



**SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN
SPECIALIZED COMPANIES DIVISION
NON BANKING FINANCE COMPANIES DEPARTMENT**

No.NBFCD/MF/CIRCULAR/2009 - 344

March 26, 2009

Circular No. 11 Of 2009

The Securities and Exchange Commission of Pakistan in order to bring the mutual fund industry in-line with the international best practices and to bring uniformity in dealings, hereby in exercise of its powers under Section 282(B)(3) of the Companies Ordinance, 1984, directs all the Asset Management Companies ("AMCs") to comply with the following in respect of collective investment schemes being managed by such AMCs:

Designated Points and Time Stamping

- I. AMCs shall designate and disclose the location of its official points for acceptance of applications for issuance, redemption, conversion, etc of units in the offering document of the open-end scheme(s) as well as on their website. AMCs shall receive the said applications only at such designated points.
- II. AMCs shall ensure that all the designated points for acceptance of applications for issuance, redemption, conversion, etc of units of open-end scheme(s) have appropriate date and time stamping mechanism for timely acknowledgement of the said applications.
- III. AMCs shall clearly specify cut-off timings for acceptance of applications for issuance, redemption, conversion etc. of units of their open-end scheme(s) including approved administrative plans in the constitutive documents, on the website of AMCs and at the designated points. Such cut-off timings shall uniformly apply on all the investors/unit holders.

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Announcement of Daily NAV

- IV. AMCs shall announce net asset value (NAV) of all open-end scheme(s) (except for Fund of Funds scheme) being managed by them latest by 1830 hours daily on their own as well as on MUFAP's website. However, the NAV of Fund of Funds scheme, shall be announced by 1030 hours of the next business day.

Suspension of Issuance and Redemption of Units

- V. AMCs shall ensure that in case of suspension of redemption of units of open-end scheme due to extraordinary circumstances in terms of provisions of the constitutive documents and Non Banking Finance Companies and Notified Entities Regulations, 2008 (as amended or replaced) ("the "Regulations"), the issuance of fresh units shall also be kept suspended until and unless redemption of units is resumed.

Closure of Register of Unit-holders

- VI. The register of unit holders of open-end scheme may be closed for the purpose of declaration of dividend for a period not exceeding the maximum time period as specified in the constitutive documents for payment of redemption proceeds to the unit holders. In no case, the time period for closure of register for dividend declaration shall exceed six (6) working days at a time and whole forty five days in a year.

Sales/Marketing Expense and Shariah Advisor Fee

- VII. Any cost associated with sales, marketing and advertisement of collective investment schemes and Shariah Advisor's fee (in case of Islamic collective investment schemes) shall not be charged to the collective investment scheme.

Amortization of formation cost

VIII. All expenses incurred in connection with the incorporation, establishment and registration of collective investment schemes (formation cost) in terms of Regulation 60 (1) & 60 (2) of the Regulations, shall be reimbursable by a collective investment scheme to an AMC subject to the audit of expenses. The said formation cost shall be amortized by collective investment scheme over a period of not less than five years or within the maturity date of collective investment scheme.

This Circular shall be effective, immediately and the requisite amendments in the constitutive documents if any shall be incorporated by collective investment schemes within ninety days of the issuance of this Circular.

In case of any clarification with respect to this circular, AMCs and MUFAP shall approach the Commission.


26/03/2009
Asif Jalal Bhatti
(Director-NBFCD)

Distribution:

- (i) Chief Executives of all Asset Management Companies
- (ii) Mutual Funds Association of Pakistan
- (iii) Trustees of all Collective Investment Schemes