



PRESS RELEASE
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**SECP INTRODUCES REQUIREMENTS TO FACILITATES MERGER OF OPEN END
MUTUAL FUNDS**

ISLAMABAD – JUNE 25, 2009: The Securities and Exchange Commission of Pakistan (SECP) has facilitated the mutual funds industry by prescribing a comprehensive process for mergers of open end mutual funds vide a Circular dated 23rd June, 2009 (Circular is available on www.secp.gov.pk). The process has been introduced to ensure the fair and transparent procedure of mergers for the protection of investors with an aim to foster growth of a robust financial sector in Pakistan.

The requirements for merger of open end mutual funds include approval by the respective board of directors of fund manager, consent by trustee of mutual fund and unit holders' approval representing at least three fourth in value of the total outstanding units.

In order to promote transparency in the merger process, SECP has required fund managers to convene meetings of unit holders after public notice and has also obligated the trustee to participate in such meetings. As part of the merger process, fund managers are required to disclose details of assets and liabilities of fund along with a statement of material facts encompassing investment policy, provisioning policy, any restrictions on unit holders, post merger management fee, applicable front-end and back-end load, treatment of un-amortized cost, etc.

Mergers are expected to be advantageous to the mutual fund sector as it would not only achieve economies of scale but would also help to carry on business more efficiently through effective management and control. Moreover, mergers would enable the fund managers to avoid duplication of managerial and corporate process besides enhancing the risk absorption capacity of open end funds.

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Urdu Version