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**SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN  
SPECIALIZED COMPANIES DIVISION**



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CIRCULAR NO:23 OF 2008

**SUBJECT: Practical Difficulty In Arriving At Fair Valuation of Equity Securities Held by Mutual Funds.**

Subsequent to the introduction of a 'Floor' on the equity prices at the stock exchanges the market volumes have drastically reduced leading to difficulty in discovery of fair valuation of equity securities. The Mutual Fund Association of Pakistan ("MUFAP") held an emergency meeting on 6 October 2008 to review this extra ordinary situation. MUFAP noted that there is a serious possibility of unfair treatment to the unit holders of mutual fund who wish to continue holding their units relative to those who want to redeem during the period that the Floor at stock exchanges exist. Therefore, MUFAP resolved that SECP be requested to issue directive for suspension of issuance and redemption of units by mutual funds with direct exposure to equity securities.

In view of the prevailing situation and the request made by MUFAP the Securities and Exchange Commission of Pakistan (the "Commission") deems appropriate that all Asset Management Companies ("AMCs") managing Open-end Schemes take necessary measures to ensure protection of all unit holders. Therefore, to protect the interest of the unit holders, all AMCs managing Open-end Schemes with direct exposure to equity securities, are directed under Section 282 D of the Companies Ordinance, 1984 to comply with the following:

1. suspend pricing, issuance and redemption of units of Open-end Schemes with direct exposure to equity securities immediately;