



**Securities and Exchange Commission of Pakistan  
Specialized Companies Division  
Policy, Regulation and Development Department**

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No. SCD/PRDD/VPS/Directive /2016/139

March 29, 2016

**Directive No. 12 of 2016**

Subject: **Inflation-adjusted terminal value of contributions into a Pension Fund**

Pension Fund Managers ('PFMs') use illustrative values to solicit contributions in pension funds set up under the Voluntary Pension System Rules, 2005. However, the resultant value of accumulated contribution is not adjusted for inflation. In order to bring uniformity among PFMs in presenting illustrative values, to make illustrations more understandable and to ensure that illustrations do not mislead investors, all PFMs are directed in terms of 282 D of the Companies Ordinance 1984, to disclose the inflation adjusted terminal value of contributions at the time of selling of voluntary pension schemes so as to enable investors to make informed decisions. The rate of inflation for adjusting the returns will be specified by the Commission. The PFMs shall ensure that formulae available on the websites for calculating terminal values of contributions must provide for inflation-adjusted terminal values.

This directive shall come into force with effect from 1<sup>st</sup> July 2016. Any non-compliance with this directive shall attract penal action as provided under the Companies Ordinance, 1984.

  
**(Imran Inayat Butt)**  
Executive Director (SCD)

**Distribution:**

- 1) All Pension Fund Managers
- 2) Mutual Funds Association of Pakistan
- 3) Trustees of Pension Funds