



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN  
SPECIALIZED COMPANIES DIVISION  
POLICY, REGULATION AND DEVELOPMENT DEPARTMENT

No. SCD/VPS/Directive /Circulars/ 90 /2015

September 30, 2015

Directive No. 4 of 2015

**Front-end Fee (Sales Charge) Under the Voluntary Pension System Rules, 2005**

The Securities and Exchange Commission of Pakistan (the "Commission") in exercise of the powers conferred by sections 282B of the Companies Ordinance, 1984 read with rule 11 of the Voluntary Pension System Rules, 2005 (the "Rules") hereby directs all Pension Fund Managers (the "PFMs"), registered under the Rules, to ensure that where constitutive document or offering document of a pension fund permits charging of front-end fee, back-end fee or contingent fee (sales charge), the PFMs shall:-

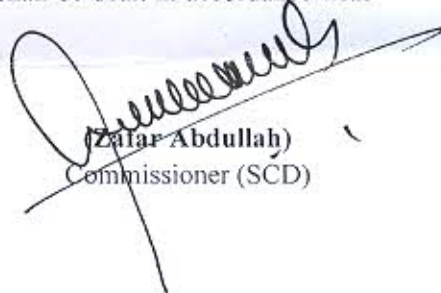
- clearly disclose the maximum rate of front-end fee (sales charge) that is being charged to a participant at the time of contribution;
- obtain duly signed acknowledgement from a participant to ascertain that all the terms and conditions along with details of sales charge to be deducted, have been read and understood by him/her; and
- issue to a participant, within 48 hours of the realization of funds, breakup of total contribution, front-end fee charged and the net amount transferred into a pension fund on his/her behalf as per the following format:

Particulars	Amount/Percentage
Gross contribution received	Rs.:
Front-end fee (sales charge) deducted	Rs.: ----- (-----% of contribution)
Net contribution invested	Rs.: ----- (gross contribution - amount of front-end fee)
Back-end or contingent fee (if any)	----- % of the amount to be redeemed

2. A PFM shall ensure that no front-end fee is charged if a participant directly or through his/her employer approaches a PFM for contribution or contributes online i.e. via website or makes any subsequent contribution(s).

3. For the purpose of this Directive, sales charge means the amount deducted at the time of contribution into or redemption from a pension fund. However, the fee (if any) charged upon redemption, which shall form part of a pension fund property, shall not be construed as sales charge.

4. This Directive shall come into force with immediate effect. Any non-compliance shall be dealt in accordance with prevalent regulatory framework.

  
(Zafar Abdullah)  
Commissioner (SCD)

**Distribution:**

- Chief Executives of All Pension Fund Managers.
- Mutual Funds Association of Pakistan.
- Trustees of Pension Funds.