

**SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN
SPECIALIZED COMPANIES DIVISION
POLICY, REGULATION AND DEVELOPMENT DEPARTMENT**

No.SCD/PRDD/Circular/ 310 /2015

April 13, 2015

CIRCULAR NO. 11 2015

Subject: Mandatory Certification for the Professionals of NBFCs

1. In order to develop human capital in the financial markets and building investor confidence by enhancing professional competence of individuals working in these markets, the Securities and Exchange Commission of Pakistan, in exercise of the powers conferred under Section 282B (3) of the Companies Ordinance, 1984, directs the Non-Banking Finance companies (NBFCs) to ensure compliance with the below mentioned requirements:-

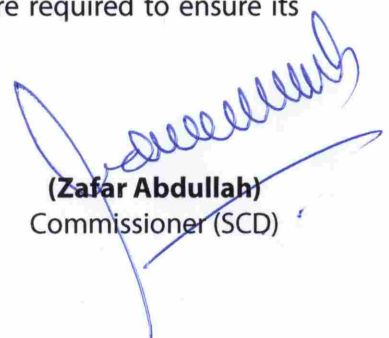
(A) For Leasing Companies and Investment Finance Companies

- i. All existing employees of these NBFCs who are engaged in the following activities related to securities shall obtain Pakistan Markets and Regulations Program (PMR) and Fundamentals of Capital Market (FCM) certifications currently being offered by ICM within 18 months of issuance of this circular:-
 - a. Investment Management:- those managing the portfolio of securities including all members of investment committees;
 - b. Operations and settlement:- those responsible for execution and settlement for trades in securities;
 - c. Research:- those carrying out fundamental analysis of all existing and potential investment in securities;
 - d. Compliance:- those responsible for ensuring compliance with applicable securities business regulatory requirements;and
 - e. Risk:- those responsible to ensure that securities investments are within a desirable level of risk.
- ii. All new employees joining these NBFCs after the date of the issuance of this circular and engaged in the activities as stated above shall obtain PMR and FCM certification within 12 months of their joining.

(B) For Asset Management Companies, Pension Fund Managers and Investment Advisors.

- i. All existing professionals engaged in or employed by these NBFCs for the following activities shall obtain Pakistan Markets and Regulations Program (PMR) and Fundamentals of Capital Market (FCM) certifications currently being offered by ICM by June 30, 2016:-
 - a. Business and product developments:- those responsible for sale (retail/institutional), marketing, investor relations/services, and product design;
 - b. Fund/Investments Management:- those managing the portfolio or investment including all members of investment committees;

- c. Operations:- those responsible for fund and client accounting, trustee relations and execution of trades;
 - d. Settlement:- those responsible for settlement of all trades;
 - e. Research:- those carrying out fundamental analysis of all existing and potential investment ;
 - f. Compliance:- those responsible for ensuring compliance with applicable business regulatory requirements;and
 - g. Risk:- those responsible to ensure that investments are within a desirable level of risk.
- ii. In addition to above certifications, all existing professionals engaged in or employed by these NBFCs for sale of collective investment schemes or pension funds with or for an NBFC shall obtain the Mutual Fund Distributors Certification (MFDC) currently being offered by ICM within 18 months of issuance of this circular.
 - iii. All new professionals joining these NBFCs or a third party engaged by these NBFCs for any of the above referred function or activity; after the date of the issuance of this circular, and performing activities referred in para 2(B)(i) above, shall obtain PMR and FCM certifications within 12 months of their joining. However, if a new professional is engaged in sale of collective investment schemes or pension funds, he/she shall obtain MFDC in addition to PMR and FCM certification within 12 months of his/her joining.
2. Professionals desirous of availing certification through grandfathering provision should approach ICM for details and this provision will lapse after December 31, 2015.
 3. NBFCs shall ensure that their employees who obtain certification through exam or grandfathering shall comply with all certification requirements.
 4. All the professionals working with or working for the NBFCs in respect of above defined activities shall comply with the applicable mandatory certification requirement. It shall be responsibility of NBFCs to ensure compliance of above requirements by any third party to whom any of the above mention function or activity has been delegated.
 5. This circular will supersede earlier Circular No.35 of 2009 dated October 30, 2009. This Circular shall come into force with immediate effect and all above referred NBFCs are required to ensure its meticulous compliance in letter and spirit.


(Zafar Abdullah)
Commissioner (SCD)

Distribution:

1. Chief Executives, All NBFCs
2. Mutual Funds Association of Pakistan
3. Investment Banking Association of Pakistan
4. NBFI and Modaraba Association of Pakistan
5. Trustees of Collective Investment Schemes