



SECURITIES & EXCHANGE COMMISSION OF PAKISTAN

Press Release
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SECP issues requirements for liquidity risk management in mutual funds

ISLAMABAD, January 13: The Securities and Exchange Commission of Pakistan (SECP) has further strengthened the existing liquidity risk management in equity-oriented funds after consultation with the Mutual Funds Association of Pakistan (MUFAP).

As per strengthening measures at all times, an AMC shall maintain at least 5% of net assets in cash and near cash instrument in equity funds (other than dedicated equity funds) and funds of funds. The AMCs that are currently not complying shall ensure compliance latest by February 15, 2017.

Furthermore, an AMC shall arrange committed credit lines from banks/DFIs equivalent to 15% of net assets of each fund latest by March 1, 2017, for redemption purposes. The requirements also include that in case, where redemption requests exceed 10% of the total number of units in issue of fund on any one dealing day, the redemption requests of AMCs and its sponsors, if any, shall have least priority for redemption on that day.

Another initiative was also discussed whereby the MUFAP would suggest an objective investment criteria whereby financially weak and illiquid scrips can be identified and funds concentration in such scrips can be restricted.