



**SECURITIES & EXCHANGE COMMISSION OF PAKISTAN
SPECIALISED COMPANIES DIVISION
(NBFC DEPARTMENT)**

Circular No: 6 of 2005

No. SC/NBFC/M&I/2005-

Islamabad, June 27, 2005

Subject: **CONDITIONS FOR ISSUANCE OF FOREIGN CURRENCY
CERTIFICATE OF DEPOSITS (CODs) AND CERTIFICATE OF
INVESTMENT (COIs)**

Certain NBFCs desirous of raising deposits in foreign currency have approached SEC for issuance of No Objection Certificate (NOC). In this respect, it is clarified that the following conditions in addition to other requirements/restrictions imposed by State Bank of Pakistan; should be observed by NBFCs raising foreign currency deposits.

1. NBFCs raising foreign currency deposits shall maintain in the currency of deposit a minimum of 5% of CRR (non-remunerative) and 15% (remunerative as prescribed by SBP for banks) of SCRR of their total foreign currency deposits with State Bank of Pakistan. The subject minimum requirements will change as and when SBP changes the same for commercial banks.
2. NBFCs shall report its assets and liabilities (both on and off balance sheet) in foreign currency on fortnightly basis to SEC as of first day and sixteenth day of every month. The report should reach within three working days subsequent to the reporting period.
3. Foreign currency deposits (FCDs) so raised shall be utilized for permissible activities like nostro placements, foreign currency loans, trade financing, SWAP transactions and matched forward transactions.
4. Foreign currency deposits can also be invested in Bonds/Securities with minimum credit rating of BBB (triple B).
5. NBFCs utilizing foreign currency deposits shall not carry any Net Open Position.

All NBFCs desirous of raising foreign currency deposits are advised to ensure compliance of the above conditions.

Please acknowledge receipt.

**(Zain ul Abidin)
Deputy Director**

Distribution:

1. Chief Executives of all NBFCs.
2. Managing Directors of all Stock Exchanges.
3. The Chairman, Investment Banks Association of Pakistan.
4. The Chairman, Leasing Association of Pakistan.
5. The Chairman, Mutual Funds Association of Pakistan.
6. Director, Banking Supervision Department, State Bank of Pakistan.
7. Director, Exchange Policy Department, State Bank of Pakistan.
8. The President, Institute of Chartered Accountants of Pakistan.
9. The President, Institute of Cost & Management of Accountants.
10. All Divisions of SEC
11. Media Consultant, SEC.
12. All CROs.