

## **PRESS RELEASE**

### **SECP MODERNIZES NBFC FRAMEWORK: AMENDED NBFC RULES ISSUED**

Securities and Exchange Commission of Pakistan (SECP) has notified the amendments to the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the “Rules”) and introduced Non-Banking Finance Companies and Notified Entities Regulations, 2007 (the “Regulations”) in the official gazette dated November 21<sup>st</sup>, 2007.

The amended rules take into account SECP’s experience with the NBFC sector since 2002. They are based on international best practices and extensive stakeholder consultation with individual regulated entities as well as all the relevant trade associations. The new framework takes into account the enhanced powers of SECP (including the power to make Regulations) which were made in the Finance Act 2007. These powers are reflected in several changes and new additions to Section 282 of the Companies Ordinance. Consequently, the new regulatory framework is divided into 2 segments – i.e., NBFC Rules 2003 (amended) and NBFC Regulations. The Rules contain the parameters for the formation of NBFC’s and the Regulations comprehensively address all operational aspects and issues for NBFC’s and their notified entities. To facilitate regulated entities and new entities, all the existing Prudential Regulations for NBFCs issued on 21<sup>st</sup> January, 2004 (with appropriate amendments, including updated Fit and Proper criteria) have been merged into the Regulations.

The amendments in the Rules and the new Regulations are available on SECP’s website ([www.secp.gov.pk](http://www.secp.gov.pk)) for the information of NBFC’s, the financial sector and the business community.