



**Securities and Exchange Commission of Pakistan  
Specialized Companies Division  
NBFC Department**

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No. NBFC-II/DJ(R)/Circulars/504/2006

August 1, 2006

**CIRCULAR NO: 12 of 2006**

**Subject: Right Issues and Underwriting By Collective Investment Schemes**

The Commission, in exercise of its powers under section 282D of the Companies Ordinance, 1984, directs NBFCs holding license to undertake asset management or investment advisory services to ensure compliance with the following decisions, in the interest of members of collective investment schemes:-

1. Collective investment schemes shall not underwrite or subscribe to securities issued by group companies of their investment adviser/asset management company and shall not underwrite or subscribe to issues underwritten, co-underwritten/sub-underwritten by such group companies.

*Explanation: The word Group shall have the same meaning as specified in Circular 2 of 2004 dated 21 January 2004 titled 'Prudential Regulations for Non Banking Finance Companies'*

2. Closed-end funds shall not issue right certificates at a price which is less than average of net asset value of certificates over a 90-day period immediately preceding the announcement of right issue. Suitable amendments in the trust deeds of the respective funds shall be made within three months of the issue of this directive by NBFCs holding investment advisory license.

Sd/-  
(JAWERIA ATHER)  
Director (NBFCD)

**Distribution:**

- (i) Chief Executives of all NBFCs
- (ii) Chairman/ Secretary Mutual Funds Association of Pakistan
- (iii) Managing Director/Chairman, KSE, LSE, ISE
- (iv) President ( Institute of Chartered Accountants of Pakistan)
- (v) IT Department SECP, for posting on website.