



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

No. SCD/PRDD/256/2022

February 23, 2022

Circular No. 4 of 2022

Subject: Eligibility Requirement to Register as Trustee of Open-end or Closed-end Scheme

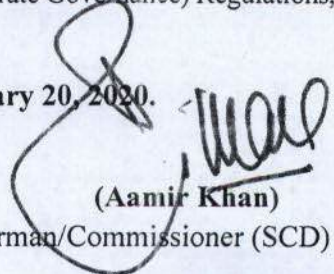
The Securities and Exchange Commission of Pakistan (the "Commission") in exercise of the powers conferred under sub-section (3) of section 282B of the Companies Ordinance, 1984 read with clause (f) of regulation 40 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 ("NBFC Regulations") and clause (iii) of sub-regulation (1) of regulation 3B of the Real Estate Investment Trust Regulations, 2015 ("REIT Regulations") hereby specifies the following eligibility requirements to register as trustee of Open-End Schemes or Closed-End Schemes, -

- (i) A public limited company with principal line of business/primary object clause of providing trustee services to Collective Investment Schemes (CIS), Pension Funds, REIT Schemes and Private Funds under the NBFC Regulations, Voluntary Pension System Rules, 2005, the REIT Regulations and Private Funds Regulations, 2015, respectively;
- (ii) The company shall have and maintain minimum equity of Rs. 100 million or 0.10% of the net assets under its trusteeship, whichever is higher, at all times;
- (iii) The Commission may direct the company to fulfil additional capital requirements and the company shall be bound to comply with such direction;
- (iv) The company shall have at least one financial institution as defined under the Companies Act 2017, or an insurer registered under the Insurance Ordinance, 2000, that has net equity of at least Rs. 1 billion, as a major shareholder.

Provided that in case of a Micro Finance Bank or a DFI as a major shareholder to fulfill the aforesaid requirement, its credit rating shall not be lower than A, while in case of other financial institutions and insurers, the credit rating shall not be lower than AA- (double A minus), from a rating agency registered with the Commission.

- (v) Any change in shareholding of ten percent or more of the trustee company shall be subject to prior approval of the Commission.
- (vi) The Board of Directors, major shareholders and Chief Executive Officer of the company shall be subject to prior approval of the Commission and shall comply with the Fit and Proper Criteria as per Schedule IX of the NBFC Regulations 2008. The Commission shall be empowered to remove any or all of the directors on the board of the company in the interest of the investors or capital market.
- (vii) The company shall comply with the Listed Companies (Code of Corporate Governance) Regulations, 2019.

This Circular shall supersede Circular No. 3 of 2020 dated February 20, 2020.


(Aamir Khan)
Chairman/Commissioner (SCD)

Distribution:

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