



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN
SPECIALIZED COMPANIES DIVISION
FUND MANAGEMENT DEPARTMENT

No. SCD/PRDD/CIRCULAR/377/2026

June 30, 2026

Circular No. 13 of 2026

Subject: Mechanism for Establishment and Regulatory Requirements for Operations of the Market Development Fund

The Securities and Exchange Commission of Pakistan (the "Commission") in exercise of its powers conferred under Section 282(B)(3) of the Companies Ordinance, 1984 (XLVII of 1984) read with Regulation 38(1)(ab), 41(pa) and 67B(xvi) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, hereby specifies the following mechanism for establishment of Market Development Fund (MDF) along with regulatory requirements for operations of the MDF by the Mutual Fund Association of Pakistan (MUFAP).

1. **Objective of the MDF** – The objective of the MDF is to enhance awareness and widen investor participation in Collective Investment Schemes (CIS) and Voluntary Pension Schemes (VPS) to:
 - a. Promote investor education, awareness of the financial market, with particular focus on market development of mutual funds and pension fund industry;
 - b. Encourage onboarding of new investors, especially retail and untapped and underserved segment;
 - c. Promote utilization of fintech solutions and digital platforms to enhance outreach;
 - d. Encourage greater participation of women, youth and low-risk appetite investors in the financial markets;
 - e. Strengthen and incentivize distribution network to improve retail accessibility and expand market participation;
 - f. Support training and capacity building initiatives aimed at enhancing effective distribution in industry.
2. **Establishment of MDF** – The MDF shall be established as an earmarked fund by the MUFAP with registered trustee appointed as custodian. The custodian shall be eligible to charge an annual fee of not more than Rs. 500,000/- and any other expenses incurred in the course of its operations, on actual basis.
3. **Governance and Management of MDF** – MUFAP shall serve as the governing body entrusted with the responsibility of overseeing the operations of the MDF, including provision of necessary secretarial support in accordance with the Terms of Reference as provided in **Annexure - A**.
4. **Management Fee by MUFAP** – MUFAP may charge a management fee of up to one percent (1% p.a.) of the monthly average net size of the MDF, on quarterly basis, for administering and managing the affairs of MDF.
5. **Contributions to the MDF** – The Asset Management Companies (AMCs) / Pension Fund Managers (PFMs) and the registered trustees shall, on a monthly basis, contribute to the MDF with the following percentages exclusively out of their respective remuneration earned in respect of the management of the CIS/VPS under their management or trusteeship, as applicable. Such contribution shall not, directly or indirectly, be passed on to or recovered from the investors/participants of the respective CIS/VPS:

Entity	Contribution as a %age of Remuneration
Asset Management Companies and Pension Fund Managers	1%
Trustees remuneration from trustee and custodial services for CIS and VPS	1%

Note: The aforementioned charges shall accrue from July 1, 2026 and the amounts accrued on a monthly basis shall be duly remitted by the AMCs, PFMs, and the registered trustees into the designated bank account for the purpose of MDF within ten [10] working days of the following month.



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Provided that the Commission may, by notification, require any other Fund Management Company to contribute such amount or proportion towards the MDF as may be specified, for the development of its respective fund management segment.

- 6. Reporting and Disclosure** – AMCs, PFMs, and registered trustees shall be obligated to explicitly disclose their contribution towards MDF in their annual financial statements.

Imtiaz Haider
Commissioner (SCD)

Distribution:

1. Chief Executive Officers, Asset Management Companies and Pension Fund Managers;
2. Mutual Funds Association of Pakistan; and
3. Trustees of Collective Investment Schemes and Pension Fund Managers.



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Annexure – A

Terms of Reference for Operationalization and Utilization of MDF

The Terms of Reference (TORs) for operationalization and utilization of MDF shall be established by the Board of Directors (BOD) of the MUFAP based on the following broad guidelines outlining the responsibilities for achieving the objectives of the MDF:

A. GOVERNANCE STRUCTURE

The MDF will be governed and managed by the MUFAP in accordance with the following TORs and subsequent circulars/ direction issued by the SECP, from time to time.

1. Establishment of Sub-Committee/Working Group

The BOD of MUFAP for the purpose of managing operations of the MDF, may establish a Sub-Committee (SC)/Working Group (WG), comprising of its independent directors, member directors and any other industry expert/ stakeholder which the BOD may nominate or SC/WG may co-opt, as it may deem appropriate.

2. Secretarial Support

MUFAP shall provide necessary secretarial support in managing the affairs of MDF. A senior executive may act as secretary and shall be responsible for:

- i. managing all the operational work (approvals, memo creation, payment processing, etc.).
- ii. following the guidelines for execution of campaigns, manage media and other agencies as per the provided direction; and
- iii. providing data/statistics and presentations to the management as and when required.

B. RESPONSIBILITIES OF MUFAP:

1. Setting Priorities for Fund Operationalization and Utilization

MUFAP shall set clear priorities for fund utilization, ensuring that the allocation of resources is fully aligned with the industry's needs and long-term growth objectives. This will help maintain focus on initiatives that contribute meaningfully to the development of mutual fund industry by enhancing retail penetration and increasing awareness among general public and inculcating the habit of savings and investments among masses.

The MUFAP shall;

- i. Maintain a distinct earmarked account (bank, investment, etc.) for the MDF, which shall be operated separately from MUFAP's funds;
- ii. Appoint a registered trustee as custodian of MDF;
- iii. Set clear KPIs to track progress and effectiveness of prioritized areas as per annual plan;
- iv. Collaborate with the relevant stakeholders to expand distribution network and capacity building initiatives;
- v. Approve annual plan and proposals related to awareness campaigns, trainings, research and development for growth and white-label advertisements; and
- vi. Develop and facilitate innovative financial market initiatives aligned with evolving industry needs and market developments.



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2. Review Proposals Received

Proposals, if any, received from members, the SECP, and other stakeholders shall be carefully reviewed in light of the MDF's objectives. The same shall be evaluated on their relevance, feasibility, and potential impact before being considered for approval.

3. Approval for Annual Plan:

An annual plan will be developed to provide a structured roadmap for the upcoming year. This plan will be approved by the MUFAP Board, ensuring that all planned activities are well-coordinated, realistic, and strategically aligned with broader objectives. The said plan shall be based on following core principles:

- i. The MUFAP shall undertake surveys or other forms of data collection, jurisdictional research, and analysis to assess and ascertain the prevailing landscape and demographic profile, thereby establishing the foundational groundwork for financial literacy and awareness, and other relevant campaigns together with their execution strategy;
- ii. Propose and organize awareness and financial literacy campaigns tailored to demographic needs, aimed at enhancing literacy and awareness regarding mutual funds and pension funds;
- iii. Coordinate with the marketing teams of AMCs along with relevant external agencies (if required) for designing and ascertaining the requisite budget for electronic, social and print media campaigns;
- iv. MUFAP may engage marketing departments of AMCs for undertaking any campaign, if so required;
- v. Evaluate the proposal to engage external resources/agencies (if required);
- vi. Create annual budget assumptions for proposed Annual Plan; and
- vii. Prescribe SOPs for termination of underperforming projects or campaigns that do not yield the intended results.

MUFAP Board shall be authorized to approve the action plan for the MDF, together with the associated budget required for its effective implementation and execution.

4. Evaluate Performance Reports on Approved Deliverables

The MUFAP Board shall evaluate performance reports on all deliverables for monitoring progress, identify gaps against each initiative and ensure accountability across all initiatives funded under the MDF.

5. Preparation of Board Approved Quarterly Reports Outlining Fund Utilization:

The MUFAP shall prepare reports on a quarterly basis including a fund utilization statement for approval of the MUFAP Board through SC/WG, providing an updated account of the deployment of funds and confirming whether such utilization is in accordance with the approved annual plan.

C. Detail of Activities Falling Under MDF's Scope: The following tasks shall be undertaken under the MDF program:

a. Investor Awareness Campaigns

- i. Organize systematic awareness and literacy campaigns to promote the role of mutual funds and pension funds as mainstream saving and investment vehicles;
- ii. Conduct targeted outreach to underserved groups such as women, youth, and rural households, develop communication tailored according to their financial needs and savings behaviour; and
- iii. Partner with educational institutions, professional associations and financial institutions to hold investor education programs and webinars across the country.



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b. White Label Marketing and Promotion of CISs/VPSs

- i. May develop and disseminate standardized, white label promotional content (podcasts, brochures, newspaper, videos, infographics, etc.) to enhance public confidence in CISs and VPSs;
- ii. Execute neutral, industry-wide campaigns that promote CIS and VPS without favouring individual AMCs or PFMs; and
- iii. Utilize both, digital and traditional media, platforms for consistent nationwide investor communication.

c. Measures for Branding of AMCs/PFMs through MDF

- i. MDF-funded campaigns/initiatives shall provide fair and equitable brand visibility to all AMCs/PFMs without any preferential treatment.; and
- ii. Allocation of fund shall be based on objective and transparent criteria, ensuring no undue advantage to any AMC/PFM,

d. Financial Inclusion Initiatives

- i. Launch awareness tours, roadshows, and grassroots campaigns in semi-urban and rural areas to broaden the investor base;
- ii. Design tailored initiatives for first-time investors to encourage systematic savings and retirement planning;
- iii. Support initiatives for financial inclusion specially women investors, highlighting low-ticket-size investment opportunities in mutual and pension funds; and
- iv. Collaborate with funding agencies to promote and implement financial inclusion initiatives.

e. Capacity-Building Programs for CIS/VPS Distributors and Stakeholders

- i. Organize professional certification and refresher courses/training workshops, on its own, and in collaboration with the Institute of Financial Markets of Pakistan (IFMP), other SECP recognized training institutes, other professional bodies and industry organizations, for distributors, financial advisors, and intermediaries to strengthen their capacity to provide guidance to the investors in a responsible manner; and
- ii. Build industry-wide capacity in digital distribution channels, ensuring ethical sales practices and investor-centric approaches.

f. Research & Development Activities

- i. Undertake surveys, jurisdictional research, and data analysis to profile investor behaviour and identify and bridge awareness gaps;
- ii. Commission market studies on international best practices in retail investor penetration, literacy programs, and campaign effectiveness; and
- iii. Regularly revalidate research findings to improve MDF campaign design and ensure evidence-based strategies.

g. Advocacy for Inclusion of Financial Literacy Curriculum in Educational Institutions

- i. Engage with the Ministry of Education, Higher Education Commission and other relevant educational institutions to introduce financial literacy modules into schools, colleges, and universities;
- ii. Develop curriculum content, case studies, and simplified investor guides for use by educational institutions, to inculcate the saving and investment habits at grassroot level; and
- iii. Pilot Youth Financial Literacy Programs through educational societies and professional bodies as stepping-stones for formal curriculum inclusion.



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h. Coordination with AMCs and PFMs for White Label Sessions

- i. Collaborate with AMCs and PFMs to organize white label seminars, workshops, and digital sessions introducing CISs and VPSs to potential investors;
- ii. Align awareness efforts with onboarding processes, ensuring investors understand the basics before account opening; and
- iii. Promote the use of technology-driven investor education tools (e.g., mobile apps, webinars, onboarding videos) to standardize the investor experience.

i. Digital Outreach

- i. Establish dedicated digital platforms for investor education, hosting webinars, online courses, tutorials, and simplified guidelines;
- ii. Collaborate with existing platforms (such as SECP Jamapunji) to amplify reach and provide consolidated educational resources;
- iii. Create and promote interactive digital content (short videos, infographics, quizzes, etc.) to engage the younger generation and digitally savvy investors; and
- iv. Use social media and Influencer partnerships to spread white label investor awareness campaigns across wider demographics.

Note: No such awareness/promotion scheme shall be carried out which is targeted towards a particular CIS /VPS, or may be construed as a branding exercise of any particular AMC(s)/ PFM(s).

D. Other Matters:

1. MUFAP Board shall ensure:

- i. appointment of an external auditor for conducting annual audit of MDF. The auditor shall confirm in its report that the funds deposited with MUFAP for MDF were kept in a separate bank account and only utilized for the purpose of achieving fund's defined objectives; audit fees shall be charged to the fund.
- ii. submission of annual performance reports along with audit reports to the Commission with a copy of annual plan duly approved by the MUFAP Board within 120 days of the close of financial year;
- iii. placement of Annual report of MDF on MUFAP's website highlighting key initiatives and achievements undertaken. The MUFAP website shall also display last ten years at glance relating to investor base in the industry; and
- iv. usage of the Fund in accordance with the authorization by the MDF custodian. Any surplus fund of the MDF may be invested in the Government Securities, Money Market schemes/Income schemes or be placed as cash and cash equivalents with the Banks having a minimum of AA credit rating. Any amount earned and arising from such investments shall form part of the MDF.

2. The custodian for the MDF shall be responsible for:

- i. Monitoring fund disbursement against approved action plan;
- ii. Review and monitoring of the proper utilization of the fund and promptly notify the MUFAP Board and the Commission in the event any action taken in relation to, or on behalf of, the MDF is found to be in contravention of the approved action plan; and
- iii. Review periodic financial reporting and audit reports of the MDF.

Note: Upon operationalization of the Market Development Fund (MDF), each AMC/PFMs shall continue to independently undertake investor education, awareness, outreach, and marketing activities in accordance with their existing practices and approved budgetary allocations. Furthermore, AMCs/PFMs may not solely rely on the market and awareness initiatives carried out by MUFAP from MDF or any industry level arrangements thereon.