



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

No. SCD/CIRCULAR/368/2022

June 9th, 2022

Circular No. 6 of 2022

Subject: Requirements for Assessing Suitability and Risk Categorization of Collective Investment Schemes (CIS)

The Securities and Exchange Commission of Pakistan in exercise of the powers conferred under section 282 B (3) of the Companies Ordinance, 1984 read with regulation 66A(d) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 hereby makes the following amendments in Circular No. 2 of 2020 dated February 6, 2020 in supersession of Circular No. 32 of 2020 dated October 22, 2020:

AMCs shall classify CIS and investment plans as per the following risk profiles:

Category of CIS/ Plans based on investment policy	Risk Profile	Risk of Principal Erosion
Money Market Funds with no exposure in corporate commercial papers	Very Low	Principal at very low risk
Money Market Funds with investment in corporate commercial papers, Capital Protected Funds (non-equity), Income Funds with deposits/placement in A or above rated banks/ DFIs and investment in Government Securities or Government backed Sukuks. Weighted average duration of portfolio of securities shall not exceed six (6) months.	Low	Principal at low risk
Income Funds with investment in AA rated corporate debt instruments, MTS and spread transactions. Weighted average duration of portfolio of securities shall not exceed two (2) years.	Moderate	Principal at moderate risk
CPP I Strategy Based Funds, Income Funds (where investment is made in fixed rate instruments or below A rated banks or corporate sukuks or bonds, spread transactions, Asset Allocation and Balanced Funds (with equity exposure up to 50% mandate).	Medium	Principal at medium risk
Equity Funds, Asset Allocation (with 0 - 100% Equity exposure mandate) and Balanced Funds (with 30 - 70% Equity exposure mandate), Commodity Funds, Index Tracker Funds and Sector Specific Equity Related Funds.	High	Principal at high risk

All AMCs shall ensure compliance with above requirements within 60 days of issuance of this Circular. All other requirements stipulated under Circular No. 2 of 2020 dated February 6, 2020 shall remain unchanged. All other investments allowed in various categories under Circular No. 7 of 2009 will remain the same.

Distribution:

1. Chief Executive Officers, Asset Management Companies
2. Mutual Funds Association of Pakistan
3. Trustees of Collective Investment Schemes

Commissioner (SCD)

"Say no to Corruption"