



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN
Specialized Companies Division

Circular No. 9 of 2004

No. SC/NBFC-(I)-JD/74/2004

Islamabad, the February 13, 2004

Subject: **LOANS AND ADVANCES TO EMPLOYEES BY THE NON-BANKING
FINANCE COMPANIES.**

Attention is invited to Rule 7(2)(d) of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules), which stipulates that;

“A NBFC shall not make a loan or advance money to any person except in connection with the ordinary course of business of the NBFC.”

It has been observed that NBFCs are facing practical difficulties, despite having well-defined policies and procedures, in providing loans /advances to their employees as the above said Rule restricts them to do so.

In order to remove such difficulties, it is hereby clarified that the provisions of Rule 7(2)(d) of the NBFC Rules do not apply to a loan or advance money by a company to its employees, if granted under an approved policy of the company.

(Zulqarnain Hafeez Cheema)
Joint Director

Distribution:

1. Chief Executives of all NBFCs.
2. Managing Directors of all Stock Exchanges.
3. The President, Institute of Chartered Accountants of Pakistan.
4. The President, Institute of Cost & Management of Accountants.
5. Central Desk Incharge, Associated Press of Pakistan.
6. Press Information department.