

TRUST DEED OF PAKISTAN PENSION FUND

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1. CONSTITUTION OF THE PAKISTAN PENSION FUND

1.1 NAME, REGISTERED ADDRESS, PLACE AND DATE OF REGISTRATION

The name of the Pension Fund is **PAKISTAN PENSION FUND**. The registered address of the Pension Fund is 2/1, R.Y. 16, Old Queens Road, Karachi. The Pension Fund has been constituted under this Trust Deed made and entered into at Karachi on this ___ day of May 2007.

1.2 PARTICIPATING PARTIES

1.2.1 This Trust Deed is made and entered into by and between:

- (A) **Arif Habib Investment Management Limited (AHIM)**, a company incorporated under the Companies Ordinance, 1984, with its registered office at 2/1, R.Y. 16, Old Queens Road, Karachi (hereinafter called the “**Pension Fund Manager**”, which expression shall, where the context so permits, include its successors-in-interest and assigns) of the one part; and
- (B) **Muslim Commercial Financial Services (Pvt.) Limited (MCFSL) (the Trustee)**, a company incorporated under the Companies Ordinance, 1984 and licensed by the Securities & Exchange Commission of Pakistan for commencing the business under the Rules and Regulations of regulatory bodies of Pakistan. A wholly owned subsidiary of MCB Bank Limited with its registered office at 3rd floor Adamjee House , I. I. Chundrigar Road, Karachi (hereinafter called the “**Trustee**”, which expression, where the context so permits, shall include its successors-in-interest and assigns) of the other part.

1.2.2 WHEREAS:

The Pension Fund Manager is a Non-Banking Finance Company, licensed by the Commission under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules) and a Pension Fund Manager registered by the Commission under the Voluntary Pension System Rules, 2005 (hereinafter referred to as the “**Rules**”, which expression shall include any amendments thereto and substitutions thereof and Regulations made or directives given by the Commission thereunder) to, *inter-alia*, carryout Asset Management Services, including establishing investment schemes under Trust Deeds and to establish and operate Pension Funds;

1.2.3 The Pension Fund Manager has been allowed by the Commission vide its letter No. SEC/SCB/PW-AHIML/2007-I dated May 24, 2007 appended hereto as Annexure “B” to constitute a Pension Fund under the name and title of “**Pakistan Pension Fund**” (hereinafter referred to as the “**Fund**”, or “**Pension Fund**”, or **PPF** or the “**Trust**”) and to register this Trust Deed, pending authorization for the establishment and operation of the Pension Fund in accordance with the provisions of the Rules and this Trust Deed;

1.2.4 The Pension Fund Manager has appointed Muslim Commercial Financial Services (Pvt.) Limited (MCFSL) as Trustee of the Pension Fund and Trustee has accepted such appointment upon the terms and conditions herein contained;

- 1.2.5 The Commission has approved the appointment of the MCFSL as Trustee, vide letter No. SEC/SCD/PW-AHIML/2007-II dated May 24, 2007, appended hereto as Annexure “C”;
- 1.2.6 Unless the context requires otherwise the words or expressions used in this Deed shall have the meaning respectively assigned to them in Clause 21 hereof.

NOW THIS DEED WITNESSETH:

1.3 DECLARATION OF TRUST

- 1.3.1 A Pension Fund is hereby constituted as a trust under the Trusts Act, 1882, under the name of “**Pakistan Pension Fund**”. The Trustee is hereby appointed as the Trustee of the Pension Fund, including the Sub-Funds, Individual Pension Accounts, Allocation Schemes, Approved Income Payment Plans or any structure related to the said Pension Fund and the Trustee hereby accepts such appointment and declares that:
- (a) The Trustee shall hold and stand possessed of the Trust Property that may from time to time hereafter be vested in the Trustee upon Trust as a collection of Sub-Funds, Individual Pension Accounts and Approved Income Payment Plans;
 - (b) Each of the Sub-Funds shall be a common fund (collective investment scheme) whose property shall be held by the Trustee for the benefit of the Participants ranking *pari passu* inter se according to the number of Units of the respective Sub-Funds held by each Participant;
 - (c) Balances in the Individual Pension Account and Approved Income Payment Plan shall be the property of the respective Participant;
 - (d) Each Participant shall only be liable to the extent of his contribution to the Pension Fund and no further liability shall be imposed on him in respect of the Pension Fund;
 - (e) The Trust Property shall be invested from time to time by the Trustee in accordance with the investment policy prescribed by the Commission and at the direction of the Pension Fund Manager; and
 - (f) The Pension Fund Manager shall manage, operate, and administer the Pension Fund strictly in accordance with the provisions and conditions contained in this Deed, any Supplemental Deeds, the Rules, and the conditions (if any) which may be imposed by the Commission from time to time.
- 1.3.2 As soon as may be practicable, the Pension Fund Manager shall open participation in the Pension Fund through offer of Units of Sub-Funds at NAV calculated in the manner prescribed under the Rules or as may be specified by the Commission from time to time to the eligible persons.
- 1.3.3 The Pension Fund Manager may from time to time, with the consent of the Trustee and under intimation to the Commission, frame operational procedures for conducting the business of the Trust or in respect of any other matter incidental thereto; provided that, such rules or regulations are not inconsistent with the provisions of this Deed, any Supplemental Deeds or the Rules.
- 1.3.4 Pension Fund Manager, Trustee of the Pension Fund and the Pension Fund, including the Sub-Funds, Allocation Schemes, Individual Pension Accounts, Approved Income Payment Plans or any structure related to the Pension Fund shall be subject to the full

compliance of the Rules.

1.4 SUB-FUNDS

The Pakistan Pension Fund will initially consist of the three Sub-Funds to be called PPF Equity Sub-Fund (the **“Equity Sub-Fund”**), PPF Debt Sub-Fund (the **“Debt Sub-Fund”**) PPF Money Market Sub-Fund (the **“Money Market Sub-Fund”**) (collectively the **“Sub-Funds”**).

- 1.4.1 The Pakistan Pension Fund, after successfully managing the Equity, Debt and Money Market Sub-Funds, may with the approval of the Commission launch other Sub-Funds through a Deed Supplemental to this Trust Deed and a Supplemental Offering Document to incorporate information for investments in other classes of assets, including securitised investment in real estate or in assets outside Pakistan. Any reference to the Sub-Funds in this Deed shall be construed to include any new Sub-Fund of the Pakistan Pension Fund.
- 1.4.2 All Participants of the Pakistan Pension Fund will in turn be holders of Units of the Sub-Funds in various proportions or in certain conditions prescribed under the Rules of cash held in an appropriate Bank Account in the name of the Trustee.
- 1.4.3 The units in the Sub-Funds would be non-tradable and non-transferable to another Participant/person except in the circumstances mentioned in the Rules.
- 1.4.4 Each Participant shall only be liable to pay the NAV of the Sub-Fund subscribed by him and no further liability shall be imposed on him in respect of any Sub-Fund’s-Units held by him. Sub-Fund Units shall be issued only against receipt of full payment.

2. GOVERNING LAW

This Deed shall be subject to and be governed by the Laws of Pakistan, including the Ordinance, the Rules, the Income Tax Ordinance, 2001 and all other applicable Laws and Regulations, and shall be deemed for all purposes whatsoever to incorporate the provisions required to be contained in a Trust Deed by the Rules as a part and parcel hereof, and in the event of any conflict between this Deed and the provisions of the Rules, the latter shall supersede and prevail over the provisions contained in this Deed except where the Commission allows deviations under its power given by the Rules.

3. OPERATORS AND PRINCIPLES

3.1 PENSION FUND MANAGER

- 3.1.1 The Pension Fund Manager to the Pakistan Pension Fund is:

Arif Habib Investment Management Limited (**AHIM**)
2/1, R.Y. 16, Old Queens Road,
Karachi

- 3.1.2 Arif Habib Investment Management Limited (AHIM) is licensed by the Commission as an Asset Management Company and Investment Advisory Company under the NBFC Rules and also registered as Pension Fund Manager under the Rules. Complete profile and up-to-date information regarding the Pension Fund Manager is given in the Offering Document.

3.2. TRUSTEE

3.2.1 The Trustee of the Pakistan Pension Fund is:

Muslim Commercial Financial Services (Pvt.) Limited_(MCFSL)
3rd floor Adamjee House,
I. I. Chundrigar Road
Karachi

Complete profile and up-to-date information regarding the Trustee shall be provided in the Offering Document.

3.3. DISTRIBUTION COMPANIES

3.3.1 The main Distribution Company of the Pakistan Pension Fund shall be Arif Habib Investment Management Limited and its branches.

3.3.2 The Pension Fund Manager may appoint or remove other Distribution Companies for the Fund under intimation to the Commission and the Trustee.

3.4. AUDITOR

3.4.1 The first Auditors of the Pakistan Pension Fund shall be:

A. F. Ferguson & Co. (PricewaterhouseCoopers - PwC)
State Life Building No.1, I.I. Chundrigar Road,
Karachi, Pakistan.

3.4.2 Thereafter, the Pension Fund Manager shall in consultation with the Trustee appoint as an Auditor, a firm of chartered accountants who shall be independent of the auditor of the Pension Fund Manager and the Trustee. The Pension Fund Manager may at any time, with the concurrence of the Trustee, and shall, if approved by the Commission, remove the Auditors and appoint another Auditor in its place. Furthermore, the Pension Fund Manager shall ensure that the Auditors so appointed, including the first Auditor, are appointed from the panel of Auditors as prescribed by the Commission for this purpose.

3.4.3 The Auditors shall hold office until transmission of the annual report and accounts but may be re-appointed for up to two consecutive terms of one year each. Thereafter, the Auditors shall only be eligible for appointment after the lapse of at least one year. The following persons shall not qualify to be the Auditors of the Trust:

- (a) A person who is or at any time during the preceding three years was a director, officer or employee of the Pension Fund Manager or the Trustee;
- (b) A person who is a partner of, or in employment of, a Director, Officer, Employee, or Connected Person of the Pension Fund Manager or Trustee;
- (c) The spouse, brothers, sisters or lineal ascendants or descendants of a director, officer or an employee of the Pension Fund Manager or Trustee;
- (d) A person who is indebted to the Pension Fund Manager or Trustee; and
- (e) A body corporate.

3.4.4 Appointment of a partnership firm to be the Auditors shall be deemed to be the appointment of all persons who are partners in the firm for the time being.

3.4.5 The Auditors shall have access to the records, books, papers, accounts and vouchers of the Trust, whether kept at the office of the Pension Fund Manager, Trustee, Custodian,

Registrar, or elsewhere and shall be entitled to require from the Pension Fund Manager, the Trustee and their directors, officers and agents such information and explanations as considered necessary for the performance of audit.

- 3.4.6 The Auditor shall prepare an auditor's report as required under the Rules, applicable laws and Regulations, to be transmitted to the Commission and the Participants.
- 3.4.7 The contents of the Auditors report shall be as required in the Rules.
- 3.4.8 In case the Rules or any other laws relating to appointment of Auditors of the Pension Funds are amended or substituted, the amended Rules or other laws, as the case may be, shall be deemed to become part of this Deed without the need to execute a Supplemental Trust Deed.

3.5 LEGAL ADVISOR

- 3.5.1 The first legal advisor of the Pakistan Pension Fund is:

Bawaney & Partners
404, 4th Floor,
Beaumont Plaza,
6-cl-10, Beaumont Road,
Karachi.

- 3.5.2 The Pension Fund Manager may, in consultation with the Trustee, replace the legal advisor or appoint a new legal adviser to a vacancy created by the resignation or removal of the legal adviser. The credentials of the new legal adviser shall be deemed to become part of this Deed without the need to execute a Supplemental Trust Deed.

4. CHARACTERISTICS OF THE FUND

4.1. ELIGIBLE PERSONS

All individuals fulfilling the eligibility criteria prescribed by the Commission from time to time under the Rules shall be eligible to contribute to the Pension Fund authorised under the Rules, directly as well as through employers.

4.2. APPLICATION PROCEDURE

- 4.2.1 The Pension Fund Manager shall be responsible for obtaining all requisite consents and approvals for the offer of the Fund.
- 4.2.2 Participation in the Pension Fund shall be offered through Distribution Companies. The Pension Fund Manager shall act as the main Distribution Company.
- 4.2.3 Before contributing in the Pension Fund, eligible persons must open an account with the Pension Fund Manager using the Prescribed Application Form.
- 4.2.4 The Pension Fund Manager will make arrangements, from time to time, for receiving the Prescribed Application Forms and payments from outside Pakistan. Details of these arrangements shall be disclosed in the Offering Document. The same may also be displayed on its website and through its Distributors and agents outside Pakistan.
- 4.2.5 The Pension Fund Manager shall make arrangements that all Forms shall be available and can be obtained from the Pension Fund Manager or any Distributor or Sales Agent of the Pension Fund Manager or downloaded from the Pension Fund Manager's website or requested from the Pension Fund Manager by courier or through electronic means.

- 4.2.6 The Prescribed Application Form shall be lodged with any Distributor or directly lodged with the Pension Fund Manager. No other person (including Sales Agents) is authorized to accept the forms or payment.
- 4.2.7 Application for joining the Pakistan Pension Fund shall be made by completing the Prescribed Application Form and submitting it with the first payment, in such form (except in the form of cash) as prescribed by the Pension Fund Manager, in favour of the Trustee at the Authorized Branch of any Distribution Company. The Distribution Company shall ensure that the application submitted by the joining Participant is complete in every regard and shall verify that the applicant is eligible to join the Fund and that the signature of any applicant to any document required to be signed by him under or in connection with the application for joining the Pension Fund shall match with the signature as per CNIC/NICOP.
- 4.2.8 If subsequent to receipt of the application by the Distributor, but prior to issue of the Units, the application is found by the Pension Fund Manager, Registrar or the Distributor to be incomplete or incorrect in any material manner, the Pension Fund Manager, Registrar or the Distributor shall advise the applicant in writing to remove the discrepancy, in the mean while the application shall be held in abeyance for fifteen days and in the event the discrepancy is not removed in the said fifteen days, the amount will be refunded without any interest or mark-up. Applicants shall indicate their Individual Pension Account Number at the time of every contribution in Pakistan Pension Fund except in cases where the Prescribed Application Form is sent with the first contribution in Pakistan Pension Fund.
- 4.2.9 The applicant shall obtain a copy of the application or the receipt signed and stamped by an authorized officer of the Distributor acknowledging the receipt of the application, copies of other documents prescribed herein and the demand-draft, pay-order, cheque or deposit slip as the case may be. Such acknowledgement for applications and payment instruments (other than cash) shall only be validly issued by the Distributors.
- 4.2.10 Application Procedure highlighted in sub-clauses 4.2.1 to 4.2.9 may be altered by the Pension Fund Manager from time to time with the approval of the Commission. Such alterations shall be announced in by Supplemental Offering Documents and shall be deemed to correspondingly alter the above provisions without the need to execute a Supplemental Trust Deed.

4.3 CONTRIBUTION PROCEDURES

- 4.3.1 Eligible persons or their employers, if any, shall be allowed to contribute in one lump sum or in instalments to the Individual Pension Account maintained by the Participant in the Pension Fund during any Tax Year.
- 4.3.2 The minimum level of Contribution shall be given in the Offering Document. Pension Fund Manager may from time to time, amend the minimum amount of initial contribution that is required to open an account in the Fund.
- 4.3.3 Eligible persons themselves as well as through their employers, if any, shall be allowed to contribute into Pakistan Pension Fund, subject to the provisions of the Income Tax Ordinance, 2001 (XLIX OF 2001).
- 4.3.4 The Pension Fund Manager, directly or through the Registrar, shall send an acknowledgement of receipt of the contribution along with a statement of account to the Participant within one week of the receipt thereof.

- 4.3.5 The Fund may be marketed in conjunction with group life or other insurance schemes or any other scheme subject to approval of the Commission. Such supplementary schemes would not be compulsory for all the Participants to join and the Trustee would be authorized to deduct the premiums only from the contributions of those Participants who have opted to join such schemes. The Trustee would directly deposit the deducted premium with the relevant company. Only the net amount of contributions after deduction of the premium would form part of the Trust Property.
- 4.3.6 Contribution procedure enunciated in sub-clauses 4.3.1 to 4.3.5 shall be subject to alterations due to amendments to or substitutions of the Rules and/or the Income Tax Ordinance, 2001 and/or the Income Tax Rules. Such alterations with prior approval of the Commission shall be announced in by Supplemental Offering Documents and shall be deemed to correspondingly alter the above provisions without the need to execute a Supplemental Trust Deed.

4.4 INDIVIDUAL PENSION ACCOUNTS

- 4.4.1 The Pension Fund Manager shall assign a distinct number and a unique Registration Number to Individual Pension Account held in the name of each Participant. Such unique Individual Pension Account number shall be issued in line with the criteria prescribed by the Commission.
- 4.4.2 The contribution received from or on behalf of any Participant by the Distribution Companies or the Trustee on any working day shall be immediately credited to the Individual Pension Account of the Participant after deducting the Front-end Fees, and the amount in the Individual Pension Account shall be used to purchase the units of the respective Sub-Funds of the Pakistan Pension Fund, at the Net Asset Value notified by the Pension Fund Manager at the close of that working day.

4.5 ALLOCATION POLICY

- 4.5.1 The Participant has the option to select **any one** Allocation Scheme of the contributions between the Sub-Funds at the date of opening his/her Individual Pension Account and on any anniversary thereafter. Notice for the change in Allocation Plan must be sent by the Participant.
- 4.5.2 The number of Units of any Sub-Fund purchased out of contributions shall depend on the Allocation Scheme selected by the respective Participant out of the allocation schemes offered by the Pension Fund Manager in line with the Prescribed Allocation Policy.
- 4.5.3 Pension Fund Manager shall allocate trained field force to assist the Participants for the selection of a suitable Allocation Scheme. However, final decision as to which scheme to choose shall lie with the Participant.
- 4.5.4 The prescribed allocation policy requires that the Pension Fund Manager must offer at least four Asset Allocation Schemes. In addition Pension Fund Manager may, with the approval of the Commission, offer additional Allocation Scheme such as Lifecycle products to their clients.
(Details of all the schemes are given in the Offering Document).
- 4.5.5 Pension Fund Manager or the Registrar shall ensure a built-in mechanism to facilitate the changes in asset allocation automatically between the Sub-Funds within the limits of the Prescribed Allocation Policy as and when required by the Pension Fund Manager.

- 4.5.6 If any Participant fails to make a choice of Allocation Scheme, the Pension Fund Manager would allocate the contribution to a Default Allocation Scheme in light of the Prescribed Allocation Policy.
- 4.5.7 The Pension Fund Manager shall make reallocation of the Sub-Fund Units between the Sub-Funds at least once a year to ensure that the allocations of Sub-Fund Units of all the Participants are according to the Allocation Schemes selected by the Participants.
- 4.5.8 Individual Pension Account shall not be subject to any lien, pledge or encumbrance, attachment in the execution of a decree, nor shall it be chargeable or assignable; and any agreement to charge or assign an allowance shall be void, and on the bankruptcy of a Participant, no sum shall pass to any trustee or person acting on behalf of his creditors.
- 4.5.9 Each Participant shall provide an undertaking that he/she has no objection to the investment/allocation policy prescribed by the Commission and he/she/am is fully aware of the risks associated with his/her/my selection of Allocation Scheme.
- 4.5.10 The criteria of allocations, may be subject to changes and modifications from time to time in accordance with the change in the Investment and Allocation Policy prescribed by the Commission. All such changes shall be announced by a Supplemental Offering Documents and shall be deemed to become part of this Trust Deed without the need to execute Supplemental Trust Deeds.

4.6 CHANGE OF PENSION FUND BY PARTICIPANTS

- 4.6.1 Participants shall be entitled to transfer part or whole of his Individual Pension Account from the Pakistan Pension Fund to another pension fund managed by another pension fund manager. Units shall be en-cashed at the Net Asset Value of each of the pertinent Sub-Funds notified at the close of the Dealing Day corresponding to the date of transfer. The date of transfer shall be the first Business Day that falls on or immediately after the anniversary date of opening of the Individual Pension Account.
- 4.6.2 No charge, whatsoever called, shall be deducted for transfer of the Individual Pension Account from the Pension Fund to another pension fund.
- 4.6.3 Pension Fund Manager shall use the transferred amount received from the other pension fund(s) to purchase the Units of the Sub- Funds at the Net Asset Value notified at the close of that Dealing Day, according to the Allocation Scheme selected by the Participant.
- 4.6.4 The transfer of Individual Pension Account to another pension fund shall only take place on the anniversary date of opening of the Individual Pension Account in the Pension Fund.
- 4.6.5 The application for transfer of the account, specifying the name of the new pension fund manager, name of the new pension fund and individual pension account number with the new pension fund manager must be sent by the Participant or the new pension fund manager at least thirty days before the relevant anniversary date. The procedure for transfer of Individual Pension Account from the Pension Fund Manager to another pension fund manager shall be specified in the Offering Document.
- 4.6.6 In the event the Commission de-authorizes the Pension Fund Manager, the transfer shall take place without any restriction thereon.
- 4.6.7 Policyholders having pension policies approved by the Commission under Section 63 of the Income Tax Ordinance, 2001 (XLIX of 2001) and issued by life insurance

companies would also be eligible to redeem their Units and transfer the balance to an Individual Pension Account with the Pakistan Pension Fund, subject to the Trust Deed and the Rules.

- 4.6.8 On receiving a transfer application mentioned in Clause 4.6.5 above, complete in all respects, the Pension Fund Manager shall redeem all Units of the Sub-Funds in the Individual Pension Account of the Participant at the close of first Business Day that falls on or after the anniversary of the opening of the Individual Pension Account and transfer the requisite redemption amount to the requested pension fund.

4.7 REGISTER OF PARTICIPANTS

- 4.7.1 The Pension Fund Manager has the responsibility to maintain Participant's records and for this purpose it may appoint a Registrar, who would be responsible for maintaining Participants' records and providing related services. The Registrar shall perform the Registrar Functions and all other related activities. The Pension Fund Manager shall ensure that the Registrar shall comply with all relevant provisions of this Deed and the Rules.
- 4.7.2 The Pension Fund Manager or the Registrar as the case may be at their registered office shall maintain a Register of Participants. The register shall also contain the information as prescribed by the Commission.
- 4.7.3 The Register shall be maintained in electronic form and be password protected. The Pension Fund Manager would grant access to all the Participants to receive their respective account information through the Clint Services link on its website. The record keeping system shall contain the computerized transaction log which shall record Participant Account changes, who made them and when they were made. The Registrar and the Pension Fund Manager shall make sufficient provision for back up of the register and its storage at an off-site location.
- 4.7.4 The Pension Fund Manager shall ensure that the Registrar shall at all reasonable times during business hours give the Trustee and its representatives access to the Register and to all subsidiary documents and records or certified copies thereof and to inspect the same with or without notice and without any charge. The Trustee or its representative shall only be entitled after the written approval from the Commission and under intimation to the Pension Fund Manager to remove the Register or to make any entries therein or alternations thereto.
- 4.7.5 The Registrar shall, within three working days of receiving a written request from any Participant, post (or send by courier or through electronic means) to such Participant details of such Participant's account in the Register. Such service shall be provided free of charge to any Participant requesting so once in any financial year. The Pension Fund Manager may prescribe charges for servicing of any additional requests with the approval of the Commission. The details of charges if any shall be disclosed in the Offering Document.
- 4.7.6 The Register shall be maintained in line with the Guidelines on record keeping issued by the Commission issued from time to time and shall, at the minimum, contain the following information:
- (a) Registration number;
 - (b) Individual Pension Account number

- (c) Full names, father's name, residency status, CNIC number (in respect of Pakistan nationals)/ NICOP number (in respect of overseas Pakistanis), National Tax Number and addresses of Participant;
 - (d) If Participant is registered through employer the Individual Pension Account Number will also be linked to an Employer Account Number that will contain the following:
 - Employer name;
 - Registered address;
 - National Tax Number;
 - Number of employees contributing in VPS; and
 - Telephone number and e-mail address.
 - (e) Date of birth and Sex of the Participant;
 - (f) Complete record of the amount and date of each contributions paid by the Participant;
 - (g) Complete record of the amount and date of each contributions paid by the Employer;
 - (h) Date and amount of incoming and outgoing transfers;
 - (i) The number of Sub-Fund Units allocated and standing in the name of the Participant in the Individual Pension Account or Approved Income Payment Plan balances;
 - (j) The date on which the name of every Participant was entered in respect of the Sub-Fund Units standing in his name;
 - (k) Tax/Zakat status of the Participants;
 - (l) Nominee(s);
 - (m) Record of specimen signatures of the Participant and Nominee(s);
 - (n) Information on retirement of Participant and the payments made or to be made;
 - (o) Information on death and transfer of account to heirs; and
 - (p) Such other information as may be specified by the Commission or Pension Fund Manager may require.
- 4.7.7 The Register shall be conclusive evidence as to the Sub-Fund Units or Individual Pension Account or Approved Income Payment Plan Account balances held by each Participant.
- 4.7.8 Any change of address or status of any Participant shall forthwith be notified in writing to the Registrar, who on being satisfied therewith and on compliance with such formalities shall update the Register accordingly.
- 4.7.9 The Participant or his nominee, as the case may be, shall be the only persons to be recognized by the Trustee, the Pension Fund Manager and the Registrar as having any right, title or interest in or to such Units and the Trustee, the Pension Fund Manager and the Registrar may recognize the Participant as the absolute owner thereof and shall not be bound by any notice to the contrary and shall not be bound to take notice of or to see to the execution of any trust, except where required by any court of competent jurisdiction.

- 4.7.10 Upon being satisfied that the contribution to the Pension Fund has been received in full from the successful applicant, the Registrar shall issue, within one week (seven days) of such contribution, an acknowledgement/account statement that will constitute evidence of the number of Sub-Fund Units or Individual Pension Account or Approved Income Payment Plan Account balances registered in the name of the Participant and shall contain such other information as prescribed by the Commission from time to time.
- 4.7.11 While making payment of the benefits, the Pension Fund Manager shall ensure that adequate description of reasons of payment i.e. retirement, disability, death benefit to the beneficiary(ies) is mentioned in the Register.
- 4.7.12 The accessibility of data shall extend three years past the last amount paid to the Participant, subsequent pension fund manager or to the heirs of the Participant by the Pension Fund Manager.

4.8 RETIREMENT AGE

- 4.8.1 The Participant may choose his/her Retirement Age which would be between sixty and seventy years. Participant shall send a notice to the Pension Fund Manager at least thirty days before the chosen date of Retirement.
- 4.8.2 If a Participant suffers from any of the following disabilities, which render him unable to continue any employment he may, if he so elects, be treated as having reached the Retirement Age at the date of such disability and all relevant provisions shall apply accordingly, namely:
- (a) loss of two or more limbs or loss of a hand and a foot;
 - (b) total loss of eyesight;
 - (c) total deafness in both ears;
 - (d) very sever facial disfigurement;
 - (e) total loss of speech;
 - (f) paraplegia or hemiplegia;
 - (g) lunacy;
 - (h) advance case of incurable disease; or
 - (i) wounds, injuries or any other diseases, etc, resulting in a disability due to which the Participant is unable to continue any work.
- 4.8.3 An assessment certificate from the medical board approved by the Commission and appointed by the Pension Fund Manager or any such procedure that the Commission has approved would be required to confirm any of the disability, specified above.

4.9 BENEFITS ON RETIREMENT

- 4.9.1 At the date of retirement of the Participant all the Units of the Sub-Funds to his/her credit shall be redeemed at the Net Asset Value notified at close of the day of retirement and the amount due shall be credited to Individual Pension Account in his/her name, which shall be invested in Authorized Investments of this account. Amount under this account shall earn the applicable market rate of interest for such Investments. The Participant shall then have the following options, namely:
- (a) Withdraw the entire amount in his Individual Pension Account subject to the conditions laid down in the Income Tax Ordinance; 2001 (XLIX of 2001);

- (b) Purchase an Approved Annuity Plan from a Life Insurance Company of his choice; or
 - (c) Enter into an agreement with the Pension Fund Manager to transfer his balance to an Approved Income Payment Plan offered by the Pension Fund Manager or another pension fund manager and withdraw from it, monthly instalments till the age of seventy five years or earlier. Details of the Approved Income Payment Plan shall be disclosed in the Offering Document of the Fund.
- 4.9.2 The Approved Annuity Plan purchased may be single life, joint or survivor life, level (with or without guarantee period), increasing, investment linked and retail price index linked or with any additional features as may be offered by insurance companies.

4.10 WITHDRAWAL OF FUNDS BEFORE RETIREMENT

- 4.10.1 A Participant at any time before retirement shall be entitled to redeem the total or part of Units of the Sub-Funds to his credit in the Individual Pension Account subject to the conditions laid down in the Income Tax Ordinance, 2001 (XLIX of 2001), from time to time. The withdrawals may be through single or multiple payments.
- 4.10.2 Where the request is made by a Participant for partial withdrawal from the Individual Pension Account, the Withdrawal Amount shall be represented by redemption of Units of Sub-Funds in such proportion that the remaining balance in the Individual Pension Account is in accordance with the allocation policy last selected by the Participant.
- 4.10.3 The method of withdrawal of funds before retirement given in clauses 4.10.1 to 4.10.2 may change due to amendments in or substitutions of the Rules and/or the Income Tax Ordinance. Such changes shall be deemed to become part of this Deed without the need to execute Supplemental Trust Deeds.

4.11 BENEFITS ON DEATH BEFORE RETIREMENT

- 4.11.1 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 confirmation of death in writing by the nominee(s), executor(s) or administrator(s) or successor(s) of the deceased Participant and the amount due shall be credited to Individual Pension Account in his name, which shall be invested in Authorized Investments and earn the applicable market rate of interest for such Investments.
- 4.11.2 The total amount in the Individual Pension Account of the deceased Participant shall be divided among the nominated survivor(s) according to the percentages specified in the nomination deed and each of the nominated survivors shall then have the following options, namely:
- (a) Withdraw his share of the amount subject to the conditions laid down in the Income Tax Ordinance; 2001 (XLIX of 2001);
 - (b) Transfer his share of the amount into his existing or new Individual Pension Account to be opened with the Pension Fund Manager, according to the Rules;
 - (c) Purchase an Approved Annuity Plan on his life from a Life Insurance Company, only if the age of the survivor is fifty five years or more; or
 - (d) Purchase a deferred Approved Annuity Plan on his life from a Life Insurance Company to commence at age fifty five years or later.
- 4.11.3 Death benefits paid under the group life cover, if any, would be constituted as additional benefit payable to the nominated survivor(s) of the deceased.

- 4.11.4 The nominee(s), in case of nomination(s) and the executors or administrators or successors of the deceased Participant shall be the only persons recognized by the Trustee and the Pension Fund Manager as having title to the Sub-Fund Units represented thereby.
- 4.11.5 Any person or persons becoming entitled to an account in consequence of the death of any Participant may, subject as hereinafter provided, upon producing such evidence as to his title as the Trustee shall think sufficient either be registered himself/ themselves as Participant(s) upon giving the Trustee/Registrar such notice in writing of his/her desire or withdraw funds from the account under Clause 4.11.2 of this Deed. All the limitations, restrictions and provisions of this Deed relating to transfer shall be applicable to any such notice or transfer as if the death had not occurred and such notice or transfer was executed by the Participant. Provided however, the Registrar or the Trustee may at their discretion request the nominated survivors to provide succession certificates or other such mandate from a court or lawful authority, if they consider necessary and they shall not be liable or be involved in any manner whatsoever in any disputes among the nominated survivors and/or the rest of the legal heirs or the legal representatives of the deceased Participants.
- 4.11.6 The Trustee shall retain any moneys payable in respect of any Sub-Fund Unit or Individual Pension Account or Approved Income Payment Plan Account of which any person is, under the provisions as to the transmission of Unit hereinbefore contained, entitled to be registered as the Participant or which any person under those provisions is entitled to transfer, until such person shall be registered as the Holder of such Unit or shall duly transfer the same. During this period the money shall be invested in Authorized Investments and earn the applicable market rate of mark-up for such Investments.

4.12 INSTRUCTIONS FROM PARTICIPANTS

All the instructions from a Participant or his nominees or survivors with regard to this Pakistan Pension Fund shall be in writing.

4.13 VALUATION OF ASSETS

Assets of the Pension Fund shall be valued in the manner specified in the Rules or as may be prescribed by the Commission from time to time:

4.14 FREQUENCY OF VALUATION AND DEALINGS

- 4.14.1 The revaluation of the Sub-Fund Units will be carried out each Business Day.
- 4.14.2 The valuation shall be conducted as at the close of the Business Day in Pakistan.
- 4.14.3 Contributions from Participants and requests for redemptions, withdrawals and transfer to other pension fund manager will be received on all Business Days.

4.15 MODE OF ANNOUNCEMENT OF NET ASSET VALUES

- 4.15.1 The Net Asset Value determined by the Pension Fund Manager shall be made available to the public at Authorized Branches of the Distribution Companies. The Pension Fund Manager shall arrange to publish the Net Asset Value in a leading newspaper(s) and also make it available at its website.
- 4.15.2 The Unit Price applicable to Contribution(s) and Withdrawal Amount(s) shall be equal to the Net Asset Value of each Sub-Fund at the close of the Business Day on which the

Contribution has been received from the Participant or request for Withdrawal Amount has been made to the Distributor. Such sum may be adjusted upwards to the nearest Paisa.

4.16 REDEMPTION OF UNITS AND WITHDRAWALS

- 4.16.1 The Trustee shall at any time during the life of the Trust authorize redemptions out of the Sub-Funds' on the basis of Net Assets Value.
- 4.16.2 Application for redemptions shall be made by completing the Prescribed Redemption Form and submitting it at the Authorized Branch or office of the Distribution Companies.
- 4.16.3 On receiving a redemption application, complete in all respects, the Pension Fund Manager shall redeem the requested Sub-Fund Units at the Net Asset Value prevailing on close of the Business Day on which the request was received and shall advise the Trustee to make payment to the Participant after deduction of the Withholding Tax.
- 4.16.4 All Sub-Funds Units shall be automatically redeemed on the close of the business day at which the Retirement or death of a Participant has been confirmed in writing and the amount due shall be credited to his Individual Pension Account. The Participants or his successor(s) shall be entitled to withdraw amounts from the Pakistan Pension Fund under the provisions of this Deed.

4.17 PAYMENT OF PROCEEDS

- 4.17.1 The amount payable on withdrawal shall be paid to the Participant by crossed cheque, pay order or transfer to the Participant's designated banker or an insurance company as the case may be within six Business Days from the date of presentation of the duly completed application at the Authorized Branch or office of the Distribution Company. The Pension Fund Manager would ensure that while making payment, adequate records in respect of reason of payment are maintained. At the written request of the Participant, the Pension Fund Manager may at its discretion (but shall not be bound) advise the trustee to pay proceeds through some other mode of payment (other than cash).
- 4.17.2 In the event that the withdrawal or transfer request is incomplete in any respects, the Pension Fund Manager or the Registrar shall inform the Participant of the discrepancies within one week of the receipt of the request to provide the missing information. The payment shall not be made until all discrepancies have been removed.
- 4.17.3 The amount payable on transfer on behalf of the Participant shall be paid to the requested pension fund within six Business Days from the anniversary of the opening of the Individual Pension Account. In the event transfer requests on any day exceed 10% of the Pakistan Pension Fund, the Pension Fund Manager may take extra time but not more than 30 days for the transfer of the requested amount.
- 4.17.4 The receipt of the Participant or banking documents showing transfer to the Participant, insurance company or another pension fund as the case may be or proof of issue of a cheque and mail to the Participants address for any moneys payable in respect of the Individual Pension Account shall be a good discharge to the Trustee and the Pension Fund Manager.
- 4.17.5 The method for payment of proceeds given in 4.17.1 to 4.17.4 shall subject to change due to any changes prescribed by the Commission under the Rules and shall be

deemed to become part of this Deed without the need to execute any Supplemental Trust Deed.

4.18 WITHHOLDING TAX

4.18.1 The Trustee on the advice of the Pension Fund Manager shall withhold the tax on payments to the Participants, nominees or successors as the case may be, applicable according to the Income Tax Ordinance, 2001 (XLIX of 2001), including any amendments and/or substitutions thereof and deposit the same in the Government treasury.

5 FEES AND CHARGES

5.1 PENSION FUND MANAGER REMUNERATION – ALLOCATION OF FRONT-END FEE

5.1.1 The Pension Fund Manager may charge Front-end Fee up to a maximum of 3% of contributions to the Fund, unless such contributions are exempt from a Front-end Fee.

5.1.2 The following contributions shall be exempt from a Front-end Fee:

- (i) Incoming transfer of the Individual Pension Account from other pension fund manager to the Pension Fund Manager;
- (ii) Incoming transfer from pension policies approved by the Commission under Section 63 of the Income Tax Ordinance, 2001 and issued by life insurance companies before 30th June 2005; or
- (iii) Such other contributions/transfers as may be declared by the Commission from time to time.

5.1.3 The Pension Fund Manager shall reduce the Front-end Fee on Incoming transfers of the Provident Fund Balances by the Participants.

5.1.4 The Pension Fund Manager, at its sole discretion, may choose to reduce or altogether waive the Front-end Fee to any Participant or employer. Once the Pension Fund Manager has made an exception to reduce or waive the Front-end Fee for a contribution, accepted that contribution without imposing a Front-end Fee, the Pension Fund Manager may not later re-charge that Front-end Fee. However, the decision by a Pension Fund Manager to reduce or waive a Front-end Fee for one Participant or for one contribution of a single Participant does not obligate the Pension Fund Manager to reduce or waive the Front-end Fee for other Participants' contributions or for future contributions of the same Participant.

5.1.5 The remuneration of Distribution Companies and Sales Agents shall be paid exclusively from any Front-end Fee received by the Trustee and no charges shall be made against the Trust Property. The remainder of any Front-end Fee after such disbursement shall be paid by the Trustee to the Pension Fund Manager. If the Front-end Fee received by the Trustee is insufficient to pay the remuneration of the Distribution Companies and Sales Agents, the Pension Fund Manager shall pay to the Trustee the amount necessary to pay in full such remuneration.

5.1.6 Such payments mentioned in Clause 5.1.5 above, shall be made to the Distribution Companies and Sales Agents and the Pension Fund Manager by the Trustee or by the Pension Fund Manager to the Trustee, as the case may be, on monthly basis in arrears within thirty days of the end of the calendar month.

- 5.1.7 The Front-end Fee of 3% of applicable contributions and the management fee of 1.5% may be subject to change due to any review by the Commission and shall be deemed to become part of this Deed without the need to execute any Supplemental Trust Deed.

5.2 PENSION FUND MANAGER – MANAGEMENT FEE

- 5.2.1 An annual management fee not exceeding 1.5% of the average of the values of the net assets of each of the Sub-Fund calculated during the year for determining the prices of the units of the Sub-Funds.
- 5.2.2 The remuneration shall begin to accrue from the date of payment in full on all Sub-Fund Units subscribed by the Seed Investors, including the Pension Fund Manager. In respect of any period other than an Accounting Period such remuneration shall be prorated on the basis of the actual number of days for which such remuneration has accrued for the total number of days accrued in the Accounting Period concerned.
- 5.2.3 The remuneration due to the Pension Fund Manager shall be calculated and accrued on a daily basis and paid monthly within 30 days following the end of the calendar month.
- 5.2.4 The Pension Fund Manager shall be responsible for the payment of all expenses it incurs from time to time in connection with its responsibilities as Pension Fund Manager. The Pension Fund Manager shall not make any charge against the Participants or against the Trust Property for its services or for its expenses, except such expenses as are expressly authorized under the provisions of the Rules and this Deed to be payable out of Trust Property. In the event that a Pension Fund Manager erroneously makes an incorrect charge, the Pension Fund Manager shall immediately notify the Trustee and the Commission and credit the incorrectly charged amount to the respective Sub-Funds, at its own expense.
- 5.2.5 The Pension Fund Manager shall bear all expenditures in respect of its secretarial and office space and professional management, including all accounting and administrative services provided in accordance with the provisions of this Deed.

5.3 TRUSTEE REMUNERATION

- 5.3.1 The Trustee shall be entitled to a monthly remuneration out of the Trust Property based on an annual tariff of charges annexed hereto (Annexure - A) and approved by the Commission, which shall be applied to the average daily Net Assets of the Pension Fund during such calendar month. The remuneration shall begin to accrue from the date of payment in full on all Sub-Fund Units subscribed by the Seed Investors, including the Pension Fund Manager. For any period other than a full calendar month such remuneration shall be prorated on the basis of the actual number of days for which such remuneration has accrued for the total number of days in the calendar month concerned.
- 5.3.2 Such remuneration shall be paid to the Trustee in arrears within thirty days after the end of each calendar month.
- 5.3.3 In consideration of the foregoing and save as aforesaid the Trustee shall be responsible for the payment of all expenses incurred by the Trustee from time to time in connection with their duties as Trustee of the Trust. The Trustee shall not make any charge against the Participants or against the Trust Property or against the Distribution Account for their services or for their expenses, except such expenses as are expressly authorized to be paid out of the Trust Property under the provisions of the Rules and this Deed.

5.3.4 The Trustee shall bear all expenditures in respect of its secretarial and office space and professional management, including all accounting and administrative services provided in accordance with the provisions of this Deed.

5.3.5 Any change in the remuneration of the Trustee agreed to by the Pension Fund Manager shall require the prior approval of the Commission.

5.4 FORMATION COST

Maximum Formation Costs of PKR 750,000/- that can be charged to the Pakistan Pension Fund and shall be amortized over a period of three years and shall not include any marketing, sales, promotional or educational, communication or any form of advertisement cost.

5.5 OTHER FEES AND CHARGES

Other fees and charges shall include:

- (a) Brokerage and transaction costs solely related to investment purchases and sales of the Trust Property;
- (b) Legal costs incurred in protecting the interests of the Fund or the collective interest of the Participants;
- (c) Bank charges/financial costs related to borrowings for withdrawals and transfers ;
- (d) Audit Fees; and
- (e) Annual fee payable to the Commission but not any fines, charges, sanctions or penalties asserted by the Commission against the Pension Fund Manager or any of its related companies. ;
- (f) Taxes applicable to the Trust on its income, turnover, assets or otherwise if any; and
- (g) Custody charges including Central Depository Company of Pakistan charges if any.

5.6 FEES, CHARGES, COSTS, ETC. TO BE CHARGED TO THE SUB-FUNDS

5.6.1 The Pension Fund Manager's Remuneration i.e. Management Fee and the Trustee's Remuneration shall be charged to the respective Sub-Funds in proportion to the Net Asset Value of the pertinent Sub-Funds.

5.6.2 Formation Cost shall be divided equally among all the Sub-Funds.

5.6.3 Brokerage and Transaction Costs, Bank Charges and Borrowing/Financial Costs related to borrowings for withdrawals/redemption/transfers, Custody Charges, Taxes applicable to the income shall be charged to the pertinent Sub-Funds.

5.6.4 Legal Costs, Audit Fees, Annual Fees payable to the Commission shall be divided in proportion to the Net Assets of the pertinent Sub-Funds.

6. INVESTMENT OF THE TRUST PROPERTY & RESTRICTIONS

6.1 TRUST PROPERTY

6.1.1 The Trust Property initially shall be constituted out of the proceeds of the Sub-Fund Units issued (the "Seed Capital") to initial investors (the "Seed Investors").

6.1.2 All cheques, drafts, pay orders and other instruments of payments on account of the

contributions to the Pakistan Pension Fund from time to time shall be forthwith delivered by the Distribution Companies to the Trustee in accordance with the instructions given by the Pension Fund Manager from time to time. The net proceeds after deduction of any Front-end Fee shall constitute Trust Property vested in the Sub-Funds of the Pakistan Pension Fund.

- 6.1.3 The Trustee shall take the Trust Property into its custody or under its control, either directly or through the Custodian and hold it in trust for the benefit of the Participants in accordance with the provisions of the Rules and this Deed. The Trust Property shall always be kept as separate property and shall not be applied to any purpose unconnected with the Pakistan Pension Fund. All registerable Investments shall be registered in the name of the Trustee and shall remain so registered until disposed of pursuant to the provisions of this Deed. All expenses incurred by the Trustee in effecting such registration shall be payable out of the Trust Property.
- 6.1.4 All cash forming part of the Trust Property shall be deposited by the Trustee in separate account(s) to be opened in the name of the Trustee, as a nominee of the Trust, with Bank(s) or financial institution(s) having at least minimum BBB rating, approved by the Pension Fund Manager. Such bank(s) or financial institution(s) shall be required to allow profit thereon in accordance with the rules prescribed by such bank(s) or the financial institution(s) for sharing of profits or mark-up on deposits maintained in such account or under any other arrangement approved by the Pension Fund Manager.
- 6.1.5 Save as herein expressly provided, the Trust Property shall always be kept as separate property free from any mortgages, charges, liens, or any other encumbrances whatsoever and the Trustee, the Pension Fund Manager, or the Custodian shall not, except for the purpose of the Pakistan Pension Fund, create or purport to create any mortgages, charges, liens or any other encumbrances whatsoever to secure any loan, guarantee, or any other obligation, actual or contingent, on the Trust Property.
- 6.1.6 The Trustee shall have the sole responsibility for the safekeeping of the Trust Property. In the event of any loss, caused through negligence on the part of the Trustee, the Trustee shall have an obligation to forthwith replace the lost investment with similar investment of the same class and issue together with all rights and privileges pertaining thereto or compensate the Trust to the extent of such loss.
- 6.1.7 Remuneration of the Pension Fund Manager; Remuneration of the Trustee; Brokerage and Transaction Costs related to investing and disinvesting of the Trust Property; Legal costs incurred in protecting the interests of the Pakistan Pension Fund or the collective interest of the Participants; Bank charges and other costs including; Audit Fees; Formation Costs, Annual Fee payable to the Commission, shall be payable out of the Trust Property. Provided that the Formation Costs, including expenditure incurred in connection with the establishment and authorization of the Pakistan Pension Fund shall be born by the Pension Fund and paid to the Pension Fund Manager within the first three months of complete receipt of Seed Capital and amortized over a period of three years. .

6.2 INVESTMENT POLICY OF PAKISTAN PENSION FUND

- 6.2.1 Pension Fund Manager shall make investment of the Pakistan Pension Fund in a transparent, efficacious, prudent and sound manner. Pension Fund will initially consist of three Sub-Funds.

6.2.2 During and prior to the commencement of the Contribution date, the Trustee shall hold the Trust Property in cash in separate account for each Sub-Fund of the Pension Fund with a Bank having at least minimum BBB rating by a credit rating agency approved by the Commission or in short term money market investments, as advised by the Pension Fund Manager. Any income from such investments shall accrue to the Sub-Funds. After the Contribution Date all cash shall be invested by the Trustee strictly in compliance with the investment policy prescribed by the Commission at the direction of the Pension Fund Manager.

6.3 RESTRICTIONS

The Pakistan Pension Fund shall not at any time:

- (a) Enter into a short sale transaction in any security, whether listed or unlisted; (b) Purchase from or sell any security to any Connected Person;
- (c) Enter into transactions with any single broker who is a Connected Person that account for ten per cent or more of the Fund's brokerage commission in any one Accounting Year of the Pakistan Pension Fund;
- (d) Lend, assume, guarantee, endorse or otherwise become directly or contingently liable for or in connection with any obligation or indebtedness of any person. However, Investment in sale and repurchase transactions involving Government Securities or such listed securities which are regulated by the Stock Exchanges shall not be attracted by this rule;
- (e) Borrow any funds except for meeting withdrawal requests or transfer of funds to other pension fund managers and such borrowing shall not exceed fifteen per cent of the total Net Asset Value of the Pakistan Pension Fund at any time, and shall be repayable within a period of ninety days;
- (f) Invest in any security of a company if any director, officer of the Pension Fund Manager owns more than five per cent of the total nominal amount of the securities issued, or, collectively the directors, officers of the Pension Fund Manager own more than ten per cent of those securities; and
- (g) Seek to acquire a controlling interest in any enterprise in which it has invested or has any other interest, which would give it primary responsibility for management, except where it is necessary to protect its investment.

7 STATEMENTS AND DECLARATIONS

7.1 PARTICIPATING PARTIES

7.1.1 Arif Habib Investment Management Limited is the Pension Fund Manager of the Pakistan Pension Fund.

7.1.2 Muslim Commercial Financial Services (Pvt.) Limited of Pakistan shall act as the Trustee of the Pakistan Pension Fund.

7.2 OBLIGATIONS OF THE PENSION FUND MANAGER

7.2.1 The responsibilities of the Pension Fund Manager are to invest and manage the assets of the Pakistan Pension Fund according to the provisions of this Deed and the Rules, in good faith, to the best of its ability, and without gaining any undue advantage for itself or any Connected Persons or its officers.

7.2.2 The Pension Fund Manager shall be responsible for all acts and omissions of all persons or agents to whom it may delegate the performance of its functions as a

Pension Fund Manager, whosoever designated, as if they were its own acts or omissions.

- 7.2.3 The Pension Fund Manager shall account to the Trustee for any loss in value of the assets of the Pakistan Pension Fund caused by its negligence, reckless or wilful acts or omission.
- 7.2.4 The Pension Fund Manager shall maintain proper accounts and records to enable a complete and accurate view to be formed of the assets and liabilities and the income and expenditure of each Sub-Funds, all transactions for the account of the Sub-Funds and contributions received by the Pakistan Pension Fund and withdrawals by the Participants including detail of withholding tax deducted at source and transfer or receipt of balances in the Individual Pension Accounts of the Participants to or from other pension fund managers.
- 7.2.5 The Pension Fund Manager shall prepare and transmit an annual report, together with a copy of the balance sheet and income and expenditure account and the auditor's report of the Sub-Funds within three months of closing of the Accounting Year to the Commission and the Participants, and the balance sheet and income and expenditure account shall comply with requirements as set out in the Rules.
- 7.2.6 The Pension Fund Manager shall within one month of the close of the first, second and third quarter of the Accounting Year of the Pakistan Pension Fund, prepare and transmit to the Participants and the Commission a balance sheet as on the end of that quarter and a profit and loss account for that quarter, whether audited or otherwise, of the Sub-Funds. However, the Pension Fund Manager may be allowed to post the said quarterly accounts on its website instead of mailing them to the Participants, subject to the approval of the Commission.
- 7.2.7 The Pension Fund Manager shall maintain a register of Participants of the Pakistan Pension Fund and inform the Commission of the address where the register is kept. For this purpose it may appoint a Registrar, who is responsible for maintaining Participants' records and providing related services. The Registrar shall carry out the responsibility of maintaining Participants' records, issuing statements of account, receipts for contribution, processing withdrawals and all other related activities.
- 7.2.8 The Pension Fund Manager will appoint with the consent of the Trustee, at the establishment of the Pakistan Pension Fund and upon any vacancy, an Auditor independent of the auditor of the Pension Fund Manager and the Trustee and such Auditor shall not be appointed for more than three consecutive years.
- 7.2.9 The Pension Fund Manager shall furnish to the Commission within one month of the close of the Accounting Year, (i) particulars of the personnel (executive, research and other) managing the Pakistan Pension Fund (ii) total number of Participants (iii) total value of all Individual Pension Accounts (iv) total Contributions for the previous year and (v) such other information that may be prescribed by the Commission from time to time.
- 7.2.10 The Pension Fund Manager shall send an account statement as at the 30th June and the 31st December each year, within thirty days thereafter to each Participant, confirming the aggregated transactions for that six month period and indicating the type(s) of contributions received: contribution from the employer or the Participant, incoming transfers from other pension fund manager(s) or incoming transfers from Provident Fund or transfer from a deceased person's account or other types of benefit disbursements: retirement, pre-retirement payment along with the taxes withheld, death

benefit payment or transfer to heirs, outgoing transfer to purchase an Approved Annuity Plan from a life insurance company, outgoing transfer to other pension fund manager(s), withdrawals, premium deducted out of the contributions on account of the supplementary schemes, or other. The statements shall include details of 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. Additionally, the Participant shall be entitled to receive any statement, in respect of his account, at any time, on written application. Such information may also be posted on the website or emailed and furnished electronically, subject to prior approval of the Commission.

- 7.2.11 The Pension Fund Manager as at 30th June each year shall send a certificate for claiming the tax credit to the Participants confirming the total contribution made into their Individual Pension Accounts during the current Tax Year. The Pension Fund Manager shall send the certificate by 31st July each year
- 7.2.12 The Pension Fund Manager shall, after intimating the Commission and the Trustee, from time to time appoint, remove or replace one or more Distribution Company (ies) for carrying the Distribution Function at one or more locations, on terms and conditions to be incorporated in the Distribution Agreement to be entered into between the Distribution Company and the Pension Fund Manager.
- 7.2.13 The Pension Fund Manager shall, send any other statement or certificate to the Participants which may be necessary under the Rules.
- 7.2.14 The Pension Fund Manager shall, furnish to the Commission a copy of its annual report and half yearly report ,together with copies of the balance sheet, profit and loss account, the directors' report and the Auditors' report within two months of the close of its accounting year and within one month of its half year.
- 7.2.15 Pension Fund Manager shall not be under any liability except such liability as may be expressly assumed by it under the Rules and this Deed nor shall the Pension Fund Manager (save as herein otherwise provided) be liable neither for any act or omission of the Trustee nor for anything except its own negligence or wilful breach of duty hereunder. If for any reason it becomes impossible or impracticable to carry out the provisions of this Deed the Pension Fund Manager shall not be under any liability there for or thereby and it shall not incur any liability by reason of any error of law or any matter or thing done or suffered or omitted to be done in good faith hereunder.

7.3 RESTRICTIONS FOR PENSION FUND MANAGER

Pension Fund Manager shall not:

- (a) merge with, acquire or take over management of any other pension fund or pension fund manager unless it has obtained the prior approval of the Commission in writing to the Pakistan Pension Fund of such merger, acquisition or takeover;
- (b) pledge any of the securities held or beneficially owned by the Pension Fund except for the benefit of the Pension Fund subject to prior approval of the Commission;
- (c) accept deposits from another pension fund;
- (d) make a loan or advance money to any person except in connection with the normal business of the Pension Fund;
- (e) participate in a joint account with others in any transaction;

- (f) apply any part of its assets to real estate provided that it may purchase real estate for its own use out of its own shareholders' fund;
- (g) make any investment with the purpose of having the effect of vesting the management, or control, in the Pension Fund; and
- (h) employ as a broker, directly or indirectly, any of its director, officer or employee or a member of a family of such person which shall include spouse, parents, children, brothers and sisters and enter into transactions with any connected broker, which shall equal or exceed ten per cent or more of the brokerage or commission paid by the Pension Fund in any one accounting year.

Provided that the Commission may, in each case on merits, permit the ten percent to be exceeded if the connected broker offers advantages to the Pension Fund not available elsewhere.

7.4 LIMITATIONS AND PROHIBITIONS

- 7.4.1 Pension Fund Manager on behalf of the Pension Fund shall not lend, assume, guarantee, endorse or otherwise become directly or contingently liable for or in connection with any obligation or indebtedness of any person.

Provided that investment in purchase and resale transactions involving Government securities or such eligible listed securities which are regulated by Stock Exchanges shall not be prohibited by this sub-clause subject to the condition that risk management parameters are disclosed in the Offering Document of the Pension Fund approved by the Commission.

- 7.4.2 Borrowing shall not be resorted to except for meeting withdrawal requests or transfer of funds to other pension fund managers and such borrowing shall not exceed fifteen per cent of the total Net Asset Value of the Pension Fund at any time, and shall be repayable within a period of ninety days. Any such borrowing shall be immediately communicated to the Commission with details of amount and payback plan.
- 7.4.3 The Pension Fund shall not be invested in any security of a company if any director or officer of the Pension Fund Manager owns more than five per cent of the total nominal amount of the securities issued, or, collectively the directors or officers of the Pension Fund Manager own more than ten per cent of those securities. .
- 7.4.4 Except where it is necessary to protect its investment, the Pension Fund Manager shall not seek to acquire a controlling interest in any enterprise in which it has invested or has any other interest, which would give it primary responsibility for management.

7.5 RETIREMENT OR REMOVAL OF PENSION FUND MANAGER

- 7.5.1 The Pension Fund Manager may retire at any time after issuing a three months (90 days)' notice to the Participants about its intention, with the prior written consent of the Commission and the Trustee.
- 7.5.2 The Trustee may, with the prior approval of the Commission, remove the Pension Fund Manager if any of the following events have occurred:
- (a) The Pension Fund Manager has contravened the provisions of this Deed in any material respect and has failed to rectify the contravention within (1) 30 days from the date of notification in writing, under intimation to the Commission or

- (2) such other period as may be specified by the Commission, in respect of the subject contravention ; provided that such notice per se shall not be considered as an admission of contravention on part of the Pension Fund Manager who shall have the right to defend such action;
- (b) The Pension Fund Manager goes into liquidation (other than voluntary liquidation on terms previously agreed to with the Trustee for purpose of reconstruction and amalgamation); or
- (c) A receiver is appointed over any of the assets of the Pension Fund Manager.
- 7.5.3 If the Commission is of the opinion that the Pension Fund Manager has contravened any provision of the Rules, or has otherwise neglected or failed to comply with any order or direction of the Commission or with any requirement of the Rules or has failed or neglected to carry out its duties to the satisfaction of the Trustee, or the Commission, as the case may be, and considers that it would be in the interest of the Participants so to do, the Commission, on its own motion or on the report of the Trustee, by order in writing and after providing the opportunity may immediately :-
- (a) cancel or suspend the registration of the Pension Fund Manager;
- (b) remove the Pension Fund Manager managing the Pension Fund;
- (c) issue appropriate orders to the Pension Fund Manager;
- (d) order compensation to be paid to the Participants;
- (e) impose fine; or
- (f) take any combination of the above mentioned actions.
- 7.5.4 The Commission may cancel the registration of the Pension Fund Manager or impose fine on it if in the opinion of the Commission, the performance of the Pension Fund Manager is substantially below par and the investment return in the Sub-Funds during any particular year is well below the specified benchmark.
- 7.5.5 If the Commission has cancelled the registration of the Pension Fund Manager under the provisions of the Rules as outlined in sub-clause 7.5.3 and 7.5.4 above, the Commission shall appoint another pension fund manager to manage the Pakistan Pension Fund according to the provisions of this Deed and the Rules.
- 7.5.6 The removal of Pension Fund Manager and appointment of a new pension fund manager shall always require the prior approval of the Commission.
- 7.5.7 Upon a new pension fund manager being appointed, the Pension Fund Manager will take immediate steps to deliver all the documents and records pertaining to the Trust to the new pension fund manager and shall pay all sums due to the Trustee.
- 7.5.8 Upon its appointment the new pension fund manager shall exercise all the powers and enjoy all rights and shall be subject to all duties and obligations of the Pension Fund Manager hereunder as fully as though such new pension fund manager had originally been a party hereto.
- 7.5.9 If so directed by the Commission, the Pension Fund Manager shall not receive any Contributions from any of the Participants or make any other transaction on account of

the Pension Fund as from the date of issue of such notice as referred to in sub-clauses 7.5.2, 7.5.3 and 7.5.4 above.

- 7.5.10 The Trustee shall ensure that accounts of the Pension Fund till the day of the appointment of the new Pension Fund Manager are audited by the Auditors of the fund and the audit report is submitted, within one month time from the date of such appointment, to the Commission and the Trustee. The Trustee with the approval of the Commission shall decide the cost of such interim audit and the same may be charged to the Trust with the prior approval of the Commission.

7.6 OBLIGATIONS AND POWERS OF THE TRUSTEE

- 7.6.1 The Trustee shall comply with the provisions of this Deed and the Rules, for any act or matter to be done by it in the performance of its duties and such acts or matters may also be performed on behalf of the Trustee by any officer or responsible official of the Trustee or by any nominee or agent appointed by the Trustee in consultation with the Pension Fund Manager. Provided that the Trustee shall be responsible for the acts and omissions of all persons to whom it may delegate any of its duties, as if these were its own acts and omissions and shall account to the Trust for any loss in value of the Trust Property where such loss has been caused by negligence or any reckless act and/or omission of the Trustee or any of its directors, officers, nominees or agents.
- 7.6.2 The Trustee shall exercise all due diligence and vigilance in carrying out its duties and in protecting the interests of the Participants. The Trustee shall not be under any liability on account of anything done or not done by the Trustee in good faith in accordance with or in pursuance of any request of the Pension Fund Manager, provided they are not in conflict with the provisions of this Deed or the Rules. Whenever pursuant to any provision of this Deed any certificate, notice, direction, instruction or other communication is to be given by the Pension Fund Manager to the Trustee, the Trustee may accept as sufficient evidence thereof a document signed or purporting to be signed on behalf of the Pension Fund Manager, by any person whose signature the Trustee is for the time being authorized in writing by the Pension Fund Manager to accept.
- 7.6.3 The Trustee shall take into its custody or under its control all the Trust Property, including properties of the Sub-Funds and hold the same in trust for the Participants in accordance with the law, Rules and the provisions of this Deed; and the cash and registerable assets shall be registered in the name of, or to the order of, the Trustee.
- 7.6.4 The Trustee shall be liable for any act or omission of any agent with whom any investments are deposited as if they were the act or omission of any nominee in relation to any investment forming part of the property of the Pension Fund.
- 7.6.5 The Trustee shall be liable for the act and omission of the lender and its agent in relation to assets forming part of the property of the Pension Fund and, where borrowing is undertaken for the account of the Pension Fund, such assets may be registered in the lender's name or in that of a nominee appointed by the lender.
- 7.6.6 The Trustee shall ensure that the issue, redemption and cancellation of Units are carried

out in accordance with the provisions of this Trust Deed and the Rules.

- 7.6.7 The Trustee shall ensure that the methods adopted by the Pension Fund Manager in calculating the values of the Units of each Sub- Fund are adequate and that the Net Asset Value is calculated in accordance with the provisions of this Trust Deed or as specified by the Commission.
- 7.6.8 The Trustee shall carry out the instructions of the Pension Fund Manager in respect of investments unless they are in conflict with the investment policy prescribed by the Commission from time to time and the Offering Document /Trust Deed.
- 7.6.9 The Trustee shall ensure that the investment policy prescribed by the Commission from time to time and the borrowing limitations set out in the Trust Deed, the Rules and other conditions under which the Pakistan Pension Fund was authorized are complied with.
- 7.6.10 The Trustee shall issue a report to be included in the annual report to be sent to Participants whether, in the Trustees' opinion, the Pension Fund Manager has in all material respects managed the Pension Fund and the Sub-Funds in accordance with the provisions of the Trust Deed, and if the Pension Fund Manager has not done so, the respects in which it has not done so and the steps which the Trustee has taken in respect thereof.
- 7.6.11 The Trustee shall ensure that Units are not allocated until contributions have been received.
- 7.6.12 The Trustee shall, from time to time appoint, remove or replace one or more Custodian(s) as an agent for performing the Custodian Function at one or more locations, on terms and conditions to be agreed between the Custodian and the Trustee;
- 7.6.13 The Trustee shall make available or ensure that there is made available to the Pension Fund Manager such information as the Pension Fund Manager may reasonably require from time to time in respect of the Trust Property and all other matters relating to the Trust.
- 7.6.14 The Trustee shall be entitled to require the Auditors to provide such reports as may be agreed between the Trustee and the Pension Fund Manager as may be considered necessary to facilitate the Trustee in issuing the certification required under the Rules. The Trustee shall endeavour to provide the certification at the earliest date reasonably possible.
- 7.6.15 Neither the Trustee or the Custodian (if Trustee has appointed another person as Custodian) nor the Pension Fund Manager or any of their Connected Persons shall sell or purchase or deal in the sale of any Investment or enter into any other transaction with the Trust save in the capacity of an intermediary.
- 7.6.16 The Trustee shall promptly provide proxies or other forms of power of attorney to the order of the Pension Fund Manager with regards to any voting rights attaching to any investments.

- 7.6.17 The Commission may, if it is satisfied that it is necessary and expedient so to do in the interest of the Participants, or in the interest of the capital market and public, by an order in writing, give such directions to the Trustee which are essential to enforce the Rules including but not limited to making arrangements for safe custody of assets of the Pension Fund, submission of reports and disclosure of information.
- 7.6.18 The Trustee shall, if requested by Pension Fund Manager and may if it considers necessary for the protection of Trust Property or safeguarding the interest of Participants, institute or defend any suit, proceeding, arbitration or inquiry or any corporate or shareholders' action in respect of the Trust Property or any part thereof, with full powers to sign, swear, verify and submit pleading and affidavits, to file documents, to give evidence, to appoint and remove counsel and to do all incidental acts, things and deeds through the Trustee's authorized directors and officers. All costs, charges and expenses (including reasonable legal fees) incurred in instituting or defending any such action shall be borne by the Trust and the Trustee shall be indemnified against all such costs, charges and expenses, provided that, no such indemnity shall be available in respect of any action taken against the Trustee for negligence or breach of fiduciary duties in connection with its duties as the Trustee under this Deed or the Rules.
- 7.6.19 The Trustee shall obtain and maintain replication of all the records of the Participants maintained by the Pension Fund Manager or the Registrar, as the case may be, and shall keep the records updated on fortnightly basis.

7.7 RETIREMENT OR CHANGE OF TRUSTEE

- 7.7.1 The Trustee shall not be entitled to retire voluntarily or otherwise except upon the appointment of a new trustee. In the event of the Trustee desiring to retire, the Pension Fund Manager with the prior written approval of the Commission, within a period of three months may by a deed supplemental hereto under the seal of the Pension Fund Manager and the Trustee appoint a new trustee under the provisions of the Rules in place of the retiring Trustee and also provide in such deed for the automatic vesting of all the assets of the Trust in the name of the new trustee. The retirement of the Trustee shall take effect at the same time as the new trustee is appointed and the supplemental trust deed, reflecting this appointment is executed. The Trustee shall ensure that accounts of the Pakistan Pension Fund till the day of the appointment of the new Trustee are audited by the Auditors of the Fund and the audit report is submitted, within one month time from the date of such appointment, to the Commission, the newly appointed Trustee and the Pension Fund Manager. The Trustee with the approval of the Commission shall decide the cost of such interim audit and the same may be charged to the Trust with the prior approval of the Commission.
- 7.7.2 If the Trustee goes into liquidation (otherwise than for the purpose of amalgamation or reconstruction on terms previously agreed to with the Pension Fund Manager) or ceases to carry on business of trusteeship or a receiver of its undertaking is appointed or it becomes ineligible to act as a Trustee of the Trust under the provisions of the Rules, the Pension Fund Manager shall forthwith by instrument in writing remove the Trustee from its appointment under this Deed and shall by the same or some other instrument in writing simultaneously appoint as trustee some other company or corporation according to the provisions of the Rules and this Deed as the new trustee.

- 7.7.3 The Commission after giving thirty days notice, may remove the Trustee by order in writing on grounds of any material default or non-compliance with the provisions of the Rules or this Deed, negligence of its duties or incompetence in performing its duties or if the Commission is of the opinion that the Trustee has otherwise neglected or failed to comply with any order or direction of the Commission and considers that it would be in the interest of the Participants so to do; provided that such notice shall not per se be regarded as an admission of contravention on part of the Trustee who shall have the right to defend such notice or action
- 7.7.4 The Pension Fund Manager may also remove the Trustee with the prior approval of the Commission after giving thirty days notice if the Pension Fund Manager feels that the Trustee is charging a remuneration that is not comparable to the market norm and it would be in the interest of the Participants to appoint another trustee. For this purpose, if the Pension Fund Manager, based on a firm quotation or offer received from an alternate institution (qualified to be appointed as trustee of a pension fund) determines that the remuneration being paid to the Trustee is not comparable to the market norm and that for this reason, it would be in the interest of the Participants to appoint another trustee on such favourable terms, it will issue a thirty days notice of removal of the Trustee on this ground. However after receiving such notice from the Pension Fund Manager, the Trustee shall have the option to continue as Trustee of the Fund on such favourable terms offered by the alternate institution or to retire as Trustee of the Fund and notify the Pension Fund Manager accordingly. The change of Trustee will become effective with the Commission's approval, once the newly appointed trustee takes charge of all duties and responsibilities and appoint another trustee; provided that such notice shall not per se be regarded as an admission of contravention on part of the Trustee who shall have the right to defend such notice or action.
- 7.7.5 Upon the appointment of a new trustee, the Trustee shall immediately deliver all the documents and records to the new trustee and shall transfer all the Trust Property and any amount deposited in any Account to the new trustee and make payments to the new trustee of all sum due from the Trustee.
- 7.7.6 The new trustee shall exercise all the powers and enjoy all rights and shall be subject to all duties and obligations of the Trustee hereunder as fully as though such new trustee had originally been a party hereto.
- 7.7.7 Notwithstanding the removal or resignation of the Trustee and its subsequent discharge from its duties under this Deed and the Rules, the Trustee shall remain entitled to the benefit under the terms of this Deed till the removal or resignation of the Trustee is effective without prejudice to the Trustee's responsibility or obligation to liquidate any liability for which the Trustee may have become liable under this Deed and/ or the Rules.
- 7.8 FOR THE TRUST**
- (a) **Binding on Participants:** The terms and conditions of the Rules and this Deed and any deed supplemental hereto shall be binding on each Participant, and each Participant by signing the Prescribed Application Form authorizes and requires the

Trustee and the Pension Fund Manager to do as required of them by the provisions of the Rules and the terms of this Deed.

- (b) **Participants Ranking *Pari Passu*:** The Trustee shall hold and stand possessed of the Trust Property that may from time to time hereafter be vested in the Trustee upon trust for the benefit of the Participants ranking *pari passu inter se*, according to the number of Units of Sub-Funds held by each Participant in the pertinent Sub-Fund. Similarly with respect to any fund held in bank account(s) pending ultimate disposal, all participants whose funds are held in such bank account(s) shall rank *pari passu inter se* according to their balance.
- (c) **Trustee Reports to Participants:** The Trustee shall include in the annual report to the Participants, or at any frequency prescribed by the Commission, a statement on whether, in its opinion, the Pension Fund Manager has in all material respect managed the Trust Property in accordance with the provisions of the Rules and this Deed, and, if in the Trustee's opinion the Pension Fund Manager has not done so, the Trustee's report shall describe the respect in which the Pension Fund Manager has not done so, and the steps the Trustee has taken in respect thereof.
- (d) **Base Currency:** The currency of transaction of the Pakistan Pension Fund is the Pakistan Rupee and the Pension Fund Manager, Trustee or any Distributor are not obliged to transact the issuance or redemption of the Units in any other currency and shall not be held liable, save as may be specifically undertaken by the Pension Fund Manager, after due approval from the Commission or the State Bank of Pakistan, as the case may be, and after fulfilling the foreign exchange regulations for receipt or payment in any other currency or for any obligations arising there from.
- (e) **Limited Liability:** A Participant is not liable to make any further payments after he has paid the Net Asset Value of his Units of Sub-Funds and no further liability can be imposed on Participants in respect of Units they hold.
- (f) **Losses:** In case any Sub-Fund sustains losses (other than losses due to wilful or gross negligent act on part of the Pension Fund Manager or the Trustee), such losses shall be charged to the pertinent Sub-Fund and not to the entire Pakistan Pension Fund or other Sub-Funds.
- (g) **Claims:** In the event of any claim(s) being raised against the Pakistan Pension Fund, such claims if found to be tenable by the Pension Fund Manager or any court or lawful authority shall be settled out of such components of the Trust Property which relates to the pertinent Sub-Fund(s) which such claim(s) may relate to.

8. DEALING, SUSPENSION, AND DEFERRAL OF DEALING

8.1 SUSPENSION OF FRESH ISSUE OF UNITS

The Pension Fund Manager may at any time, subject to the Rules and under intimation to the Trustee, , refuse to accept the contribution and suspend issue of fresh Units. Such suspension may however not affect existing Participants. The Pension Fund Manager shall immediately notify the Commission if dealing in Units is suspended and shall also have the fact published, immediately following such decision, in the newspaper in which the Sub-Fund's Net Asset Values are normally published.

8.2 REFUSAL TO ACCEPT THE CONTRIBUTIONS

The Pension Fund Manager or the Distribution Company may at any time refuse to accept the contribution in any of the following cases:

- (a) In case the contribution is contrary to the Know-Your-Customer (KYC) rules or policy of the Pension Fund Manager or any other Money Laundering rules that the PPF may be subject to or that the Pension Fund Manager may frame for self regulation;
- (b) In case the contribution is from applicant has not a valid CNIC/NICOP Number;
- (c) In case the contribution is contrary to the rules of the foreign jurisdiction that the PPF or the Participant may be subject to or if accepting the contribution may subject the Fund or the Pension Fund Manager to additional regulations under the foreign jurisdiction; or
- (d) If accepting the contribution would in any case be contrary to the interests of the Pension Fund Manager or the PPF or the Participants.
- (e) If advised by the Commission to do so.

8.3 CIRCUMSTANCES OF SUSPENSION OF REDEMPTION

The redemption of Units of all or any of the Sub-Funds may be suspended or deferred during extraordinary circumstances including war (declared or otherwise), natural disasters, a major break down in law and order, breakdown of the communication system, closure of one or more Stock Exchanges on which any of the Securities invested in by the Fund are listed, closure of the banking system or strikes or other events that render the Pension Fund Manager or the Distributors unable to function, or the existence of a state of affairs, which in the opinion of the Pension Fund Manager, constitutes an emergency as a result of which disposal of any investment would not be reasonably practicable or might seriously prejudice the interest of the Fund or of the Participants, or a break down in the means of communication normally employed in determining the price of any Investment, or when remittance of money can not be carried out in reasonable time and if the Pension Fund Manager is of the view that it would be detrimental to the remaining Participants to redeem Units at a price determined in accordance with the Net Asset Value. Such a measure shall be taken to protect the interest of the Participants in the event of extraordinary circumstances or in the event redemption requests accumulate in excess of ten percent of the Units in issue. In the event of a large number of redemption requests accumulating, the requests may be processed in a Queue System and under extreme circumstances the Pension Fund Manager may decide to transfer the Pension Fund to another pension fund manager as per procedure given in Clause 20. However, suspension of redemption will not be applicable on Approved Income Payment Plan Accounts of the respective Participants.

- 8.4 Such suspension or Queue System shall end on the day following the first Business Day on which the conditions giving rise to the suspension or Queue System shall in the opinion of the Pension Fund Manager have ceased to exist and no other condition under which suspension or queue system is authorized under the Deed exists. In case of suspension and invoking of a Queue System and end of suspension and queue system the Pension Fund Manager shall immediately notify the Commission and publish the same in at least one daily news paper each circulating at Karachi, Lahore and Islamabad.

8.5 QUEUE SYSTEM

In the event redemption requests on any day exceed 10% of the Units of Sub-Fund in issue, the Pension Fund Manager may invoke a Queue System whereby requests for redemption shall be processed on a first come first served basis for up to 10% of the Units of the Sub-Fund in issue. The Pension Fund Manager shall proceed to sell adequate assets of the Sub-Fund and/ or arrange borrowing as it deems fit in the best interest of the Participants and shall redeem at Net Asset Values of the Sub-Funds. Where it is not practical to determine the chronological ranking of any requests in comparison to others received on the same business day, such requests shall be processed on a proportional basis proportionate to the size of the requests. The requests in excess of the 10% shall be treated as redemption requests qualifying for being processed on the next business day at the price to be determined for such redemption requests. However, if the carried over requests and the fresh requests received on the next business day still exceed 10% of the Units in issue, these shall once again be treated on first-come-first-served basis and the process for generating liquidity and determining the price per unit shall be repeated and such procedure shall continue till such time the outstanding redemption requests come down to a level below ten percent (10%) of the Units then in issue.

9. SAFEGUARD OF MONEY

No money should be paid to an intermediary except the Pension Fund Manager or his authorized representatives as prescribed. Contributions should be in form of crossed payees account cheques, pay orders or demand drafts or direct bank transfers to the account of “**Trustee – Pakistan Pension Fund**”.

10. DISTRIBUTION RESTRICTIONS

Distribution of dividend shall not be allowed under the Rules (Voluntary Pension System Rules, 2005).

11. TAXATION

The taxation of the Pension Fund shall be in line with the provisions of the Income Tax Ordinance, 2001.

12. REPORTS AND ACCOUNTS

12.1 ACCOUNTING PERIOD

- 12.1.1 Accounting Period means a period ending on and including an Accounting Date and commencing (in case of the first such period) on the date on which the Trust Property is first paid or transferred to the Trustee and (in any other case) from the end of the preceding Accounting Period.

- 12.1.2 Accounting Date means the date 30th June in each year and any interim dates at which the financial statements of the Fund are drawn up. Provided, however, that the Pension Fund Manager may, with the consent of the Trustee and after obtaining approval of the Commission, change such date to any other date.

12.2 FUNDS ACCOUNTS

Pension Fund Manager shall prepare Financial Accounts and Reports required under Rules for each Sub-Funds of Pakistan Pension Fund as prescribed by the Commission from time to time.

12.3 REPORTS

The Pension Fund Manager shall:

- (a) Within three months of closing of the Accounting Period, prepare and transmit the annual report together with a copy of the balance sheet, income and expenditure account together with the Auditor's report for the Accounting Period in respect of each Sub-Fund to the Commission and Participants in accordance with the Rules.
- (b) Within two months after the close of the first half of its year of account, prepare and transmit to the Participants and the Commission a profit and loss account for and balance sheet as at the end of that half year, whether audited or otherwise, in respect of each Sub-Fund in accordance with the Rules.
- (c) Within a month after the close of the first and the third quarter, prepare and transmit quarterly report to the Participants, the Trustee and the Commission, along with a Profit and Loss Account and Balance Sheet as at the end of the pertinent quarter, whether audited or otherwise, in accordance with the Rules.
- (d) Send an acknowledgement along with the account statement within one week of the receipt of the Contribution.

13. WARNINGS

IF YOU ARE IN ANY DOUBT ABOUT THE CONTENTS OF THIS DOCUMENT, YOU SHOULD CONSULT YOUR STOCK BROKER, BANK MANAGER, LEGAL ADVISOR, TAX ADVISOR OR OTHER FINANCIAL ADVISOR. THE PRICE OF THE UNITS OF THE SUB-FUNDS OF THE PAKISTAN PENSION FUND MAY INCREASE OR DECREASE.

14. TRANSACTION WITH CONNECTED PERSONS

- 14.1.1 Pension Fund Manager on behalf of the Pension Fund shall not purchase from or sell any security to any of the Connected Persons.
- 14.1.2 Neither the Trustee or the Custodian (if Trustee has appointed another person as Custodian) nor the Pension Fund Manager shall sell or purchase any Investment with the Pension Fund save in the capacity of intermediary or in the normal course of business.
- 14.1.3 No single connected stockbroker shall account for ten per cent or more of the pension Fund's brokerage or commission in any one financial year of the Pension Fund, except if permitted in writing by the Commission.

- 14.1.4 All cash forming part of the Pakistan Pension Fund assets shall be deposited with the Trustee or the custodian, when is a banking company, return shall be paid on the deposit by such Trustee or custodian at a rate that is not lower than the rate offered by the said banking company to depositors of similar duration.

15 BORROWING

- 15.1 Subject to any statutory requirements for the time being in force and to the terms and conditions herein contained, the Trustee may at any time at the request of the Pension Fund Manager shall make the arrangements with Banks or financial institutions for borrowing by the Trustee for the account of the Fund:
- (a) Provided that the charges payable to such Bank or financial institution are not higher than the prevailing market rates on the borrowings of similar amount and duration; and
 - (b) Provided further that the maximum borrowing for the account of the Trust shall not exceed the limit provided in the Rules but if subsequent to such borrowing, the Net Assets are reduced as a result of depreciation in the market value of the Trust Property or redemption of Units, the Pension Fund Manager shall not be under any obligation to reduce such borrowing unless otherwise directed by the Commission.
- 15.2 Neither the Trustee, nor the Pension Fund Manager shall be required to issue any guarantee or provide security over their own assets for securing such borrowings from banks and financial institutions. The Trustee or the Pension Fund Manager shall not in any manner be liable in their personal capacities for repayment of such loans or advances.
- 15.3 For the purposes of securing any such borrowing the Trustee may with the approval of the Pension Fund Manager mortgage, charge or pledge in any manner all or any part of the Trust Property pertaining to the Sub-Funds in which redemption requests are received provided that the aggregate amount secured by such mortgage, charge or pledge shall not exceed the limit provided in the Rules.
- 15.4 Neither the Trustee nor the Pension Fund Manager shall incur any liability by reason of any loss to the Trust or any loss that a Participant may suffer by reason of any depletion in the Net Asset Value that may result from any borrowing arrangement made hereunder.

16 TRUST ARRANGEMENTS

16.1 PRIMARY FUNCTIONS:

- 16.1.1 **Fund Management** – The Pension Fund Manager has the responsibility to take all investment decisions within the framework of the Rules, investment policy prescribed by the Commission from time to time, and the Trust Deed establishing the Fund.
- 16.1.2 **Control over Assets** - The Trustee has the responsibility for being the nominal owner for the safe custody of the assets of the Fund on behalf of the beneficial owners (the Participants), within the framework of the Rules, Trust Deed establishing the Fund.
- 16.1.3 **Participant Records** – The Pension Fund Manager has the responsibility to maintain Participants' records and for this purpose it may appoint a Registrar, who is responsible

for maintaining Participants' records and providing related services. The Registrar shall carry out the responsibility of maintaining Participants' records, issuing statements of account representing investment of the Participants in the Fund, and all other related activities.

- 16.1.4 **Record Keeping** – The Pension Fund Manager has the primary responsibility for all record keeping, and for producing financial reports from time to time. However, the Trustee has the responsibility to ensure timely delivery to the Pension Fund Manager of statements of account and transaction advices for banking and custodial accounts in the name and under the control of the Trustee. The Pension Fund Manager shall provide the Trustee unhindered access to all records relating to the Fund.
- 16.1.5 **Participant Services** - The Pension Fund Manager has the responsibility to facilitate the Participants to make contributions and to redeem the balance in the Individual Pension Accounts and to make adequate arrangements for receiving and processing applications in this regard.
- 16.1.6 **Distribution** - the Pension Fund Manager shall from time to time appoint suitable parties as Distributors with the approval of the Trustee and the Commission. The Distributors shall act as the interface between the Participants, the Pension Fund Manager, the Registrar and the Trustee. The Distributors shall receive applications for contribution and redemption from the Participants.
- 16.1.7 **Sales Agents** – The Pension Fund Manager shall, at its own responsibility, from time to time appoint Sales Agents to assist it in promoting sales.

16.2 ADMINISTRATIVE ARRANGEMENTS

The Trustee shall have all the obligations entrusted to it under the Rules and the Trust Deed establishing the Fund. However, the Trustee shall, in addition to the aforesaid obligations, facilitate the Pension Fund Manager's business in the following manner:

- (a) **Attorney(s) and Point Person(s):** The Trustee shall, under intimation to the Commission, nominate one or more of its officers to act as attorney(s) for performing the Trustee's functions and for interacting with the Pension Fund Manager.
- (b) **Custodian(s):** The Trustee shall act as custodian for securities for which custody services are available with the Trustee. For other securities, the Trustee shall make appropriate arrangements with one or more Custodians for custody of securities in which investment may be made on behalf of the Fund. The Trustee shall provide custodial services to the extent others cannot be identified for this purpose.

16.3 BANK ACCOUNTS

- 16.3.1 The Trustee shall open Bank Accounts for the PPF, each Sub Fund, Pension Account-Collection, Pension Account-Payment, Approved Income Payment Plan and other accounts as required by the Pakistan Pension Fund at banks having at least minimum BBB rating by a credit rating agency, at the request of the Pension Fund Manager.
- 16.3.2 The Trustee shall open additional Bank Accounts at such branches of banks and at such locations (including outside Pakistan), subject to applicable regulations and after obtaining all necessary approvals from the relevant regulatory authority in Pakistan as may be required by the Pension Fund Manager from time to time.

- 16.3.3 Notwithstanding any thing in this Deed the beneficial ownership of the balances in the Accounts shall vest at all times in the Participants, holding Units of the pertinent Sub-Funds.

16.4 TRANSACTIONS RELATING TO THE PAKISTAN PENSION FUND

The Trustee shall authorize and facilitate the provision to the Pension Fund Manager of daily statements of accounts for all the bank accounts being operated by the Trustee as a nominee of the Pakistan Pension Fund.

16.5 TRANSACTIONS RELATING TO INVESTMENT ACTIVITY/ PORTFOLIO MANAGEMENT

- 16.5.1 The Pension Fund Manager shall, from time to time, advise the Trustee of the settlement instructions relating to any investment/disinvestment transactions entered into by it on behalf of the Trust. The Pension Fund Manager shall ensure the settlement instructions are complete and accurate so as to facilitate timely settlement, and the Trustee, shall ensure that the settlement is handled in a promptly and in accordance with such instructions. 16.5.2 The Trustee shall ensure that, where applicable, payments against investments are made against delivery and vice versa.
- 16.5.3 The Trustee shall promptly forward to the Pension Fund Manager any notices, reports or other documents issued by the issuers of securities, recipients of any of the Trust Funds (as deposits, refunds, distribution of dividends, income, profits, repayment of capital or for any other reason), any depository, an intermediary or agent in any transaction or from any court, government regulator, stock or other exchange or any other party having any connection with the transaction.
- 16.5.4 The Pension Fund Manager shall also advise the Trustee on a daily basis of the details of amounts to be paid from the respective Individual Pension Accounts to respective Participants against redemption requests. Such payments shall be effected by the Trustee out of the respective accounts of the Sub-Funds of the Fund by way of transfer of the appropriate amounts to the designated bank accounts of the Participants.
- 16.5.5 The Pension Fund Manager shall also advise the Trustee on a daily basis of the details of amounts to be transferred to the Sub-Funds.
- 16.5.6 The Trustee shall pay to the Pension Fund Manager's order such sums out of the Front-end fee that is specified in Trust Deed establishing the Fund or Supplemental Deed, if any, as being payable out of the Contributions.
- 16.5.7 The Trustee shall also, if so required by the nature of such notices or deeds mentioned in the foregoing Clause, act in a manner that is in the best interest of the Trust. Such action shall include legal action if called for and the Trustee shall be entitled to recover any legal costs reasonably incurred from the Trust.
- 16.5.8 The Pension Fund Manager shall provide the Trustee with regular reports indicating dividends, other forms of income or inflows, and any rights or warrants relating to the Investments that are due to be received. The Trustee shall report back to the Pension Fund Manager any such amounts or warrants that are received on such accounts from time to time.
- 16.5.9 The Trustee shall provide proxies or other forms of powers of attorney to the order of the Pension Fund Manager with regard to any voting rights attaching to any investment.

16.6 VOTING RIGHTS ON TRUST PROPERTY

- 16.6.1 All rights of voting attached to any Trust Property shall be exercisable by the Pension

Fund Manager on behalf of the Trustee and it shall be entitled to exercise the said rights in what it may consider to be the best interests of the Participants and may refrain at its own discretion from the exercise of any voting rights and the Trustee or the Participants shall not have any right to interfere or complain.

- 16.6.2 The Trustee shall upon written request by the Pension Fund Manager at its own expense, from time to time execute and deliver or cause to be executed or delivered to the Pension Fund Manager or their nominees powers of attorney or proxies authorizing such attorneys and proxies to vote consent or otherwise act in respect of any Investment in such form and in favour of such persons as the Pension Fund Manager may require in writing.

The word “vote” used in this sub-Clause be deemed to include not only a vote at a meeting but the right to elect or appoint directors, any consent to or approval of any arrangement scheme or resolution or any alteration in or abandonment of any rights attaching to any Investment and the right to requisition or join in a requisition to convene any meeting or to give notice of any resolution or to circulate any statement.

- 16.6.3 The Trustee shall forward to the Pension Fund Manager within six days of receipt of all notices of meetings and all reports and circulars received by the Trustee as the registered holder of any Investment.
- 16.6.4 All record related to voting rights stated in clause 16.6.3 shall be maintained by the Pension Fund Manager at its registered office in such manner as may be decided by the Pension Fund Manager in consultation with the Trustee or as be required under the Rules or by the Commission from time to time.

17 UNITS

17.1 LEGAL STATUS

- 17.1.1 All Units, including the core Units, and fractions thereof represent an undivided share in the pertinent Sub Funds of the Fund rank *pari passu* as to their rights in the net assets and earnings of such Sub-Fund and shall not be tradable or transferable. Each Participant has a beneficial interest in the Sub-Fund proportionate to the Units held by such Participant in such Sub-Fund. Units of each Sub-Fund shall be issued in registered, un-certificated form.
- 17.1.2 Seed Capital Units subscribed by the Seed Investors shall be offered and issued at the par value and shall not be redeemable for a period of three years from the date of issue or as may be determined by the Commission. The Pension fund Manager may borrow from any bank for its working capital requirements and can offer a charge on its entire assets which may include the seed capital units of Pakistan Pension Fund if the Pension Fund Manager has subscribed for those Units.

18 MISCELLANEOUS

18.1 ARBITRATION

In the event of any disputes arising out of this Trust Deed between the Pension Fund Manager on the one part and the Trustee on the other part, including as to the respective rights and obligations of the Parties hereto, as well as those relating to the interpretation of the terms and conditions of this Trust Deed, the Offering Document and/or the Supplementary Offering Documents, relating to the Fund, , the same shall be referred to

arbitration by two arbitrators, one to be appointed by the Pension Fund Manager and the other to be appointed by the Trustee. In the event of lack of consensus between the two arbitrators, the matter shall be referred to an umpire, to be selected by the two arbitrators before commencement of the reference. The unanimous decision of both the arbitrators, or the decision of the umpire, as the case may be, shall be final and binding upon both the Parties. The arbitrators and the umpire shall be selected from amongst, senior partners of renowned firms of chartered accountants, or senior partners of renowned Law Firms, or senior bankers or senior members of the Stock Exchange, (who may even be the heads of corporate members). The venue of the arbitration shall be Karachi. The arbitration shall be conducted in accordance with the Arbitration Act, 1940

18.2 DISPUTES BETWEEN THE PARTICIPANTS AND THE PENSION FUND MANAGER

If any complaint or dispute arises between the Participant/nominees and the Pension Fund Manager under this deed or the Rules, it shall be referred to an authority as provided under the Rules.

18.3 CONFIDENTIALITY

The Trustee, the Pension Fund Manager, the Registrar and the Custodian and every director or officer of the said parties who are in any way engaged in the business of the Fund and all persons employed or engaged by the said parties in connection with the business of the Trust shall observe strict confidentiality in respect of all transactions of the Fund, its Participants and all matters relating thereto and shall not disclose any information or document which may come to his knowledge or possession in the discharge of his duties except when required to do so in the ordinary course of performance of his duties or by law or if compelled by any court of law or a competent authority.

18.4 GENERAL

- 18.4.1 Any notice required to be served upon a Participant shall be deemed to have been duly given if sent by post or courier service to or left at his address as appearing in the Register. Any notice so served by post shall be deemed to have been served on the day following that on which the letter containing the same is posted, and in proving such service it shall be sufficient to prove that such letter was properly addressed, stamped and posted.
- 18.4.2 In case, a general notice is required to be served upon all the Participants, The Trustee or the Pension Fund Manager shall advertise any such notice in two leading daily newspapers in Pakistan having its primary circulation in Karachi, Lahore and Islamabad.
- 18.4.3 Service of a notice or document on any employer shall be deemed effective service on all the Participants registered through that employer.
- 18.4.4 Any notice or document sent by post or courier service to or left at the registered address of a Participant shall notwithstanding that such Participant be then dead or bankrupt and whether or not the Trustee or the Pension Fund Manager have notice of his death or bankruptcy be deemed to have been duly served and such service shall be deemed a sufficient service on all persons interested (whether jointly with or as claiming through or under him) in the Units concerned.
- 18.4.5 A copy of this Deed and of any such supplemental deed shall be made available for

inspection at the respective Head Offices of the Trustee and of the Pension Fund Manager at all times during usual business hours and shall be supplied by the Pension Fund Manager to any person on application at a charge disclosed in the Offering Document.

19 MODIFICATION OF TRUST DEED

The Trustee and the Pension Fund Manager acting together shall be entitled by deed supplemental hereto to modify, alter or add to the provisions of this Deed in such manner and to such extent as they may consider expedient for any purpose, subject to 30 days prior notice to the Participants and the subsequent approval of the Commission, if so required. Provided that, the Trustee and the Pension Fund Manager shall certify in writing that, in their opinion such modification, alteration or addition is required pursuant to any amendment in the Rules or to ensure compliance with any fiscal or statutory requirement or to enable the provisions of this Deed to be more efficiently, conveniently or economically managed or otherwise for the benefit of the Participants and that it does not prejudice the interests of the Participants or any of them or operate to release the Trustee or the Pension Fund Manager from any responsibility to the Participants.

20 DE-AUTHORIZATION, WINDING UP OF THE PENSION FUND

- 20.1.1 The duration of the Pension Fund shall be perpetual and shall not be wound up by way of liquidation.
- 20.1.2 If the Pension Fund Manager does not wish to maintain the authorization, it shall apply to the Commission to de-authorise the Pension Fund by giving at least three (03) months notice in writing to the Participants, the Trustee and the Commission, subject to conditions of the Rules.
- 20.1.2 In the event the Pension Fund Manager is of the view that the quantum of redemption requests that have built up shall result in the Sub-Funds / Fund being run down to an unmanageable level or it is of the view that the sell-off of assets is likely to result in a significant loss in value for the Participants who are not redeeming, it may apply to the Commission to de-authorise the Pension Fund. In such an even, the queue system, if already invoked, shall cease to apply.
- 20.1.3 The Pension Fund may also be de-authorised by the Commission on the grounds provided in the Rules.
- 20.1.4 Upon the Pension Fund being de-authorised, the Pension Fund Manager shall suspend receiving contributions forthwith from any of the participants from the date of issue of the notice under Clauses 20.1.1, 20.1.2 and 20.1.3 and proceed to transfer all the records of Individual Pension Accounts and books of accounts of the Pension Fund to another pension fund manager.
- 20.1.5 The Trustee shall ensure that accounts of the Pension Fund till the day of the transfer to the new Pension Fund Manager are audited by the Auditors of the Fund and the audit and Trustee report is submitted within one month from the date of such appointment, to the Commission, the new pension fund manager and the Trustee. The Trustee with the approval of the Commission shall decide the cost of such interim audit and the same shall be charged to the Pension Fund with the prior approval of the Commission.

- 20.1.6 Once the Pension Fund has been de-authorised by the Commission, the Pension Fund Manager may, after transferring all the records of Individual Pension Accounts and books of accounts of the Pension Fund to the new pension fund manager, wind up the Pension Fund under the provisions of the Rules and in the court of jurisdiction.

21 DEFINITIONS

Unless the context requires otherwise the following words or expressions shall have the meaning respectively assigned to them viz.:

- 21.1 **“Accounting Date”** means the date 30th June in each year and any interim dates at which the financial statements of the Fund are drawn up. Provided, however, that the Pension Fund Manager may, with the consent of the Trustee and after obtaining approval of the Commission, change such date to any other date;
- 21.2 **“Accounting Period”** means the period ending on an accounting date and commencing from the establishment of the Pension Fund or from the end of the last accounting period, as the case may be;
- 21.3 **“Allocation Scheme(s)”** mean the allocation schemes offered by the Pension Fund Manager in light of the Prescribed Allocation Policy issued by the Commission from time to time.
- 21.4 **“Annuity”** means a series of payments of set frequency;
- 21.5 **“Approved Annuity Plan”** means an Annuity Plan approved by the Commission under Section 2(3A) of the Income Tax Ordinance, 2001.
- 21.6 **“Approved Income Payment Plan”** means an income payment plan approved by the Commission under Section 2(3B) of the Income Tax Ordinance, 2001.
- 21.7 **“Auditors”** means, a person eligible to act as an Auditor of a Pension Fund as may be prescribed by the Commission from time to time and qualified under the provisions of Section 254 of the Ordinance;
- 21.8 **“Authorized Branch”** means, those branches of the Distributors that have been authorized by the Pension Fund Manager, from time to time, to perform Distribution Functions;
- 21.9 **“Authorized Investment”** means investments transacted, issued and traded, whether listed or otherwise, inside or outside Pakistan as permissible under the Rules or under the investment policy prescribed by the Commission;
- 21.10 **“Bank”** means an institution providing banking services under the banking laws of Pakistan or if operating outside Pakistan, under the banking laws of the jurisdiction of its operation outside Pakistan;
- 21.11 **“Bank Accounts”** mean those accounts the beneficial ownership of which rest in the pertinent Participants and for which Muslim Commercial Financial Services (Pvt.) Limited has been appointed the Trustee;
- 21.12 **“Business Day/Dealing Day”** means a day (such business hours thereof) when Banks are open for business in Pakistan;
- 21.13 **“Commission”** means the Securities and Exchange Commission of Pakistan established under the Securities and Exchange Commission of Pakistan Act, 1997(XLII of 1997); that is the main regulator for the Fund;

- 21.14 **“Connected Person”** in relation to a company registered as a Pension Fund Manager, means:-
- (a) any person or company beneficially owning, directly or indirectly, ten per cent or more of ordinary share capital of that company, or being able to exercise, directly or indirectly, ten per cent or more of the total voting power in that company;
 - (b) any person or company controlled by a person who or which meets one or both, of the descriptions given in sub-clause (a);
 - (c) any member of the group of which that company forms part; or
 - (d) any director, officer and employee of that company or of any of their connected persons as specified in sub-clauses (a), (b) and (c) or any body providing service or exercising power of that company;
- The words director, officer and employee shall include their spouse, lineal ascendants and descendants, brothers and sisters;
- 21.15 **“Constitutive Document”** means the principal document governing the formation of the Pension Fund, and includes this trust deed and all material agreements;
- 21.16 **“Contribution”** means an amount as may be voluntarily determined by an individual payable annually, semi-annually, quarterly, or monthly or with any other frequency to the Fund and held in one or more Individual Pension Accounts of a Participant, subject to any specified minimum limit;
- 21.17 **“Custodian”** means a Bank, the Central Depository Company, or any other Depository for the time being appointed by the Trustee to hold and protect the Trust Property or any part thereof as custodian on behalf of the Trustee; the Trustee may also itself provide custodial services for the Fund;
- 21.18 **“Deed”** means this Trust Deed which is the principal Document governing the formation management or operation of the Fund;
- 21.19 **“Default Allocation Scheme”** means the default asset allocation scheme as determined by the Pension Fund Manager in light of the Prescribed Allocation Policy, allocating the Contributions received from the Participants between the Sub-Funds, as deemed fit, for those Participants who have not selected any Allocation Scheme;
- 21.19 **“Distributor”, “Distribution Company”, “Distribution Companies”** mean a company or companies, firm, or bank appointed by the Pension Fund Manager under intimation to the Trustee for performing any or all of the Distribution Functions and shall include the Pension Fund Manager itself if it performs the Distribution Function;
- 21.20 **“Distribution Function”** means the functions with regard to:
- (a) Receiving applications for the issue of Units
 - (b) Issuing receipts in respect of (a) above;
 - (c) Interfacing with and providing services to the Participants including redemption. Forwarding transfer applications, conversion notices and applications for change of address to the Pension Fund Manager or the Registrar as appropriate; and
 - (d) Accounting to the Trustee for (i) monies received from applicants for the issuance of units; (ii) payments made to the Participants on redemption of Units;

- 21.21 **“Formation Costs”** means all preliminary and floatation expenses of the Fund including expenses in connection with authorization of the Fund, execution and registration of the Trust Deed , issue, legal costs etc. and shall not include any marketing, sales, promotion, education, communication or any form whatsoever of any advertisement costs;
- 21.22 **“Front-end Fee”** means the sales and processing charges, payable to the Distribution Companies/Sales Agents;
- 21.23 **“Fund’s Auditors”** mean the Auditors;
- 21.24 **“Guidelines”** means various guidelines, including instructions and handouts issued by the Commission to be followed or implemented by the Pension Fund Manager, the Trustee and other persons connected with the Fund in relation to various matters under the Rules;
- 21.25 **“Holder”** means the Participant for the time being entered in the Register as owner of Units of Sub-Funds and of amounts if any held by the Trustee pursuant to the provisions in this Deed;
- 21.26 **“Income Payment Plan”** means a plan to enter into an agreement with the Pension Fund Manager after retirement enabling withdrawal of the remaining amount, in monthly installments till the age of seventy-five years or earlier;
- 21.27 **“Individual Pension Account”** means an individual account of a Participant maintained by the Pension Fund Manager to record his investment and the Units of the Sub-Funds as issued there against, including appreciations thereof;
- 21.28 **“Investment”** means any Authorized Investment forming part of the Trust Property;
- 21.29 **“Life Insurance Company”** means a company registered under the Insurance Ordinance, 2000 (XXXIX of 2000), to transact life insurance business, and includes the State Life Insurance Corporation of Pakistan;
- 21.30 **“Net Assets”** means the excess of assets over liabilities of the Fund, such excess being computed in the manner specified given in Clause 21.31 hereafter;
- 21.31 **“Net Asset Value”** means per Unit Value of the Sub-Funds arrived at by dividing the Net Assets by the number of Units outstanding. Net Assets being computed in the manner prescribed under the Rules or as may be specified by the Commission from time to time;
- 21.32 **“Offering Document”** means the prospectus, or other document approved by the Commission, which contains the investment and allocation policies and all other information in respect of the Pension Fund as required by the Rules, Regulations and Guidelines and is circulated to invite offers by the public to contribute into the Fund;
- 21.33 **“Ordinance”** means Companies Ordinance, 1984;
- 21.34 **“Pakistan Pension Fund”, “Pension Fund” “PPF”, “Trust” or “Fund”** means a fund constituted under the Rules made up of Sub-Funds created from the contributions paid by the Participants and would consist of all the assets for the time being held or deemed to be held by Sub-Funds and includes all income or investment

returns thereon but excludes fees, charges and expenses related to the management of the investments of Sub-Funds or in certain conditions prescribed under the Rules of cash held in an appropriate Bank Account in the name of the Trustee;

- 21.35 **“Participant”** means any person who makes contributions or on whose behalf contributions are made into PPF and shall include contributions made to one or more other pension funds and held in one or more such identifiable Individual Pension Accounts managed by one or more pension fund managers;
- 21.36 **“Pension Fund Manager”** means Arif Habib Investment Management Limited an asset management company duly authorized by the Commission to efficaciously manage the contributions made by or on behalf of Participants in Pension Fund and meet such other conditions as may be prescribed from time to time by the Commission;
- 21.37 **“Prescribed Application Form”** means a Form approved by the Commission to open an Individual Pension Account and collect other information from the participants;
- 21.38 **“Prescribed Allocation Policy”** means the allocation policy as prescribed by the Commission from time to time.
- 21.39 **“Prescribed Redemption Form”** means a Form approved by the Commission to redeem the units of the Sub-Funds;
- 21.40 **“Records”** include ledgers, day books, cash books and all other manuals or magnetic records used in the business of a Pension Fund Manager;
- 21.41 **“Regulations”** means regulations made by the Commission under the Rules;
- 21.42 **“Register”** means the Register of the Participants kept pursuant to the Rules and the Trust Deed;
- 21.43 **“Registrar”** means an organization that the Pension Fund Manager shall appoint for performing the Registrar Functions;
- 21.44 **“Registrar Functions”** means the functions with regard to:
- (a) Maintaining the Register;
 - (b) Processing requests for issue, transfer and transmission of Units and requests for recording of changes in data with regard to the Participants;
 - (c) Issuing statement of accounts; and
 - (d) Such other functions as may be required under the Guidelines on record keeping.
- 21.45 **“Rules”** means the Voluntary Pension System Rules, 2005, as amended from time to time;
- 21.46 **“Sales Agent”** means an individual, firm, corporate or other entity appointed by the Pension Fund Manager to identify, solicit and assist the eligible participants to contribute into the Fund. The Pension Fund Manager shall compensate Sales Agents out of the Sales Load collected
- 21.47 **“Seed Capital Units”** shall mean such Units of the Fund that are issued to Core Investors with the condition that these are not redeemable/transferable/tradable for a period of three years from the date of issue or as may be determined by the

Commission. Except for the above condition, such Units shall all rank *pari passu* with all other Units;

- 21.48 **“Seed Investors”** of the Fund shall be such initial investors whose subscription shall in aggregate be in compliance of the requirements of Rule 9(3) (b) of the Rules. The Seed Investors shall be issued with Seed Capital Units representing their subscription;
- 21.49 **“Stock Exchange”** means Karachi Stock Exchange, Lahore Stock Exchange and Islamabad Stock Exchange or any other Stock Exchange registered under the Securities and Exchange Ordinance 1969;
- 21.50 **“Sub-Fund”** means a collective investment sub-scheme of a specified investment class and/or investment policy set up within the overall Pension Fund. The Trust Property shall be accounted for and segregated with respect to each Sub-Fund;
- 21.51 **“Supplementary Offering Document”** means a document issued by the Pension Fund Manager, in consultation with the Trustee after seeking approval of the Commission, describing the special features of the Pension Fund and offering contributions in the Fund;
- 21.52 **“Tax Year”** shall have the same meaning as ascribed under the Income Ordinance, 2001;
- 21.53 **“Trust Property”** means the aggregate proceeds credited in the Pension Fund including the Contribution(s) received and seed capital received from Seed Investors of each Sub-Fund(s) after deducting there from or providing there out any applicable Front-end Fee and any other expenses chargeable to the Pension Fund including the Sub-Fund; and includes the investments and all income, profit and other benefits arising there from and all cash, bank balances and other assets movable or immovable and property of every description for the time being held or deemed to be held upon trust by the Trustee for the benefit of the Participant pursuant to this Deed.
- 21.54 **“Unit”** means one undivided share in the Sub-Fund thereof as the case may be and where the context so indicates, a fraction thereof;
- 21.55 **“Valuation Date”** means the pertinent date on which value of any investments or assets of a Sub-Fund is determined;
- 21.56 **“Zakat”** has the same meaning as in the Zakat and Ushr Ordinance, 1980.

Words and expressions used but not defined herein shall have the meanings assigned to them in the Rules. Words importing persons include corporations, words importing the masculine gender include the feminine gender, words importing singular include plural and words “written” or “in writing” include printing, engraving, lithography, or other means of visible reproduction.

The words and expressions used but not defined in the Rules shall have the same meaning as are assigned to them in the Companies Ordinance, 1984 (XLVII of 1984), the Securities and Exchange Ordinance, 1969 (XVII of 1969), the Insurance Ordinance, 2000 (XXXIX of 2000), and the Voluntary Pension System Rules, 2005.

22 SIGNATURES

IN WITNESS WHEREOF THIS DEED has been executed on the day and year first above written.

The Common Seal of Arif Habib Investment Management Limited was hereunto affixed in the presence of

Seal (1) Sd

(2) Sd.

The Common Seal of Muslim Commercial Financial Services (Pvt.) Limited was hereunto affixed in the presence of

Seal (1) Sd.

(2) Sd.

Witness:

Sd.

Sd

Sd.

Sd.

Annexure ‘A’**Trustee Tariff for Trusteeship of VPS**

The Trustee remuneration shall consist of reimbursement of actual custodial expenses/charges plus the following tariff:

Amount of Funds Under Management (Average NAV)	Tariff per annum
On Net Assets up to Rs. 100 million	0.2% per annum or Minimum Rs 180,000/- per annum whichever is higher.
On Net Assets exceeding Rs. 100 million but not exceeding Rs. 200 million	Rs 0.2 million plus 0.19% per annum Net Assets exceeding Rs 100 million.
On Net Assets exceeding Rs. 200 million but not exceeding Rs. 250 million	Rs 0.390 million plus 0.18% per annum Net Assets exceeding Rs 200 million.
On Net Assets exceeding Rs. 250 million but not exceeding Rs. 500 million	Rs 0.480 million plus 0.15% per annum Net Assets exceeding Rs 250 million.
On Net Assets exceeding Rs. 500 million but not exceeding Rs. 1000 million	Rs 0.855 million plus 0.08% per annum Net Assets exceeding Rs 500 million.
On Net Assets exceeding Rs. 1000 million but not exceeding Rs. 2000 million	Rs 1.255 million plus 0.08% per annum Net Assets exceeding Rs 1000 million.
On Net Assets exceeding Rs. 2000 million but not exceeding Rs. 5000 million	Rs 2.055 million plus 0.06% per annum Net Assets exceeding Rs 2000 million.
On Net Assets exceeding over Rs. 5000 million	Rs 3.855 million plus 0.05% per annum Net Assets exceeding Rs 5000 million.

Annexure 'B'

Copy of letter No. SEC/SCD/PW-AHIML/2007-I dated May 24, 2007 stating that the Commission has no objection to registration of the Trust Deed of the Fund.

Annexure 'C'

Copy of letter No. SEC/SCD/PW-AHIML/2007-II dated May 24, 2007 stating that the Commission approves appointment of Muslim Commercial Financial Services (Pvt.) Limited (MCFSL) as Trustee of the Fund.