

ORDER SHEET
IN THE HIGH COURT OF SINDH AT KARACHI

C.P. No.D-4861 of 2025

(Dr.Zahra Gauhar vs Federation of Pakistan and others)

DATE	ORDER WITH SIGNATURE OF JUDGE(S).
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_Before:

Mr. Justice Adnan-ul-Karim Memon

Mr. Justice Zulfiqar Ali Sangi

Date of hearing and Order: 27.04.2026

Petitioner present in person.

Ms. Mahreen Ibrahim DAG.

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ORDER

Adnan-ul-Karim Memon, J Petitioner prayed that this Court to direct Respondent No.2/SECP to forthwith cancel, withdraw, or revoke the banking names assigned or granted to Non-Banking Finance Companies (NBFCs) and Asset Management Companies (AMCs), being illegal, without lawful authority, and of no legal effect. It is further prayed that Respondent No.1 be directed to ensure compliance with such directions and to submit a report before this Court regarding the cancellation, withdrawal, or revocation of such banking names. The petitioner also seeks directions against Respondent No.1 to initiate appropriate legal proceedings against the officers of Respondent No.2 responsible for the unlawful grant of such banking names.

2. The petitioner, appearing in person, submits that she is a medical professional and an investor who approached the authorities in the public interest regarding an issue affecting investors at large. She contends that the Securities and Exchange Commission of Pakistan (SECP), being Respondent No.2, has unlawfully permitted certain Non-Banking Finance Companies (NBFCs) and Asset Management Companies (AMCs) to use banking-related names or nomenclature, despite there being no enabling provision in law allowing such practice. The petitioner submits that she had addressed a detailed complaint and subsequent reminders to Respondent No.1 (Ministry of Finance), requesting intervention and directions to SECP for withdrawal of such allegedly illegal permissions. However, no response was received, which, according to her, constitutes arbitrary inaction and a violation of statutory duty under Section 24-A of the General Clauses Act, 1897, as well as infringement of her fundamental rights under Articles 4, 10-A, and 25 of the Constitution. She maintains that the continued use of banking names by NBFCs/AMCs misleads the public, exploits the goodwill of established banks, and undermines the integrity of the financial regulatory framework. She therefore seeks directions from this Court for cancellation of such names, initiation of action against responsible officials, and

enforcement of legal and regulatory compliance in the interest of investors and the general public.

3. It is her case that only licensed banking institutions, regulated by the State Bank of Pakistan, are legally entitled to use the term “bank” or similar expressions, and the extension of such nomenclature to NBFCs/AMCs creates a misleading impression, blurs regulatory distinctions, and poses a risk to investors. She asserts that this practice amounts to an act without jurisdiction, is ultra vires, and is liable to be declared void ab initio.

4. Learned DAG, representing the respondent No.1, without filing comments, while relying upon the comments filed on behalf of Respondent No.2/SECP, submits that the SECP is a statutory body established under Section 3 of the Securities and Exchange Commission of Pakistan Act, 1997, entrusted with the regulation of capital markets and corporate entities. Learned DAG contends that the petitioner’s assertions are misconceived, as SECP has already prescribed a clear regulatory framework regarding company names, including a publicly available list of prohibited words. Under these guidelines, only entities specifically licensed to conduct banking business are permitted to use the words “bank”, “banking”, or “banker” in their names. She further argues that, in cases where Asset Management Companies (AMCs) are sponsored by banks and use their names or logos, SECP has issued Circular No.29 of 2021 mandating disclosure through disclaimers clarifying that the sponsoring bank bears no responsibility for the liabilities or obligations of such AMCs or their investment schemes. It is emphasized that none of the licensed AMCs are using the word “bank” in their names; rather, abbreviations or nomenclature such as NBP, UBL, HBL, or ABL merely indicate group affiliation and do not imply that such entities are banking institutions. Learned DAG also submits that banks and NBFCs/AMCs operate under entirely distinct regulatory regimes, supervised respectively by the State Bank of Pakistan and SECP, and there is no functional overlap or intermingling of activities that could cause regulatory conflict or public confusion, as alleged by the petitioner. She further points out that SECP had already responded to the petitioner’s concerns through its letter dated 14.05.2025, and relevant documents, including the applicable circular, have been placed on record. Finally, learned DAG submits that no cause of action has accrued to the petitioner, and the grounds raised are devoid of merit. She therefore prays that the instant petition be dismissed as being frivolous and not maintainable.

5. The petitioner submits in rebuttal that the comments filed by Respondent No.2 SECP are evasive, contradictory, and unsupported by any provision of law. It is contended that SECP has failed to identify any statutory authority under which it has granted, assigned, or permitted the use of banking names or identity to NBFCs/AMCs, and has instead attempted to justify its actions through vague

references to “banking nomenclature” and reliance on Circular No.29 of 2021, which itself carries no statutory force and is already under challenge before the competent forum. The petitioner further submits that the purported letter dated 14.05.2025, relied upon by SECP, is an afterthought, lacking proof of service and containing material inconsistencies, and appears to have been placed on record only to mislead this Court. It is emphasized that no response was ever received by the petitioner to her original complaint and reminders addressed to Respondent No.1, thereby establishing continued inaction on the part of the authorities. It is submitted that SECP’s own regulatory framework, including the Company Name Availability Guide and the list of prohibited words, expressly restricts the use of banking-related terms, yet SECP has acted in violation of its own rules by allowing NBFCs/AMCs to adopt names and abbreviations closely resembling those of licensed banks. Such conduct, it is submitted, is without lawful authority, contrary to the Companies Act, 2017, and results in deception, confusion, and misrepresentation to the investing public. The petitioner contends that the distinction between banking institutions and non-banking entities is fundamental and legally recognized, and any attempt to blur this distinction through the use of banking names is not only misleading but also undermines the integrity of the regulatory framework. It is further submitted that SECP has misused provisions relating to the change of company name to facilitate such unlawful practices, without proper scrutiny or adherence to statutory requirements. It is also submitted that the respondents have failed to discharge their statutory obligations, particularly in light of Section 24-A of the General Clauses Act, 1897, and have acted in an arbitrary and discriminatory manner in violation of Articles 4, 10-A, and 25 of the Constitution. The petitioner maintains that a clear cause of action exists due to such inaction and illegality, and the petition cannot be termed as frivolous. In conclusion, the petitioner submits that the objections raised by SECP are devoid of merit, fail to address the core legal issue, and are liable to be rejected. The petitioner reiterates her prayer that the petition be allowed in the interest of justice, investors, and the rule of law.

6. We have heard the petitioner who appears in person and the learned DAG, assisted by the comments filed on behalf of Respondent No.2 SECP, and upon examination of the record, it emerges that the controversy essentially revolves around whether SECP possesses lawful authority to permit NBFCs/AMCs to use banking-related names or nomenclature, and whether such practice results in legal infirmity or public deception.

7. The petitioner’s primary grievance is founded on the assertion that there exists no enabling provision of law authorizing SECP to grant or permit the use of banking names to non-banking entities. Despite raising this specific legal question, the response furnished by SECP does not point to any explicit statutory

provision under the SECP Act, 1997, the Companies Act, 2017, or any other law conferring such authority. Instead, reliance has been placed on internal guidelines, the concept of “banking nomenclature,” and Circular No.29 of 2021. These instruments, being administrative in nature, cannot override or substitute the requirement of express statutory backing, particularly where the matter has regulatory and public law implications.

8. At the same time, SECP has taken the position that no AMC is using the words “bank”, “banking”, or “banker” in its name and that abbreviations or affiliations merely indicate group linkage with sponsoring banks. This distinction, while relevant, does not fully answer the petitioner’s concern regarding deceptive similarity or the potential for public confusion, especially in a financial sector where investor protection and clarity of regulatory status are of paramount importance. The use of abbreviations closely associated with well-known banks may not be per se unlawful, but it must withstand scrutiny under the principles of non-deception, transparency, and compliance with statutory naming restrictions.

9. The Court also notes that SECP’s own regulatory framework, including the Company Name Availability Guide and the list of prohibited words, acknowledges restrictions on the use of banking-related expressions. However, the apparent inconsistency between such restrictions and the practice complained of by the petitioner raises a legitimate question regarding the uniform application of regulatory standards and due diligence at the time of approval or change of company names.

10. On the issue of maintainability, the objection raised by the respondents that no cause of action has accrued does not carry substantial weight. The petitioner had admittedly approached Respondent No.1 through formal representations, which remained unattended. In matters involving regulatory action, investor protection, and alleged jurisdictional excess, such inaction is sufficient to confer a cause of action, particularly within the constitutional jurisdiction of this Court.

11. However, it is equally important to note that allegations of fraud, mala fide, or deliberate misconduct on the part of SECP officials have not been substantiated through cogent material at this stage and appear to be largely inferential. Such assertions, without concrete evidence, cannot form the sole basis for the issuance of punitive directions.

12. In view of the above, the position that emerges is that while the petitioner has been able to raise a substantial legal question regarding the source and scope of SECP’s authority, and has highlighted potential regulatory inconsistencies, the

matter requires structured examination by the regulator itself within the framework of law rather than immediate drastic intervention.

13. Accordingly, we deem it appropriate to direct Respondent No.2 SECP to examine the issue afresh, specifically addressing the legal basis, if any, for permitting banking-related names or abbreviations for NBFCs/AMCs; consistency of such practice with the Companies Act, 2017, and its own regulatory guidelines; and whether such usage is capable of creating public confusion or misrepresentation. Respondent No.2 shall pass a reasoned order, after affording an opportunity of hearing to the petitioner, within a stipulated period. Respondent No.1, being the controlling Ministry, shall ensure that such exercise is undertaken in accordance with the law. The aforesaid exercise shall be undertaken within three weeks.

14. This petition, along with pending application(s), stands disposed of in the above terms.

JUDGE

JUDGE