

A BRIEF HISTORY OF EVENTS THAT HAVE GOTTEN PAKISTAN'S

1962

National Investment Trust Limited (NIT) established National Investment (Unit) Trust as first open-end mutual fund in Pakistan on November 12, 1962.

1966

Investment Corporation of Pakistan (ICP) established to broaden investment base and develop capital markets in the country. From 1966 onwards, ICP floated twenty-six closed-end mutual funds.

1971

Investment Companies and Investment Advisers Rules were notified. Private sector was allowed to float closed-end funds under these Rules.

1983

First closed-end fund (Golden Arrow Selected Stock Fund) in the private sector was launched on May 1, 1983.

1995

Asset Management Companies Rules were notified allowing launching of open-end funds by the private sector.

First Shariah Compliant closed-end Fund (Al Meezan Mutual Fund) was launched on July 13, 1995.

1996

First meeting of investment advisors/ asset management companies held for the establishment of a Mutual Funds Association of Pakistan (MUFAP).

1997

Unit Trust of Pakistan, first private sector open-end fund launched by JS Investments Limited (formerly ABAMCO Limited) on October 27, 1997.

1999

SECP was established under the Securities and Exchange Commission of Pakistan Act 1997 and became functional as a body corporate on January 1, 1999. SECP replaced the Corporate Law Authority.

2000

National Savings Scheme revisited; rate of return was reduced, income from NSS was subjected to income tax and limit was placed on institutional investment. This helped the mutual fund industry.

SECP gave more asset management companies' licenses. These were Arif Habib Investment, Al-Meezan Investment and UBL Funds.

2001

MUFAP officially registered and recognized as representative body of asset management companies in the country.

2002

Government sold the management rights of closed-end ICP mutual funds, through open bidding to private sector asset management companies. Lot-A comprising 12 funds was acquired by ABAMCO, now JSIL, whereas Lot-B comprising 13 funds was acquired by PICIC.

First fixed income securities fund (Pakistan Income Fund) was launched on March 11, 2002 and first open-end Shariah Compliant Fund (UTP – Islamic Fund now JSIL Islamic Fund) was launched in December 27, 2002.

2003

Non-Banking Finance Company (NBFC) Rules, 2003 were notified, terminating the previously applicable Asset Management Companies Rules, 1995 and Investment Companies and Investment Adviser (IA) Rules, 1971. NBFC Rules, enabled both closed-end and open-end funds to be governed under same rules and removed many anomalies.

NBFC Rules also allowed closed-end funds to be established under trust structure in addition to company structure.

The management rights of ICP State Enterprise Mutual Fund (SEMF) were sold through open bidding. This was acquired by PICIC.

ASSET MANAGEMENT INDUSTRY TO WHERE IT IS TODAY ...

2004

MUFAP secures membership of International Investment Funds Association (IIFA).

2005

Voluntary Pension System Rules, 2005 were notified.

2007

SECP issued licenses to four Pension Fund Managers to launch individualized pension schemes. To date four more licenses were issued raising the number of pension fund managers to eight.

Non-Banking Finance Company (NBFC) & Notified Entity (NE) Regulations, 2007 was notified.

MUFAP hosts 12th Asia Oceania Regional Meeting of IIFA, attended by heads of respective associations of Japan, Australia, Philippines, Taiwan, China, Hong Kong, Bangladesh and India.

2009

MUFAP developed a model for TFC pricing, based on transactions and matrix that took into consideration various factors, like rating, maturity and rate of profit. The pricing methodology was implemented after SECP approval.

SECP in consultation with MUFAP introduced the proper categorization of funds through Circular 7 of 2009 where investment avenues are defined for each category in terms of their risk profile.

Subsequently, Money Market funds were introduced, designed to manage short term liquidity and are considered to be the least risky amongst the different types of mutual funds.

2010

MUFAP and Karachi Stock Exchange worked together to launch Bond Automated Trading System (BATS) for trading of Corporate Debt Securities.

Performance in respect of return of all mutual funds and pension funds was added as new feature on MUFAP's Website. The daily returns, as well as return for various periods up to previous three hundred sixty five days are daily updated on MUFAP website.

MUFAP started printing Yearbook and quarterly Newsletter. These publications include important information about industry, including ten years' data and industry's issues.

2011

MUFAP, in consultation with its members, developed and submitted a Five Year Comprehensive Plan for the development of Mutual Funds to SECP.

MUFAP successfully launched a public awareness campaign to educate the investors about the benefits of money market funds.

SECP mandated Distributors of Mutual Funds to register with MUFAP as Registered Service Providers.

2012

MUFAP issues Code of Conduct and Qualification for Registered Service Providers.

SECP issues directive which included restricting Management Fee sharing with Unit Holders and providing a fit and proper criteria for registered service providers.

SECP issues Debt Trustee Regulations, 2012.

SECP approves regulations for Exchange Traded Funds.

2013

SECP notified "Commodity Scheme" as a new asset class/category for Collective Investment Schemes. Investments in commodities were also allowed in Balanced and Asset Allocation funds. Subsequently, a new sub-fund for voluntary pension schemes 'gold sub-fund' was also launched.

Four Closed-end funds were converted to Open-end and five closed-end funds were converted/ wound up in the following year as per the Regulation 65.

2014

SECP issues Advertisement Guidelines for all forms of advertisements by collective investment schemes

Cash Distribution made mandatory by Government for Mutual Funds.