



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN
Specialized Companies Division
Policy, Regulation and Development Department

No. SCD/PRDD/Direction/ 02 / 10 /2015

July 08, 2015

DIRECTION NO. 02 OF 2015

Subject: Allocation of Net Asset Value on receipt of applications for investment in mutual funds

It has been observed that different practices prevail among the Asset Management Companies (AMCs) for allocation of Net Asset Value (NAV) on receipt of applications for investment in mutual funds. In order to bring uniformity with respect to allocation of NAV at the time of investment, the Securities and Exchange Commission of Pakistan ("Commission"), in exercise of its powers conferred under section 282D of the Companies Ordinance 1984 hereby directs the AMCs to comply with the following in respect of open end funds being managed by them:

1. In case of receipt of complete application along with the online payment/ payment instrument within cutoff timings, for investment in open end funds following historical pricing mechanism; the AMC shall allocate the closing NAV of the day immediately preceding the day of receipt of application.
2. In case of receipt of complete application along with the online payment/ payment instrument within cutoff timings, for investment in open end funds following forward pricing mechanism; the AMC shall allocate the closing NAV of the day of receipt of application.

The NAV allocated with respect to each application along with a copy of application and payment instrument shall be provided to the trustee of the respective fund on the same day. AMCs shall ensure that each payment instrument is deposited expeditiously by utilizing the appropriate banking facility. The units of the CIS shall however, be issued only upon realization of payment.

In case an AMC has reasons to believe that it is not prudent to allocate NAV upon receipt of application in case of a specific category of fund such as Money Market /Income Funds or particular investor/class of investor(s), it may exercise its own discretion and allocate NAV to such investors/class of investor(s) upon realization of payment instruments. However, in all such cases, the AMCs shall maintain a proper record along with reasons for exercising such discretion.

All AMCs shall ensure immediate compliance with this direction. Any violation/circumvention of this direction shall be dealt with in accordance with the relevant provisions of the Companies Ordinance, 1984.


(Asif Jalal Bhatti) 8/7/2015
Executive Director (SCD)

Distribution:

1. Chief Executives, AMCs
2. Mutual Funds Association of Pakistan
3. Trustees of Mutual Funds