



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

No. SCD/PRDD/Direction/03 / 81 /2015

September 4, 2015

DIRECTION NO. 03 OF 2015

Subject: Guarantee by AMCs and IAs regarding Portfolio Management

The Securities and Exchange Commission of Pakistan (Commission) in exercise of the powers conferred under section 282D of the Companies Ordinance, 1984 hereby directs all Asset Management Companies having investment advisory services license (AMCs) and Investment Advisors (IAs) to comply with the following in relation to management of discretionary and non-discretionary portfolios:

1. No guarantee in any form by whatever name called shall be offered/issued/assumed by any AMC or IA to any of its existing or new client/investor for the protection of principal investment or any return on such investment. In this context, AMCs and IAs shall incorporate the following disclosure clause in all the existing and new portfolio management agreements signed between them and their clients/investors:

"The (name of AMC/IA) does not offer or issue or assume any guarantee for the protection of the principal investment or any return on such investment by (name of client/investor) and the investment portfolio of (name of client/investor) is subject to market and other risks".

All AMCs and IAs 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)

Executive Director (SCD)

Distribution:

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