

March 08,1999 Securities and Exchange Commission of Pakistan announces new rules for closed-end mutual funds and investment companies

Securities and Exchange Commission of Pakistan has announced new rules which streamline the existing regulatory framework of the closed -end mutual funds. Under the new rules, mutual funds have been allowed to invest in unlisted securities and fixed income investment instruments which would help in diversification of their portfolio. The paid-up capital requirements for closed-end mutual funds have been raised from Rs. 20 million to 100 million and minimum capital base of Rs. 20 million have been prescribed for Investment Advisers Companies. The existing Investment Advisers Companies and mutual funds have been asked to meet the new requirements of paid-up capital within a period of three years. The funds have been asked to disclose certain additional information in their annual accounts for the benefit of the certificate holders. Investment Advisers have been allowed to manage more than one fund. For this purpose, the requirements of 10% investment for all time have been relaxed. The rules also require that professionally qualified persons be posted as Fund Managers with the approval of SECP. The amendments in Investment Companies and Investment Advisers Rules, 1971 are expected to promote mutual funds industry, bring transparency in their operations and bolster confidence of investors. Salient features of the Rules have been explained through a press release issued by the SECP on March 08, 1999