
- (i) Director General DPA Directorate or STC - Member
- (j) Director General Budget Headquarters of the Defence Forces - Member
- (k) Director General Policy and Transformation (DIPRA) - Member
- (l) Secretary Industries and Production - Co-opted Member
- (m) Secretary Science and Technology - Co-opted Member
- (n) Upto five representative Government, Academia and Industry - Co-opted Member
- (o) Upto five Subject Matter Experts - Co-opted Member
- (p) Member Research and Development Secretary -

(3) The Chairman of R&DC may invite and co-opt as many members who may be an expert in a particular domain and could contribute effectively.

(4) Existing office of Director General Research and Development Establishment shall act as the secretariat of Research and Development Committee.

(5) The mandate of the Research and Development Committee shall be, inter alia

- (i) formulate policy guidelines and accord approvals for Research and Development;
- (ii) formulate, harmonize and prioritize defence-related Research and Development and de-conflict tri services projects and requirements;
- (iii) act as sole forum to synergize and deconflict Research and Development projects of various stakeholders, including public, private sector and tri services;
- (iv) recommend measures to DPAC for optimizing the enabling environment including incentives for defence Research and Development sector;
- (v) foster collaboration and interface between government entities, industry and academia;
- (vi) prioritize and approve the adoption of critical and emerging technology;
- (vii) manage Research and Development Funds;

- (viii) register all defence related Research and Development establishments;
- (ix) approve and sponsor feasibility studies to establish defence Research and Development center;
- (x) consider and approve remedial measures to address the gaps including vocational training specific to Human Resource Regime for Research and Development projects specific to national tri-services Defence Industrial Sector;
- (xi) develop and evolve Centre for Research and Indigenous Development through investment in Human Resource, close collaboration with laboratories or facilities in public or private sector, academic institutions and inland or international Defence Production Establishments;
- (xii) maintain constant liaison with three services to keep abreast with present and future requirements or developments;
- (xiii) assist Defence Production Establishments in development of components, spare parts or sub-assemblies and identification of local sources of raw material and their subsequent qualification;
- (xiv) advise Executive Board of DPAC on projects to ensure synergy between public sector organizations for avoiding duplication;
- (xv) carry out design validity, project and quality management, inspections and trials for assigned projects and act as Authority Holding Sealed Particulars (AHSP);
- (xvi) evaluate, prioritize and approve short, medium and long-term goals for Research and Development projects specific to national tri-services Defence Industrial Sector;
- (xvii) oversee execution and accord approval of mid-course corrections with respect to development parameters and scope of all approved Research and Development Projects;
- (xviii) evaluate and approve national accreditation and certification regime pertinent to all Defence Industrial Sector Research and Development projects and ventures;
- (xix) authorize and approve projects-based hiring of consultants, Subject Matter Experts and other essential Human Resource as deemed appropriate for various Research and Development projects;
- (xx) approve the terms and condition to arrange and obtain patents, permissions and licenses of all Research and Development relating to

Defence Industrial Sector;

- (xxi) carryout periodic review and approve changes in human resource and organized authorization of Research and Development;
- (xxii) approve rules of business for functioning of Research and Development Committee;
- (xxiii) ensure a collaborative mechanism for protection of Intellectual Property rights;
- (xxiv) develop mechanism to facilitate private sector industries for validation of their indigenously developed products;
- (xxv) coordinate and facilitate testing and trials of public and private sector development projects from all public sector testing facilities;
- (xxvi) evaluate and identify challenges in defence Research and Development, so as to recommend mitigation to DPAC; and
- (xxvii) any other task as assigned by the Executive Board of DPAC.

(6) The Chairman of R&DC may establish dedicated sub-committee for identification, research, evaluation and development of niche technologies encompassing (but not limited to) subjects related to Artificial Intelligence, Quantum Computing and Semi-Conductors.

17. Research and Development Fund.- A dedicated non lapsable fund is hereby established to be known as Research and Development Fund, to be administered and controlled by the Authority. This Fund shall consist of: -

- (a) annual allocation of 0.25% of annual defence budget, subject to annual review by DPAC;
- (b) five percent of annual profit after tax by Defence Production Establishments;
- (c) initial seed funding (non-lapsable) through a one-time special Federal Government grant of five Billion rupees;
- (d) all interest accrued on the non-lapsable national defence production sector Research and Development Fund; and
- (e) any grants, gifts, donations from various national and international associations and agencies.

18. Establishment of DPA Directorate or Strategic Transformation Cell.—

(1) The Executive Board may, for the purposes of transformation and coordination of the Defence Industrial Sector, establish a Directorate or cell to be known as DPA Directorate or STC, in such manner as may be prescribed by Rules.

(2) The DPA Directorate or STC shall function as the Secretariat of the Executive

Board and shall consist of such members, officers and staff, and shall exercise such powers and perform such functions, as may be prescribed by Rules.

(3) Tasks of DPA Directorate or STC shall be as under, namely:-

- (a) act as Secretariat of the Executive Board;
- (b) focal office to steer Defence Industrial Sector transformation and reforms;
- (c) prepare draft instructions and policy framework for approval of the Executive Board;
- (d) monitor progress as per timelines; evaluate proposals for the Executive Board; and
- (e) analyze quarterly performance reports of DPEs (received from Authority).

19. Subsidiaries.— (1) The subsidiaries already established or to be established under this Ordinance, shall be such as given in the Schedule.

(2) Notwithstanding anything contained in any other law for the time being in force the Executive Board shall appoint Chief Executive Officers, and any other key members as prescribed, of its subsidiaries on the recommendation of governing board of DPE duly approved by Government in a manner and terms and conditions, as may be prescribed by Rules.

(3) Subsidiaries shall act and perform such functions under the supervision, direction and regulation of the Authority under this Ordinance.

(4) Authority shall maintain strategic oversight of Human Resource Policy of subsidiaries for human resource development and management, as prescribed by regulations:

Provided that the appointment and management of the employees of subsidiaries shall rest with the subsidiaries.

(5) The Authority may propose amendments, alteration or repeal the statutes of the subsidiaries or any other entity established under the Ordinance, for approval of the Parliament or the Government as the case may be through Executive Board of DPAC.

(6) Notwithstanding anything contained in any other law for the time being in force, subsidiaries including DPEs, EDs shall make their respective rules and regulations subject to approval of Executive Board, under this Ordinance.

20. Governing Boards of Defence Production Establishments.— (1) Subject to the provisions of this Ordinance and the directions of Executive Board, there shall stand established Governing Boards of all DPEs, having the following composition, namely:-

- (a) Respective Services Chief - President

- (b) Chief of General Staff or Chief of Integrated Defence Staff or Deputy Chief of Air Staff or Deputy Chief of Naval Staff Vice President -
- (c) Chairman Defence Industrial Production and Regulatory Authority. Member -
- (d) Director General DPA Directorate or STC. Member -
- (e) Representative of respective Services Headquarters. Member -
- (f) Chief Executive Officer of respective DPE Member -
- (g) Member Operations or Chief Operating Officer of respective Defence Production Establishment. Member -
- (h) Member Finance or Chief Financial Officer of respective DPE. Member -
- (i) Member Technical or Chief Technical Officer of respective DPE. Member -
- (j) Member Finance, Ministry of Finance. Member -

(k) Co-opted member as deemed appropriate by the President of the Board.

(2) Notwithstanding anything contained in any other law for the time being in force, the existing Boards of respective DPEs shall stand amended, in line with this Ordinance, as may be prescribed by Rules.

(3) DPEs shall make their own rules in line with this Ordinance and under existing rules and regulations, subject to the approval of Executive Board.

(4) The President of the Board may also appoint additional members as deemed necessary to fulfill the requirements in accordance with their respective statutes or Companies Act, 2017 or the requirements of the Securities and Exchange Commission of Pakistan, or any other law for the time being enforced, as may be applicable.

CHAPTER IV OFFENCES AND PENALTIES

21. Offences.— Any person, entity or organization, who:-

- (a) undertakes, carries out or engages in the development,

- production, manufacturing, assembling, rebuilding, repairing, copying, alteration or dealing in any Defence Equipment, Defence Product, Security Equipment, Defence Industrial and Technical System, Defence Solutions or any activity or service relating to the Defence Industrial Sector without a valid licence issued by the Authority or in contravention of this Ordinance or the rules or regulations made thereunder;
- (b) procures, sells, supplies, distributes, transfers, imports, exports or otherwise deals in any Defence Equipment, Defence Product, Security Equipment, Defence Industrial and Technical System, Defence Solutions or any activity or service relating to the Defence Industrial Sector without a valid licence issued by the Authority or in violation of this Ordinance or the rules or regulations made thereunder;
- (c) acquires, uses, discloses or disseminates any information relating to defence development activities or activities carried out under this Ordinance or rules or regulations made thereunder, without authorization;
- (d) attempts, abets, aids, facilitates, conspires or otherwise assists in the commission of any act prohibited under this Ordinance; or
- (e) contravenes any other provision of this Ordinance or the rules or regulations made thereunder,
- shall be guilty of an offence under this Ordinance.

22. Penalties. — (1) Any person, entity or organization found guilty of an offence under section 21 of this Ordinance shall be punishable with imprisonment for a term which may extend to seven years, or with fine which may extend to Rupees ten million, or with both.

(2) The Court may, in addition to the punishment provided under sub-section (1), order confiscation, forfeiture or seizure of the products, equipment, materials, property, proceeds or other benefits derived from commission of such offence, and may also order suspension or cancellation of any licence issued under this Ordinance and may disqualify the offender from obtaining any licence for such period as it may deem appropriate.

(3) Where an offence under this Ordinance is committed by a company, body corporate, organization, firm, undertaking, or association of person, incorporated or

unincorporated, every proprietor, shareholder, director, partner, chief executive, manager or officer responsible for the conduct of its business at the time of commission of the offence shall be deemed to be guilty, unless it is proved that the offence was committed without his knowledge or that he exercised due diligence to prevent its commission.

23. Cognizance of offences.— (1) No court shall take cognizance of an offence punishable under this Ordinance except on a complaint in writing made by the Authority or a person authorized by it in this behalf.

(2) The offences under this Ordinance shall be cognizable, non-bailable and non-compoundable.

24. Offences related to employees of the Authority.— Any person who is an employee of Authority, if commits an offence under this Ordinance or involved in activities prejudicial to this Ordinance or rules and regulations made thereunder, shall, in addition to punishment of the offence committed, be liable to disciplinary action under prescribed rules and regulations.

25. Inquiry.—(1) The Authority may, for the purposes of ensuring compliance with this Ordinance and the rules or regulations made thereunder, conduct or cause to be conducted such inquiries into any matter, activity or contravention falling within its jurisdiction, in such manner as may be prescribed by regulations.

(2) For the purposes of sub-section (1), the Authority may designate an authorized officer or constitute such committee or sub-committee as may be prescribed to undertake inquiry under this Ordinance.

(3) An officer so authorized, or a committee constituted under this section, may:-

- (a) require any person to furnish information, documents or records relevant to the inquiry;
- (b) inspect, examine and take copies of records, registers or materials;
- (c) summon and examine any person acquainted with the facts of the matter;
- (d) enter and search premises, and seize or take custody of defence products, security equipment or related material reasonably believed to be held in contravention of this Ordinance;
- (e) seek assistance from any Federal, Provincial or local authority, law enforcement agency or other competent body; and
- (f) take such ancillary measures as are necessary for completion of the inquiry.

(4) Upon conclusion of the inquiry, a report shall be submitted to the Authority for examination, and where the Authority is satisfied that a contravention has occurred, it may take appropriate action, including initiation of prosecution in accordance with section 22, or imposition of administrative or disciplinary measures including an administrative penalty upto ten million rupees, as may be prescribed.

26. Appeals. — (1) Any person or entity aggrieved by an order or decision passed pursuant to an inquiry conducted under section 25, other than an order relating to initiation of prosecution, may, where administrative or disciplinary action has been taken, including action under section 22, within thirty days of the communication of such order or decision, prefer a review before the Authority.

(2) Any person or entity aggrieved by an order or decision of the Authority imposing administrative penalty, fine or disciplinary measures under this Ordinance may, within thirty days of the communication thereof, submit a representation before the Secretary in-charge of the concerned ministry.

(3) Any order or decision relating to prosecution under this Ordinance shall be subject to challenge or appeal only in accordance with the applicable law governing such proceedings.

CHAPTER V FINANCIAL PROVISIONS

27. Fund. — (1) The Authority shall establish a non-lapsable fund to be known as Defence Industrial Production and Regulatory Authority of Pakistan Fund, to be administered and controlled by the Authority.

(2) The Fund shall consist of:-

- (a) funds, loans or grants provided by the Federal Government or a Provincial Government;
- (b) grants and loans negotiated and raised or otherwise obtained by the Authority;
- (c) fee, charges, fines and other money, received or collected by the Authority;
- (d) income from any utility and source, or donation;
- (e) funds from, bonds, sukuk and other forms of financial instrument's finances obtained on the basis of Participation Term Certificate, Musharika Certificates, Term Finance Certificates or any other financial or debt instruments or securities issued by the authority;

- (f) 2.5 percent of annual profit after tax by DPEs; and
- (g) any other income, revenue, proceeds or sum arising out of, or in relation to the functions of the Authority and subsidiaries, as prescribed by regulations.

(3) The amount generated from the activities under sub-section (2), and activities of the Authority and subsidiaries or related to defence and acquisition be credited to and shall form part of the Fund.

28. Annual budgetary grants. (1) The normal annual budget and grants from the Government for meeting annual budgetary needs of the Authority, including but not limited to DPEs, EDs and other departments shall be separately demanded by the Authority subject to approval of Defence Forces Headquarters and the allocation thereof shall be made to Authority, subject to approval of the Defence Forces Headquarters, in the manner prescribed by regulations.

(2) Chairman shall be the Principal Accounting Officer and Authority shall have the powers to appropriate, reappropriate the budgetary allocations and funds subject to approval of Executive Board.

29. Financial monitoring and controls.— (1) Executive Board shall exercise financial monitoring, oversight and control of the budget and Fund of the Authority and subsidiaries, as may be prescribed by regulations.

(2) Executive Board on the recommendation of the Authority, shall get relevant regulations approved from the Government, related to budgetary allocations and funds.

30. Authority to levy fee and charges.— The Authority shall fix fees or charges for rendering of any service in a project including registration fee, development or re-development charges and maintenance fee or any other fees, dues and charges as approved by the DPAC through Executive Board.

31. Budget and accounts.— (1) The Authority may open and maintain its bank accounts at such scheduled banks as may be prescribed by regulations and until so prescribed, as the Chairman may determine.

(2) The Chairman shall cause to be prepared the budget of the Authority for each financial year commencing on first day of July of a year and ending on thirtieth day of June of the succeeding year.

(3) The Chairman shall prepare and submit the budget estimates for approval by the Executive Board, as may be prescribed by regulations.

(4) The accounts of the Authority shall be maintained in such manner as may be prescribed by regulations, in consultation with the Auditor-General of Pakistan, in

accordance with clause (1) of Article 170 of the Constitution of the Islamic Republic of Pakistan.

32. Audit.-- (1) The Chairman subject to approval of Executive Board shall appoint a firm of chartered accountants, which is placed in category 'A' by State Bank of Pakistan, for the annual audit of all the commercial accounts of the Authority, and all industrial establishments and entities falling under its ambit.

(2) The auditors appointed under sub-section (1) shall submit the audit reports of the Authority and all industrial establishments and entities under its ambit to the Chairman and the Chairman shall cause the same to be placed before the Executive Board of DPAC for approval.

(3) The Auditor General of Pakistan shall, for the purpose of independent parliamentary oversight, conduct the Audit of the Public Fund of Authority in accordance with clause (2) of Article 170 of the Constitution of Islamic Republic of Pakistan.

CHAPTER VI INTELLECTUAL PROPERTY RIGHTS

33. Ownership of intellectual property (1) All Intellectual Property conceived, developed, created, acquired, or produced by the Authority or its subsidiaries, or by its employees, contractors, consultants, counterparties or licensees, if funded by the Authority, in the course of, or in relation to defence production or Defence Industrial Sector, shall exclusively vest in the Authority.

(2) The ownership of Intellectual Property conceived, developed, created, acquired, or produced, through Joint Ventures, Public Private Partnerships, technology transfer agreements or other contractual arrangements, shall be deemed 'work for hire', unless otherwise jointly agreed between both parties in writing.

(3) The Authority may, through license, authorize any domestic or foreign party, private or public sector entity, or research institution to use Intellectual Property vested in the Authority on such terms and conditions and, subject to such restrictions, as may be determined by the Authority, as may be prescribed by Rules.

(4) Without prejudice to the foregoing provisions, the Authority shall have exclusive right to use and control all symbols, designs, emblems, mottoes, logos, decorations, descriptive or designating marks, and titles presently used by the Authority, including the name "Defence Industrial Production and Regulatory Authority of Pakistan" or any grammatical variation thereof. The Authority shall also have

exclusive right to adopt and use any symbol, design, emblem, motto, logo, decorations, descriptive or designating marks, or titles hereafter adopted for carrying out its functions and objective.

34. Classification, protection and management.— (1) The Authority shall establish a framework for the identification, classification, protection, and management of Intellectual Property.

(2) Any information, material, designs, software, documentation, or technical data embodying or relating to Intellectual Property, where considered necessary in the interest of security, defence, strategic concerns, or operational sensitivity, may be classified by the Authority as Top Secret, Secret, Confidential, or Restricted, as may be prescribed

(3) The Authority shall devise and implement appropriate technical, physical, and contractual safeguards in respect of, inter alia, secure storage, controlled and restricted access and execution of non-disclosure agreements.

(4) The Authority shall establish and maintain an Intellectual Property management cell responsible for monitoring, auditing, enforcing and managing Intellectual Property rights vested in the Authority under this Ordinance or, as may be prescribed.

35. Registration of intellectual property.— The Authority may, domestically and internationally, register patents, designs, copyrights, and trademarks, property marks and other Intellectual Property in accordance with applicable law:

Provided that where any information, material, or technical data relating to Intellectual Property is classified in terms of sub-section (2) of section 33 and therefore cannot be disclosed owing to security, defence, strategic concerns, or operational sensitivity, the Authority shall maintain appropriate internal records and documentation for the purposes of identification, ownership verification, and protection of such Intellectual Property.

36. Unauthorized use of intellectual property.— Any person who, except under the terms of a license or any other authorization, agreement, or arrangement granted by the Authority, uses any Intellectual Property vested in the Authority, or uses any symbol, design, emblem, motto, logo, decoration, descriptive or designating mark, or any other title identical to, or resembling that of the Authority as to cause, or be likely to cause, deception or confusion as to the identity of the Authority, shall be proceeded against in accordance with the applicable intellectual property laws upon a complaint made by the Authority.

CHAPTER VII**JOINT VENTURES (JV) AND PUBLIC PRIVATE PARTNERSHIPS (PPP)****37. Establishment of Joint Ventures and Public Private Partnerships.— (1)**

The Authority shall accord approval, facilitate and incentivize Public and private Defence Sector Industries, DPEs and Entities to enter into any contract or establish or participate in Joint Ventures or Public Private Partnership arrangements, with any domestic or international entity, in relation to Defence Industrial Sector.

(2) Joint Venture and Public Private Partnership entities shall comply with this Ordinance, any rules or regulations made thereunder, and security protocols set by the Authority.

38. Powers and functions of the Authority regarding Joint Ventures and Public Private Partnerships.— (1) In exercise of its functions under this chapter, the Authority may:-

- (a) supervise and oversee decisions impacting national security;
- (b) approve technology transfer, licensing, or export; and
- (c) ensure compliance by Joint Venture and Public Private Partnership entities, of Intellectual Property, export control, and security measures.

(2) Joint Venture and Public Private Partnership entities shall provide regular reports, audited accounts, and security certifications to the Authority.

39. Exemptions.— (1) The Authority shall recommend to DPAC for exemption of Defense Industrial Sector from Public Procurement Regulatory Authority, on case to case basis. Notwithstanding anything contained in the Public Procurement Regulatory Authority Ordinance, 2002 (XXII of 2002) or the rules made thereunder, the provisions of the said Ordinance shall not apply to procurement and contractual arrangements of subsidiaries including DPEs under this Ordinance.

(2) Notwithstanding anything contained in the State-Owned Enterprises (Governance and Operations) Act, 2023 (VII of 2023) or the policy or rules made thereunder, the provisions of the said Act shall not apply to the Authority or its subsidiaries.

(3) Following exemptions granted to DPEs, and entities falling under the ambit of Defence Industrial Sector before the enforcement of this Ordinance, shall remain in effect for a period of ten years from the date of the commencement of this Ordinance, namely: -

- (a) exemption from applicability of State Owned Enterprises Act, 2023 (VII of 2023) as approved by the Federal Cabinet;
- (b) declaration of Special Technology Zones status to National Radio Telecommunication Corporation - Telephone Industries of Pakistan

complex; and

- (c) provisions from applicability of Pakistan Public Procurement and Regulatory Authority Act, 2002 (XXII of 2002) and Pakistan Public Procurement and Regulatory Authority Rules, 2004 wherein Chairman of the Authority shall remain authorized to grant such exemptions.

40. Dispute resolution and arbitration.— Unless otherwise agreed, any dispute between the Authority or its subsidiaries and any party arising out of the public private partnership agreement, joint venture agreement or any other contractual arrangement, shall be resolved through a tiered dispute resolution mechanism leading up to arbitration, as may be prescribed by regulations.

CHAPTER VIII

EXPORT CONTROL AND INFORMATION SECURITY

41. Export control. — (1) No Defence Product, Defence Equipment or security equipment shall be exported without prior authorization from the Authority and subject to approval of Executive Board.

(2) The Authority shall maintain an export control and licensing regime, end-user certification, and monitoring for re-transfer risks, as may be prescribed.

42. Security classification. — (1) The Authority shall classify defence information and facilities as classified, restricted, prohibited, confidential, or public, in the public and private sector, in the manner as may be prescribed.

(2) No person shall access, disclose, store, or remove classified information except as authorized by the Authority, as may be prescribed.

(3) All persons, entities and organizations, including subsidiaries of Authority, shall implement physical, cyber, and personnel security measures determined by the Authority, as may be prescribed.

CHAPTER IX

CRITICAL DEFENCE INDUSTRY

43. Declaration of critical Defence Industry Sector. — (1) The Government may, on the recommendations of the DPAC through Executive Board, by notification in the official Gazette, declare any industry from the Defence Industrial Sector as Critical Defence Industry, considering its significance, and importance to national security, defence preparedness, technological sovereignty, and national interest.

(2) Upon such declaration, all activities undertaken by such industry including but not limited to research, development, design, manufacture, production, assembly, overhaul, rebuilding, integration, procurement, supply, or provision of defence products, security equipment, and services or works related to Defence Industrial Sector, defence services and defence infrastructure, shall be deemed to form part of the Critical Defence Industry.

(3) Notwithstanding anything contained in any other law for the time being in force, the Critical Defence Industry shall be subject to special regulatory, security, licensing, oversight, and protection measures as may be prescribed.

(4) The government may, in the interest of national security or other reasons, accord priority status, special incentives, subsidies, exemptions, concessions, or protections to any undertaking or enterprise forming part of the Critical Defence Industry, subject to such terms, and conditions, and safeguards as may be determined by the Government or as may be prescribed by Rules.

(5) No person shall establish, acquire, own, transfer, assign, or otherwise exercise control, directly or indirectly, over any undertaking or enterprise forming part of the Critical Defence Industry except in accordance with this Ordinance and the rules, regulations, or directions made thereunder.

Explanation: "Control" includes ownership of shares or voting rights, management control, power to appoint directors or key management personnel, or any other arrangement conferring decisive influence over the affairs of an undertaking.

CHAPTER X MISCELLANEOUS

44. Duty to assist the Authority. — (1) The Authority may in the performance of its functions seek assistance of any body, department, office, authority or agency working under the Federal Government, a Provincial Government or a Local Government, subject to approval of Executive Board.

(2) Such body, department, office, authority or agency shall comply with the request of the Authority under sub-section (1) unless, for reasons to be recorded in writing and within thirty days of the direction, an officer not below the rank of head of the body, department, office, authority or agency requests the Authority to place the matter before the Executive Board whose decision thereon shall be final.

45. Authentication of Instruments of Authority. — All orders, decisions and other instruments of the Authority shall be authenticated by the signature of the

Chairman, or any other member or officer of the Authority authorized by the Chairman, in this regard.

46. Reports. — (1) The Authority shall, on a quarterly basis or as otherwise specified by the Executive Board, obtain a wholesome quarterly performance report from its subsidiaries, and together with its comments thereon, submit the same, along with the performance report of the Authority, to the Executive Board through its Secretariat;

(2) The reports under sub-section (1), by the subsidiaries as well as the Authority, shall consist of such information and material as may be determined by the Executive Board including but not limited to following:-

- (a) the statement of accounts;
- (b) a comprehensive statement of the work and activities of the Authority and its subsidiaries during the preceding quarter and their proposed projects;
- (c) complete Performance Review of subsidiaries including the efforts made to increase exports and revenue and Foreign Direct Investment;
- (d) effective arrangement to record and track data related to Defence Industrial Sector as prescribed;
- (e) audit reports of the Authority and its subsidiaries (annual); and
- (f) such other matters as directed by the Executive Board or as the Authority may consider appropriate.

Provided that annual report shall also be submitted to the DPAC through Executive Board as deemed appropriate, as may be prescribed:

Provided further that the reports shall be treated as confidential and shall not be disclosed to any other person or authority unless determined otherwise by the Executive Board.

47. Public servants. — (1) The Chairman, a member, and an employee, expert or consultant of the Authority shall when acting or purporting to act in pursuance of any of the provisions of this Ordinance, be deemed to be public servants within the meaning of section 21 of the Pakistan Penal Code, 1860 (Act XLV of 1860).

(2) Authority shall make regulations for service matters, terms and conditions, discipline, or any other related aspects of the employees of the Authority.

48. Indemnity.— No suit, prosecution or any other legal proceedings shall lie against the Chairman, a member, authorized officer, or an employee, expert or consultant of the Authority nominated by the Chairman, in respect of anything done or

intended to be done in good faith under this Ordinance.

49. Ordinance to Prevail Over Other Laws.— (1) In the event of any conflict or inconsistency between the provisions of this Ordinance and the provisions of any other law, the provisions of this Ordinance shall, prevail to the extent of such conflict or inconsistency.

(2) If an instrument is required to be registered under this Ordinance as also under any other law, the instrument shall only be registered under this Ordinance.

50. Power to make Rules. — The Government may, on the recommendation of the Executive Board through DPAC, by notification in the official Gazette, make rules for carrying out the purposes of this Ordinance, where prescribed or otherwise.

51. Power to make Regulations. — The Authority may, on the recommendation of Executive Board of DPAC, make regulations, for carrying out the purposes of this Ordinance, where prescribed or otherwise.

52. Power to issue instructions, orders etc — The Authority may, with the approval of Executive Board of DPAC, issue instructions, orders etc, for carrying out the purposes of this Ordinance.

53. Power to amend schedule. — The Government may, on the recommendation of Executive Board through DPAC, amend the Schedule.

54. Saving. — Any Act, rules, regulations made, notifications, instructions issued, powers delegated, contracts entered into, proceedings commenced, rights and liabilities incurred, fee or charges levied, things done or actions taken under relevant laws related to Ministry of Defence Production, subsidiaries of the Authority including DPEs, EDs, affiliated Entities shall, so far as they are not inconsistent with the provision of this Ordinance, unless amended, altered, repealed by the relevant authority, be deemed to have been made, passed, issued, delegated, entered into, commenced, acquired, incurred, levied, done or taken under this Ordinance.

55. Removal of difficulties. — If any difficulty arises in giving effect to any provision of this Ordinance, the Authority may, at any time after the approval of Executive Board, make such order, not inconsistent with provisions of this Ordinance and any rules made hereunder, as may appear to it to be necessary for the purpose of removing the difficulty.

SCHEDULE**[see sections 19]****LIST OF SUBSIDIARIES OF DEFENCE INDUSTRIAL PRODUCTION AND REGULATORY****AUTHORITY**

S. No	Name of Entity	Statutes	Name of Authority to which attached
Defence Production Establishments (DPEs)			
1.	Pakistan Ordnance Factories (POF)	Pakistan Ordnance Factories Board Ordinance, 1961	Defence Industrial Production and Regulatory Authority
2.	Heavy Industries Taxila (HIT)	Heavy Industries Taxila Board Act, 1997	
3.	Pakistan Aeronautical Complex (PAC)	Pakistan Aeronautical Complex Board Ordinance, 2000	
4.	National Radio Telecommunication Corporation (NRTC)		
5.	Telephone Industries of Pakistan (TIP)		
6.	Karachi Shipyard and Engineering Works (KS and EW)		
7.	Gwadar Shipyard (Under Development)		
Executive Departments (EDs)			
1.	Directorate General Munitions Production (DGMP)		
2.	Research and Development Establishment (RDE)		
3.	Defence Export Promotion Organization (DEPO)		
Entities			
1.	Wah Industries Limited (WIL)		
2.	Margalla Heavy Industries Limited (MHIL)		
3.	Kamra Avionics Industries Limited (KAIL)		
4.	Any other entity created hereon		

ASIF ALI ZARDARI,
President.

RAJA NAEEM AKBAR,
Secretary.