

## Press Release

### **Draft Amendments to NBFC (Establishment and Regulation) Rules, 2003 Notified**

**Islamabad – September 12, 2006:** The Securities and Exchange Commission of Pakistan (SECP) has notified draft amendments to the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules). The rules have been placed on the SECP website ([www.secp.gov.pk](http://www.secp.gov.pk)) to solicit comments and feedback from the public.

The NBFC Rules, first notified in April 2003 under Section 282 B of the Companies Ordinance, 1984, are the governing legal framework for companies involved in the business of investment finance services, leasing, housing finance services, venture capital investment, discounting services, investment advisory services, and asset management services. The revisions to NBFC Rules have been made in-house at SECP in line with international best practices and feedback from market participants at various stages.

The amendments have been drafted keeping in view the recent developments taking place in the financial sector. Accordingly, a single licensing regime is proposed to be introduced for activities in leasing, investment finance services and housing finance services under the revised rules. Similarly, NBFCs seeking to undertake investment advisory services and asset management services will also be able to obtain a single license for both the activities. Moreover, the draft amendments dub and augment the legal provisions governing the investment advisory and asset management services.

The amendments further address practical difficulties being faced by NBFCs to ensure compliance with the rules. To strengthen risk management and investor confidence, the disclosure requirements for companies seeking to raise public deposits by way of Certificates of Deposit are also being enhanced. Additionally, in order to ensure strong corporate governance in the NBFC sector, the concept of a 'Fit and Proper Criteria' has been introduced for directors and key executives.

The SECP expects that the draft amendments will provide the regulatory flexibility and structure for continued healthy growth of the sector. Comments and feedback on these amendments may be forwarded to the SECP on the following address within thirty (30) days of notification of the draft by the Federal Government:

Ms. Ayesha Tanvir (Assistant Director)

Non-Banking Finance Companies Department,

Securities and Exchange Commission of Pakistan,

5th Floor, NIC Building, Blue-Area, Jinnah Avenue, Islamabad

[ayesha.tanvir@secp.gov.pk](mailto:ayesha.tanvir@secp.gov.pk)