



Press Release

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For immediate release

SECP amends regulatory framework for NBFCs: public comments sought

ISLAMABAD, February 20: In continuation of the numerous steps taken to improve the financial sector and to restore the confidence of the investors, the SECP under the leadership of Mr. Zafar Hijazi has approved substantial amendments to the regulatory framework for the non-bank financial (NBF) sector inviting public's comments.

The idea is to improve access to finance and promoting a culture of savings and investment, leading to increase in the participation of retail investors in the capital markets. The SECP intends to promote housing finance and enable NBFIs to play a key role in the development of formal housing finance sector.

The proposed regulatory framework has also strengthened the fit and proper criteria for the promoters and majority shareholders of the NBFIs to ensure that the best suitable people are at the helm of affairs of the NBFIs. A balance has been struck between the inherent risk in the operating structure of the NBFIs and the level of regulatory oversight and conditions imposed upon them.

In order to ensure the management of NBFIs in line with the best practices, board of directors has been empowered to take ownership and act proactively. Moreover, to create specialization and focus on their operations, the NBFCs are also being categorized as lending NBFCs, fund management NBFCs and advisory NBFCs.

The drafts of the proposed regulatory framework have been placed on the SECP's website. Comments from the public and other stakeholders in this regard have been sought by March 19, 2015.

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