



**VIEWS AND
REVIEWS**

The Coronavirus (COVID-19) has posed unprecedented challenges for the economies worldwide and Pakistan has been no different. I would like to congratulate Mutual Funds Association of Pakistan for publication of its Yearbook for 2020 during one of the greatest global economic and social challenges faced in the recent history.

Even during the Pandemic, SECP's focus remained on creating an enabling regulatory environment for the business community, attracting investment and spurring economic growth by simplifying the regulatory regime through effective stakeholder engagement and improving user experience through digitalization. Since our regulatory philosophy hinges on balancing the needs of both asset managers and investors, the fees and costs related to asset management industry have been streamlined, while **to curb mis-selling** and boost investors confidence in the industry, the SECP, in close collaboration with MUFAP has introduced the mutual funds risk profiling and product suitability guidelines in line with other developed jurisdictions.

I am glad to add that our asset management industry has remained resilient and maintained its growth trajectory and Assets Under Management grew by 43% during the year to PKR 772.696 billion (as of June 30, 2020). On the product innovation front, four Exchange Traded Funds (ETFs) in equities have been launched at Pakistan Stock Exchange. I am confident that the ETFs will be instrumental in increasing the retail investor base in capital markets owing to their inherent features of low cost, transparency and ability to track the index etc. However, the industry must focus on innovation, product development and use of technology to create awareness about this unique and attractive investment product. I would also encourage the AMCs along with the brokers, to devise sale incentive programs and explore different investment strategies (including Fixed Income ETF and hybrid ETF) to encourage investment in this low-cost avenue.

With the acceleration of digital innovation and recent advent of FinTech, the investor preferences are evolving. I am sure that the launch of **mutual funds digital distribution platform** in near future will further help in financial inclusion through enhanced investor outreach and ease of doing business.

Globally, the regulators are taking advantages of Self-Regulatory Organizations to enhance regulatory oversight and efficiency. The SECP believes that MUFAP, after its conversion into a front-line regulator, must contribute significantly to the growth and development of mutual funds industry by promoting good governance, **capacity building** and self-disciplining its members. The conversion of MUFAP into an SRO would definitely boost the asset management ecosystem.



Message of SECP Chairman

Mr. Aamir Khan

Chairman, Securities and Exchange Commission of Pakistan

SECP, as a progressive regulator, is open to new ideas and suggestions to take our mutual funds industry to the next level of growth and development, and looks forward to continuing our consultative approach with MUFAP. We also expect MUFAP to play its due role and be more proactive in areas of **investor protection, investor awareness, product innovation and efficient complaints resolution.**