

**GOVERNMENT OF PAKISTAN**  
**Securities and Exchange Commission of Pakistan**

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*Islamabad, the 20<sup>th</sup> May, 2021*

NOTIFICATION

**S.R.O.581(I)/2021.**- 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. 107(I)/2021 dated January 27, 2021, namely: -

AMENDMENTS

In the aforesaid Regulations, -

(1) in regulation 38, in sub-regulation (2), after clause (a), the following new clause shall be inserted, namely: -

“(ab) have a Board’s approved policy and mechanism in place to ensure -

- (i) that the sales force is trained and regularly reminded to undertake reasonable measures to document and communicate product suitability in light of the investment objectives and risk tolerance of every individual investor at the time of new investment and/ or any uptick of risk thereof through an investment or conversion transaction;
- (ii) regular review of product suitability and investor risk profiling by its internal audit, compliance or risk management department; and
- (iii) quarterly reporting of such review to a management or Board Committee.”; and

(2) in Schedule IX, under the heading “ASSESSMENT OF FITNESS AND PROPRIETY”, -

(a) in clause (a), -

- (i) in sub-clause (iv), for the semi colon at the end a colon shall be substituted and thereafter the following proviso shall be added, namely: -

“Provided that in case of non-executive nominee directors

representing institutional interest and who otherwise do not have any personal interest, the Commission may, after seeking explanation and if satisfied, after reasons to be recorded in writing, relax this requirement on case to case basis subject to such conditions as it may deem fit.”;

- (ii) after sub-clause (vi), at the end a colon shall be inserted and thereafter the following proviso shall be added, namely: -

“Provided that an affidavit shall be obtained from individuals subject to fit and proper criteria that no investigation is initiated by any Law Enforcement Agency (LEA) against such person and in case any investigation has been initiated, the fact must be disclosed. In case of any investigation initiated by LEAs against CEO or any director of the said company, the board of directors of the company shall decide whether to retain such CEO or director after reasons to be recorded in writing for the same;”;

and

- (iii) sub-clause (viii), shall be omitted; and

- (b) in clause (c), -

- (i) in sub-clause (i), for the proviso, the following shall be substituted, namely: -

“Provided that this condition shall not apply in case of sponsor directors, however, conditions prescribed in Schedule I of the NBFC Rules, 2003 shall apply.”; and

- (ii) after sub-clause (iv), the following new sub-clause shall be inserted, namely: -

“(iva) where the Commission is not satisfied on sufficiency of the suitability criteria, it may conduct an interview of the chief executive to assess his/her suitability for the position.”.

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[File No. SCD/NBFC/NBFCR/2021]

  
( Bilal Rasul )  
Secretary to the Commission