

Circular No. 10 Reference No. SC/NBFC-ED/338/2003

FRESH LICENSE(S) TO BE OBTAINED IN TERMS OF SECTION 282 C OF THE COMPANIES ORDINANCE, 1984 FOR BUSINESS (ES) BEING CARRIED OUT BY EXISTING NON-BANKING FINANCE COMPANIES

April 10, 2003

As you are aware, through the Companies (Second Amendment) Ordinance 2002, a new Part VIII-A (containing provisions of Sections 282A to 282M) has been inserted in the Companies Ordinance, 1984 ("the Ordinance") regarding matters pertaining to the establishment and regulation of Non-Banking Finance Companies (NBFCs). In terms of clause (a) of section 282 A, a NBFC would be able to partake any or all of the following forms of business namely, -

- i) Investment Finance Services
- ii) Leasing
- iii) Housing Finance Services
- iv) Venture Capital Investment
- v) Discounting Services
- vi) Investment Advisory Services
- vii) Asset Management Services

In addition to grant of license to the newly incorporated NBFCs, every company in existence that is engaged in any one or more forms of business as specified above, before the expiry of six months from coming into force of Section 282C of Part VIII-A of the Ordinance, i.e. on or before May 15, 2003 is required to apply in writing to Securities and Exchange Commission of Pakistan (the "Commission") for grant of a fresh license in terms of the said section.

Further, in terms of the powers conferred by Section 282B of the Ordinance, the Commission has recently notified rules for the Non-Banking Finance Companies namely, Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules) which prescribe criteria for grant of license to NBFCs.

Therefore, in terms of sub-rule (6) of rule 5 of these Rules read with sub section (3) of section 282C of the Ordinance, you are advised to furnish an application on the attached format alongwith non-refundable processing fee of Rs.50,000/- (fifty thousand) for each form of business, and other necessary documents including legible copy of the existing license/NOC, on or before May 15, 2003 to obtain a fresh license for carrying out any one or more of the existing forms of business as mentioned in clause (a) of section 282A *ibid.*

Yours truly,

(Sadia Khan)
Executive Director

Distribution:

1. Chief Executives of all Non-Banking Finance Companies.
 2. The Chairman, NIT and ICP
 3. The Chairman, The Investment Banks Association of Pakistan
 4. The Chairman, Leasing Association of Pakistan
 5. The Chairman, Mutual Funds Association of Pakistan
 6. Institute of Chartered Accountants of Pakistan
 7. All Divisions of SEC
 8. All CROs
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APPLICATION FOR OBTAINING LICENCE TO CARRY OUT

AS NON – BANKING FINANCE COMPANY

Dated, the-----

To,

The Securities and Exchange
Commission of Pakistan,
Islamabad.

Dear Sir,

We hereby apply for grant of license under rule 5 (6) of the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, to carry out _____* as a Non-Banking Finance Company.

2. We hereby furnish the following information,—

- (a) date of incorporation as a limited company;
- (b) authorised, subscribed and paid-up share capital of the company along with total equity of the company as defined in sub-section (1) of Section 2 of NBFC Rules, 2003 (sponsors' equity indicated separately);
- (c) names and addresses of directors and number of shares held by each of them;

- (d) directors' interest, direct or indirect, in any other company with details of such interest;
 - (e) details of persons or group controlling the company including major shareholders with number and value of shares held;
 - (f) names of holding, subsidiary and associated undertaking, if any;
3. Certified copies of the memorandum and articles of association, certificate of incorporation and existing license/NOC are enclosed.

4. An affidavit as to the correctness of the above information by the chief executive and two directors is also furnished herewith. We undertake to keep this information upto date by communicating changes or modifications therein within fourteen days of such change or modifications.

5. A receipt of rupees fifty thousand (Rs. 50,000/-) being the non-refundable processing fee, deposited in _____ on _____ is enclosed.

Yours faithfully,

Signature-----

(To be signed by all the directors)

*Any one of the activities or functions as mentioned under section 282 (A) of the Companies Ordinance, 1984.