



SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN
Specialized Companies Division
Policy, Regulation and Development Department

No. SCD/AMCW/CIRCULAR/2023/331

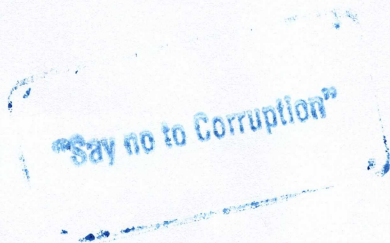
June 01, 2023

Circular No. 9 of 2023

Subject: Categorization of Open-End Collective Investment Schemes (CIS)

In order to protect unit holders, the Securities and Exchange Commission of Pakistan (SECP) in exercise of powers conferred under sub-section (3) of section 282B of the Companies Ordinance, 1984 (XLVII of 1984) read with regulation 55(2) of the Non-Banking Finance Companies & Notified Entities Regulations, 2008 hereby specify the following amendments to prescribe minimum ratings for investment in short term instruments in various categories of open-ended Collective Investment Schemes: -

- (1) In Circular No. 7 of 2009 dated March 06, 2009 and letter No. NBFCD/MF/Circular/501/2009 dated May 04, 2009; and letter No. SCD/AMCW/CDC/81/2012 dated March 15, 2012: -
 - (i) the existing clause 2(iv) shall be read as "Rating of any long term debt security in the portfolio shall not be lower than A- (A Minus) and Rating of any short-term debt security in the portfolio shall not be lower than A 2 (A Two)";
 - (ii) the existing clause 5(ii) shall be read as "In all other categories except money market Shariah Compliant Schemes, the minimum rating of any bank or DFI with which funds are placed shall be lower of A- (A minus) or the minimum rating specified for that category elsewhere in the above referred Circular. Furthermore, rating of any long debt instruments in the portfolio shall be lower of A- (A minus) or the minimum rating specified for that category elsewhere in the above referred Circular and rating of any short-term debt instruments in the portfolio shall not be lower than A 2 (A Two).
 - (iii) the existing clause 8(v) shall be read as "Rating of any long term security in the portfolio shall not be lower than AA (Double A) and Rating of any short-term security in the portfolio shall not be lower than A 1 (A One)"; and
 - (iv) the existing clause 9(v) shall be read as "Rating of any long term security in the portfolio shall not be lower than investment grade (BBB minus) and Rating of any short-term security in the portfolio shall not be lower than A 3 (A Three)".
- (2) AMCs shall ensure that their open-end Collective Investment Schemes (balanced scheme, shariah compliant (Islamic) scheme, money market scheme and income scheme) do not take exposure in short term instruments below the above-mentioned short-term ratings.
- (3) Those AMCs whose open-ended Collective Investment Schemes, have already taken exposure in below rated short term instruments shall comply with the requirement within a period of six months from the date of this Circular.



(Mujtaba Ahmad Lodhi)
Commissioner (SCD)

Distribution:

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