



**Securities and Exchange Commission of Pakistan
Specialized Companies Division
Policy, Regulation and Development Department**

No. SCD/AMCW/MUFAP//13/2014

October 2, 2014

Chief Executive Officer

Mutual Fund Association of Pakistan,
207-209, 2nd Floor, Kassam Court,
Block 5, Clifton,
Karachi – 75600

**SUBJECT: REQUIREMENTS FOR ASSET MANAGEMENT COMPANIES TO ADVERTISE OPEN
END COLLECTIVE INVESTMENT SCHEMES GES**

Dear Madam,

As you are aware that "Requirements for Asset Management Companies to Advertise Open End Collective Investment Schemes" were issued vide our Circular no. 16 of 2014 (the "Circular"), after due consultation with MUFAP and its members. The intention of the Commission in issuing the Circular was to give clear guidelines to AMCs on acceptable advertising material that provide information to potential investors that is clear, unambiguous and does not misguides them. However, it has been observed that subsequent to issuance of the Circular, AMCs are submitting the advertising material for approval without conformance with the Circular, which result in advertisements being sent back to AMCs for further amendments, excessive work time being allocated to advertisements and longer approval time, resulting in negating the purpose of issuance of the Circular. Some recent instances of submission of draft advertisements that are not compliant with the circular are enclosed herewith.

In light of the above, you are requested to advise your members to ensure that the advertisements for approval of this office are submitted after confirming that the requirements of the Circular are complied with in letter and spirit. Moreover, all AMCs are required to provide written undertaking along with the advertising material for approval stating that the proposed advertising material is compliant with the regulatory requirements.

Additionally, the Commission may decline a request for approval and/or take action against an AMC whose proposed advertising material is not complaint with the requirements of the regulatory framework in general and Circular 16, 2014 in particular. Furthermore, it is iterated that the onus of compliance with the said circular lies with the AMCs and they are hereby directed to withdraw all such advertisements that are not in conformity with the Circular. Finally, the responsibility of any delay in approvals caused due to non-compliant advertising material shall rest with the AMC submitting such material.


**Muhammad Arshad
(Joint Director)**

Encl: As above

Annexure:

No.	Company submitting the advertisement/description of the Ad.	Remarks
1.	Advertisement received wherein the proposed advertisement was submitted without risk disclaimer.	Disclaimers are required as per Clause 32 of Circular 16 of 2014, therefore, the Advertisement was sent back for addition of the disclaimer. (No Disclaimer)
2.	Advertisement received, wherein the proposed advertisement had a statement that "His investment always stays up".	AMC was advised to change the statement as it was not compliant with the requirement of Clause 7 of the Circular (Definitive Statement) .
3.	Advertisement submitted had a statement "Capital kee security bhi mil saktee hee yani capital bhii rahee secure aur profit bhii ho pure".	AMC was advised to change the statement as it was not compliant with the requirement of Clause 7 of the Circular (Definitive Statement) .
4.	Advertisement submitted by AMC wherein performance presentation was not given as per the requirements of Circular.	AMC was advised to use the standard format for performance presentation as per requirement of clause 14 and 16 of Circular. In addition, it was advised to disclose CIS rating as per clause 24 of the Circular (Performance miss-presentation) .
5.	Advertisements submitted for approval were not in compliance with the requirements of Circular 16 of 2014 with respect to performance presentation. In this regard, reference was made to clause no. 14 and 15 of the said circular	The ads were sent back to AMC for amendments. AMC deleted the return figures altogether as they were not in Compliance with Clauses 14 & 15 (Performance miss-presentation) .
6.	Advertisement submitted by AMC had a statement "Saving become Secure and Rewarding".	AMC was advised to change the statement as it was not compliant with the requirement of Clause 7 of the Circular (Definitive Statement) .
7.	Advertisement submitted by AMC had a statement "Investment can be encashed at any place in Pakistan through ATM facility".	AMC was advised to change the statement as it was not compliant with the requirement of Clause 4 of the Circular (Misleading Statement) .