

DRAFT AMENDMENTS IN THE VOLUNTARY PENSION SYSTEM RULES, 2005

Notification No. S.R.O. 1146(I)/2016, dated 8th December, 2016.— The following draft amendments in the Voluntary Pension System Rules, 2005 which are proposed to be made by the Securities and Exchange Commission of Pakistan, with the approval of the Federal Government, in exercise of powers conferred by sub-section (b) of section 282B of the Companies Ordinance, 1984 (XLVII of 1984), read with clause (b) section 43 of the Securities and Exchange Commission of Pakistan Act, 1997 (KLII of 1997), is hereby published for information of all persons likely to be affected thereby and notice is hereby given that comments, if any, received within fifteen days of the date of this notification shall be taken into consideration, namely:—

DRAFT AMENDMENTS

In the aforesaid Rules,—

(1) in rule 2,—

(a) in sub-rule (1),

- (i) clause (e) shall be omitted;
- (ii) for clause (ja), the following shall be substituted, namely:—

“(la) “exposure” includes facility and finance, subscription to or investment in equity securities, debt instruments or securities, units or certificates or shares of a

collective investment scheme Notified Entity, money market placements, and deposits, with financial institutions, certificate of deposits, CFS, forward contracts, derivatives and credit cards, margin trading system or any mechanism that replaces it, but does not include:

- (I) obligations under letters of credit and letters of guarantee to the extent of cash margin held by an N8FC;
 - (II) a facility finance provided to financial institutions through REPO transactions with underlying statutory liquidity requirement eligible securities;
 - (III) deposits of less than ninety days in current and savings accounts other than term deposits;";
- (iii) in clause (m).--
- (I) in sub-clause (x), the word "and" at the end shall be omitted;
 - (II) in clause (xi) after the semi colon at the end, the word "and" shall be inserted; and
 - (III) after sub-clause (xi),

amended as aforesaid, the following new sub-clause shall be inserted, namely:-
"(xii) a commodity contract that is traded at the Pakistan Mercantile Exchange (PMEX) shall be valued at its last closing price on PMEX, on the date as of which it is valued, or if PMEX is not open on such date, then at its last closing price on the next preceding date on which PMEX was open;" and

(IV) clause (u) shall be omitted;

(b) in sub-rule (2),--

(I) for the words "and Exchange Ordinance, 1969 (XVII of 1969)" the words "Securities Act, 2015 (111 of 2015), the Futures Market Act, 2015 (XIV of 2016)," shall be substituted; and

(II) for the words "Non-Banking Finance Companies Rules, 2003" the words "Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003. Shall be substituted"

(2) in rule 7,--

(i) in clause (e), for the semi colon (;) at the end a full colon shall be substituted and thereafter the following new proviso shall be inserted, namely:--

"Provided that the Pension Fund Manager may transmit or make available on its website the annual report of the pension fund for participants, provided it shall make the printed copy available to a participant free of cost as and when required;"

- (ii) for clause (k), the following shall be substituted, namely:--

"(k) send an account statement as at the 30th June and the 31st December each year, within thirty days after the end of each date, to individual participants, giving detail of the amounts received or withdrawn and tax deducted and the number of units allocated and held, the current valuation of the units and such other information as may be specified by the Commission, free of charge. The Pension Fund Manager shall also send an account statement each time when there is an activity in the participant's account within seven working days of such activity and the participant shall be entitled to receive any information, in respect of his account, at any time on written application. Such information may also be posted on the website and furnished electronically, subject to prior approval of The Commission;"

- (iii) in clause (l), for the full stop at the end, a semi colon and the word "and" shall be substituted; and thereafter the following new clause shall be added, namely:--

"(m) send a notice to a participant at least thirty days before the chosen date

of retirement informing him the options available to him on retirement, as per format prescribed by the Commission from time to time.";

- (3) in rule 9,--
 - (a) in sub-rule (2), for the word "allowed" the word "approved" shall be substituted; and
 - (b) in sub-rule (3), for clause (c), the following shall be substituted, namely:--

"(c) copy of paid challan form as an evidence for having deposited non-refundable fee of rupees one hundred thousand in favour of the Commission."
- (4) in rule 15,--
 - (a) in sub-rule (1), for the word "at the close of the working day corresponding to the date of transfer" the word on the working day prior to the date of transfer" shall be substituted; and
 - (b) in sub-rule (4), for the words "least twenty-one days before the effective date of the proposed change" at the end, the words "'at least seven dealing days before the effective date of the proposed change and the Pension Fund Managers shall record such transactions as transfer in the statement of account of the participant'" shall be substituted;
- (5) in rule 1.7, in sub-rule (1), the words "notice shall be sent to the Pension Fund Manager at least thirty days before the chosen date of retirement." shall be omitted;
- (6) in rule 18,--
 - (a) for sub-rule (1), the following shall be substituted, namely:--

"(1) At the date of retirement of the participant, where no option is selected by him, all the units of the sub-funds to his credit shall be redeemed at the net asset value notified at close of the day of retirement and the amount due shall be transferred to his individual pension account, in the lower volatility scheme offered by the Pension Fund Manager";
and

(b) in sub-rule (1), in clause (d), for the word "twenty-one" the words "seven dealing" shall be substituted; and

(7) in rule 20, for sub-rule (1), the following shall be substituted, namely:--

"(1) In case of death of a participant before the retirement age, all the units of the sub-funds to his credit shall be redeemed at the net asset value notified at close of the day of intimation of death and the amount due shall be transferred to his individual pension account in the lower volatility scheme offered by the Pension Fund Manager";

(8) in rule 21, after the word "writing" at the end, the words "or through such other means as may be approved by the Commission" shall be inserted; and

(9) in rule 30, for clause (c) the following shall be substituted, namely:--"(d) a central depository company or a subsidiary of central depository company or any other company approved by the Commission:

Provided that the trustee has competent and experienced resources to the satisfaction of the Commission and is registered with the Commission as trustee of mutual funds."