

Message of the SECP Chairman

Mr. Aamir Khan

Chairman, Securities and Exchange Commission of Pakistan



I would like to commend the Mutual Funds Association of Pakistan (MUFAP) on publication of their yearbook 2022, which is a credible and comprehensive source of information on the performance of mutual fund sector in Pakistan.

The Securities and Exchange Commission of Pakistan (SECP), has been actively engaged with all stakeholders, notably MUFAP, in our quest for reforms and innovation in the NBFC space. Through ensuring ease of doing business by addressing the regulatory burden, encouraging product diversification, promoting the use of technology, and conducive dialogue with all stakeholders, the sector has been able to achieve many positive outcomes in a short span of time, with the sector recording CAGR of 28% over the last three years and growth of 12% in the past year.

The spate of new licenses in the NBFC space, including two new asset management companies, after a gap of almost a decade, licensing of the first digital investment advisor, and the first digital distribution platform in the shape of Emlaak Financials, are all healthy developments for this segment in the last year alone. These developments have aided in the expansion of retail investors in the asset management industry by nearly 10% in a single year, with over 12,000 new digital accounts and RDA accounts, bringing in investment of PKR 1.29 billion, being a positive sign of things to come.

In order to keep the momentum of growth, the importance of ensuring efficient complaint handling, high-governance standards, and effective market outreach, remains paramount. MUFAP, as the industry association, must take a lead in improving user experience, a crucial ingredient in today's digital age. With the issuance of Self-Regulatory Organizations (Registration) Regulations, 2022, the SECP will continue to work with MUFAP, to assess appropriateness of an SRO to oversee the asset management industry.

As the regulator of the mutual fund sector, the SECP remains committed to beneficial regulation to support the growth of this segment. The introduction of regime for digital AMCs, digital trustee, digital investment advisory services, flexibility for lending NBFCs in terms of investment limits and business portfolio, and prescribing requirements relating to conduct of business to ensure consumer protection are few initiatives taken in conjunction with the objective of investor protection and opening avenues for new investments. Moreover, the introduction of a dedicated NBFC law, currently awaiting parliamentary approval, will help further modernize the regulatory ecosystem, to cater more effectively to the evolving needs of the NBFC sector.

The SECP remains committed to providing all the necessary regulatory assistance to this segment and look forward to working with MUFAP in the years to come.

