



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

No. SCD/Circular/17/2021

June 11, 2021

CIRCULAR No. 17 of 2021

**Subject: Clarification on Investment in Units of Exchange Traded Funds out of Provident Fund or any other EETF out of provident or other employee contributory retirement fund**

In exercise of powers conferred by section 510 read with sub-clause (ii) of clause (b) of sub-section 2 of sections 218 of the Companies Act 2017 (XIX of 2017), the Securities and Exchange Commission of Pakistan is pleased to inform that the investment made by a company out of provident fund or any other employee contributory retirement fund can be made in Exchange Traded Funds (ETF's) being the open-end collective investment scheme registered as notified entities with the Commission. However, the investment shall be made in accordance with the following aggregate investment limits, sub-investment limits and the conditions for investment as provided in the Employees Contributory Funds (Investment in Listed Securities) Regulations, 2018.

**Limits for Investment in Listed Securities**

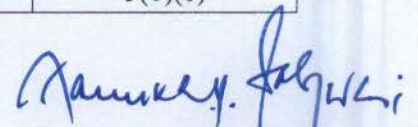
**(as provided in the Employees Contributory Funds (Investment in Listed Securities) Regulations, 2018)**

| Regulation Reference | Description  | Maximum Limit * |
|----------------------|--|-----------------|
| 3(1)(a)              | Total investment in Debt CISs including Debt ETF   | 50%             |
| 3(1)(c)              | Total investment in equity CIS including equity ETF  | 30%             |
| 3(8)                 | Total investment in debt CIS including Debt ETF managed by a single asset management company | 50% of 3(1)(a)  |
| 3(9)                 | Total investment in any single equity CIS including equity ETF                               | 30% of 3(1)(c)  |

\* As a percentage of the size of the Fund or Trust, as the case may be at the time of making investment

**Conditions for Investment in Listed Securities**

| Regulation Reference | Description  | Conditions           |
|----------------------|--|----------------------|
| 4(c)                 | investment in debt CIS including Debt ETF which have been assigned | "A" stability rating |
| 4(f)                 | Total investment in hybrid CIS including hybrid ETF                | 3(1)(c)              |

  
Farrukh H. Sabzwari  
Commissioner (SCD)

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