

GOVERNMENT OF PAKISTAN
Securities and Exchange Commission of Pakistan

Islamabad, the 22nd February, 2024.

NOTIFICATION

S.R.O. 298 (I)/2024.- In exercise of the powers conferred by sub-section (1) of section 282B of the Companies Ordinance, 1984 (XLVII of 1984), read with clause (b) of section 43 of the Securities and Exchange Commission of Pakistan Act, 1997 (XLII of 1997), the Securities and Exchange Commission of Pakistan, with the approval of the Federal Government is pleased to direct that the following amendments shall be made in the Voluntary Pension System Rules, 2005, the same having been previously published *vide* Notification S.R.O. 935 (I)/2022, dated the 22nd June, 2022, namely:-

In the aforesaid Rules, -

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

(i) after clause (e), the following new clause shall be inserted, namely: -

"(ea) "combined pension annuity fund" means a pension annuity fund established by more than one pension fund managers;"

(ii) in clause (g), after the words "asset management company", the words "or an investment advisor" shall be inserted;

(iii) after clause (jb), the following new clause shall be inserted, namely:-

"(jc) "employer pension fund" means a pension fund, as defined in these rules, offered only to the employees of a particular employer

Explanation: For the purposes of these rules, the term Employer includes but is not limited to:

(i) Group companies

(ii) Holding company

(iii) Federal Government or a Provincial Government for all participants employed in their respectively owned or controlled institutions, authorities, local governments etc.;"

(iv) after clause (l), the following new clause shall be inserted, namely: -

"(la) "pension annuity fund" means a pension fund established for providing periodic pension payment to participants contingent on their survival;"

- (v) in clause (q), after the words "life insurance company", the words "or an investment advisor" shall be inserted;
- (vi) after clause (s), the following new clause shall be inserted, namely:-

"(sa) "regulations" means the Non-Banking Finance Companies and Notified Entities Regulations, 2008;" and

- (vii) for clause (v), the following shall be substituted, namely: -

"(v) "trust" means a trust established by a deed under the provisions of the Trusts Act, 1882 (II of 1882), Sindh Trusts Act, 2020 (XXIX of 2020), Punjab Trusts Act 2020 (XXI of 2020), Khyber Pakhtunkhwa Trust, Act 2020 (XXXIII of 2020), Balochistan Trust Act 2020 (IV of 2020) and Islamabad Capital Territory Trust Act, 2020 (XXV of 2020);";

- (2) in rule 4, -

- (i) in clause (a), after the words "asset management company", occurring at the end, the words "or an investment advisor" shall be added; and
- (ii) for clause (c), the following shall be substituted, namely:-

"(c) each of its directors, chief executive and chairman of the Board of Directors, officer or employee fulfills the terms and conditions mentioned in the fit and proper test as specified in the regulations;"

- (3) in rule 6,-

- (i) For the heading, the following shall be substituted, namely: -

"Disciplinary action in respect of pension fund manager.-";

- (ii) in sub-rule (1), -

- (i) after the expression "report of the trustee," the expressions "or on the report of the employer in case of employer pension fund," shall be inserted; and

- (iii) in sub-rule (3),-

- (iv) after the expression "fund manager again.", the expressions "In case of employer pension fund, the employer shall appoint another company to act as pension fund manager for the employer pension fund." shall be added;

- (4) in rule 9, -

- (i) in sub-rule (1), for the full stop at the end, a colon shall be substituted and thereafter the following proviso shall be inserted, namely: -

“Provided that an investment advisor registered as a pension fund manager may offer Employer Pension Funds only.

Provided further that Pension Fund Manager, having minimum “AM2” rating, shall be allowed for managing Employer Pension Funds.”

- (ii) in sub-rule (2), for the full stop at the end, a colon shall be substituted and thereafter the following proviso shall be inserted, namely: -

“Provided that a pension annuity fund shall be made up of debt sub-fund and money market sub-fund in which longevity risk charges shall be credited from the individual pension accounts of participants who have purchased an annuity from a pension fund manager.”;

- (iii) in sub-rule (3), for clause (b), the following shall be substituted, namely:
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- “(b) an undertaking from Pension Fund Manager that it will invest or arrange the investment of such amount of seed capital for each sub-fund of the pension fund for such minimum period as may be specified by the Commission from time to time;

Provided that in case of Employer Pension Fund, an undertaking from Pension Fund Manager and employer that they will invest or arrange the investment of seed capital as per the agreement between employer and pension fund manager or as may be determined by the Commission:

Provided further that the Commission may modify this requirement where the company registered as Pension Fund Manager has adequate solvency margin (if applicable) and the above average track record for the last three years of the annual return on the funds being managed by the said company; or such other conditions as would be in the interest of the participants and the capital market for reasons to be recorded in writing; and; and”;

- (5) in rule 10,-

- (i) in sub-rule (4), for the full stop at the end, a colon shall be substituted and thereafter the following new proviso shall be inserted, namely:-

“Provided that in case of de-authorization of employer pension fund under sub-rule (1), the pension fund manager shall be required to wind-up the employer pension fund and transfer the individual pension accounts of the participants under his management to another pension fund manager, with the approval of the employer and the Commission.”;

(6) in rule 12, -

(i) for sub-rule (1), the following shall be substituted, namely: -

“(1) Individuals over the age of eighteen years who have a valid National Tax Number or a Computerized National Identity Card (CNIC) or National Identity Card for Overseas Pakistanis (NICOP) or Pakistan Origin Card (POC) shall be eligible to contribute to the pension fund authorised under these rules:

Provided that in case of employer pension funds, the employees of a particular employer shall be eligible to contribute to the respective employer pension fund during employment.”;

(7) in rule 15, -

(i) in sub-rule (1), for the full stop at the end, a colon shall be substituted and thereafter the following new proviso shall be inserted, namely: -

“Provided that in case of employer pension fund, the participant shall be allowed to transfer his individual pension account with a particular pension fund manager to another pension fund manager or from the employer pension fund to another pension fund after ending of employment with the respective employer.”;

(8) in rule 17, -

(i) in sub-rule (1), for the full stop at the end, a colon shall be substituted and thereafter the following proviso shall be inserted, namely: -

“Provided further that in case of employer pension funds, the retirement age shall be as per the agreement between employer and pension fund manager and shall be disclosed in the offering document.”;

(9) in rule 18, -

(a) in sub-rule (1), -

- (i) in clause (a), the words “up to fifty percent or” shall be removed;
- (ii) in clause (a), for the word “such” the word “any” shall be substituted;
- (iii) in clause (a), the expression “as cash which is permissible under the Income Tax Ordinance, 2001 (XLIX of 2001) and subject to payment of tax as required thereunder” shall be omitted;
- (iv) in clause (a), for the semi colon at the end, a colon shall be substituted and thereafter the following new proviso shall be inserted, namely: -

“Provided that in case of employer pension funds, the maximum withdrawable amount may be specified as per the agreement between employer and pension fund manager and the same shall be disclosed in the offering document.”;

- (v) in clause (b), after the term “life insurance company” the expression “or a pension fund manager” shall be inserted;
- (vi) in clause (c), the words “for up to fifteen years” shall be removed;
- (vii) in clause (c), for the full stop at the end, a colon shall be substituted and thereafter the following new proviso shall be inserted, namely:

“Provided that in case of employer pension funds, this option may be offered as per the agreement between employer and pension fund manager and shall be disclosed in the offering document.”;

- (b) in sub-rule (2), after the term “life insurance company” the expression “or a pension fund manager” shall be inserted;
- (c) in sub-rule (3), -
 - (i) after the term “life insurance companies” the expression “or pension fund managers” shall be inserted;
 - (ii) for the full stop at the end, a colon shall be substituted and thereafter the following new proviso shall be inserted, namely: -

“Provided that all pension fund managers, except investment advisors registered as pension fund managers, shall be required to offer the annuities as specified by the Commission, from time to time.”;

- (10) in rule 19, for sub-rule (1), the following shall be substituted, namely: -

“(1) A participant at any time before retirement shall be entitled to redeem the total or part of the units of the sub-funds to his credit in the individual pension account subject to the conditions laid down in the Income Tax Ordinance, 2001 (XLIX of 2001), from time to time and in addition, in case of employer pension funds, subject to the conditions laid down in the offering document as per the agreement between employer and pension fund manager. The withdrawals may be through single or multiple payments.”;

- (11) in rule 20, in sub-rule (2), -

- (i) in clause (c), after the term “life insurance company,” the expression “or a pension fund manager” shall be inserted; and
- (ii) in clause (d), after the term “life insurance company,” the

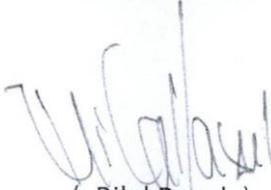
expression “or a pension fund manager” shall be inserted;

- (12) in rule 29, the words “with the approval of the Commission” shall be omitted;
- (13) in rule 34, the words “after prior approval of the Commission” shall be omitted;
- (14) in Form I, against serial No. 2(a), after the words “life insurance company”, the words “or an investment advisor” shall be inserted; and
- (15) in Form III, -

- (i) after serial 12, the following new serial 13 shall be inserted, namely: -

“13. In case of employer pension fund, a copy of agreement between employer and pension fund manager for setting up the employer pension fund, containing information as specified in the regulations.”.

[File No. SCD/AMCW/VPS/2024]


(Bilal Rasul)
Secretary to the Commission