



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN
Specialized Companies Division
Supervision Department

No. SCD-SD/KHI/2012

September 12, 2012

CIRCULAR # 29 OF 2012

**Filing of Semi Annual Returns by the NBFCs Regarding Information on
Related Party Exposure**

Securities and Exchange Commission of Pakistan (SECP) has devised formats for standardized periodic reporting of information by the NBFCs pertaining to their exposure in related party(ies). The term related party would carry the same meaning as defined in International Accounting Standard – 24, adopted in Pakistan.

2. Therefore, in exercise of the powers of the Commission conferred under Section 282D of the Companies Ordinance, 1984, all the NBFCs are required to submit the information as per the attached formats on six monthly bases. The information shall be submitted in a manner that for the period ended on 30th day of June every year, the information should be submitted to SECP by the following 30th day of September while for the period ended on 31st day December every year the information should be submitted to SECP by the following 31st day of March. However, the first reporting of information by the NBFCs shall be made by 31st day of October 2012 for the period ended on 30th day of June 2012. If the NBFC does not have any exposure in the related party(ies), the NIL statements should be filed accordingly.

3. The information is required to be submitted in soft form (in MS Excel) through email to ahmer.fareedi@secp.gov.pk, aqureshi@secp.gov.pk and mubeen.ashraf@secp.gov.pk. Soft copy of the referred formats will be sent to all the entities through email for their ease.

4. All Companies are required to ensure meticulous compliance with this circular in letter and spirit, failing which action will be taken in terms of applicable provisions of the law.


Shahid Nasim
Executive Director (SCD)

Distribution:

1. The Chief Executive Officers of all NBFCs;
2. The Chairman, Mutual Funds Association of Pakistan;
3. The Chairman, Leasing Association of Pakistan;
4. The Chairman, Investment Banking Association of Pakistan;
5. The IS & T Department SECP, for posting on website.

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Pak Law Publication

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FORMATS FOR SEMI-ANNUAL RETURNS BY NBFCs

For the purpose of this return,

1. ***Related party*** will have the same meanings as given in International Accounting Standard - 24 as adopted in Pakistan. The definition will also include an associate as defined in the Companies Ordinance, 1984
2. ***Associate, Associated Company & Associated Undertaking*** will have the same meanings as given in the Section 2 (2) of the Companies Ordinance, 1984. The definition will also include an entity on which reporting NBFC exercises significant influence as given in IAS-28.
3. ***Group*** comprises a parent and its subsidiaries as well as the entities which are under common management or control (***Group Entities*** mean entities which are under the common control/management along with the reporting NBFC and its subsidiaries and parent entity – as defined in Section 2 (2) (ii) of the Companies Ordinance, 1984)
4. ***Amount shall be reported in rupees in millions***

A- Details of Related Parties and Shareholding Therein

Name of Reporting NBFC:

For the Half Year Ended:

Sr. No.	Name of related party	Nature of the business of related party (i.e. Sector of Economy)	Nature of reporting NBFC's relationship with related party (mention if related party is a Parent, Subsidiary, Other Group Entity, Associate or Other Related Party)*	Credit Rating of related party (if available)	Details of reporting NBFC's share holding/interest in related party (as on reporting date)			Related party's shareholding in the reporting NBFC	
					Cost value of equity investment in related party	Provision held against equity investment in related party	%age share holding by the reporting NBFC in the related party	Number of reporting NBFC's shares owned by related party	%age share holding by related party in the reporting NBFC
1									
2									
3									
-									
-									

** please mention if related party is a:

- Parent of the NBFC;
- Subsidiary of the NBFC;
- Other Group Entity (a company or undertaking which is under common management or control along with the reporting NBFC other than Parent and Subsidiary company);
- Associate (as defined in IAS-28 or the Companies Ordinance - other than Parent, Subsidiary and Other Group Entity); or
- Other Related Party (as defined in IAS-24, other than Parent, Subsidiary and Associate)

B- Details of Exposure to and From Related Parties

Name of Reporting NBFC:

For the Half Year Ended on:

i- Fund Based Exposures on Related Parties

Sr. No.	Name of Related Party	Total Sanctioned Limit of Fund Based Facilities	Receivables/Due from Related Parties as on reporting date										Maximum total outstanding amount during the reporting period	Amount of classified loans, investments, receivables (if any)	Provision Held against classified loans, investments, receivables (if any)	Amount written off during the reporting period (principal + markup)	
			Loans & Advances		Equity Investment	Subordinated Loans/TFCs		Investments in TFC, Bonds Sukuks, Certificate of Musharika, Certificate of Investments, Certificate of Deposits, Commercial Papers, etc.		Investment in Mutual Funds		Other Receivables					Total Outstanding Amount
			Outstanding amount of loans & Advances	Average Return on loans & advances (%)	Amount of equity investments in share capital of related party (cost value)	Outstanding amount of subordinated loan/TFC etc. (cost value)	Average return on subordinated loans TFCs	Outstanding amount of investments in TFCs, Bonds, Sukuks, etc. (cost value)	Average return on TFCs, Bonds, Sukuks etc (%)	Outstanding amount of investments in Mutual Funds (cost value)	Average Return on Mutual Funds (%)	Outstanding amount of Other receivables					
(a)		(b)	(c)		(d)		(e)		(f)	(a-b+c+d+e+f)							
1																	
2																	
3																	

Note: Loans & advances granted to employees of the reporting NBFC as per BoDs' approved HR policy may be not be reported

ii- Non-Fund Based Exposures on Related Parties

Sr. No.	Name of Related Party	Non-Fund Financing Facilities/ Exposures to Related Parties as on reporting date						
		Trade & Transaction Related Commitments	Direct Credit Substitutes	Commitment to extend credit	Other commitments	Fair value of Derivative transactions [asset/(liability)]	Amount of classified non-fund based exposure to related party (if any)	Provision Held Against off-balance sheet exposures
1								
2								
3								

iii- Details of Balances Payable/Due to Related Parties

Sr. No.	Name of Related Party	Payables/Due to Related Parties on reporting date							Maximum total outstanding amount during the reporting period
		Amount of Outstanding Deposits	Amount of Outstanding borrowings/ debt etc	Amount of subordinated loan from related party or investment by related party in subordinated TFCs issued by the reporting NBFC	Other payables	Total outstanding amount			
		average return on deposits (%)	average return on borrowings debt (%)	average return on subordinated loan or TFCs etc. (%)		(a+b+c+d)			
1		(a)	(b)	(c)	(d)	(a+b+c+d)			
2									
3									

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C - Details of Related Party Dealings and Transactions

Name of Reporting NBFC:

For the Half Year Ended:

i- Details of Expense Paid/Accrued to Related Parties During the Period

Sr. #	Name of Related Party	Details of expense paid/accrued to Related Party (year-to-date)				
		Interest Expense	Fee/ Commission	Fee/charges for services obtained under outsourcing arrangements	Rental Expense	Any Other Expenses
1						
2						
3						

ii- Details of Transactions with Related Party during the Period

Sr. #	Name of Related Party	Details of Transactions with Related Party During the reporting period (excluding transactions with employees as covered under Human Resource policy of the reporting NBFC)									
		Sale of Immovable Assets			Sale of Movable Assets			Purchase of Immovable Assets		Purchase of Movable Assets	
		Book value of asset	Fair Value of asset	Sale price	Book value of asset	Fair Value of asset	Sale price	Market or Fair value of asset	Purchase price	Market or Fair value of assets	Purchase price
1											
2											
3											

iii- Details of Contracts, Agreements and Outsourcing Arrangements with Related Parties for Construction or Procurement of Assets and Services

Sr.No	Name of Related Party	Relationship with the party	Nature of contract	Length of Contract	Amount of contract OR Estimated Annual Amount to be paid (where agreement/ arrangement is of recurring nature)	Special condition imposed	Penalties in case of non-performance of contract	Country of origin of related party	Currency of Payment to be paid to related party

iv- Details of Services Rendered on Behalf of Subsidiaries and Associates over the Counter of Reporting NBFC's Branches

Sr.No.	Name of Subsidiary Associate	Nature of Business of Subsidiary/Associate	Nature of services offered	Commission charged for the services	Tenor of contract



D- Details of Reporting NBFC's Equity Exposures

Name of Reporting NBFC:

For the Half Year Ended:

i- Details of Scrip Wise Equity Exposure

Sr. No	Name of the Related Investee Company	Number of Shares owned	Nature of Investment (Held for Trading, Available for Sale, Associate or Subsidiary Investment)	Shareholding as % of Paid up capital of investee Co	Total Book value of investment (cost – Provision)	Book value per share ⁱⁱⁱ	Market/Fair Value per share	Breakup Value per share*	Total Book value of investment as percent of reporting NBFC's equity	Maximum balance of equity investment during the half year	Remarks [†]

ii- Details of Exposures Against the Shares of Associated Companies

Sr. No	Name of Borrower	Details of Exposure					Details of collateral i.e. shares of associated companies				
		Limit of fund-based facilities	Limit of non-fund based facilities	Outstanding amount of fund-based facilities as on reporting date	Outstanding amount of non-fund-based facilities as on reporting date	Status of Exposure i.e. Regular or Classified (please mention if any exposure is classified/non-performing)	Name of associated company whose shares are held as collateral	Number of shares held as collateral	Shares held as collateral as percent of total outstanding shares of the associated company	Total market value of shares held as collateral	Total break up value of shares held as collateral

ⁱⁱⁱ Book value per share – Total book value of reporting NBFC's investment / number of shares owned by the reporting NBFC

* Break value per share – Total Equity of the investee company / number of total outstanding shares of investee company

[†] Please mention any other significant information e.g. number of instances when regulatory limits (if any) were exceeded

E- Details of Regulatory Capital Requirements for NBFC & Its Subsidiaries

Name of Reporting NBFC:

As of Half Year Ended:

Sr. No.	Name of NBFC and Subsidiary	Reporting NBFC's Percentage shareholding in subsidiary	Balance sheet capital requirements for the NBFC and subsidiaries (e.g. Minimum paid up capital)		
			Required Capital/Equity	Capital/Equity Held	Surplus/ (shortfall)
			(a)	(b)	(b-a)
1	NBFC				
2	Subsidiary-1				
3	Subsidiary-2				
4	Subsidiary-3				


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