



Press Release

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For immediate release

SECP announce measures for sustainable growth of fund management industry

ISLAMABAD, December 7: Over the years, regulatory framework for mutual funds industry has been adapted by the Securities and Exchange Commission of Pakistan (SECP) with an aim to meet the changing industry dynamics, implementing international best practices and safeguarding investors' interest to strengthen mutual funds.

In this regard, amendments have been introduced in the Non- Banking Finance Companies and Notified Entities Regulations, 2008. These amendments are primarily aimed at encouraging sustainable growth of the mutual funds by improving access by retail investors, strengthening of requirements relating to fiduciary responsibilities, corporate governance, proxy voting, employee's trading, internal control and risk management to protect investors.

Overall expenses of mutual fund are capped through the introduction of expense ratio concept as being followed in multiple international jurisdictions. This will enable investor to compare the charges of different funds and would help in making more informed decision. Moreover, maximum level of management fees charged by asset management companies has been decreased on various categories of funds with an objective of reducing cost for the retail investors.

In addition to the existing private equity and venture capital funds, new concept of Alternative Funds has been introduced to promote launching of other type of funds such as infrastructure funds, debt funds, etc. Now, the fund management company may launch private funds with varied objectives of investing in wide range of financial assets including equity securities, debt securities etc. In order to encourage private fund management, the eligibility criteria for fund management company has been redefined and now a company other than a public limited company may also obtain license for private fund management. The existing PE & VC Regulations has been replaced with Private Fund Regulations, 2015.

In order to reduce the cost of setting up a company, Fund Management NBFCs have also been allowed to undertake different Fund Management Services i-e., Asset Management, Investment Advisory, Private Equity & Venture Capital Fund Management Services and REIT Management Services under a single entity.