

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

No. SCD/CIRCULAR/20/2015

July 27, 2015

Circular No. 26 of 2015

Sales Load being Charged by 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 54 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 hereby directs all Asset Management Companies (AMCs) to ensure that where the offering document of the Collective Investment Scheme (CIS) permits charging of sales load, the cumulative sales load does not exceed 3% of the NAV per unit. In this respect the AMC shall ensure following complete disclosures along with requisite documents:

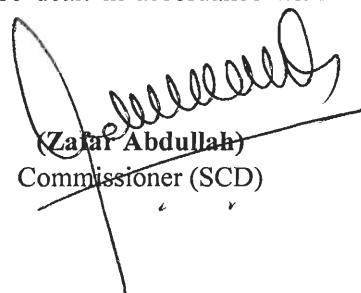
- Clearly disclose, at the time of investment, the maximum rate of Sales Load that is being charged to the unitholder;
- Obtain duly signed acknowledgement from the unit holder to ascertain that all the terms and conditions along with details of Sales Load to be deducted, have been read and understood by the unitholder; and
- Issue to the unit holder, within 48 hours of the realization of funds, breakup of the total amount received from the unitholder, sales load charged and net amount invested in the fund on his behalf as per the following format:

Particulars	Amount/Percentage
Investment Amount Received	Rs.:
Front End Load	Rs.: (% of NAV per unit (at the time of investment))
Net Amount Invested	Rs.: (Investment Amount Received – Amount of Front End Load)
Back End Load (to be charged)	Rs.: (% of NAV per unit to be charged at the time of issuance or redemption (please specify))

An AMC shall ensure that no sales load is charged if the investor approaches directly for investment or where transactions are done online, through a website.

For the purpose of this Circular, sales load means front end load deducted at the time of investment or back end load charged at the time of redemption from the CIS. However, the load charged upon redemption and which forms part of the CIS property shall not classify as sales load.

This circular shall come into force with immediate effect. Any non-compliance will be dealt in accordance with prevalent regulatory framework.


(Zafar Abdullah)
Commissioner (SCD)

Distribution:

- Chief Executives of All Asset Management Companies.
- Mutual Funds Association of Pakistan.
- Trustees of Collective Investment Schemes.