[TO BE INTRODUCED IN THE SENATE]

A

BILL

to provide a regulatory framework for virtual assets, the creation of virtual asset zones, and related matters in Pakistan

WHEREAS it is expedient to oversee the utilization, issuance, sale, purchase, investment and trading of virtual assets in Pakistan. This includes the establishment of designated zones, the promotion of financial stability, the safeguarding of investors, the prevention of fraudulent activities, and to provide for matters connected therewith and ancillary thereto;

It is hereby enacted as follows:-

CHAPTER-I
PRELIMINARY

1. **Short title, extent and commencement.** – (1) This Act shall be called the Regulation of Virtual Assets Act, 2026.

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

(2) It shall come into force at once.

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

(a) **"Anti-Money Laundering (AML)"** means actions taken by the Government to control money laundering activities all over Pakistan;

(b) **"Chairperson"** means the Chairperson of the Commission and includes any person for the time being performing the functions of the Chairperson;

(c) **"Commission"** means the National Virtual Assets Regulatory Commission;

(d) **"Counter Finance Terrorism (CFT)"** means actions taken by the Government to counter financial terrorism activities across Pakistan;

(e) **"Digital Rupee"** means an electronic or virtual rupee;

(f) **"Government"** means the Federal Government, or the Provincial Governments, as the case may be;

(g) **"Power Plant"** means a state-owned or private electricity-generating station, which includes among others; hydroelectric, coal, gas; renewable energy plants;

(h) **"Regulations"** means the Regulations made under this Act;

(i) "**Rules**" means the Rules made under this Act;

(j) "**Virtual Assets**" means and includes all kind of digital or crypto-assets in the form of a digital representation;

(k) "**Virtual Asset Service Provider (VASP)**" means any entity that provides services related to the issuance, exchange, or storage of virtual assets;

(l) "**Virtual Currency Exchange**" means an online platform that allows individuals and entities to buy, sell, and trade in digital assets; and

(m) "**Virtual Assets Zones**" means the Zones established under this Act.

CHAPTER-II
DIGITAL RUPEE

3. Role of the State Bank of Pakistan for issuance of digital rupee.- (1) The Federal Government, in consultation with the Board of Directors of the State Bank of Pakistan, shall declare digital rupee as a legal tender.

(2) The State Bank of Pakistan shall be responsible for the issuance and regulation of the digital rupee.

(3) The State Bank of Pakistan shall develop the technical and operational mechanism and standards for the digital rupee, to ensure its integration into the national payment system.

4. Digital Rupee backed by Pakistan Rupee.- The digital rupee shall be backed by Pakistan rupee.

CHAPTER-III
ESTABLISHMENT OF THE NATIONAL VIRTUAL ASSETS REGULATORY COMMISSION

5. Establishment of the National Virtual Assets Regulatory Commission.- (1) The Federal Government shall, by notification in the official Gazette, establish the National Virtual Assets Regulatory Commission, for carrying out the purpose of this Act.

(2) The headquarters of the Commission shall be at Islamabad.

(3) The Commission shall be a body corporate, having perpetual succession and a common seal.

(4) Subject to the provisions of this Act, the Commission shall have the following powers,-

(i) may sue or be sued or enter into contracts;

(ii) has the power to acquire, purchase, hold, and dispose of both moveable and immovable property;

(iii) may convey, assign, surrender, charge, mortgage, reassign, transfer or otherwise dispose of or deal with any moveable or immovable property of every description; and

(iv) shall enjoy operational and administrative autonomy, except as specifically provided for under this Act.

6. **Functions and Powers of the Commission:** (1) The functions and powers of the Commission shall be,-

(i) to understand the virtual assets in terms of their efficacy, risks, and vulnerabilities;

(ii) to develop the legal and regulatory framework for managing and overseeing the virtual assets in the country;

(iii) to ensure registration and licensing of virtual assets zones, virtual currency exchanges and virtual assets service providers across the country;

(iv) to manage and oversee the activities relevant to functioning of virtual assets zones in the country;

(v) to observe the issuance and maintenance of Pakistan rupee-backed virtual assets in the country;

(vi) to analyse and audit virtual assets transactions and operations;

(vii) to set, manage and maintain standards for anti-money laundering and counterterrorism financing in the field of virtual assets businesses;

(viii) to understanding the customers, through their actions and intents, for involving in trading of virtual assets as users or exchangers; and

(ix) to implement regulations and impose penalties for non-compliance.

(2) The Government may assign any other functions to the Commission from time to time, as it may consider necessary for effectively discharging functions under this Act.

7. **Members of the Commission.-** (1) The Members of the Commission shall be entitled to a salary and privileges of an officer on the MP-I scale. They shall not hold any other office of profit including any other public office or relate to any political party or have any conflict of interest concerning this Act while discharging his duties in the Commission as enshrined in the Act.

(2) A Member of the Commission may resign by giving a written notice thereof to the Government or may be removed from his office by the Government on an inquiry conducted by the relevant public service commissions or if found unable to perform the functions of his office because of a mental or physical disability or misconduct or any misappropriation.

(3) In case of death, resignation, or removal of a member of the Commission, another person may be appointed as such member for the remaining term.

8. Employees of the Commission.- The employees of the Commission shall be public servants within the meaning of section 21 of the Pakistan Penal Code, 1860(Act XLV of 1860).

9. Composition and Qualifications of the Members of the Commission.- (1) The Commission shall consist of a Chairman and four other full-time Members, who shall be appointed on the recommendation of the Government.

(2) The Members appointed under sub-section (1) shall choose a Chairperson among themselves.

(3) The Members of the Commission shall be appointed for a term of four years and shall be eligible for re-appointment for a similar term.

(4) For the appointment of the Chairperson and Members of the Commission, the Federal Government must ensure that the persons shall have the required ability, integrity, and standing to fulfil the functions as prescribed by this Act, and must possess the required qualification, specialised knowledge, and relevant experience to be eligible for becoming a Member of the Commission.

10. Meetings of the Commission.- (1) The Chairperson shall chair and convene a meeting of the Commission.

(2) In case, where the position of the Chairperson is vacant or he is not available, the majority of the Members present can decide, who may convene and chair a meeting of the Commission.

(3) The quorum of the meeting for the Commission shall be three members.

(4) If any member may have a conflict of interest in any matter presented before the Commission, the member shall disclose the nature of the interest at such meeting, which shall be officially recorded by the Commission, and such member shall be barred from taking a part in any meeting or decision concerning that matter.

(5) Decision on the matters before the Commission shall be taken by majority of the Members present in the meeting.

(6) In case of equality of votes, the Chairperson shall have the power to put a casting vote.

CHAPTER-IV
VIRTUAL ASSETS ZONES

11. Virtual Assets Zones.- (1) The Federal Government, or Provincial Governments, in collaboration with the relevant stake holders, may identify and designate specific regions within the country as Virtual Currency Zones.

(2) Preference will be accorded to the regions with abandoned, idle or underutilized power plants, that possesses the capability to generate surplus electricity through renewable energy sources, ensuring that local and national supply remain unaffected.

12. Registration of Virtual Assets Zones.- (1) The Commission shall maintain a register of licenses of the virtual assets zones, which will include applications for licenses received, enforcement orders associated with issued licenses, and information regarding, if any license has been revoked.

(2) The register referred to in sub-section (1) shall be open to public inspection and a person may obtain a copy thereof subject to payment of such fee as may be prescribed by regulations.

(3) The same registration process shall also apply in case of registration of the virtual currency exchanges and virtual assets service providers throughout the country.

13. Licensing of Virtual Assets Zones.- (1) No individual or entity shall establish, maintain or operate any virtual asset zone without first obtaining a license under this Act.

(2) A license issued by the Commission may be issued either to an individual, a group of individuals, company or corporation.

(3) Every license granted under sub-section (2) may encompass,-

(a) requirements mandating the licensee to adhere to the provisions of this Act and the rules and regulations made thereunder;

(b) stipulations necessitating that the licensee of the virtual assets zone pay the fees for grant or renewal of the licenses, to be based on scale of project and its energy usage;

(c) obligating the licensee to allow the Commission to inspect any premises designated as virtual assets zone, irrespective of its location, and to provide relevant information to the Commission, when required;

(d) prohibitions against the licensee for giving undue preference to, or engaging in unfair discriminating against any individual; and

(e) a sustainable energy utilization plan, which must be submitted prior to establishment of the virtual currency zone.

(4) Where the Commission, after reviewing the license, as stipulated in sub-section (3), is satisfied that such license had been issued in accordance with the relevant laws, rules or regulations, the Commission shall, within ten months of the date of the submission of application, issue an order that the licensee shall be a licensee holder under this Act until the expiry of the term of the license with such modifications thereto as the Commission may consider appropriate.

(5) In case of issuance of an invalid license, the Commission reserves the right to an order that the deemed license shall stand expired from the date of such order.

14. License Requirements for Virtual Currency Exchanges and Virtual Assets Service Providers.-(1) The Commission, in consultation with the concerned Ministries and their relevant attached departments, shall issue licenses for all virtual currency exchanges and Virtual Assets Service Providers functioning within the country.

(2) Applicants are required to submit evidence of business registration, prove financial stability, outline measures depicting AML/CTF compliance measures, and present cybersecurity protocols to the Commission.

15. Issuance of Enforcement Orders and Penalties.— (1) Where a licensee violates any provision of this Act, the relevant rules or any term or condition of the license, the Commission may issue a written notice requiring the license to show cause within thirty days as to why an enforcement order may not be issued.

(2) The notice mentioned in sub-section (1) shall specify the nature of the contravention and the steps to be taken by the licensee to rectify the contravention.

(3) In case, where licensee fails to,-

(a) respond to the notice referred to in sub-section (1); or

(b) satisfy the Commission about the alleged contravention; or

(c) rectify the contravention within the time allowed by the Commission.

He must be liable to fine, penalties as stipulated under this Act.

(4) Without prejudice to the provisions of sub-section (1) and sub-section (3), the Commission may, by an order in writing, suspend or terminate a license, if the licensee,-

(a) becomes insolvent in respect of a substantial part of the assets;

(b) being an individual, become insane or dies.

CHAPTER-V

TAX EXEMPTIONS AND INVESTMENT OPPORTUNITIES

16. Tax Incentives.- The Government shall,-

(i) charge lesser corporate taxes on the designated virtual assets zones for the first five years of operation, subject to fulfilment of the requirements of AML/CTF compliance;

(ii) ensure that virtual currency exchanges and virtual assets service providers must adhere to AML/CTF obligations, including, but not limited to customer due diligence (CDD) and reporting suspicious activities; and

(iii) ensure that entities must maintain transaction records and customer identification data for a minimum of five years.

17. Foreign Investment.- (1) In order to attract and incentivize foreign investors, the Government will provide tax exemptions for a period of three years for these investors or entities, who make contributions to local block chain development projects or power plants.

(2) The Government will allocate one-third of the revenue generated from virtual assets operations to the local infrastructure development and education programs on block chain technology.

CHAPTER-VI

MISCELLANEOUS PROVISIONS

18. Powers of the Federal Government to issue Policy Directives.- (1) The Federal Government may increase the number of Members of the Commission and shall reserve the right to prescribe their qualifications and mode of appointment from time to time, as it considers necessary for effectively dispensing the functions enumerated in this Act.

(2) The Federal Government may, as and when required, issue policy directives to the Commission, not inconsistent with the provisions of this Act, on matters related to the regulation of virtual assets all over Pakistan and for matters connected therewith and ancillary thereto, mandating the Commission to ensure compliance with such directives.

19. Powers of the Commission to call for Information.- (1) Without prejudice to the other provisions of this Act, the Commission may require relevant persons or entities to provide such information as may reasonably be required by it for the effective discharging of its functions under this Act.

(2) Whenever the Commission requires any information from the relevant persons or entities under sub-section (1), the concerned officer of the Commission shall provide a written notice to them, stating the reason for such requisition in a specified manner and form in which such information may be provided.

20. Audit and Accounts.- (1) The accounts of the Commission shall be audited every year by the Auditor General of Pakistan in such manner as may be prescribed.

(2) Copies of the audit reports shall be sent to the Government along-with the comments of the Commission.

(3) The audit reports shall be available for public inspection.

21. Submission of Yearly Report and other information.- (1) At the end of every financial year, the Commission shall submit a report to the Federal Government on the conduct of its affairs, including actions taken for the regulation of virtual assets all over Pakistan for that year.

(2) A copy of the report specified in sub-section (1) together with a copy of the audit report shall be placed before the Parliament within three months of the finalisation of the audit report by the Auditor-General.

(3) The Federal Government may require the Commission to provide any statements, statistics, a copy of any document or any other information concerning any matter under the direct control of the Commission.

22. Funds.- (1) There shall be a fund to be known as the "National Virtual Assets Regulatory Fund" solely managed by the Commission to bear its expenses and for running the functions of the Commission under this Act.

(2) The bank account of the National Virtual Assets Regulatory Fund shall be maintained with the National Bank of Pakistan or with any other scheduled bank as the Commission may decide from time to time under the instructions of the Finance Division.

(3) The National Virtual Assets Regulatory Fund shall be financed from the following sources, namely:-

(i) An initial grant in the form of seed money from the Federal Government;

(ii) Foreign aid, grants, and loans negotiated and raised, or otherwise obtained by the Commission without compromising its independence and with the approval of the Federal Government;

(iii) Fees / Registration Fee and other amounts received by the Commission from time to time;

(iv) Income from investments; and

(v) All other sums received or earned by the Commission.

23. Complaint.- (1) Any person or entity may file a complaint before the Commission against any violation of the provisions of this Act.

(2) The complainant may file a complaint on plain paper or as per a sample format prescribed by the Commission and the complainant shall certify that he had not already or concurrently filed any application, complaint or suit before any other forum or court.

(3) The Commission shall charge a reasonable fee for filing or processing of the complaint, as prescribed under the rules made under this Act, and shall also facilitate online receipt of complaints.

(4) The Commission shall acknowledge the receipt of the complaint within three working days and shall dispose of the complaint by apprising the complainant within thirty days of its receipt or for reasons to be recorded in writing, within such extended time as reasonably determined by the Commission.

(5) After receipt of the complaint, the Commission may-

(i) seek an explanation from the concerned person or entity, after conducting an initial evaluation against whom the complaint has been made by providing him with a reasonable time and opportunity to be heart through an efficient mode of communication; and

(ii) Contact the complainant, if deemed necessary to seek further information or his comments on the response of the data fiduciary or the data processor, or any other concerned agency.

(6) The Commission shall efficiently dispose of a complaint and may issue directives to the concerned person or entity.

(7) The Commission may employ electronic means of communication to dispose of complaints and shall maintain an appropriate record of such communications. The Commission shall, as soon as possible establish an online facility to receive, process, manage and dispose of complaints efficiently and cost-effectively.

(8) Where the concerned individual fails to respond to the Commission or execute its orders, the Commission may initiate enforcement proceedings as per rules prescribed under this Act.

24. Appeal.- Appeals against the decisions of the Commission shall be referred to the High Court or to any other Tribunal established by the Federal Government for this Act, in the manner provided in the rules made under this Act.

25. Fines and Penalties.- (1) In case of non-compliance the provisions of this Act, shall be subject to fine up to three hundred million rupees and in case of subsequent violation, the fine may be raised to five hundred million rupees.

(2) The Federal Government may reserve the right to enhance fine on case to case basis.

26. Power to make Rules.- The Federal Government, in consultation with the Commission, shall, by notification in the official Gazette, make rules for carrying out the purposes of this Act.

27. Power to make Regulations.- The Commission shall issue regulations for carrying out the purposes of this Act.

28. Removal of Difficulties.- If any difficulty arises in giving effect to the provisions of this Act, the Federal Government may, within two years of the commencement of this act and by order published in the official gazette, make such provisions not inconsistent with the provisions of the act as may appear to be necessary for removing the difficulty.

29. Act to override other laws.- The provisions of this Act shall have effect notwithstanding anything inconsistent therewith contained in any other law for the time being in force.

STATEMENT OF OBJECTS AND REASONS

The purpose of bringing this bill is to regulate the issuance, use, trading, and utilization of virtual assets within Pakistan, backed by the Pakistan rupee, setting up virtual asset zones, which would ensure financial stability, protect investors, and prevent illegal activities, and also establish the legal framework for the digital rupee to be recognized as authorized legal tender. It also provides substantial guidelines and standards for the registration and licensing of virtual currency zones, virtual currency exchanges, and virtual asset providers. The compliance with anti-money laundering and counterterrorism financing regulations has also been made obligatory under this Act.

2. Furthermore, it promotes transparency in the virtual currency market by organizing regular audits and reporting from entities involved in managing and trading virtual assets, which would subsequently foster and maintain trust and accountability in the financial system of Pakistan.

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

SENATOR DR. AFNAN ULLAH KHAN
MEMBER IN CHARGE