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SECP Strengthens Pakistan Mutual Funds With Reforms

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The Securities and Exchange Commission of Pakistan (SECP) has introduced a series of significant reforms to advance the country’s mutual funds sector, boost investor confidence, and improve financial inclusion across the board. These developments mark a step toward modernizing Pakistan’s capital markets through transparency, innovation, and enhanced regulatory oversight.

One of the central moves includes the formal recognition of the Mutual Funds Association of Pakistan (MUFAP) as a Self-Regulatory Organization (SRO). This status gives MUFAP a

broader mandate to oversee ethical practices, raise professional standards, and enforce investor protection across the mutual fund industry. As an SRO, MUFAP will also lead initiatives in industry education, dispute arbitration, and the development of standard industry documentation and compliance procedures.

The SECP also approved a new Digital Asset Management Companies (Digital AMC) Framework, paving the way for increased digitization in the financial sector. This framework allows for the establishment of fully digital AMCs, providing investors with streamlined, end-to-end digital access to mutual fund investments. The goal is to remove traditional barriers, promote retail investor participation, and encourage competition through innovation and convenience.

In another major initiative, the SECP has formed a dedicated committee to drive the growth of Exchange Traded Funds (ETFs) in Pakistan. The committee is reviewing the existing legal and regulatory framework, benchmarking it against global best practices, and recommending improvements to enhance efficiency and investor participation in this underutilized market segment.

During a recently held Mutual Funds Industry Focus Group Session, SECP brought together leading professionals and stakeholders to gather insights on how to expand infrastructure financing through mutual funds, modernize fund distribution channels, and improve liquidity management and corporate governance. These consultations are expected to lead to actionable reforms across the sector.

The session also highlighted the importance of women's financial inclusion, addressing both structural and cultural barriers that hinder female participation in investment markets. Promoting Systematic Investment Plans (SIPs) was also identified as a key method to encourage disciplined, long-term savings, especially among first-time investors.

Following the session, SECP has approved a White Paper that summarizes the recommendations and outlines a roadmap for implementation. The paper aims to create a more inclusive, accessible, and transparent investment ecosystem that aligns with Pakistan's broader economic development goals.

With these initiatives, SECP is positioning Pakistan's mutual fund sector for sustainable growth, improved investor protection, and greater public engagement, aligning local practices with global financial standards.

