



# Naya Pakistan Certificate Information Document



## Naya Pakistan Certificates – Information Sheet (Version 5)

### 1. What is a Naya Pakistan Certificate (NPC)?

Naya Pakistan Certificate is a fixed income security offered digitally by Government of Pakistan under NPC Rules 2020 framed under public Debt Act, 1944. It is a sovereign security denominated in US Dollars, and Pak Rupees issued with full faith and credit of the Government of Pakistan. The NPCs are available in five maturities, namely, 3-month, 6-month, 12-month, 3-year, 5-year and carry following rated per annum (p.a):

Note: For Islamic Naya Pakistan Certificate, actual profit rates will be calculated in line with the Islamic principle of Mudarabah, based on the actual financials of the month.

### 2. Who is eligible to invest in Naya Pakistan Certificates (NPC)?

Non-resident Pakistanis having national Identity Card for Overseas Pakistanis(NICOP) or Pakistan Origin Card (POC) and resident Pakistanis having declared assets aboard, are eligible to invest in NPCs thorough Foreign Currency Value Account (FCV) and Non Resident Pakistanis through Rupee Value Account(NRVA).

### 3. What types of NPC can I invest in?

The Certificates shall be issued in conventional form and also in Shariah compliant form.

### 4. What is the profit paying frequency of NPC?

The 3-Month, 6-Month and 12-Month tenor certificates shall be single-coupon securities on which principal and profit shall be paid on maturity or on premature encashment. Whereas, 3-Year and 5-year certificates shall be coupon securities, on which periodic profit payment shall be paid on half-yearly basis.

### 5. What currencies of NPC can I invest in?

The Certificates shall be issued in USD, EUR, GBP and PKR.

### 6. How can I invest in NPC?

The funds for investment in the Certificates must be remitted from abroad in the Investors MCB Roshan Digital Account (PKR or FCY) as per prevailing regulations and processes. Provided that funds remitted in Roshan Digital Account of the investor after June [30], 2020 can be used for investment in the Certificates.

For investments, Roshan Digital PKR Accountholders can invest in PKR denominated investments only. Similarly, Roshan Digital FCY Accountholders can invest in any FCY (USD, GBP and EUR) denominated investments.

State Bank of Pakistan, and/or MCB Bank, reserves the right to accept or reject the investment application if the investor does not comply with the necessary requirements under the rules or instructions.

### 7. What will be the rate of return?

Government of Pakistan's Finance Division shall notify the rate of return on the Certificates and frequency of payment from time to time. Profit as well as principal repayment shall be made directly to the customers' own account.

In case of a holiday on the periodic profit or principal payment date, the next working day falling after the holiday will be considered the periodic profit date/principal payment date. In such case, no profit will be payable for the period of the holidays.

### 8. What will happen in case of death of certificate holder?

In case the customer dies, the payment of principal and profit, if any, shall be paid to the legal heirs of the deceased customer in accordance with a valid succession certificate or equivalent documentation issued by a court of competent jurisdiction under the applicable laws.

### 9. Is NPC transferrable?

The Certificates shall not be transferrable except if required under the relevant laws.

### 10. Does the investor need to visit Pakistan for encashment of NPCs?

No, the investor can invest, and redeem the NPCs digitally by login the MCB Live app.

- 11. In which account the Investors will get the funds on maturity/premature encashment or periodic coupons?**  
The funds on maturity, on premature encashment, and the periodic coupon payments (where applicable), will be credited in the investor's RDA Account where the investment is booked.
- 12. Can a minor invest or co-invest in Naya Pakistan Certificate (NPC)?**  
Yes, a minor can invest in NPCs provided he/she meets the eligibility criteria mentioned above. The parents or the guardian shall operate all the transactions on behalf of the minor until the minor is of eighteen (18) years of age.
- 13. Is investment in NPCs safe and guaranteed by Government?**  
Yes, NPCs are sovereign instruments, issued with full faith and credit of the Government of Pakistan.
- 14. Is a rollover facility available?**  
The Certificates cannot be auto reinvested or rolled over after maturity date.
- 15. Can I pledge NPC for financing?**  
The Certificates shall be pledge able as security for raising financing in Pakistan subject to such conditions as may be prescribed by SBP.
- 16. Can I encash my investment in NPC before maturity?**  
Early encashment is allowed and profit of broken period will be calculated at the profit rate of the nearest shorter tenor (e.g. 12 months' certificate encashed in 10th month, profit will be calculated @ profit rate of 6 months' certificate).  
  
No profit on encashment before initial three months. Premature encashment shall be allowed. Proceeds from premature encashment will be credited on T+2 basis starting from next business day.  
  
Note: Partial encashment is not allowed.
- 17. Will I be taxed if I invest in NPC?**  
The profit of the Certificate will be subject to deduction of Withholding Tax on profit at source as a full and final discharge of tax liability. There shall be no requirement for submission of income tax return filings in Pakistan for NRPs in respect of profit earned on these certificates.
- 18. Is my investment in NPC Zakat deductible?**  
No, NPCs are exempt from zakat deduction as per the NPC Rules, 2020.
- 19. In what form will the Certificates be issued?**  
The Certificates shall be issued in scrip less form or any other form or format as approved by the Finance Division of Pakistan from time to time in consultation with SBP.
- 20. Can I encash my investment in INPC before maturity?**  
Early encashment is allowed, but only after one month of investment. The INPCs encashed after one month but before three months will be remunerated based on the actual return of Mudarabah Pool. For encashment after one month and before 3 months, the investor's share shall be redeemed at a discounted price by applying a discount on the announced profit rates for that category of investor. After completion of 3 months, the investor shall be given profit of the nearest shorter tenure (e.g. 12 months' certificate encashed in 10th month, profit will be calculated @ profit rate of 6 months' certificate).  
  
Proceeds from premature encashment will be credited on T+2 basis starting from the next business day. Redemption/Encashment of any amount by the INPC investor shall mean the transfer of its respective share in the Business along with all related risks and rewards as such redemption shall be on the basis of the principal value of the investment.
- 21. What will the basis of profit-sharing in INPC?**  
Profit Sharing Ratio between Mudarib (SPV) and Raab ul Maal (Investors) will be agreed at the outset. The SPV, as Mudarib, shall share in the profit on the basis of a predetermined Profit Sharing Ratio (PSR) of the Gross Income of the Business (the "Mudarib Share" respectively). The "Gross Income" of the Business is defined as profit earned on utilizing Investors' fund (i.e. income of the Business minus all allowed expenses incurred in deriving that income).
- 22. What if SPV?**  
Special Purpose Vehicle (SPV) means an SPV formed by the Government of Pakistan, acting through Ministry of Finance for Islamic Naya Pakistan Certificate (INPC).

**23. What the Mudarabah relationship between SPV and investors?**

For all Islamic Naya Pakistan Certificates (INPC) whether in PKR or USD or any other foreign currency as notified by the GOP Finance Division, the relationship between the SPV and Investor(s) shall be based on the principles of Mudarabah, where the Investor(s) is the Raab-ul-Maal and the SPV is the Mudarib. SPV as the Mudarib may invest or disinvest, at its sole discretion, monies/funds received by it from the Investors only in Shariah Compliant activities/assets (The "Business") of the SPV. Additional features in respect of INPC as may be applicable from time to time shall be stipulated in product brochures and at the website of the SPV.

**24. What is profit calculation methodology?**

The profit calculation of investment pool shall be done, under this Mudarabah, at the end of every month by the SPV. Profit calculation method for INPC is on a daily product basis. Profit payment will be made at maturity for three, six and twelve month INPCs and on a six monthly basis for thirty-six month and sixty month INPCs.

**25. What happens if a loss is incurred?**

In the event of loss on the capital in respect of the Business, all investors of the investment pool shall share such loss in proportion to their investments. However, if loss was caused by the negligence or willful default of the SPV, the INPC holder will not be liable to share in such loss.

**26. What are the applicable laws on INPC Mudarabah agreement?**

The Mudarabah Agreement will be governed by the agreed with Terms and Conditions and all laws, regulations, rules, decrees, bylaws applicable to SPV and laws of Islamic Republic of Pakistan in line with the principles or rules of Shariah (as defined and approved by the reputed Shariah Advisor of the SPV).

No business or activity can be undertaken by SPV under this Mudarabah Agreement which does not comply with the rules of Shariah and SPV is responsible to ensure Shariah Compliance of the Business as advised by the Shariah Advisor or Shariah Board of SPV.

**27. Where will the funds used for investment in INPC be used for?**

To manage the investment received from customers, the SPV shall maintain two separate Mudarabah pools i.e. FCY currency (USD, GBP and EUR) pool and PKR pool. The SPV shall use these funds to provide financing to the Federal Government through sale and lease back of the identified assets in USD, GBP and EUR for FCY pool and PKR for PKR pool.

The rental rate shall be mutually agreed between the SPV and the Federal Government enabling the SPV to have sufficient profits to remunerate the INPC holders at the rate equivalent / close to the expected rates.