



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

No. SCD/CIRCULAR/ 89/2022

October 4 , 2022

Circular No. /10 of 2022

Sales Load being Charged by Collective Investment Schemes

The Securities and Exchange Commission of Pakistan ("the SECP") in exercise of the powers conferred under section 282B (3) of the Companies Ordinance, 1984 read with the Regulation 54 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 , and in supersession of earlier SECP Circular No. 26 of 2015 dated July 27, 2015 and SECP Circular No.27 of 2017 dated November 08, 2017, hereby directs all Asset Management Companies (AMCs) to ensure that:

1. The cumulative sales load does not exceed 3% of the NAV per unit, where the offering document of the Collective Investment Scheme (CIS) permits charging of sales load.

Provided that an AMC may charge sales load maximum up to 3% of NAV per unit if investor approaches directly for investment or where transactions are done through a third-party online distribution portal/ website, and may charge sales load maximum up to 1.5% of the NAV per unit where transactions are done through AMC's own online distribution portal or website.

2. In this respect the AMC shall ensure following complete disclosures along with requisite documents:

- Clearly disclose, at the time of investment, the maximum rate of Sales Load that is being charged to the unitholder;
- Obtain duly signed acknowledgement from the unit holder to ascertain that all the terms and conditions along with details of Sales Load to be deducted, have been read and understood by the unitholder; and
- Issue to the unit holder, within 48 hours of the realization of funds, breakup of the total amount received from the unitholder, sales load charged and net amount invested in the fund on his behalf as per the following format:

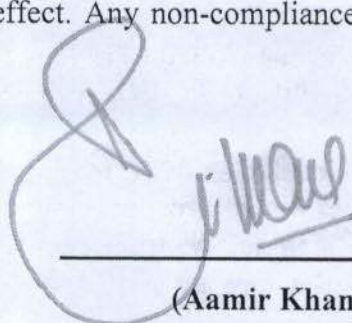
Particulars	Amount/Percentage
Investment Amount Received	
Front End Load	(% of NAV per unit (at the time of investment))
Net Amount Invested	Rs.: ( <i>Investment Amount Received - Amount of Front End Load</i> )
Back End Load (to be charged)	(% of NAV per unit to be charged at the time of issuance or redemption (please specify))



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3. Further, in case of an investment done through a third-party online distribution portal or website, an AMC shall ensure that at the time of investment, the disclosures specified in above table are immediately displayed prominently to the investor through a screenshot popping up in English and Urdu languages, providing a choice to the investor to accept or decline through a click on the buttons provided conspicuously with the screenshot.
4. For the purpose of this Circular, sales load means front end load deducted at the time of investment or back end load charged at the time of redemption from the CIS. However, the load charged upon redemption and which forms part of the CIS property shall not classify as sales load.
5. This circular shall come into force with immediate effect. Any non-compliance will be dealt in accordance with prevalent regulatory framework.

"Say no to Corruption"

  
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(Aamir Khan)  
Commissioner (SCD)

**Distribution:**

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