

**Defer repayment plea of principal loans amounts, Three-month extension to NBMFCs allowed**

ISLAMABAD: The Securities and Exchange Commission of Pakistan (SECP) has allowed three months extension to the non-bank micro-finance companies (NBMFCs) for accepting borrowers request to defer repayment of principal loans amounts. In this connection, the SECP has issued circular number 21 of 2020 here on Wednesday on relaxation to NBMFCs under regulation 67A of the Non-Banking Finance Companies and Notified Entities Regulations 2008.

According to the circular issued by the SECP, an NBMFC, may, upon a written request of the borrower received before September 30, 2020, defer repayment of principal loan amount by one year, provided that the borrower would continue to service markup amount as per agreed terms and conditions. All other conditions of circular number 9 of 2020 would remain the same.

The SECP has already allowed all lending Non-Bank Finance Companies (NBFCs) including NBMFCs to defer repayment of principal loans by their borrowers for one year, under the present circumstances owing to the outbreak of COVID-19 (coronavirus) pandemic. This has been done to facilitate the lending non-bank finance sector in rescheduling their borrowers. The deferment facility of repayment of principal loans or rescheduling/restructuring would be available to the borrowers of the NBFCs and the NBMFCs.

The above-mentioned deferment will not affect the credit history of the borrower and will not be reported as restructuring in ECIB. The financing facilities of such borrowers, who are unable to service the mark-up amount or need deferment exceeding one year, may be rescheduled/restructured upon their request.

If the rescheduling/restructuring is done within 90 days of the loans being overdue in case of microfinance and within 180 days of the loan being overdue in case of other finance facility, such facilities will continue to be treated as regular and reported in the Electronic Credit Information Bureau (ECIB) accordingly.

The NBFCs shall not classify the financing facilities of such borrowers who have requested for deferment or rescheduling/restructuring, unless the payment obligations are past due by 90 days in case of microfinance and 180 days in case of other finance facility.

If the deferment or rescheduling/restructuring is not executed successfully within the specified past due periods, such financing facilities shall be classified. The aforesaid relaxations shall stand expired on March 31, 2021 and afterwards prevailing provisions of the NBFC regulations shall be applicable.

Moreover, the aforesaid treatment shall be available for loans, which were regular as on February 15, 2020 and became non-performing subsequently, the SECP added.