PUTTING INVESTORS FIRST

Joint Effort by CFA Society Pakistan and SECP
STATEMENT OF INVESTOR RIGHTS

The "Statement of Investor Rights" was developed by CFA Institute to advise buyers of financial service products of the conduct they are entitled to expect from financial service providers. These rights reflect the fundamental ethical principles that are critical to achieving confidence and trust in any professional relationship.

The list applies to financial products and services such as investment management, research and advice, personal banking, insurance and real estate. Whether you are establishing an investment plan, working with a broker, opening a bank account or buying a home, the Statement of Investor Rights is a tool to help you get the information you need and the service you expect and deserve.

Demanding that financial professionals abide by these rights helps you build trust in the person and/or firm you engage with, and thereby collectively restore trust, respect, and integrity in finance.
WHEN ENGAGING THE SERVICES OF FINANCIAL PROFESSIONALS AND ORGANIZATIONS, I HAVE THE RIGHT TO...

1. **Honest**, competent, and ethical conduct that complies with applicable law;

2. Independent and **objective** advice and assistance based on informed analysis, prudent judgment, and diligent effort;

3. My financial **interests** taking precedence over those of the professional and the organization;

4. **Fair** treatment with respect to other clients;

5. Disclosure of any existing or potential **conflicts** of interest in providing products or services to me;

6. **Understanding** of my circumstances, so that any advice provided is suitable and based on my financial objectives and constraints;

7. Clear, accurate, complete and timely **communications** that use plain language and are presented in a format that conveys the information effectively;

8. An explanation of all **fees** and costs charged to me, and information showing these expenses to be fair and reasonable;

9. **Confidentiality** of my information;

10. Appropriate and complete **records** to support the work done on my behalf.
BOARD OF DIRECTORS

The Board of Directors of CFA Society Pakistan ("CFASP") are pleased to announce the signing of Memorandum of Understanding between SECP and CFASP for joint efforts towards investor protection in Pakistan.

Ashraf Bava, CFA, President
Chief Executive, Nael Capital (Pvt) Limited

Kashif Shamraiz Malik, CFA, Vice President,
Divisional Head - Treasury Sales - Treasury Group
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Ruhail Mohammed, CFA, Co-opted Member
Chief Executive Officer, Engro Fertilizers Ltd.

Muhammad Sajid, CFA, Co-opted Member
Chief Executive Officer, CORE Advisors

Ambreen Shekhani, Executive Director
CFA Society Pakistan
MEMORANDUM OF UNDERSTANDING

Securities & Exchange Commission of Pakistan (SECP) and CFA Society Pakistan (CFASP) are entering into a Memorandum of Understanding (MoU) for achieving the goal of promoting Investor Protection in Pakistan. CFA Institute has offered its full support and resources to facilitate this mission.

Objective

SECP, CFA Institute and CFASP are interested in establishing a long-term collaborative relationship for promotion of investor protection and general financial literacy in Pakistan. The goal is for the three organisations to join forces and shape a trustworthy financial industry and protect investor interests in Pakistan.

Areas of collaboration

Medium-term: Promotion of the Statements of Investors Rights in Pakistan via advertisements, articles and workshops targeting different segments of investors, i.e.: High Net Worth individuals, institutional, retail moms & pops. The goal of this public awareness exercise is to educate the investors to know their rights and assert their rights.

Long-term: 'Putting Investors First' seminar series and articles. These target investors, investment professionals and regulators alike to educate as well as to share views and ideas to strengthen the industry for the benefit of the investors.
MESSAGE BY SECP CHAIRMAN

As the head of APEX regulator, Securities and Exchange Commission of Pakistan (SECP), I have always believed firmly in effectively protecting investors' interest, while ensuring fair practices and complete transparency in the markets.

Investor protection underpins the SECP's reforms program and is our top priority. Through our Investor Education Program, the SECP is imparting knowledge through the media, seminars and workshops.

We have launched a web portal to support these efforts whilst leveraging on social media to keep pace with the latest trends and create awareness on non-banking financial sector, products and services.

To take the mission of investor education and protection forward, SECP is always on look out for reliable partners who share the same mission. In this regard CFA Society Pakistan and its global parent body CFA Institute stand out as trusted partners, which have been advocating fair treatment of clients and the highest level of ethical standards in investment management.

CFA Society Pakistan has been conducting various knowledge sessions in the local market to help create awareness about investors' rights and educating investors on various investment products and market developments. The society has been collaborating closely with SECP in various investor-related activities and in scholarships for SECP officials for the CFA Program. As our relationship deepens, we feel the time is now right to embark on a long-term partnership between CFA Society Pakistan, CFA Institute and the SECP, as all three are working towards a common objective of Investor Rights and Protecting Investors.
With the signing of a Memorandum of Understanding (MoU) between SECP and CFA Society Pakistan, we will commit to further collaborate in creating and raising awareness on investor rights, ensuring that investment professionals respect these rights and are equipped to honor them. The SECP strongly supports the vision of CFA Institute that: "Investors always come first" and hope that it will also be a hallmark of our country's financial and capital markets.

I believe that support to this great cause will contribute significantly to the growth of our national economy.

Mr. Zafar Hijazi  
Chairman  
Securities & Exchange Commission of Pakistan
BUILDING A BETTER WORLD FOR INVESTORS
MESSAGE BY CFAI PRESIDENT

Today, CFA Institute, the Securities and Exchange Commission of Pakistan (SECP), and CFA Society Pakistan sign and commit to a Memorandum of Understanding for the Promotion of Investor Protection and Financial Literacy.

This agreement reinforces our collaborative relationship amongst our organizations and is a historic event for investor rights in Pakistan.

It is also a public milestone that marks a long-term, established relationship between CFA Institute, CFA Society Pakistan, and the SECP.

Our relationship is a case study of how regulators and industry members can work together to improve the standards of professional excellence in capital markets.

It began in 2008 with the implementation of the Analyst Certification Program and has continued since then with a consultation on the Code of Corporate Governance and last year’s regulatory waiver to CFA charterholders from the Fundamental of Capital Market (FCM) Program certification requirement, among other efforts.

Together, we bring to the fore a key element in the SECP’s mission: “the protection of investors.”

SECP MISSION
To develop a fair, efficient, and transparent regulatory framework, based on international legal standards and best practices, for the protection of investors and mitigation of systemic risk aimed at fostering growth of a robust corporate sector and broad-based capital market in Pakistan.
We are working hand-in-hand to support positive developments for Pakistan's capital markets, individual investors, and the investment profession.

Putting investors first is critically important because investing is deeply personal.

For every investment, there is a person whose financial needs and goals depend on the growth of his or her capital, whether he or she is saving for retirement, to cover future health issues, or for children's futures. Investment is about people. And people have rights regarding their investment professionals.

This is why we are here today.

- CFA Institute is a global community of more than 130,000 investment professionals working to build a better investment industry—one where investors' interests come first, financial markets function at their best, and economies grow.

- It is our goal as an organization to serve the interests of investors for the ultimate benefit of society.

- We lead the investment management profession globally with more than 130,000 members in 150 countries and territories.

- These investment professionals are working together to build a better investment industry, protect investors, and help them meet their investing goals.

- We conduct our work in partnership with nearly 150 member societies around the world. CFA Society Pakistan was established in 2003 and today has more than 240 members.

As an organization, we are deeply committed to putting investors first, and our work to achieve this involves three important audiences: investors,
the **financial services professionals** who serve them, and the **regulators** who oversee the integrity of the financial system.

- **We speak boldly** in the financial services industry about the importance of putting investors' needs first and the firm's profit second.

- **We educate** investors about risk and reward, the financial markets, and the rights of investors so they can seek the highest-quality investment professionals and advice.

- **We feel so strongly** about putting investors first that we created the Statement of Investor Rights—a simple tool composed of 10 rights every investor must expect from financial professionals. By understanding your rights as the buyer of financial services, you can communicate more clearly with your adviser and be specific about the conduct you expect in return for your business.

Demanding that financial professionals abide by these rights helps build trust in the person and/or firm you engage with, which, in turn, helps to restore trust, respect, and integrity in both investment professionals and regulators who develop fair, efficient, and transparent regulatory frameworks and systems in which to trade.

I would like to highlight a few of these rights.

- **Honest, competent, and ethical conduct.** Financial laws and regulations differ around the world, but all investors have the right to honesty from financial professionals. Honesty means more than a truthful answer to your questions; it means full transparency about the information affecting the financial decisions you make. You should also expect your adviser to have the best credentials available to ensure they are competent to meet your needs. Those credentials must include ethical training as well as broad knowledge and experience that provide the professional expertise necessary to help you meet your financial goals.
- **Independent and objective advice.** Unfortunately, some advisers do not have your best interests in mind and are more interested in how to make money. You want to work with an adviser who thoroughly discusses your needs and circumstances with you, conducts independent analysis, and makes recommendations for products and services based on your needs and circumstances.

- **Client interests come first.** Your adviser serves your interests first and the firm’s second. Your money is paying the bills and the salaries of these professionals, and your interests need to come before their personal interests. CFA Institute and CFA charterholders hold this right very dear, and we have been advocating globally to put investors’ interests first in every situation.

I am deeply delighted that CFA Institute, CFA Society Pakistan, and the SECP will jointly—and publicly—advocate for the greater good of capital markets and investor rights.

Today, we move forward together on behalf of investors in Pakistan.

**Paul Smith, CFA**  
**President and CEO, CFA Institute**  
**04 April 2016**
PUTTING INVESTORS FIRST
MESSAGE BY CFASP PRESIDENT

On behalf of CFA Society Pakistan ("CFASP") I would like to thank Securities & Exchange Commission of Pakistan ("SECP") and our parent organization CFA Institute for working towards Investor Protection.

Investor Protection is an important theme, one that lies at the heart of the advocacy efforts of all three organizations and underpins the Memorandum of Understanding that CFASP, SECP and CFA Institute are jointly signing today. I am sure that together we will be able to generate a powerful impact in building and winning investors' trust in our capital markets.

As a society and volunteer group, we work in different ways for investor protection. We believe that investors should be aware of their rights and demand the highest levels of competence and ethical standards from their financial advisors. They, in turn, should be equipped – and see it as their duty – to meet these needs and expectations. We have in recent years undertaken a number of initiatives including partnerships with regulators to promote high standards of professional and ethical standards in Pakistan. We conduct regular workshops on ethics and financial literacy for intermediaries, journalists and universities. Three such workshops have been conducted in collaboration with SECP and the Institute of Capital Markets.

SECP in collaboration with CFA Society Pakistan introduced the Analyst Certification Program, which incorporates requisite minimum standards of knowledge and professional practice for financial analysts. SECP has also officially recognized the curriculum of the CFA Program, an international professional credentialing program offered by CFA Institute and widely considered to be the gold standard for qualification in the investment management industry. As part of the SECP recognition, all CFA charterholders are given a waiver for Fundamentals of Capital Markets course which is one of the two mandatory exams for all financial intermediaries in Pakistan.

CFA Society Pakistan also partners with universities to incorporate the Level 1 curriculum of the CFA Program (there are 3 levels in total) to help boost the quality and depth of their finance programs. IBA, Karachi and LUMS have
already entered into such an agreement with us. Furthermore, we work with our parent organization (CFA Institute) and grant scholarships to universities, regulators and candidates. Along with general candidates, special scholarships are being given to SECP, Pakistan Stock Exchange, IBA and LUMS with State Bank of Pakistan soon to join as well.

We encourage and train Asset Management Companies of Pakistan to comply with the Global Investment Professional Standards ("GIPS") and the Asset Manager Code of Professional Conduct ("AMC") developed by CFA Institute to strengthen the industry based on global best practices. In Pakistan five AMCs have claimed compliance with GIPS and one with the AMC Code.

We hope that our proposed capital markets research project will facilitate policy makers in addressing the issue of low investor base in Pakistan. We are also planning Pakistan Investor Conference soon, during which we plan to engage and exchange ideas with local and international experts to identify and address key challenges confronting our capital markets.

We encourage organizations to employ CFA charterholders for fiduciary roles, given the rigorous training and requisite experience that these professionals have undergone and the strict code of conduct they have voluntarily adopted. CFA charterholders in Pakistan, like their peers around the world, are bound to a client-first duty of care, loyalty, disclosure, and compliance, all of which put investor’s needs first.

I would once again like to thank SECP and CFA Institute for demonstrating confidence in CFA Society Pakistan and joining hands with us in this cause. This is a major step forward for the capital markets of our country and ultimately, in gaining the trust of investors in Pakistan.

**Ashraf Bava, CFA**  
President & Advocacy Chair  
CFA Society Pakistan
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With an admirable financial performance for over five decades, together, we have successfully provided new, innovative solutions to the ever-changing financial landscape.
FIND OUT MORE

There are a number of resources to help investors learn the principles and best practices in investment management while helping to build trust between the professional and client, including:

- **Statement of Investor Rights** – The ten rights every investor must expect from financial professionals, including Honesty, Objectivity, and Confidentiality.
- **Essentials of a More Secure Retirement**
- **Tips to Avoid the 20 Common Investment Mistakes**

Other tools, articles, and materials found at www.cfainstitute.org