



SECURITIES & EXCHANGE COMMISSION OF PAKISTAN
COMMISSION'S SECRETARIAT

Islamabad, the 15th October, 2015

Subject: Amendments in the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003

Enclosed is an S.R.O. notification on the above subject for publication in Part-II of the Gazette of Pakistan, Extraordinary with the request to send 50 printed copies to the undersigned. Payment will be made on receipt of bill.

Bushra
15/10/15

Bushra Aslam
Secretary to the Commission

Encl: As Above

Manager
Printing Corporation of Pakistan Press
Islamabad

PART II
Statutory Notifications (S. R.O)
GOVERNMENT OF PAKISTAN
SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN
NOTIFICATION

Islamabad, the October 15, 2015

S.R.O. 1002 (I)/2015.- In exercise of the powers conferred by section 282B of the Companies Ordinance, 1984 (XLVII of 1984), read with clause (b) of section 43 of the Securities and Exchange Commission of Pakistan Act, 1997 (XLII of 1997), the Securities and Exchange Commission of Pakistan with the approval of the Federal Government is pleased to direct that the following amendments shall be made in the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, the same having been published in the official Gazette vide Notification No. S. R. O 565 (I)/2015, dated the 8th June, 2015 namely:-

In the aforesaid Rules,-

(1) in rule 2,-

(a) in sub-rule (1),-

- (i) in clause (iii), for the words “services provided”, the words “business of providing services” shall be substituted;
- (ii) for clause (x), the following shall be substituted, namely:-

“(x) “closed end scheme” means a collective investment scheme having a specified period of maturity which does not continuously offer its certificates for sale to investors and entitles the holder of certificates, to receive, proportionate share of the net assets of the closed end scheme:

Provided that existing closed end scheme shall be classified as closed end scheme until revoked or converted into open end scheme for the purpose of these rules;”;

- (iii) for clause (xii), the following shall be substituted, namely:-

“(xii) “collective investment scheme” means any arrangement whose sole purpose is the collective investment of funds in a portfolio of securities, or other financial assets for profits, income or other returns, and where the participants, who have pooled in the funds, do not have any day to day control over the management of the scheme, whether or not they have the right to be consulted or to give direction in respect of such management:

Provided that the following shall not be considered as a collective investment scheme for the purpose of these rules:-

- (i) employee welfare trusts or gratuity trusts or employees provident funds or employees pension funds setup for the benefit of employees by companies; and
 - (ii) any such pool of funds which is separately regulated by the Commission or which is already established under any specific law;”;
- (iv) in clause (xv),-
- (i) for the words “collective investment scheme”, wherever occurring, the words “notified entity” shall be substituted; and
 - (ii) after sub-clause (d), the following new sub-clause shall be inserted:-
“(da) notified entities being managed by the same NBFC;”;
- (v) clause (xvi) shall be omitted;
- (vi) for clause (xvii), the following shall be substituted, namely:-
- “(xvii) “discounting services” means the business of discounting of financial instruments on conventional or Islamic basis;”;
- (vii) after clause (xvii), the following new clause shall be inserted:-
- “(xviii) “deposit” means any deposit of money with, or any money borrowed or raised by an NBFC, but shall not include,-
- (a) redeemable capital issued under section 120 of the Ordinance;

- (b) finance obtained from a financial institution;
- (c) advance, application or subscription money for shares in the NBFC;
- (d) cash margin or security deposit received in respect of finance provided by NBFC;
- (e) subordinated loans; and
- (f) finance obtained from major shareholders, sponsors, and associated companies:

Provided that the Commission shall be the final authority to determine, by an order in writing, whether any money deposited, raised or borrowed falls under the definition of deposit or otherwise;”;

(viii) for clause (xix), the following shall be substituted, namely:-

“(xix) “equity” includes paid up ordinary share capital, preference shares which are compulsorily convertible into ordinary shares, general reserves, statutory reserves, balance in share premium account, reserve for issue of bonus shares, subordinated loans and unappropriated profits, excluding accumulated losses.

Explanation.-

- (i) Surplus on revaluation of fixed assets as described in section 235 of the Ordinance, treasury stocks, intangible assets, deferred tax reserves, and surplus on revaluation of investments shall not be included in the equity.
- (ii) A loan may be classified as subordinated loan if it complies with the following conditions:-
 - (a) subordinated loan can be raised from any person, preferably from the sponsors;
 - (b) rate of profit on subordinated loan, if any shall be decided by NBFC subject to the clearance of the Commission;
 - (c) neither the interest nor the principal shall be paid even at maturity if such payment would result in

non-compliance with the equity or capital adequacy requirements;

- (d) subordinated loan shall be un-secured and subordinate to all other indebtedness including deposits;
 - (e) subordinated loan shall be in the form of cash or liquid assets only;
 - (f) auditor certificate evidencing injection of funds into NBFC as subordinated loan;
 - (g) minimum tenor of subordinated loan shall be specifically mentioned; and
 - (h) prior approval of the Commission is required for repayment of subordinated loan.
- (iii) For the purpose of calculating minimum equity requirements for licensing purposes, the exposure of an NBFC in its subsidiaries and strategic investments shall be deducted from equity:

Provided that the equity investment in subsidiary and strategic investment shall be taken at cost;”;

- (ix) for clause (xx), the following new clause shall be substituted, namely:-

“(xx) “finance” means provision of,-

(i) any accommodation or facility on the basis of participation in profit and loss, musharika or modaraba basis, mark-up or mark-down in price, hire-purchase, lease, rent-sharing, bills of exchange, promissory notes or other instruments with or without buy-back arrangement by a seller, participation term certificate, musharika or modaraba certificate, term finance certificate;

(ii) guarantees, indemnities, letters of credit or any other financial engagement, issued or undertaken on behalf of a person, with a corresponding obligation of that person;

(iii) a loan, advance, discounting services to any person;

(iv) micro financing including any form of finance such as leases advances, consumer loans, housing finance;

(v) a financial facility or accommodation provided on the basis of Islamic mode of financing; and

(vi) any other form of financial facility provided to a person;”;

(x) after clause (xx), the following new clause shall be inserted, namely:-

“(xxa) “financial services company” for the purposes of these rules, means a financial institution incorporated in Pakistan or outside Pakistan, insurance company, broker i.e. of stock market or money market or commodities market; a company which is primarily involved in distribution of securities, insurance products and units or certificates of a notified entity, and any other company as notified by the Commission in the official Gazette;”;

(xi) for clause (xxia), the following shall be substituted, namely:-

“(xxia) “forms of business” means following forms of business as notified in the official Gazette by the Federal Government or any other form of business which the Federal Government may, by notification in the official Gazette specify from time to time, namely:-

- (a) asset management services;
- (b) discounting services;
- (c) housing finance services;
- (d) investment advisory services;
- (e) investment finance services;
- (f) leasing;
- (g) pension fund scheme business;
- (h) private equity and venture capital fund management services;
- (i) REIT management services; and
- (j) venture capital investment;”;

(xii) after clause (xxia) the following new clause shall be inserted, namely:-

“(xxiaa) “fund management NBFC” means an NBFC licenced by the Commission to undertake Asset Management Services or REIT Management Services or Pension Fund Scheme Business or Private Equity

and Venture Capital Fund Management Services or Investment Advisory Services or any combination thereof;”;

(xiii) in clause (xxib),-

- (i) after the word “hold”, the words “direct or indirect” shall be inserted;
- (ii) in sub-clause (b), for the words “in section 2 of the Listed Companies (Substantial Acquisition of Voting Shares and Takeovers) Ordinance, 2002 (CIII of 2002)” the words, comma, numbers and brackets “Securities Act, 2015 (III of 2015)” shall be substituted; and
- (iii) in sub-clause (d) for the words “and operating” the words “operational and risk management” shall be substituted;

(xiv) for clause (xxiii), the following shall be substituted, namely:-

“(xxiii) “housing finance services” means the business of providing consumer or commercial Finance on conventional or Islamic basis to a person for the purchase or construction of house or apartment or for purchase of land and construction thereupon including the facilities availed for the purpose of making improvements in house or apartment;”;

(xv) after clause (xxiii), substituted as aforesaid the following new clause shall be inserted, namely:-

“(xxiiia) “independent director” shall have the same meaning as assigned to it in regulation 35 of the Listing Regulations of Karachi Stock Exchange;”;

(xvi) for clauses (xxviii) and (xxix), the following shall be substituted, namely:-

“(xxviii) “investment finance services” means the business of providing finance on conventional or Islamic basis;

(xxix) “leasing” means the business of providing finance on operating lease or finance lease or Ijarah basis;”;

(xvii) for clause (xxxiii), the following shall be substituted, namely:-

“(xxxiii) “lending NBFC” means an NBFC licenced by the Commission to undertake leasing or housing finance services or investment finance services or discounting services;

(xxxiiia) “NBFC” means a non-banking finance company which includes company licenced by the Commission to carry out any one or more forms of business as specified in clause (a) of section 282A of the Ordinance;” ;

(xviii) for clause (xxxiv), the following shall be substituted, namely:-

“(xxxiv) “non-bank micro finance company” means a non-deposit taking NBFC primarily engaged in the business of Micro Financing as specified by the Commission from time to time”;

(xix) for clause (xxxvii) the following shall be substituted, namely:-

“(xxxvii) “Open End Scheme” means a collective investment scheme which offers units for sale based on net asset value on continuous basis without specifying any duration for redemption and which entitles the holder of such units on demand to receive his proportionate share of the net assets of the scheme less any applicable charges on redemption or revocation;”;

(xx) after clause (xxxixa), the following new clauses shall be inserted, namely:-

“(xxxixb) “Private Fund” means an arrangement which has the purpose of pooling funds from one or more Eligible Investors for investment in a portfolio of securities or other financial assets for profit, income or other returns and where participants of the funds, neither have day to day control over the management of fund property, nor the right to give directions in respect of such management and which is established and operated by private fund management company:

Provided that for the purpose of these rules following shall not classify as a private fund,-

- (i) collective investment schemes regulated under the Non-Banking Finance Companies and Notified Entities Regulations, 2008;
- (ii) employee welfare trusts or gratuity trusts or employees provident fund or employee pension fund setup for the benefit of employees by companies; and

(iii) any such pool of funds which is separately regulated by the Commission or which is already established under any other specific law;

(xxxixc) “private fund management company” means company licenced by the Commission to provide private equity and venture capital fund management services;

(xxxixd) “private equity and venture capital fund management services” means services provided for management of private funds;”;

(xxi) after clause (xlii), the following new clause shall be inserted, namely:-

“(xliia) “securities broker” means a trading right entitlement certificate holder or “TRE” certificate holder who, by way of business,

(a) makes or offers to make with any person or induces or attempts to induce any person to enter into or to offer to enter into, any agreement for or with a view to buying, selling, exchanging or subscribing for, securities; or

(b) solicits or accepts any order for or otherwise trading in, or effects transactions in, securities for clients or on its own account;”;

(xxii) after clause (xliia) inserted as aforesaid the following new clause shall be inserted namely:-

“(xliib) “strategic investment” means an investment which an NBFC makes with the intention to hold it for a period of minimum 5 years and is more than 10% of its equity;”;

(xxiii) for clause (xlv), the following shall be substituted, namely:-

“(xlv) “trustee” means a company appointed as a trustee of a notified entity as per the rules and regulations made under Part VIII A of the Ordinance;”;

(b) in sub-rule 2, for the words, numbers, roman numbers, and brackets, “Securities and Exchange Ordinance, 1969 (XVII of 1969)” the words, numbers, roman numbers and brackets “Securities Act, 2015 (III of 2015) or Rules and Regulations made thereunder” shall be substituted;

(2) in rule 4,-

- (a) in sub-rule (1), after the word "NBFC", the words "to undertake any form of business" shall be inserted;
- (b) in sub-rule (2),-
 - (i) after the word "NBFC" appearing for the first time the words "to undertake any form of business" shall be inserted; and
 - (ii) after the word "writing", the words "such person" shall be omitted; and
- (c) for sub-rule (3), the following shall be substituted, namely:-

"(3) The permission granted under sub-rule (2) shall be valid for a period of six months unless extended for a maximum period of further three months under special circumstances, on the application of the promoters made before the expiry of initial six months. During the validity of this permission, the promoters shall get the NBFC incorporated and submit an application to the Commission for grant of licence, after fulfilling all the conditions specified in these rules.";

(3) in rule 5,-

- (a) for sub-rules (1), (2), (3), (4) and (5), the following sub-rules shall be substituted, namely:-

"(1) An NBFC or any other company subject to eligibility in terms of schedule I shall make separate applications to the Commission for grant of licence for carrying out each form of business. The said application shall be submitted to the Commission in Form-II along with a non-refundable processing fee as may be specified by the Commission by notification in the official Gazette for each licence.

(2) A fund management NBFC shall not be eligible for seeking licence for any form of business allowed to lending NBFC and a lending NBFC shall not be eligible for seeking licence for any form of business allowed to fund management NBFC.

(3) An NBFC or any other company may apply to the Commission for grant of licence subject to eligibility criteria given in Schedule I.

(4) The Commission may issue a licence for asset management services to manage only closed end fund. Licence granted to an NBFC for investment finance services shall be valid for undertaking leasing, housing finance services and discounting services and such an NBFC shall not be required to obtain separate licences for each form of business i-e., leasing, housing finance services and discounting services specified in these rules.

(5) Every other person engaged in any form of business shall within a period of six months of coming into force of these rules apply in writing to the Commission, for grant of a licence along with a non-refundable processing fee as specified by the Commission by notification in the official Gazette.”;

(b) for sub-rule (6), the following shall be substituted, namely:-

“(6) The Commission shall, after making necessary inquiries and after obtaining such further information, as it may consider necessary, and if it is satisfied that each of its promoters, directors, chief executive and chairman of the Board of Directors fulfills the terms and conditions mentioned in the fit and proper criteria, grant licence as per Form-III for one or more forms of businesses subject to compliance of all or any of following conditions:-

- (a) the company fulfills the eligibility criteria given in Schedule I;
- (b) the company is not part of a group of companies already holding a licence, under these rules, for the same form of business;
- (c) the company meets minimum equity requirements or any other requirement in lieu of minimum equity requirement as may be prescribed by the Commission for specific form of business or class of companies by notification in the official Gazette, in respect of each form of business;
- (d) the company has allotted at least twenty five percent of the paid-up share capital to the promoters;

- (e) the company's promoters or majority shareholders and directors have deposited their shares with Central Depository Company of Pakistan Limited in an account marked as blocked and such shares shall not be sold or transferred without prior approval of the Commission and shall be kept unencumbered:

Provided that directors holding qualifying shares, maximum up to 2 per cent of the total share capital shall be exempt from this requirement;

- (f) the company's promoters or majority shareholders and directors have given an undertaking that they shall not enter into any agreement for sale or transfer of their shares in any manner without prior approval of the Commission;

Provided that directors holding qualifying shares, up to maximum up to 2 per cent of the total share capital shall be exempt from this requirement;

- (g) the company appoints its chief executive who does not hold such office in any other company except for an investment company being managed by the said company, provided that prior approval of the Commission has been obtained in this regard;
- (h) the company shall not make any change in the Memorandum of Association, other than increase in the authorized share capital, without prior approval of the Commission;
- (i) the company shall comply with the conditions as set out in these rules, the regulations or any direction given by the Commission;
- (j) the company shall furnish evidence to the satisfaction of the Commission 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:

Provided that a new company shall furnish the evidence within 90 days of grant of licence;

- (k) the company obtaining licences for multiple forms of business or any company undertaking any form of business as an ancillary activity must have, other than chief executive, at least one person responsible for heading each licenced form of business;
- (l) the company incorporated as NBFC in accordance with criteria mentioned in rule 4 shall not undertake any other activity except the licenced activity; and
- (m) the company, its promoters and major shareholders, its chief executive and its directors shall furnish separate undertakings to the Commission that they shall comply in letter and spirit with the requirements of the Ordinance, these rules, the regulations made under the Ordinance and the directions issued by the Commission:

Provided that the Commission may, impose additional conditions or grant time to the company for compliance with any of the above conditions as it deems appropriate:

Provided further that the Commission may further extend the time granted to the company for compliance.

- (c) after sub-rule (7), the following new sub-rule shall be inserted, namely:-

“(7a) If a company fails to commence business within the period as specified by the Commission while issuing licence, the licence shall be deemed to be cancelled unless the specified period is extended by the Commission on the application made by the company.”;

- (d) in sub-rule (8), after the word “granted”, the words “to the NBFC” shall be omitted;
- (e) in sub-rule (9),-
 - (i) after the word “licence”, the words “of such NBFC” shall be omitted; and
 - (ii) in the first proviso, for the word “grant”, the word “renewal” shall be substituted; and

(f) for sub-rule (10), the following shall be substituted, namely:-

“(10) Without prejudice to the terms and conditions prescribed in rule 7, the Commission may, subsequent to the grant or renewal of licence, impose any other condition as it may deem necessary in the public interest.”;

(4) rule (6) shall be omitted;

(5) in rule (7),-

(a) in sub-rule (1),-

(i) in clause (c), in sub-clause (iv), for the semicolon, at the end, a colon shall be substituted and thereafter the following proviso shall be added, namely:-

“Provided that a non-deposit taking and unlisted lending NBFC may designate another officer as its financial or chief accounting officer;”;

(ii) in clause (ca),-

(A) after the word “appoint”, the words “as internal auditor” shall be inserted;

(B) for sub-clause (i), the following shall be substituted, namely:-

“(i) a person having minimum three years relevant experience who is,-

- (a) a chartered accountant; or
- (b) a cost and management accountant; or
- (c) a certificated internal auditor; or
- (d) a certified information system auditor; or
- (e) a member of recognized foreign accountancy organization; or
- (f) an individual having master degree in commerce or business administer with specialization in finance; and

(C) in sub-clause (ii),-

- (I) for semi-colon at end a full stop shall be substituted; and
- (II) after sub-clause (ii), amended as aforesaid the following proviso shall be added, namely:-

“Provided that the internal auditor shall report directly to the board of directors or the audit committee of the board of the NBFC.”;

- (iii) in clause (cb), for the semicolon, at the end, a colon shall be substituted and thereafter the following proviso shall be added, namely:-

“Provided that a non-deposit taking and unlisted lending NBFC may designate another officer as its compliance officer;”;

- (iv) for clause (cd), the following shall be substituted, namely:-

“(cd) appoint the directors in accordance with Schedule I, provided that the Commission shall be the final authority to determine the status of a director as independent or otherwise;”;

- (v) for clause (da), the following shall be substituted, namely:-

“(da) furnish to the Commission its quarterly and annual financial statements in accordance with Schedule I;”;

- (vi) clauses (db) and (e) shall be omitted;

- (vii) in clause (g), after the word “activities”, the comma and words “, terrorist financing” shall be inserted;

- (vii) in clause (h), for the words and commas “obtain credit rating and, management quality rating, wherever applicable”, the words “obtain rating in accordance with Schedule-I” shall be substituted; and

- (viii) for clause (i), the following shall be substituted, namely:-

“(i) publish the rating in its annual report and quarterly reports, annual and quarterly reports of the collective investment schemes managed by it, if applicable, and any advertisement and brochures in relation to promotion of its business;”;

- (ix) after clause (j) the following new clause shall be inserted, namely:-

“(k) seek registration of notified entities as per the regulations notified by the Commission in the Official Gazette before offering of unit, certificates or shares of notified entities.”;

(b) in sub-rule (2),-

- (i) in clause (a), after the word “directors”, the word “those” shall be inserted;
- (ii) in clause (aa), the words “without assigning any reason” shall be omitted;
- (iii) for clause (b), the following shall be substituted:-

“(b) enter into premises leasing or renting, and sale or purchase of any kind with their directors, officers, employees or their close relatives or any person acting on their behalf or such persons who either individually or in concert with family members beneficially own 10% or more of the equity of the NBFC:

Provided that this restriction shall not apply to such NBFCs that have a policy to this effect duly approved by their board of directors:

Provided further that in case of any sale and purchase to the directors the prior approval in writing of the board, excluding the participation of the beneficiary directors, is required;”;

- (iv) after clause (b), substituted as aforesaid, the following new clause shall be inserted:-

“(ba) hold or make investment in a subsidiary other than that which is a financial services company:

Provided that an NBFC may make strategic investments in financial services company with the approval of the Commission;”;

- (v) for clause (c), the following shall be substituted:-

“(c) form, sell or transfer ownership of shares in subsidiary or associated company, merge with, acquire or takeover any other company unless it has obtained prior approval of the Commission in writing to such formation or sale or transfer;”;

- (vi) for clause (ca), the following new clauses shall be substituted:-

“(ca) sell strategic investment unless it has obtained prior approval of the Commission in writing to such sale;

(cb) merge with, acquire or takeover any other company unless it has obtained prior approval of the Commission in writing to such scheme of merger, acquisition or takeover;”;

- (vii) clause (e) shall be omitted;

- (viii) for clause (h), the following shall be substituted:-

“(h) make aggregate investment in shares of unlisted companies in excess of twenty percent of its equity. Investment in unlisted company shall be approved in a board meeting after carefully analyzing the merits and financial impact of the investment and recording the decision in detail in minutes of the meeting and such decisions shall be communicated to the Commission within fourteen days of the board meeting along with copy of the minutes:

Provided that the NBFC shall not own shares of any one unlisted company in excess of ten per cent of its own equity or of the issued capital of that company, whichever is less:

Provided further that investment by an NBFC out of its surplus equity (i.e. over and above the required minimum equity requirements) in unlisted shares of its subsidiaries or any other financial services company in the group, shall not be taken into account for calculating the limit for unquoted shares;”;

- (ix) in clause (i), after the word “cash”, the words “or liquid assets” shall be inserted;

- (x) in clause (j), for the semicolon, at the end, a colon shall be substituted and thereafter the following proviso shall be added, namely:-

“Provided that properties acquired by lending NBFC in satisfaction of its claims shall be disposed of within a maximum period of seven years from the date of acquisition;”;

- (xi) for clause (k), the following shall be substituted:-

“(k) raise deposits in any form by whatever name called except as specified by the Commission in the Non-Banking Finance Companies and Notified Entities Regulations, 2008;”;

- (xii) in clause (n),-

- (i) for the full colon at the end a full stop shall be substituted;
and
(ii) the proviso shall be omitted; and

- (c) for sub-rule 3, the following shall be substituted, namely:-

“(3) An NBFC shall comply with such minimum equity requirement or any other requirement in lieu of minimum equity requirement as may be prescribed by the Commission from time to time for specific form of business or class of companies by notification in the official Gazette.”;

- (6) for rule 7A, the following shall be substituted, namely:-

“7A. Payment of fee.- An NBFC shall pay such non-refundable fee as may be specified by the Commission through notification in the official Gazette.” ;

- (7) for rule 8, the following shall be substituted, namely:-

“8. Opening or closure of bank account, account with a broker or branch.- An NBFC shall inform its board of director regarding opening or closure of any bank accounts, accounts with a brokers or branches of an NBFC and the same must be recorded in the minutes of board meeting. ”;

- (8) for rule 9, the following shall be substituted:-

“9. Insurance coverage.- An NBFC shall obtain sufficient insurance coverage from an insurance company rated minimum A- by a credit rating agency registered with the Commission against any losses that may be incurred as a result of employee’s fraud or gross negligence. The NBFC shall make disclosure about the insurance coverage in its financial statements.”;

(9) in rule 10A,-

- (a) for the words “one year” the words “six months” shall be substituted;
- (b) after the word “provisions,” appearing for the first time the words “or any amendments thereto” shall be inserted;
- (c) the words “alter their memoranda and articles of association or any existing contract or agreement and shall” shall be omitted; and
- (d) for the words “bring the memoranda and articles of association and working procedures of the NBFC in conformity” the word “comply” shall be substituted;

(10) after rule 10A, the following new rule shall be inserted, namely:-

“10B. Exemption from certain rules to specified Companies.- The companies specified in Schedule II shall be exempt from certain rules specified in the said Schedule or as may be prescribed by the Commission by notification in the official gazette”; and

(11) after Form V, the following new Schedules shall be inserted, namely:-

Schedule I

[See rules 5 (1), 5(3), 5(6) (a), 7 (1) (cd), 7 (1) (da), 7 (1) (h)]

Conditions Applicable to an NBFC

Eligibility Criteria						
Forms of business	Type of company	Minimum number of directors	Number of independent directors	Number of directors with relevant experience of at least five years at a senior management level for a particular form of business	Rating	Submission of financial statements
1	2	3	4	5	6	7
Leasing Housing Finance Services	i) Any form of company incorporated as NBFC in	2 or minimum number of directors stipulated in the	1 or one third, whichever is higher	(i) 1 director, if number of directors including chief executive is less	N/A	As per requirements of the Ordinance

Investment Finance Services Discounting services (Lending NBFC without deposit taking permission)	accordance with criteria mentioned in rule 4. ii) Any existing company engaged in these forms of business. iii) Any other company as approved by the Commission	Ordinance, whichever is higher	than or equal to three (ii) 2 directors, if number of directors including chief executive is greater than 3		
i) Leasing ii) Housing Finance Services iii) Investment Finance Services iv) Discounting services (Lending NBFC with deposit taking permission)	Listed company which was incorporated as an NBFC in accordance with criteria mentioned in rule 4 and complies with the conditions mentioned in the Regulations for raising Deposit.	Minimum number of directors as stipulated in the Ordinance	2 or One third, whichever is higher 2 directors excluding chief executive	Credit Rating	As per requirements of the Ordinance
Investment advisory	i) A public limited	Number of directors	One third	(i) 1 director, if number of directors	Management As per requirements of

services	company incorporated as NBFC as per the rule 4. ii) An existing fund management NBFC	stipulated in the Ordinance,		including chief executive is three (ii) 2 directors, if number of director, including chief executive is greater than 3	quality rating	the Ordinance
Private Equity and Venture Capital Management Services	i) Any form of company incorporated as NBFC as per the rule 4. ii) An existing fund management NBFC	Number of directors stipulated in the Ordinance,	One third	(i) 1 director, if number of directors including chief executive is three (ii) 2 directors, if number of director, including chief executive is greater than 3	Management quality rating	As per requirements of the Ordinance
Asset management services	i) A public limited company incorporated as NBFC as per the Rule 4. ii) An existing fund	Number of directors stipulated in the Ordinance,	One third	(i) 1 director, if number of directors including chief executive is three (ii) 2 directors, if number of director,	Management quality rating	As per requirements of the Ordinance

	management NBFC with a valid investment advisory services licence and minimum 5 years' experience			including chief executive is greater than 3		
REIT management services	<p>i) A public limited company incorporated as NBFC as per the Rule 4</p> <p>ii) An existing fund management NBFC</p> <p>iii) A public limited company which is primarily engaged in the business of real estate</p>	Number of directors stipulated in the Ordinance,	One third	<p>(i) 1 director, if number of directors including chief executive is three</p> <p>(ii) 2 directors, if number of director, including chief executive is greater than 3</p>	Management quality rating	As per requirements of the Ordinance

	development.					
Pension fund scheme business	<p>i) A fund management NBFC with a valid asset management services licence and minimum 3 years' experience of managing multiple types of collective investment schemes</p> <p>ii) A life insurance company, with a valid licence and minimum 3 years' experience</p>	Minimum number of directors as stipulated in the Ordinance,	One third	<p>(i) 1 director, if number of director, including chief executive, is 3</p> <p>(ii) 2 director, If number of director, including chief executive, is greater than 3</p>	Management quality rating	As per requirements of the Ordinance

Schedule II

[See rule 10 B]

Exemption from Certain Rules to specified Companies

Sr. No.	Type of Company	Exemption
1.	Companies other than Financial Institutions undertaking activities of lending NBFCs as an ancillary business	<p>(i) Clauses (a), (b), (c), (d), (e), (f), (g) and (h) of sub-rule 6 of Rule 5</p> <p>(ii) Clauses (a), (b), (ba), (c), (ca), (cc), (cd), (h), (i) and (j) of sub-rule 1 of Rule 7</p> <p>(iii) Clauses (a), (aa), (b), (ba), (c), (ca), (cb), (h), (i), (j) and (l) of sub-rule 2 of Rule 7</p> <p>(iv) Sub-rule 3 of Rule 7</p> <p>(v) Rule 8</p> <p>(vi) Rule 9"</p>

(Bushra Aslam)
Secretary to the Commission

Bushra
15/10/18