

**Circular No. 24 - Reference No. SC/NBFC-ED/792/2003**  
**Assets provided on Lease/loan basis to the Employees (Excluding CEO & Directors)**

---

*October 08, 2003*

---

Attention is invited to Rule 7 (2) (b) of the Non-Banking Finance Companies (Establishment & Regulation) Rules, 2003 which stipulates:

*“A NBFC shall not purchase anything from, or sell anything to any director, officer, employee of NBFC or from or to a person who either individually or in concert with close relatives beneficially owns ten percent or more either of the equity or other securities with voting rights, if any, issued by such NBFC without the prior approval in writing of the Commission.”*

2. In view of the above-mentioned rule, it has been observed that despite having well defined policies, companies face practical difficulties while providing vehicles and consumer goods on lease/loan basis to their employees as prior approval of the Securities & Exchange Commission of Pakistan in each such case is required.

3. Therefore, it is hereby clarified that prior approval of the Commission in respect of assets offered on lease/loan basis to employees (excluding Chief Executive Officer and Directors) is not required by NBFCs provided the service manuals of the concerned companies permit grant of such leases/loans. The leases/loans to CEO and directors shall, however, require approval from the Board of Directors and the Commission prior to the grant of such facilities

**(Najam Ali)**

Executive Director

**Distribution**

Copy to:

1. The Chief Executives of all NBFCs.
2. Leasing Association of Pakistan.
3. Investment Banks Association of Pakistan