



Message of Chairman - SECP

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Chairman, Securities and Exchange Commission of Pakistan

I would like to congratulate the Mutual Funds Association of Pakistan (MUFAP) on the fact that it has been publishing its yearbook regularly and in a timely manner. Over the years, the yearbook has established itself as a reliable source of information about the developments in the mutual fund and private pension industries. The MUFAP's commitment to providing timely and accurate data to industry participants and the public is laudable.

With new developments in the capital market, global integration and evolving regulatory environment, it is imperative that we keep pace with these changes by preparing ourselves for future challenges. Realizing its role for the development of the industry, the SECP is introducing a more conducive regulatory regime to facilitate sustained growth of the fund management industry in Pakistan.

In collaboration with the MUFAP and other industry stakeholders, the SECP has taken a number of specific initiatives, which are aimed at strengthening the mutual funds industry and safeguarding investor interests. In order to facilitate the AMCs, and to help them focus on their core functions of investment decision making, and lowering of costs through better economies of scale in the larger interest of the investing public, the SECP allowed the AMCs to delegate non-core functions to third party service providers and prescribed detailed requirements in this regard. In order to ensure that unit-holders are treated fairly, the SECP prescribed conduct requirements for sale of collective investment schemes by AMCs and their representatives. Furthermore, detailed requirements for performance presentation and marketing of collective investment schemes, on the basis of which the investing public makes decision to invest in mutual funds, were also prescribed.

Although the mutual funds industry has witnessed reasonable growth, particularly during the previous decade, it has a long way to go to achieve acceptance by the general public. Limited retail participation is possibly the result of lack of awareness and the limited understanding of the extent to which mutual funds can enable investors to meet their investment and savings needs. It is high time the industry participants consciously branded mutual funds as an efficient savings vehicle. This should be coupled with consistently delivering superior performance by placing a priority on the interests of the investor before their own. The collaboration of all industry stakeholders is essential to achieve these objectives and the SECP is committed to providing every possible support in this regard.

It is gratifying to note that savings through voluntary pension system (VPS) are growing at a healthy rate. This success is a result of consistent, coherent and active policies pushed by the SECP, efficient adoption of the same by the industry, and the support lent by the government. I am grateful to the government for creating a level playing field for the retirement schemes and removing many of the inconsistencies which were hindering growth of private pension schemes. Since pension funds are essentially long-term investments, the VPS provides operational flexibility to the fund managers to generate decent returns for the participants and promote capital formation in a country. The growing numbers of younger population and resource constraints facing the government provide ideal conditions for popularizing VPS as a source of income after retirement. Therefore, the pension fund managers should make the most of the favorable environment and make VPS a popular household savings product.

The SECP looks forward to working closely with the MUFAP to ensure a fair, transparent and efficient mutual funds and pension funds industry which efficiently mobilizes and channelizes the savings and investments of households and the general public.