



Message of SECP Chairman

Mr. Zafar Abdullah

Chairman, Securities and Exchange Commission of Pakistan

It gives me immense pleasure to commend MUFAP for launching the Year Book 2017. The Year Book of MUFAP has been an important publication providing information for reviewing and assessing the performance of the sector on a regular basis. MUFAP has always served as a beneficial research repository regarding mutual funds and I would like to compliment it on this effort.

The financial services landscape of the country is transforming, with a plethora of changes taking place on the regulatory front. Against this backdrop, asset management companies (AMCs) need to re-structure their businesses in order to meet the evolving needs of their clients and provide them with complete investment solutions. Likewise today's financial, investing and corporate environment demands that MUFAP be proactive and creative. To be successful, it must anticipate and appropriately respond to increasing industry growth and complexity.

The SECP has always been supportive towards MUFAP and has been proactive in dealing with issues relating to the mutual funds industry. In order to foster further growth of the mutual funds industry SECP has instituted several regulatory reforms during 2016-17. For that matter, the mutual funds were directed to increase level of awareness of investors by emphasizing proper disclosures and transparency, enhancing financial inclusion by catering to low risk customers, and increasing retail penetration by expanding outreach and strengthening distribution network.

In order to increase outreach, asset management companies were not only allowed charging of selling and marketing expenses to mutual funds for establishment of new branches but a simplified regulatory framework for independent distributors to increase outreach was also introduced. As a result, 24 new independent branches of AMCs were opened in various cities.

We believe that the mutual funds industry manifests huge opportunity for growth and further penetration, and this can be achieved over time, with support from technology. The key lies in strengthening distribution networks and enhancing levels of investor education to increase presence in both urban and rural areas. Also, it is critical for the industry at this point to assess and capitalise the value that pension products bring to the growth of the mutual funds industry. Moreover, it may perhaps be useful if the mutual funds industry emulated some international best practices to transition to the next level of growth.

The role of the Association is commendable as it has always contributed positively and provided the support needed by the sector in distressful times. However, the Association needs to be more vibrant and should lead the way by crystallizing the future road map for the sector, it represents. The Association has to critically review the performance of its members and help them in improving corporate governance, risk management and regulatory compliance by imparting regular trainings.

However, besides representing the interest of the fund managers as a trade association, MUFAP should expedite to assume a much broader role by converting itself into a Self-Regulatory Organization (SRO) with a balanced board of directors. Although support and facilitation from SECP shall always be available, nevertheless, we would expect the Association to make further efforts towards development of a vibrant and progressive financial sector of the country.

In the end, I wish to emphasize that SECP is committed to support the mutual fund industry and MUFAP should reciprocate our efforts by initiating positive and concrete measures to take the industry forward.