

## Licensing of NBFCs

### Permission to form a NBFC

(1) A person desirous of forming a NBFC shall make an application to the SECP as set out in [Form-1](#) providing information along with all the relevant documents and receipt evidencing the payment of non-refundable processing fee amounting to one hundred thousand rupees.

(2) The SECP may, if it is satisfied that the person seeking permission to form the NBFC has fulfilled the terms and conditions specified in Non-banking Finance Companies (Establishment and Regulation) Rules, 2003, permit by an order in writing such person to establish a NBFC.

(3) The permission granted shall be valid for a period of six months unless extended for a maximum period of three months under special circumstances, on the application of the promoters made before the expiry of said six months. During the validity of this permission, the promoters of the NBFC shall get the NBFC incorporated as a public limited company under the Ordinance.

### Conditions for grant of licence

(1) A NBFC shall make separate applications to the SECP for grant of licences for carrying on different forms of business, as specified in section 282 A of the Companies Ordinance. The said application shall be submitted to the SECP in [Form-II](#) along with a non-refundable processing fee amounting to one hundred thousand rupees for each such licence:

Provided however that the SECP if satisfied may issue a single licence for both investment advisory and asset management services.

(2) The SECP, if it is satisfied that the company has fulfilled the conditions specified in Non-banking Finance Companies (Establishment and Regulation) Rules, 2003, the promoters thereof are persons of means and integrity having knowledge of matters which the company may have to deal with, in respect of the business for which the licence is being sought, shall grant licence to such company in [Form-III](#) for one or more of the functions or activities subject to compliance of the following conditions, namely:-

- (a) the company is incorporated as a public limited company under the Ordinance;
- (b) the company has separate tiers of minimum equity in respect of the following forms of business as mentioned against each activity, namely:-

i) investment finance services	Rs. three hundred million;
(ii) leasing	Rs. two hundred million;
(iii) venture capital investment	Rs. five million (for a venture capital company);
(iv) discounting services	Rs. two hundred million;
(v) investment advisory and	Rs. thirty million;

management services

(vi) housing finances services

Rs. one hundred million.

(c) the company has allotted at least fifteen per cent of the paid-up share capital to the promoters;

(d) the company's promoters and directors have given undertaking that they shall not dispose of their shares for a minimum period of three years from the date of commencement of business except with the prior approval of the SECP;

(e) the company appoints its chief executive who does not hold such office in any other company except for a fund being managed by the said company, provided that prior approval of the SECP has been obtained in this regard;

(f) the company has given an undertaking that no change in the Memorandum of Association and in the Board of directors shall be made without prior approval of the SECP and that all conditions of Non-banking Finance Companies (Establishment and Regulation) Rules, 2003 shall be complied with;

(g) the company has given an undertaking that the conditions of operation as set out in these rules or regulations or specified by special order of SECP or any direction given by the SECP shall be duly complied with; and

(h) the company has furnished an undertaking that within ninety days of the grant of certificate of registration it shall furnish evidence to the satisfaction of the SECP that the personnel employed by it for executive positions, research or other related functions possess sufficient educational qualifications and professional experience to undertake the proposed form of business of the NBFC.

(3) Without prejudice to the conditions prescribed, the SECP may, while granting licence, impose such conditions, as it may deem necessary.

(4) The licence granted to the NBFC under these rules shall be valid for one year and each licence shall be renewable annually on an application as set out in Form IV along with payment of a fee of rupees twenty five thousand.

(5) The SECP may, after making such inquiry and after obtaining such further information, as it may consider necessary, renew the licence of such NBFC, for one year in Form V on such conditions, as it may deem necessary.

(6) Every company in existence which is engaged in one or more forms of business as specified in section 282A of the Ordinance shall apply in writing to the SECP, as provided by sub-section (3) of section 282C of the Companies Ordinance, for grant of a licence along with a non-refundable processing fee of rupees fifty thousand:

Provided that till such time that a new licence is issued, the existing licences or registrations shall be deemed to be valid for the purposes of these rules unless the company fails to apply for licence as specified in sub rule (6) of Non-banking Finance Companies (Establishment and Regulation) Rules, 2003 or the SECP declines to grant such licence for reasons to be recorded in writing.

**FORM-I**  
[see rule 4(1)]  
**APPLICATION FOR PERMISSION TO FORM A NON – BANKING  
FINANCE COMPANY**

Dated: \_\_\_\_\_

To  
The Securities and Exchange  
Commission of Pakistan,  
Islamabad.

Dear Sir,

We hereby apply for grant of permission under rule 4 of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, to form a Non-Banking Finance Company under the name and style of \* \_\_\_\_\_  
\_\_\_\_\_

The information and documents as required in the Annexure to this form duly verified and signed by all promoters and proposed directors along with five spare copies of this application and an affidavit by them as to the correctness of the details, is submitted.

We undertake to keep this information upto date by communicating changes or modifications therein within fourteen days of such changes or modifications.

A receipt of rupees one hundred thousand (Rs. 100,000/-) being the processing fee, deposited in \_\_\_\_\_ on \_\_\_\_\_ is enclosed.

Yours faithfully,

\_\_\_\_\_

Verification by  
Oath Commissioner.

· Name of the company

**ANNEXURE TO FORM-I**  
[see rule 4]  
**INFORMATION TO BE SUPPLIED FOR OBTAINING**  
**PERMISSION TO FORM A NON – BANKING FINANCE COMPANY**  
**AND SUBSEQUENT CHANGE IN DIRECTORSHIP AND CHIEF**  
**EXECUTIVE**

1. Full name, former name if any, father's or husband's name, nationality, residential and business address, national tax number, present occupation of each sponsor, proposed director, proposed chief executive and proposed chairman of the Board. (Institutional sponsors shall mention their names and addresses only instead of giving all these particulars of their nominee directors).
2. Names and addresses of companies, firms and other organizations of which the aforesaid sponsors, proposed chief executive and proposed chairman are or have been directors, partners or office holders during the last ten years. Copies of annual accounts of such companies and firms for the last three years alongwith summary of their paid-up share capital, free reserves, profit after tax and dividend payment to be provided.
3. Financial standing, educational as well as professional qualifications and experience of persons mentioned in paragraph 1 above, supported by documentary evidence.
4. Percentage of capital, each sponsor proposes to contribute in the proposed company.
5. Feasibility report of the proposed company.
6. Evidence of payment of income tax and wealth tax by the sponsors in individual capacity as well as by the companies, firms, etc., wherein they are or have been directors during the preceding five years.
7. Net-worth certificate of each sponsor supported by a duly authenticated copy of the latest wealth statement filed with the taxation department. In the case of sponsors or directors residing in countries where filing of wealth statement is not the requirement of law, a certificate of personal net-worth and general reputation issued by a bank of international repute shall be acceptable.
8. Names of the bankers of the sponsors alongwith their account numbers.
9. Draft of the Memorandum and Articles of Association.
10. Affidavit from each person mentioned in paragraph 1 above, stating that-
  - (a) he has not been associated with any illegal banking business, deposit taking or financial dealings;

(b) he and companies in which he is a director or major shareholder have no over-due loans or installments outstanding towards banks or other financial institutions;

(c) neither he nor companies in which he is a director or major shareholder has defaulted in paying taxes as on the date of application;

(d) he has not been sponsor, director or chief executive of a defaulting cooperative finance society or finance company;

(e) he has never been convicted of fraud or breach of trust or of an offence involving moral turpitude or removed from service for misconduct;

(f) he has neither been adjudged an insolvent nor has defaulted in making payments, to his creditors; and

(g) his net-worth is not less than twice the amount to be subscribed by him personally (not applicable to a nominee director).

**FORM-II**  
[see rule 5(1)]  
**APPLICATION FOR OBTAINING LICENCE TO UNDERTAKE OR CARRY  
OUT \* \_\_\_\_\_ AS NON – BANKING FINANCE COMPANY**

Dated, the-----

To,

The Securities and Exchange  
Commission of Pakistan,  
Islamabad.

Dear Sir,

We hereby apply for grant of licence under rule 5 of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, to undertake \_\_\_\_\_\* as a Non-Banking Finance Company.

2. We hereby furnish the following information,\_\_\_

- (a) date of incorporation as a limited company;
- (b) authorised, subscribed and paid-up share capital of the company (sponsors' equity indicated separately);
- (c) names and addresses of directors and number of shares held by each of them;
- (d) directors' interest, direct or indirect, in any other company with details of such interest;
- (e) details of persons or group controlling the company including major shareholders with number and value of shares held;
- (f) names of holding, subsidiary and associated undertaking, if any;
- (g) details of qualified staff engaged;
- (h) reasons for selecting the proposed place of business with statistical data; and
- (i) additional facts in support of this application.

3. Certified copies of the memorandum and articles of association and certificate of incorporation are enclosed.

4. An affidavit as to the correctness of the above information by the chief executive and two directors is also furnished herewith. We undertake to keep this information upto date by communicating changes or modifications therein within fourteen days of such change or modifications.

5. A receipt of rupees one hundred thousand (Rs. 100,000/-) being the processing fee, deposited in \_\_\_\_\_ on \_\_\_\_\_ is enclosed.

Yours faithfully,

Signature-----

(To be signed by all the directors)

\*Any one of the activities or functions as mentioned under section 282 (A) of the Companies Ordinance, 1984.

**FORM -III**  
[see rule 5(2)]  
**SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN**  
Islamabad, Dated, the \_\_\_\_\_

Registration No. \_\_\_\_\_

**LICENCE TO CARRY OUT OR UNDERTAKE \* \_\_\_\_\_ AS NON-  
BANKING  
FINANCE COMPANY**

The Securities and Exchange Commission of Pakistan having considered the application for grant of licence under rule 5 of the Non-Banking Finance Company (Establishment and Regulation) Rules, 2003, by \*\* \_\_\_\_\_ and being satisfied that the said \*\* \_\_\_\_\_ is eligible for the licence, hereby grants, in exercise of the powers conferred by sub-rule (2) of rule 5 of the Non-Banking Finance Company (Establishment and Regulation) Rules, 2003, licence to \* \_\_\_\_\_ to undertake or carry out \* \_\_\_\_\_ subject to the conditions stated herein below or as may be prescribed or imposed hereafter.

Signature of the Officer  
(Official Seal and Stamp)

\*Any one of the activities or functions as mentioned under section 282 A of the Companies Ordinance, 1984

\*\* Name of the Company