



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN  
Specialized Companies Division  
Policy, Regulation and Development Department

No. SCD/PRDD/Circular/ 804 /2013

December 06, 2013

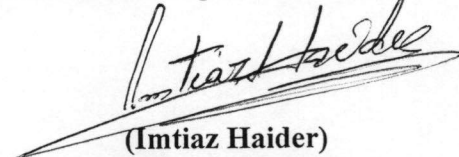
CIRCULAR NO. 23/ 2013

**Subject: Sale of Units of Collective Investment Schemes**

The Securities and Exchange Commission of Pakistan (the "Commission") in exercise of the powers conferred under Section 282B (3) of the Companies Ordinance, 1984 read with the Regulation 38 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 hereby directs all Asset Management Companies (AMCs) to comply with the following in respect of sale of units of Collective Investment Scheme (CIS):-

1. An AMC shall not involve, directly or indirectly in the mis-selling of units of CIS.
2. An AMC shall not sell units of a CIS under its management (directly or indirectly) by making a false or misleading statement, concealing or omitting material facts of the CIS and concealing the associated risk factors of the CIS.
3. An AMC shall take reasonable care to ensure suitability of a CIS to an investor before sale of units of the CIS.
4. An AMC shall ensure that any performance reporting / presentation of a CIS is accompanied by all explanations, qualifications, limitations and other statements that are necessary to prevent such information from misleading investors.
5. An AMC shall ensure that promotional materials do not contain untrue statements or omit to state facts that are necessary in order to prevent the statements from being misleading, false or deceptive.

This Circular shall come into force with immediate effect. All AMCs are required to ensure meticulous compliance in letter and spirit. Any violation/circumvention of this circular shall be dealt with in accordance with the relevant provisions of the Companies Ordinance 1984.

  
(Imtiaz Haider)  
Commissioner (SCD)

**Distribution:**

1. Chief Executives, Asset Management Companies.
2. Mutual Funds Association of Pakistan.
3. Trustees of Collective Investment Schemes.