



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN
SPECIALIZED COMPANIES DIVISION
POLICY, REGULATION AND DEVELOPMENT DEPARTMENT

No. SCD/PRDD/Circular/ 362/2016

December 30, 2016

CIRCULAR NO. 41 OF 2016

Subject: Mandatory Requirements for Distributors Selling Mutual Fund Units of Single Asset Management Company

The Securities and Exchange Commission of Pakistan ("the Commission"), in exercise of powers conferred under section 282B(3) of the Companies Ordinance 1984 read with Regulation 66A (a) of the Non Banking Finance Companies and Notified Entities Regulations, 2008, hereby prescribe the following requirements for employees and distributors of an Asset Management Company (AMC) selling Mutual Fund units of a single AMC only and are exempted from seeking license/registration from the Commission or Mutual Funds Association of Pakistan (MUFAP):

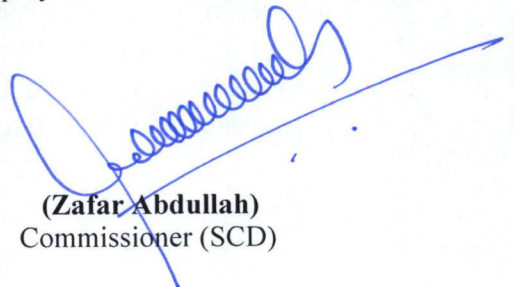
1. The minimum eligibility criteria for a distributor to sell and distribute mutual fund units of a single AMC only shall be as follows:
 - a) Individuals with Matric/O level or FA/FSc./A Level or Graduation or Master or their equivalent with certification from Institute of Financial Market of Pakistan (IFMP); OR
 - b) Individuals with MBA/MPA/Masters in Commerce/CA/CFA/FRM/ ACMA/ACCA/CIMA, or any other related professional qualification; OR
 - c) Retired government/semi government officer of grade 16 and above with a service of at least 10 years; OR
 - d) Retired bank officer of OG II or above with a service of at least 10 years; OR
 - e) Individuals already working as insurance agents subject to submission of its valid registration certificate from any of the insurance company and verification of credentials from such insurance company; OR
 - f) Individuals already acting as distributors of mutual funds for the last 3 years; OR
 - g) Any other person if all of its employees engaged in selling of mutual fund units complies with the eligible criteria referred in sub clause (a), (b), (c), (d) and (f) above.
2. Requirements of Circular 11 of 2015 and Circular 48 of 2015 shall not apply on employees of an AMC engaged in sales and distribution, individual distributors, and employees of a company/firm which act as distributor for a single AMC.
3. Individuals referred in clause 1(a) above not having IFMP certification may sell mutual fund units after taking in-house training of minimum 3 days from an AMC. However, these individuals whether acting as distributor in their individual capacity or as an employee of an AMC or company/firm shall be required to get new IFMP certification within 6 months from the date of joining or introduction of such new certification by IFMP whichever is later. Moreover, after introduction of new IFMP certification, individuals referred in Clause 1 (a) above, will not join the AMC or distributor to sell mutual fund units unless having such new IFMP certification.



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4. All relevant employees of AMCs and employees of companies/firms which act as distributor for a single AMC are also required to comply with the eligibility criteria referred in clause 1 and certification requirements referred in clause 3.
5. All the relevant employees of an AMCs, individual distributors and employees of companies/ firms which act as distributor for a single AMC are also required to comply with the requirements of sub clause (c), (d), (e), (f) and (g) of Clause 66A of the Non Banking Finance Companies and Notified Entities Regulations, 2008.
6. All the distributors have to enter into written distribution agreement with one AMC only for distribution of unit of its mutual funds. Prior to entering into distribution agreement, the AMC shall ensure that such distributor is not selling or distributing units of mutual funds for any other AMC and complies with the aforementioned eligibility criteria.
7. AMC shall allocate unique identification number to all of its employees engaged in sales and to its distributors. The company/firm which acts as distributor for a single AMC shall also allocate unique identification number to all of its employees engaged in sales. The AMC shall maintain a register containing details of its own employees and its distributors along with their employee details and unique identification numbers which shall be send to MUFAP on monthly basis. The MUFAP shall be responsible for maintaining centralized data base and shall disseminate and update this data on its website for the information of investors.
8. AMC shall devise the risk profiling criteria to be used by its own employees and its distributors for soliciting investment from investors.
9. Each AMC shall arrange an in house training for its own employees and its distributors twice a year. Moreover, each company/firm which acts as distributor for a single AMC shall also arrange an in house training for its own employees twice a year.
10. AMC and its distributors (in case of company/firm) shall issue a proper identification card to each individual who is engaged in distribution of mutual funds which would be displayed to the prospective investors.
11. AMC shall be responsible for the acts and omissions of all of its employees and its distributors if they were its own acts and omissions.

This Circular shall come into force with immediate effect.


(Zafar Abdullah)
Commissioner (SCD)

Distribution:

1. Chief Executives of All Asset Management Companies.
2. Mutual Funds Association of Pakistan.