



Securities and Exchange Commission of Pakistan
Specialized Companies Division
Policy & Regulation Development Department

No. SCD/PW/IP(R-24)/2016/155

May 25, 2016

Circular No. 19 of 2016

Subject: Amendment in Circular 36 of 2009 - Investment and Allocation Policies for Pension Funds Authorized under the Voluntary Pension System Rules, 2005

The Securities and Exchange Commission of Pakistan, in exercise of powers conferred under section 282B read with rule 24 of the Voluntary Pension System Rules, 2005 hereby makes following further amendments in the investment policy specified in Circular 36 of 2009 dated 20 December 2009, Circular No. 3 of 2011 dated 20 January 2011 and Circular No. 6 of 2013 dated 9 May 2013:-

1. After paragraph 14), on page 3, under the heading 'Investment Policy', the following proviso has been inserted:-

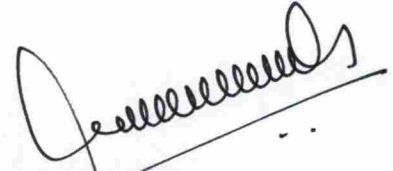
“Provided that the restrictions specified in aforementioned para 14) shall not apply to a Sharia complaint pension fund, if-

- a) the connected party of a PFM is acting as advisor, consultant or arranger;
- b) the PFM intimates trustee about the decision to invest, in advance;
- c) the PFM carries out the transaction on arms-length-basis;
- d) the PFM ensures that the security and the issuer meet the criteria laid down in the earlier circular(s) on the subject matter;
- e) necessary disclosures are made in accounts of the pension fund; and
- f) the PFM invests only up to two-and-a-half percent (2.5%) of the issue or the net assets of respective debt sub-fund, whichever is lower.”

2. In clause e) after the table, on page 6, under the heading Debt Sub-fund, the following proviso has been inserted:-

“Provided that overall investment in securities rated A^{minus (-)} to A^{plus(+)} shall not exceed 25% of net assets of a debt sub-fund and out of that, investment in securities rated A^{minus (-)} shall not exceed 10% of net assets of a debt sub-fund.”

3. In clause g), on page 7, under the heading Debt Sub-fund, the words and figure “ten percent (10%)” have been substituted with words and figure “twenty percent (20%).”
4. The PFMs shall bring investments in conformity with this circular latest by 30 September 2016.



(Zafar Abdullah)
Commissioner

Distribution:

- 1) All Pension Fund Managers (PFMs)
- 2) All Trustees of Pension Funds
- 3) Mutual Funds Association of Pakistan (MUFAP)