

PART II

Statutory Notifications (S. R. O.)

GOVERNMENT OF PAKISTAN

Securities and Exchange Commission of Pakistan

Notification

Islamabad, the 3rd August, 2017

S.R.O.754(I)/2017.- In exercise of the powers conferred by sub-section (2) of section 282B of the Companies Ordinance, 1984 (XLVII of 1984), the Securities and Exchange Commission of Pakistan hereby makes the following amendments in Non-Banking Finance Companies and Notified Entities Regulations, 2008, the same having been previously published in the official gazette vide S.R.O 354 (I)/2017 dated May 19, 2017 namely:-

In the aforesaid Regulations,--

- (1) In regulation (2) sub-regulation (1) after clause (xiia) following new clause shall be inserted:-

“(xiib) “Element of income” represents the difference between net assets value on the issuance or redemption date, as the case may be, of units and the Net Asset Value (NAV) at the beginning of the relevant accounting period..

Explanation:- Element of income is a transaction of capital nature and the receipt and payment of element of income is taken to unit holders' fund; however, to maintain same ex-dividend net asset value of all units outstanding on accounting date, net element of income contributed on issue of units lying in unit holders fund is refunded on units in the same proportion as dividend bears to accounting income available for distribution.”

- (2) In regulation 63 sub-regulation 1, for the "Explanation" the following shall be substituted, namely:-

"Explanation.- For the purpose of this Regulation the expression "accounting income" means income of an open end scheme, excluding the amount for the year referred to in clause (xiib) of regulation (2), at the close of the financial year or in case of interim distribution any interim date at which the financial statements of the fund are drawn up."

- (3) In Schedule V, for clause 3, and the entries therein, the following shall be substituted, namely:-

"3. Income Statement.

- (1) Total investment income net of withholding tax, broken down by category.
- (2) Total other income, broken down by category.
- (3) An itemized list of various costs which have been debited to the Collective Investment Scheme, including,-
 - (a) fees paid to the Asset Management Company;
 - (b) remuneration of the custodian;
 - (c) remuneration of trustee;
 - (d) amortization of formation costs; director's fee and remuneration;
 - (e) safe custody and bank charges, auditor's remuneration;
 - (f) borrowing expenses, legal and other professional fees; and
 - (g) any other expense borne by the Collective Investment Scheme.
- (4) Taxes.
- (5) Net income.

(6) Allocation of Net income for the year:

- (a) Income already paid on units redeemed; and
- (b) Accounting income available for distribution:
 - i. Relating to Capital Gains; and
 - ii. Excluding Capital Gains."

(4) In Schedule V, clause 4, and the entries therein, shall be deleted.

(5) In Schedule V, for clause 5, and the entries therein the following shall be substituted, namely:-

"5. Statement of movements in reserves or Unit holders' fund.

- (1) Net asset value per share or unit as at the beginning of the period.
- (2) Net asset value per share or unit as at the end of the period.
- (3) Number of units issued and the amount received upon such issue, (i.e. capital value and element of income on issue of units).
- (4) Number of units redeemed and the amount paid on redemption (i.e. capital value of units redeemed and amount paid out for element of income);
- (5) Any item resulting in an increase or decrease in net asset value of the Share or unit including, -
 - a. exchange gain or loss; and
 - b. Accounting income for the period less distribution.
- (6) Any refund on units as element of income."
- (7) Distribution for the period including:
 - a. Amount brought forward at the beginning of the period bifurcated into realized and unrealized gains.

- b. Accounting income available for distribution for the period bifurcated between:
 - i. Relating to Capital Gains; and
 - ii. Excluding Capital Gains.
- c. Interim dividend, date of distribution, and dividend per unit for units entitled to full period dividend.
- d. Final dividend, date of distribution, and dividend per unit for units entitled to full year/ period dividend.
- e. Undistributed income carried forward bifurcated into realized and unrealized gains.
- f. Amounts transferred to and from reserves."

No. SCD/NBFC/NBFCR/2017-


(Uta Rasul)
Secretary to the Commission