



Securities and Exchange Commission of Pakistan

Internal & External Communications Department

PRESS RELEASE ***FOR IMMEDIATE RELEASE***

ISLAMABAD – October 11, 2009: The Securities and Exchange Commission of Pakistan, as part of its continuous efforts for development of the capital markets and to safeguard the investors' interest has introduced, vide Circular No 32 of 2009 dated October 9, 2009 minimum requirements for NBFCs to undertake discretionary and non discretionary portfolio management.

These requirements have been devised in accordance with international best practices and are aimed at encouraging the growth of portfolio management services in a more transparent and regulated environment. Moreover, this framework would facilitate the portfolio managers in developing better understanding of the investment objectives of their clients keeping view their specific needs and preferences.

Salient features of these requirements can be summarized as under:

1. NBFC to execute a written Portfolio Management Agreement with its clients containing sufficient details regarding rights and obligations of each party.
2. Assets constituting the underlying portfolio to be registered in the investors' name and portfolio manager neither to hold nor to provide custodial services for such assets.
3. NBFC to prepare a written Investment Policy Statement (IPS) after due consultation with the investor. While devising the IPS, the portfolio manager has to evaluate and understand the investor's qualification, knowledge of relevant financial markets, investment objectives and constraints and other unique needs and preferences;
4. NBFC to observe high standards of integrity, fairness and diligence without gaining any advantage for itself, related parties, connected persons or employees which causes detriment to the investors.

The above circular is available on the Commission's website www.secp.gov.pk