



**SECURITIES & EXCHANGE COMMISSION OF PAKISTAN  
SPECIALISED COMPANIES DIVISION  
(NBFC DEPARTMENT)**

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**Circular No: 23 of 2004**

No. SC/NBFC-I(R)/2004-

Islamabad, June 25, 2004

**Subject: Prudential Regulations for Non-Banking Finance Companies (NBFCs)**

Attention is invited to Clause 5 (1) B of Part III of Prudential Regulations (PR) for Non-Banking Finance Companies (NBFCs) issued vide Circular No. 2 of 2004 dated January 21, 2004.

In view of practical difficulties being faced by the industry and on representation of the industry association, the Securities and Exchange Commission of Pakistan (SEC), in exercise of powers conferred by section 282 D of the Companies Ordinance, 1984 (the "Ordinance") hereby modifies the OAEM Classification given in clause 5 (1) B of Part III of the PR as follows:

CLASSIFICATION	DETERMINANT	TREATMENT OF INCOME	PROVISIONS TO BE MADE
(1)	(2)	(3)	(4)
1. OAEM (Other Assets Especially Mentioned).	Where rental, mark-up/ interest/profit or principal is overdue (past due) by 180 days from the due date.	Unrealized mark-up/ interest/profit to be put in Suspense Account and not to be credited to Income Account except when realized in cash.	No Provision is required.

With respect to the above change, all NBFCs shall also adhere to the following:

1. In case where a medium or a long term financing facility has one year or less than one year of remaining maturity, it will be classified in accordance to the directions given in clause 5 (1) (A) of Part III of Prudential Regulations for Non-Banking Finance Companies (NBFCs) which details the classification guidelines for Short Term Financing Facilities.
2. In case of a medium or long term financing facility for Computers or other equipment used in Information Technology, which has high obsolescence, the directions given in

clause 5 (1) (A) of Part III of Prudential Regulations for Non-Banking Finance Companies (NBFCs) will be followed.

The above modification / change is effective from June 25, 2004. All NBFCs are advised to ensure compliance of the above direction.

**(Bilal Rasul)**  
**Joint Director**

Distribution:

1. Chief Executives of all NBFCs.
2. Managing Directors of all Stock Exchanges.
3. The President, Institute of Chartered Accountants of Pakistan.
4. The President, Institute of Cost & Management of Accountants.
5. Central Desk Incharge, Associated Press of Pakistan.
6. Press Information Department.