



Securities and Exchange Commission of Pakistan Internal & External Communications Department

PRESS RELEASE

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NEW NBFC REGULATIONS ISSUED TO FACILITATE THE GROWTH OF INDUSTRY IN PREVALANT MARKET CONDITIONS

ISLAMABAD – NOVEMBER 24, 2008: The Securities and Exchange Commission of Pakistan (SECP) has notified the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

Earlier, the draft of these Regulations was notified in August, 2008 for soliciting public opinion. Views from various stakeholders including Mutual Funds Association of Pakistan, Leasing Association of Pakistan and Investment Banks Association of Pakistan were received, reviewed and discussed with the representatives of concerned industries.

New Regulations are well thought-out document prepared in consultations with the industry participants and deep deliberations at the Commission's level. The document aims at facilitating NBFC operations and putting in place risk mitigation measures to address the challenges posed by market conditions, particularly since August, 2008.

The time for compliance with various regulatory requirements has been extended enabling the industry to reposition adequately to meet the demands of changing circumstances. The shareholders of NBFCs and mutual funds have been empowered to effectively participate in the continuation and growth of respective industries.

These Regulations aim at industry facilitation, risk management and safeguarding the interest of the shareholders. The NBFC Regulations issued in 2007 stands repealed and replaced by these Regulations.

Salient features of the Regulations are as follow:

- 1) The requirement for listing at stock exchange for entities engaged in deposit taking has been extended up to June 30th, 2009.
- 2) The time schedule to comply with the minimum equity requirement has been extended by one year.
- 3) The time period for aligning portfolios by Asset Management Companies has been extended until June 30th, 2009.
- 4) Annual fees on mutual funds have been reduced depending on the category of a fund.
- 5) Procedure for cancellation of registration and revocation of the Open End Scheme or Closed End Scheme by the AMC has been improved.

- 6) To address the issue of deep discount on closed-end mutual funds, certificate holders have been empowered to decide conversion into open end or revocation of the funds.
- 7) The application of provisioning criteria on non-performing assets has been extended for a period of two years.
- 8) Per-party and per-sector exposure limits have been specified for different types of schemes and CIS has been barred from investing in securities of its Asset Management Company.
- 9) Board of Directors of NBFCs will be required to approve opening of account with banks and brokers.

Sd.

Imran Ghaznavi (Head of Internal & External Communications/Official Spokesman)