

**GOVERNMENT OF PAKISTAN**  
Securities and Exchange Commission of Pakistan

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Islamabad, 29<sup>th</sup> June, 2020

**NOTIFICATION**

**S.R.O. 584 (I)/2020.**- The following draft amendments to the Non-Banking Finance Companies and Notified Entities Regulations, 2008,, proposed to be made by the Securities and Exchange Commission of Pakistan in exercise of the powers conferred by sub-section (2) of section 282B of the Companies Ordinance, 1984 (XLVII of 1984), are hereby published for information of all persons likely to be affected thereby and notice is hereby given that comments, if any, received within fourteen days of the date of this notification will be taken into consideration, namely:-

**DRAFT AMENDMENTS**

In the aforesaid Regulations,-

(1) in regulation (2), in sub-regulation (1),-

(a) for clause (viii), the following shall be substituted, namely,-

“(viii) “Constitutive Documents” includes the trust deed, offering document, supplemental documents and other principal documents governing the formation of a Closed End Scheme, Open End Scheme or a Pension Fund and all other related material agreements;”;

(b) for clause (xxviii), the following shall be substituted, namely:-

“(xxviii) “Net Assets”, in relation to a collective investment scheme and pension fund, means the excess of assets over liabilities of the collective investment scheme or pension fund, computed in the manner provided in these regulation;”;

(c) for clause (xxxi), the following shall be substituted, namely:-

“(xxxi) “offering document” includes,-

- (a) a published document containing information on a Collective Investment Scheme to invite the public for purchase of certificates or units in that scheme;
- (b) a document inviting contributions from eligible persons for a pension fund; and
- (c) all supplementary documents thereto or any document relating to an income payment plan;”;

(2) after regulation 67A, the following new part and regulations shall be inserted namely:-

**“Part V**

**Voluntary Pension System**

**“67AA. Application of this part.**- The provisions of this part shall apply to Pension Fund Managers and Pension Funds managed by such Pension Fund Managers.

**67B. Obligations as Pension Fund Manager.-** A Pension Fund Manager shall,-

- (i) be obliged to manage the assets of the pension fund in the interest of the participants in good faith and to the best of its ability and without gaining any undue advantage for itself or any of its related parties or its officers;
- (ii) be responsible for the acts and omissions of all persons to whom it may delegate any of its functions as Pension Fund Manager, howsoever designated, as if they were its own acts and omission;
- (iii) account to the trustee for any loss in value of the assets of the pension fund where such loss has been caused by its gross negligence, reckless or willful act or omission;
- (iv) maintain at its principal office, proper accounts and records to enable a complete and accurate view to be formed of the assets and liabilities and the income and expenditure of the pension fund, all transactions for the account of the pension fund and contributions received by the pension fund and withdrawals by the participants including detail of withholding tax deducted at source and transfer or receipt of balances in the individual pension accounts of the participants to or from other Pension Fund Managers;
- (v) prepare and transmit an annual report, together with a copy of the balance sheet and income and expenditure account and the auditor's report of the pension fund within four months of closing of the accounting period to the Commission and the participants, and the balance sheet and income and expenditure account shall comply with requirements as set out in Schedule XIII:

Provided that the Pension Fund Manager may transmit or make available on its website annual report of the pension fund for participants and it shall make the printed copy available to a participant free of cost as and when required;
- (vi) within one month of the close of the first and third quarter of its year of account of the fund and within two months of the close of second quarter, prepare and transmit to the participants and the Commission a balance sheet as at the end of that quarter and a profit and loss account for that quarter, whether audited or otherwise, of the pension fund and the balance sheet and income and expenditure account shall comply with requirements as set out in Schedule XIII. The companies may, with the prior approval of the Commission, post the said quarterly accounts on their website;
- (vii) maintain a register of participants of the pension fund and inform the Commission of the address where the register is kept;
- (viii) appoint with the consent of the trustee, at the establishment of the pension fund and upon any vacancy, an auditor independent of the auditor of the company and the trustee and such auditor

- shall not be appointed for more than three consecutive years;
- (ix) furnish to the Commission within one month of the close of any accounting period,-
    - (a) particulars of the personnel (executive, research and other) managing the pension fund;
    - (b) total number of participants; and
    - (c) such other information that may be specified by the Commission from time to time;
  - (x) furnish to the Commission a copy of its annual report together with copies of the balance sheet, profit and loss account, the directors' report and the auditors' report within one month of its annual general meeting and shall furnish its half yearly report to the Commission within two months of close of its half year;
  - (xi) send an account statement as at the 30th June and the 31st December each year, within thirty days after the end of each date, to individual participants, giving detail of the amounts received or withdrawn and tax deducted and the number of units allocated and held, the current valuation of the units and such other information as may be specified by the Commission, free of charge;
  - (xii) send an account statement each time when there is an activity in the participant's account within seven working days of such activity and the participant shall be entitled to receive any information, in respect of his account, at any time, on written application;
  - (xiii) send any other statement or certificate to the participants which may be necessary under these rules regulations;
  - (xiv) send a notice to a participant at least thirty days before the chosen date of retirement informing him the options available to him on retirement. The notice should be sent physically on the mailing address as well as electronically on email or cellular phone number; and
  - (xv) specify a criteria in writing to provide for a diverse panel of brokers at the time of offering of a pension fund or for any subsequent change and shall not enter, on behalf of a pension fund, into transactions with any broker that exceed twenty five per cent of the commission payable by a pension fund in any one accounting year:  
Provided that this restriction shall not apply to transactions relating to money market instruments or debt securities.

- 67C. Restrictions for Pension Fund Manager.-** No Pension Fund Manager shall,-
- (i) merge with, acquire or take over management of any other pension fund unless it has obtained the prior approval of the Commission in writing to the scheme of such merger, acquisition or takeover;
  - (ii) participate in a joint account with others in any transaction except for placement of orders under a single Universal Identification Number (UIN) subject to mechanism approved by the Commission;
  - (iii) make any investment with the purpose of having the effect of

- (iv) vesting the management, or control, in the pension fund;  
employ as a broker, directly or indirectly, any of its director, officer or employee or a member of a family of such person which shall include spouse, parents, children, brothers and sisters and enter into transactions with any connected broker, which shall equal or exceed ten twenty five per cent or more of the brokerage or commission paid by the pension fund in any one accounting year; and
- (v) enter into a short sale transaction in any security.

**67D. Obligations of trustee of pension fund.-** A trustee shall,-

- (i) take into its custody or under its control all the property of the pension fund and hold it in trust for the participants in accordance with the law and the provisions of the constitutive documents; and the cash and registerable assets shall be registered in the name of, or to the order of, the trustee;
- (ii) be liable for any loss caused due to its willful act or omission or that of its agent or delegate in relation to custody of assets or any investment forming part of the property of the pension fund;
- (iii) be liable for the act and omission of the lender and its agent in relation to assets forming part of the property of the pension fund and, where borrowing is undertaken for the account of the pension fund, such assets may be registered in the lender's name or in that of a nominee appointed by the lender;
- (iv) ensure that the issue, redemption and cancellation of units are carried out in accordance with the provisions of the constitutive documents of the pension fund;
- (v) ensure that the methods adopted by the Pension Fund Manager in calculating the values of the units of each sub-fund of the pension fund are adequate and that the net asset value is calculated in accordance with the provisions of the constitutive documents or as specified by the Commission;
- (vi) carry out the instructions of the Pension Fund Manager in respect of investments unless they are in conflict with the provisions of the prospectus or constitutive documents;
- (vii) ensure that the investment policy and borrowing limitations set out in the constitutive documents and the conditions under which the pension fund was authorized are complied with;
- (viii) issue a report to be included in the annual report to be sent to participants whether, in the trustees' opinion, the Pension Fund Manager has in all material respects managed the pension fund in accordance with the provisions of the constitutive documents, and if the Pension Fund Manager has not done so, the respects in which it has not done so and the steps which the trustee has taken in respect thereof;
- (ix) ensure that units are not allocated until contributions have been received;
- (x) immediately inform the Commission if any action of the Pension Fund Manager contravenes any provision of the Ordinance, these rules, constitutive document, offering document, guidelines, codes,

- circulars, directives or any other applicable laws; and
- (xi) comply with the directions of the Commission given in the interest of the participants.

**67E. Allocation and reallocation of contribution in pension fund,-** (1) The contribution received from any participant by the Pension Fund Manager on any working day shall be immediately credited to the individual pension account of the participant after deducting the front-end fees, and the amount in the individual pension account shall be used to purchase the units of sub-funds of the pension fund as the Commission may allow, at the net asset value notified by the Pension Fund Manager at the close of that working day.

(2) The allocation of the contributions between the various sub-funds at the date of opening of individual pension account and, thereafter, shall be in accordance with the policy to be specified through circular by the Commission from time to time, hereinafter referred to as the specified allocation policy.

(3) The amount of the contribution used for the purchase of the units of any sub-fund shall depend on such percentage as determined in the specified allocation policy selected by the participant. In the event of no allocation percentages being selected by any participant the Pension Fund Manager shall allocate the contributions among the various sub-funds within the specified allocation policy, as may be considered in the interest of the participant.

(4) The Pension Fund Manager shall make reallocation of the units between the sub-funds at least once a year to ensure that the allocation of units of all the participants are according to the percentages selected by the participants or where no selection has been made according to the specified allocation policy.

**67F. Remuneration Payable to Pension Fund Manager.-** (1) A Pension Fund Manager shall disclose in the Offering Document the maximum rate of management fee chargeable to pension fund within allowed expense ratio limit and shall also be entitled to an accrued remuneration that has been verified by the trustee and is paid in arrears on monthly basis:

Provided that pension fund manager may charge variable fee or fixed fee or the combination of both which shall not exceed the limit disclosed in the Offering Document. Pension fund manager shall disclose actual rate of management fee charged as percentage of net asset of pension fund in the monthly fund manager report.

(2) A Pension Fund Manager may charge sales load maximum up to 3% of the contribution received from any participants of the pension fund. Provided that there shall be no sales load payable in the event of the transfer of individual pension account from one Pension Fund Manager to another Pension Fund Manager.

**67G. Maximum Expense Ratio.-** (1) The Total Expense Ratio of a pension fund shall be capped as follow-

- (a) Equity sub fund upto 3.5%;
- (b) Money Market upto 1.5%;
- (c) Income, commodity fund upto 2.5%

(2) The costs incurred in relation to any government levy on funds such as sales tax, Worker's Welfare Fund or Commission fee etc. shall be excluded while calculating Total Expense Ratio referred to in sub-regulation (1).

(3) A Pension Fund Manager may charge the eligible expenses as given in sub-regulation (2) and (3) of the regulation 60 to a pension fund:

Provided that the amount or method of calculation of such fee and charges shall be transparent and clearly disclosed in the offering documents of the pension fund.

(4) A Pension Fund Manager shall ensure adequate disclosure of the following expenses and sales load to investor before soliciting investment,-

- (i) Total Expense Ratio;
- (ii) Management Fee as a percentage of net assets;
- (iii) Sales load as a percentage of net assets.

**67H. Calculation of Net Assets of Pension Fund.-** (1) The net asset value of the unit of each sub-fund shall be calculated on the basis of the sub-fund's total net asset value divided by the number of units after making adjustments for fees and charges.

(2) Net assets in relation to a pension fund shall be calculated in the manner given in sub-regulation 66.

(3) There should be at least four dealing days per week.

**67I. Performance benchmark of Pension Funds.-** (1) The Commission may prescribe the standardized performance benchmark of pension fund.

(2) Mutual Funds Association of Pakistan (MUFAP) shall publish on its web site, ranking of pension funds on the basis of their returns on periodic basis.

**67J. Invitation to invest and advertisements.-** (1) All advertisements of a Pension Fund shall be in conformity with the requirements as may be specified by the Commission.

(2) No amendments including any modification, alteration and addition shall be made in the Constitutive Documents without prior notice of seven days to the unit holders and consent of the trustee.

(3) In case the amendments are proposed in the fundamental attributes of pension fund and/or amendments with respect to offering of units to public and maturity of fund/plan shall be subject to 30 days prior notice to participants and prior approval of the Commission.

(4) Any approval granted by the Commission under Regulation 67J,-

- (i) may be varied or withdrawn by the Commission after giving an opportunity of being heard to the Asset Management Company, except for advertisements which may be varied or withdrawn immediately; and
- (ii) shall be valid for a period of hundred and twenty day from the date of approval provided that there is no change in the approved documents or the approval has not been extended.”;

(3) before regulation 68, for the heading “Part- IV” the heading “Part VI” shall be substituted;

(4) in Schedule II,-

(a) for the expression “ [See Rule 4, 5, 7A and Regulation 11, 40A, 40B, 40C, 41, 44 and 60, 62]” the expression “[See Rule 4, 5, 7A and Regulation 11, 40A, 40B, 40C, 41, 44 and 60, 62, Rule 36 of VPS Rules, 2005]” shall be substituted;

(b) for clause (C) , the following shall be substituted namely:-

**“C) Other Fees:**

S. No.	Head of fee	Amount (in Rs.)
1	Annual Monitoring Fee to be paid by Deposit taking NBFCs.	Rs. 250,000/-
2	Annual Fee for Collective Investment Schemes	0.02%*
3.	Annual Fee by Pension Fund	One thirtieth of one per cent of the average annual net asset value of the pension fund.

**\*[Revised in accordance with Policy Board directive vide SRO 685(I)/2009, dated June 28, 2019]” and**

(5) after Schedule XII, the following new Schedules shall be inserted namely:-

**“SCHEDULE XIII  
[See Regulation 67B(v)&(vi)]**

**CONTENTS OF FINANCIAL REPORTS OF PENSION FUNDS**

1. General.

- (a) Annual report must contain all the information required in this Schedule. Interim reports must at least contain the statement of asset and liabilities and the investment portfolio.
- (b) All reports must contain comparative figures for the previous period except for the investment portfolio.
- (c) The items listed under the statement of assets and liabilities, income statement, statement of movements in reserves and the notes to the accounts, where applicable, must be disclosed. It is, however, not mandatory to adopt the format as shown or to disclose the items in the same order.
- (d) All the statements and accounts referred hereunder should be prepared in conformity with the International Accounting Standards notified under sub-section (3) of section 234 of the Companies Ordinance, 1984, and technical releases issued by Institute of Chartered Accountants of Pakistan from time to time;

2. Statement of assets and liabilities. The following must be separately disclosed for each sub-fund, namely,-

- (a) total value of investments;
- (b) bank balances;
- (c) preliminary and floatation costs;

- (d) dividends and other receivables;
- (e) bank loan and overdrafts or other forms of borrowings;
- (f) amounts payable on withdrawal requests;
- (g) total value of all assets;
- (h) total value of all liabilities;
- (i) net asset value;
- (j) number of units issued per sub-fund; and
- (k) net asset value per unit of each sub-fund separately.

**3. Income statement.**-In the income statement, the following information shall be provided to the Commission, namely:

- (a) total investment income net of tax, if any, broken down by category;
- (b) total other income, broken down by category;
- (c) an itemized list of various costs which have been debited to the pension fund including-
  - (i) fees paid to the Pension Fund Manager;
  - (ii) remuneration of the trustee;
  - (iii) amortization of formation costs;
  - (iv) safe custody and bank charges;
  - (v) auditor's remuneration;
  - (vi) borrowing expenses;
  - (vii) other amounts paid to any connected person of the pension fund;
  - (viii) legal and other professional fees; and
  - (ix) any other expense borne by the pension fund;
- (d) taxes; and
- (e) amounts transferred to and from reserves.

**4. Statement of movements in reserves.**- In the statement of movements in reserves the following information shall be provided to the Commission, namely:-

- (a) value of the pension fund as at the beginning of the period;
- (b) number of units issued in each sub-fund and the amount received upon such issuance;
- (c) number of units withdrawn from each sub-fund and the amount paid thereon;
- (d) any item resulting in an increase or decrease in value of the pension fund including-
  - (i) surplus or loss on sale of investment;
  - (ii) exchange gain or loss;
  - (iii) unrealized appreciation or diminution in value of investment; and
  - (iv) net income for the period less distribution;
- (e) amounts transferred to and from the revenue account; and
- (f) value of the pension fund as at the end of the period.

**5. Note to the accounts.**- The following matters shall be set out in the notes to the accounts, namely:-

- (a) principal accounting policies:
  - (i) the basis of valuation of the assets of the pension fund including the basis of valuation of unquoted and unlisted securities;



- (ii) the revenue recognition policy regarding dividend income and other income;
- (iii) foreign currency translation, if any;
- (iv) the basis of amortization of formation costs;
- (v) taxation; and
- (vi) any other accounting policy adopted to deal with items which are judged material or critical in determining the transactions.

Note. - Any changes to the above accounting policies and their financial effects upon the accounts should also be disclosed;

- (b) disclosure of transactions with connected persons ;-
  - (i) details of all transactions entered into during the period between the pension fund and the management company, or any entity in which these parties or their connected persons have a material interest; and
  - (ii) name of any director of the management company of any connected person if such person becomes entitled to profits from transactions in shares or from management of the pension fund and the amount of profits to which such person becomes entitled.
- (c) borrowings,-
  - (i) state whether the borrowings are secured or unsecured and the duration of the borrowings;
  - (ii) contingent liabilities and commitments of the pension fund; and
  - (iii) if the free negotiability of any asset is restricted by statutory or contractual requirements, this must be stated.

6. Contents of the auditors' report.- The report of the auditor should state,-

- (a) whether in the auditor's opinion, the accounts prepared for that period have been properly prepared in accordance with the relevant provisions of the trust deed and the Voluntary Pension System Rules, 2005;
- (b) without prejudice to the foregoing, whether in the auditor's opinion, a true and fair view is given of the disposition of the pension fund at the end of the period and of the transactions of the pension fund of the period then ended;
- (c) whether the allocation and reallocation of units of the sub-funds for all the participants have been made according to the Voluntary Pension System Rules, 2005;
- (d) whether the cost and expenses debited to the pension fund are as specified in the constitutive documents of the pension fund;
- (e) if the auditor is of opinion that proper books and records have not been kept by the pension fund or the accounts prepared are not in agreement with the pension fund's books and records, that fact; and
- (f) if the auditor has failed to obtain all the information and explanations which, to the best of his knowledge and belief, are necessary for the purpose of the audit, that fact.

7. Investment portfolio.- Information regarding investment portfolio should state, -

- (a) number or quantity of each holding together with the description and market value ;
- (b) the total investment stated at cost;

- (c) the value of each holding as a percentage of net asset value and paid up capital of that company whose securities are owned; and
- (d) statement of movements in portfolio holdings i.e. purchased and sold during the period, since the end of the preceding accounting period.

8. Performance table.- The following information shall be provided to the Commission, namely :-

- (a) a comparative table covering the last five financial years and including, for each financial year, at the end of the financial year,-
  - (i) total net asset value in each sub-fund; and
  - (ii) net asset value per unit in each sub-fund; and
- (b) a performance record over the last ten financial years; or if the pension fund has not been in existence during the whole of that period in which it has been in existence, showing the highest and lowest issue price of the units during each of those years.

#### **SCHEDULE XIV**

[See rule 9(3)(a) of VPS Rules 2005]

#### **CONTENTS OF THE CONSTITUTIVE DOCUMENT OF THE PENSION FUND**

1. Constitution of the pension fund.  
Name, registered address and place and date of authorization of the pension fund.
2. Governing law.
3. Operators and principals.  
The names and registered address of the following parties, where applicable:
  - (a) the directors of the company registered as Pension Fund Manager;
  - (b) the trustee;
  - (c) foreign promoters, if any;
  - (d) the distribution company, if any;
  - (e) the auditor;
  - (f) the legal adviser; and
  - (g) the investment advisor, if any.
4. Characteristics of pension fund.  
The following shall be characteristics of pension fund; namely:-
  - (i) eligibility;
  - (ii) application procedures;
  - (iii) contribution procedures and minimum contribution, if any;
  - (iv) individual pension account;
  - (v) change of pension fund manager;
  - (vi) register of the participants;
  - (vii) retirement age;
  - (viii) benefits on retirement;
  - (ix) withdrawal of funds before retirement;
  - (x) benefits on death before retirement;
  - (xi) instructions from the participants;
  - (xii) the method of determining net asset value of the pension fund;
  - (xiii) frequency of valuation of the assets and dealings etc;
  - (xiv) unit pricing and the circumstances under which it can change;
  - (xv) the mode of announcement of net asset value and unit price;
  - (xvi) redemption of units on change of pension fund manager or withdrawal;

- (xvii) the maximum interval between the request for redemption of units and the payment of the proceeds; and
  - (xviii) withholding tax and tax penalty.
5. Fees and charges.
- The following must be stated, namely: -
- (a) The maximum upfront fee payable to the Pension Fund Manager out of the contributions;
  - (b) the maximum fee payable to the Pension Fund Manager as annual management fee, expressed as a percentage of the net asset value of the pension fund;
  - (c) the level and basis of all other costs, fees and charges payable by a participant.
  - (d) remuneration payable to trustee and investment advisor; and
  - (e) the level and basis of all other costs, fees and charges, etc., payable out of the pension fund.
6. Investment policy and restrictions.
- Details of investment policy, including summary of the investment and borrowing restrictions. If the nature of the investment policy so dictates, a warning that investment in the pension fund is subject to risks, and a description of the risks involved.
7. Statements and declarations.
- The following shall be the statements and declarations, namely:-
- (a) a statement to specify the participating parties including the Pension Fund Manager, trustee and investment advisor;
  - (b) a statement of the obligations of the Pension Fund Manager in accordance with the Voluntary Pension System Rules, 2005;
  - (c) statement of the obligation of the trustees and manner in which the trustee may retire in accordance with the Voluntary Pension System Rules, 2005;
  - (d) a statement that the trust deed is binding on each participant as if he had been a party to it and so to be bound by its provisions and authorizes and requires the trustee and the pension fund manager to do as required of them by the terms of the deed;
  - (e) a declaration that the property of the pension fund is held by the trustee on trust for the participants of the pension fund *pari passu* according to the number of units held by each participant in each sub-fund of his individual pension account;
  - (f) a statement that the trustee will report to participants in accordance with the Voluntary Pension System Rules, 2005; and
  - (g) a statement of the base currency of the pension fund.
8. A summary of the circumstances in which dealing in pension fund may be deferred or suspended.
9. It must be stated that no money should be paid to any intermediary except the Pension Fund Manager or his authorized representative as prescribed.
10. Distribution restriction policy.
- The distribution restriction policy shall indicate the fact that distribution of dividend shall not be allowed under the voluntary pension system.
11. Taxation.
- Details of exemptions, taxes levied on the pension fund's income, tax penalty and withholding tax deductible on early withdrawal of the contributions.
12. Reports and accounts.

The date on which the annual accounting period of the pension fund shall end each year. Particulars of the periodic reports to be sent to the participants and the Commission.

13. Warnings.

The following statements or warnings must be prominently displayed in the constitutive documents, namely: -

- (a) If you are in any doubt about the contents of this constitutive document, you should consult your stock-broker, bank manager, legal adviser or other financial adviser; and
- (b) a warning that the price of the units of the sub-funds of the pension fund and the income from them may go down as well as up.

14. Transactions with connected persons.

This must be stated, in accordance with the Voluntary Pension System Rules, 2005;

15. Termination of pension fund.

A summary of the circumstances in which, the pension fund can be terminated and consequences thereof, in accordance with the Voluntary Pension System Rules, 2005;

16. Modification of the constitutive documents.

A statement of the means by which modifications to the constitutive documents can be effected, if any.

#### **SCHEDULE XV**

**[see rule 9(5) of VPS Rules, 2005]**

#### **CONTENTS OF THE OFFERING DOCUMENT OF THE PENSION FUND**

1. Introduction of the Pension Fund
2. Regulatory approval and consent i.e. Registration of the Pension Fund Manager, authorization of the pension fund, appointment of the trustee and the registration of the trust deed, approval of the offering document and date of start of the public offer.
3. Filing of the offering document
4. Constitution of the pension fund.  
Name, registered address and place and date of authorization of the pension fund.
5. Operators and principals.  
The names and registered address of the following parties, where applicable:
  - (a) the directors of the company registered as Pension Fund Manager;
  - (b) the trustee;
  - (c) foreign promoters, if any;
  - (d) the distribution company, if any;
  - (e) the auditor;
  - (f) the legal adviser; and
  - (g) the investment advisor, if any.
6. Characteristics of pension fund.  
The following shall be characteristics of pension fund; namely:-
  - (i) eligibility;
  - (ii) application procedures;
  - (iii) contribution procedures and minimum contribution, if any;
  - (iv) individual pension account;
  - (v) change of pension fund manager;

- (vi) change of pension fund
- (vii) register of the participants;
- (viii) retirement age;
- (ix) benefits on retirement;
- (x) withdrawal of funds before retirement;
- (xi) benefits on death before retirement;
- (xii) instructions from the participants;
- (xiii) the method of determining net asset value of the pension fund;
- (xiv) frequency of valuation of the assets and dealings etc;
- (xv) unit pricing and the circumstances under which it can change;
- (xvi) the mode of announcement of net asset value and unit price;
- (xvii) redemption of units on change of pension fund manager or withdrawal;
- (xviii) the maximum interval between the request for redemption of units and the payment of the proceeds; and
- (xix) withholding tax and tax penalty.

7. Fees and charges.

The following must be stated, namely: -

- (a) the maximum upfront fee payable to the Pension Fund Manager out of the contributions;
- (b) the maximum fee payable to the Pension Fund Manager as annual management fee, expressed as a percentage of the net asset value of the pension fund;
- (c) the level and basis of all other costs, fees and charges payable by a participant.
- (d) remuneration payable to trustee and investment advisor; and
- (e) the level and basis of all other costs, fees and charges, etc., payable out of the pension fund.

8. Investment Policy and Restrictions.

- (a) Investment policy.
- (b) Investment restrictions.
- (c) Participant's rights in terms of investment choice.
- (d) Risk disclosure.
- (e) Disclaimer.

9. Change of Pension Fund Manager.-

The procedure and timing for transfer of the individual pension account to another Pension Fund Manager.

10. Distribution restriction policy.-

The distribution restriction policy shall indicate the fact that distribution of dividend shall not be allowed under the voluntary pension system.

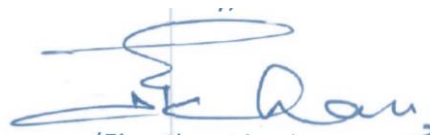
11. A summary of the circumstances in which dealing in pension fund may be deferred or suspended.

12. It must be stated that no money should be paid to any intermediary except the Pension Fund Manager or his authorized representative as prescribed

13. Taxation.-
- (a) Detail of tax incentives (tax credit) available to the participants on contributions to the pension fund under the Income Tax Ordinance, 2001, with comprehensive illustrations.
  - (b) Detail of tax exemptions on investment income of the pension fund under the Income Tax Ordinance, 2001.
  - (c) Detail of the tax penalty (withholding tax) in case of early withdrawal or withdrawal in excess of the allowable limit as per Income Tax Ordinance, 2001.
  - (d) Details of tax treatment in case of withdrawal after retirement and purchase of annuities or income payment plan.
14. Reports and accounts.-
- a) Annual accounting period of the pension fund.
  - b) individual pension account statements/contribution receipts to be issued to the participants and details to be stated therein.
  - c) periodic reports to be sent to the participant and the Commission and the particulars of such reports.
15. Service to the participants
- (a) Availability of forms.
  - (b) Register of the participants.
  - (c) Information in the register of the participants.
  - (d) Account statement.
16. Financial Information
17. Warnings.
18. Complaints
19. Transactions with connected persons.-  
This must be stated, in accordance with the Voluntary Pension System Rules, 2005;
20. Termination of pension fund.-  
A summary of the circumstances in which, the pension fund can be terminated and consequences thereof, in accordance with the Voluntary Pension System Rules, 2005;
21. Modification of the constitutive documents.-  
A statement of the means by which modifications to the constitutive documents can be effected, if any.
22. Definitions
23. Glossary”.

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No. SCD/AMCW/NBFCR/2020-



(Ejaz Alam Khan)  
Secretary to the Commission