

GOVERNMENT OF PAKISTAN
Securities and Exchange Commission of Pakistan

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Islamabad 20th June, 2019

NOTIFICATION

S.R.O. 639 (I)/2019.- In exercise of the powers conferred by sub-section (2) of section 282B of the Companies Ordinance, 1984 (XLVII of 1984), the Securities and Exchange Commission of Pakistan hereby makes the following amendments in the Non-Banking Finance Companies and Notified Entities Regulations, 2008, the same having been published in the official Gazette vide S.R.O. 490(I)/2019 dated April 25, 2019 namely:

In the aforesaid Regulations,-

(1) In regulation (14), in sub-regulation (4),-

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

“(j) the NBFC shall seven days prior to the launch of any new deposit taking product and any subsequent amendment, provide information to the Commission along with product disclosure statement, deposit taking instrument and approval of its Board of directors:

Provided that the NBFC shall place all the deposit taking products along with specimen instruments on its website for information of the general public and it shall be the responsibility of the NBFC to regularly update its website in this regard.”; and

(ii) after clause (j), substituted as aforesaid, the following new clause (k) shall be inserted, namely:-

“(k) All advertisements for any invitation to attract deposits either through advertisement by print, electronic or social media outlets or any other form or channel to the public or through private placement shall at the minimum contain the following information:

- (a) credit rating of the NBFC, the name of the rating agency, the date on which the credit rating was issued;
- (b) minimum and maximum tenor of the Deposit;
- (c) expected profit rate to be paid on the deposits; and
- (d) all advertisements for inviting a person to invest in a Deposit taking scheme of an NBFC must contain the following disclaimer, -

The Certificate of Deposits of Non-Banking Finance Companies are subject to various risks including credit risk and liquidity risk. The prospective customers are advised to conduct their own due diligence prior to investing in Certificate of Deposits of a Non-Banking Finance Company.”

- (2) regulation (15) shall be omitted;
- (3) in regulation (17) for sub-regulation 3, the following shall be substituted, namely:-
 - “(3) In case of micro financing, the following Exposure limits shall be applicable:
 - (a) Poor Person
Rs.1,500,000 for housing loan;
Rs.500,000 for general loans other than housing loan;
 - (b) Microenterprise
Rs.1,500,000”;
- (4) in regulation (23), sub-regulation (2), for the expression “700,000” the expression “1,500,000” shall be substituted;
- (5) in regulation (37), sub-regulation (7), in clause (k), after the words “pension funds” the words “or private funds” shall be inserted;
- (6) in regulation (38), sub-regulation (2), in clause (h), the words “and independent of the auditor of the Asset Management Company and the trustee” shall be omitted;
- (7) in regulation (39),-
 - (i) for sub-regulation (3), the following shall be substituted, namely:-

“(3) The Asset Management Company shall, before it applies for the registration of an Open End Scheme or Closed End Scheme, appoint the trustee which is registered with the Commission.”;
 - (ii) sub-regulation (4), shall be omitted;
- (8) In regulation (44),-
 - (i) in sub regulation (4) for the words “register the Trust Deed” the

words “submit the Trust Deed for registration ” shall be substituted;

(ii) for sub regulation (6) the following shall be substituted, namely:-

“(6) No amendments including any modification, alteration and additions shall be made in the Constitutive Documents without prior notice to the Unit holders, and consent of the trustee.”;

(iii) after the sub clause (7), the following new clauses shall be inserted:-

“(8) In case the amendments are proposed in the fundamental attributes of CIS and/or amendments with respect to offering of units to public and maturity of fund/plan shall be subject to the prior approval of the Commission.

(9) In case amendments are made in the Constitutive Documents due to change in regulatory requirements, the same shall be incorporated without prior approval of the Commission.

(10) The supplement Constitutive Document for amendments shall be submitted to the Commission for information within one week from the date of amendments.”;

(9) in regulation (53), for the proviso, the following shall be substituted, namely:-

“Provided that the auditor so appointed shall not remain the auditor of the Investment Company for more than five consecutive years”;

(10) in regulation (54), in sub regulation (4), in clause (b), for the words “sixty days” the words “hundred and twenty days” shall be substituted;

(11) in regulation (60)-,

(i) in sub-regulation (3), -

a. for clause (s) the following shall be substituted, namely:-

“(s) fees and expenses related to registrar services, accounting, operation and valuation services related to CIS;”

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

“(v) selling and marketing expenses for the purpose of opening and maintenance of branches; payment of salaries/commission to sales

team and distributors; advertising and publicity expense; development of alternate delivery/distribution channels for CIS,;

Provided that selling and marketing expense may be charged for all categories of funds except fund of funds.”;

- (ii) in sub-regulation (5),-
 - (a) in clause (a) for the expression “4” the expression “4.5” shall be substituted; and
 - (b) in clause (c), for the expression “2” the expression “2.5” shall be substituted; and

(12) for regulation (61), the following shall be substituted, namely:-

“(61) An Asset Management Company shall disclose in the Offering Document the maximum rate of management fee chargeable to Collective Investment Scheme within allowed expense ratio limit. An Asset Management Company shall be entitled to an accrued remuneration that has been verified by the trustee and is paid in arrears on monthly basis:

Provided that Asset Management Company may charge variable fee or fixed fee or the combination of both which shall not exceed the limit disclosed in the Offering Document. AMC shall disclose actual rate of management fee charged as percentage of net asset of CIS in the monthly fund manager report.”;

(13) in Schedule V, in clause (7),-

- (a) in sub-clause (i), for the words “the accounts” the words “the financial statement” shall be substituted; and
- (b) sub clause (ii) shall be omitted;

(14) in Schedule VI, clause (7), (8) and (9) shall be omitted; and

(15) in Schedule IX, -

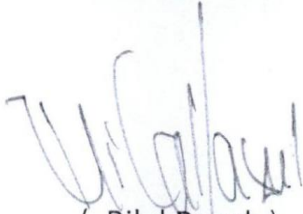
- (a) under the heading APPLICATION AND SCOPE, clause (7) shall be omitted; and
- (b) under the heading ASSESSMENT OF FITNESS AND PROPRIETARY,-
 - (i) in clause (c), in sub clause (i), the following proviso shall be inserted:-

“Provided that this condition shall not apply in case of directors of Non-Banking Microfinance Companies and such companies shall comply with conditions applicable as per Schedule I of the NBFC Rules, 2003.”;

(ii) in clause (d), in sub clause (i), the first proviso shall be omitted;

(c) in Annexure A, in clause (b), sub-clauses (5),(6),(7) and (10) shall be omitted.

No. SCD/NBFC/NBFCR/2019


(Bilal Rasul)
Secretary to the Commission