



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

No. SCD/CIRCULAR/94/2020

October 22, 2020

Circular No. 32 of 2020

Subject: Requirements for Assessing Suitability and Risk Categorization of Collective Investment Schemes (CIS)

The Securities and Exchange Commission of Pakistan in exercise of powers conferred under sub-section (3) of section 282B of the Companies Ordinance, 1984 (XLVII of 1984) read with regulations 66A(d) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, hereby make following amendments in Circular No. 2 of 2020 dated February 06, 2020:

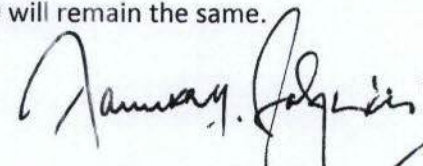
AMCs shall classify CIS and investment plans as per the following risk profiles:

Category of CIS/ Plans based on investment policy	Risk Profile	Risk of Principal Erosion
Money Market Funds with no exposure in corporate commercial papers	Very Low	Principal at very low risk
Money Market Funds with investment in corporate commercial papers, Capital Protected Funds (non-equity), Income Funds with deposits/placement in AA or above rated banks/ DFIs and investment in Government Securities or Government backed Sukuks. Weighted average duration of portfolio of securities shall not exceed six (6) months.	Low	Principal at low risk
Income Funds with investment in A and above rated banks, AA rated corporate debt instruments, MTS and spread transactions. Weighted average duration of portfolio of securities shall not exceed two (2) years.	Moderate	Principal at moderate risk
CPPI Strategy Based Funds, Income Funds (where investment is made in fixed rate instruments or below A rated banks or corporate sukuku or bonds, spread transactions, Asset Allocation and Balanced Funds (with equity exposure up to 50% mandate).	Medium	Principal at medium risk
Equity Funds, Asset Allocation (with 0 - 100% Equity exposure mandate) and Balanced Funds (with 30 - 70% Equity exposure mandate), Commodity Funds, Index Tracker Funds and Sector Specific Equity related Funds.	High	Principal at high risk

All AMCs shall ensure compliance with above requirements within 60 days of the issuance of this Circular.

All other requirements stipulated under Circular No. 2 of 2020 dated February 06, 2020 shall remain the same.

All other investments allowed in various categories under Circular No. 7 of 2009 will remain the same.


(Farrukh H. Sabzwari)
Commissioner (SCD)

Distribution:

1. Chief Executive Officers of All Asset Management Companies
2. Mutual Funds Association of Pakistan
3. Trustees of Collective Investment Schemes