



**Securities And Exchange Commission Of Pakistan
Specialized Companies Division
Policy, Regulation And Development Department**

No. SCD/PRDD/PW/IP(R-24)/70

April 27, 2018

Circular No. 4 of 2018

Subject: Amendments in Circular 6 of 2013 dated May 9, 2013 ("the Circular")

In order to align requirement related to exposure of a commodity sub fund with other paragraphs of the Circular, the following amendments are hereby incorporated in the Circular, in terms of sub-rule (2) & (3) of Rule 24 of the Voluntary Pension System Rules, 2005:-

1. On page 1 of the Circular under the heading of Commodity Sub-fund, paragraph d) shall be read as under:

"At least 10% of the net assets of the Commodity Sub-fund based on quarterly average investment calculated on daily basis shall remain invested in government treasury bills or government securities having less than 90 days time to maturity or kept as deposits with scheduled commercial banks which are rated not less than AA (Double A) by a rating agency registered with the Commission. In case of Shariah compliant Commodity Sub-fund, funds may be deposited with Islamic commercial banks, having not less than A plus rating or Islamic windows of commercial banks, having not less than AA (Double A) rating."

2. On page 2 of the Circular, paragraph f) shall be read as under:

"Maximum exposure of the Commodity Sub-Fund shall not exceed 90% of its net assets based on quarterly average investment calculated on daily basis to ensure no gearing/leverage by the Commodity Sub Fund. For this purpose, the difference between the contract price and upfront margin i.e. the "earmarked" cash shall be blocked in an earmarked account for settlement purposes and the Pension Fund Manager along with the Trustee of the pension fund shall ensure payment of settlement amount and margin calls on behalf of the Commodity Sub-fund within the time stipulated by the exchange"

3. This circular shall come into force with immediate effect.


(Zafar Abdullah)
Commissioner (PRDD-SCD)

Distribution:

- 1) Chief Executive, all Pension Fund Managers
- 2) Mutual Funds Association of Pakistan
- 3) Trustees of Pension Funds
- 4) Pakistan Mercantile Exchange
- 5) Pakistan Stock Exchange