



Securities and Exchange Commission of Pakistan
Securities Market Division

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No.SMD/CIW/Misc./02/2014

05 September 2016

Circular No. 29 of 2016

Subject: Additional Disclosures Regarding Shariah Screening of Listed Companies for Islamic Equity Indexes

1. This Circular is being issued, in supersession of Circular 14 of 2016 dated 21 April 2016, under Section 506B of the Companies Ordinance, 1984 (XLVII of 1984) read with Section 40B of the Securities and Exchange Commission of Pakistan Act, 1997 (XLII of 1997).
2. To facilitate Shariah screening of listed companies for Islamic equity indexes, the Securities and Exchange Commission of Pakistan encourages all listed companies to voluntarily disclose the following information in their half yearly and annual accounts:
 - (i) all types of loans and advances must be clearly categorized and disclosed depending upon whether they carry any interest or mark-up arrangements or Islamic mode is used for the same.
 - (ii) all types of deposits must be clearly categorized and disclosed depending upon whether they carry any interest or mark-up arrangements or are placed under an arrangement permissible under Shariah.
 - (iii) companies dealing in different segments of businesses must disclose the segregated revenue earned from its relevant business segment rather than disclosing a cumulative amount as revenue / sales.
 - (iv) all bank balances must be clearly categorized and disclosed depending upon whether they carry any interest or mark-up arrangements or are placed under an arrangement permissible under Shariah.
 - (v) profit from bank accounts must be clearly categorized and disclosed depending upon whether they are earned under interest/mark-up arrangements or are earned under an arrangement permissible under Shariah.
 - (vi) gain/loss, regardless of realized or unrealized, from investments must be clearly categorized and disclosed depending upon whether they are earned from Shariah non-compliant arrangements or are earned from arrangements

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permissible under Shariah or the break-up of gain/loss from investments must be disclosed against its respective investment.

- (vii) the break-up of dividend income, if any, must be disclosed against its respective company.
- (viii) all sources of other income including break-up of other/miscellaneous portion of other income must be disclosed against its respective activity.
- (ix) income earned from exchange gain must be categorized and disclosed that whether this exchange gain is earned from actual currency or using derivative financial instruments.
- (x) while disclosing corporate information, relationship with banks having Islamic windows must be clearly mentioned that whether the company has relationship with conventional side or with Islamic window operations.

3. These additional disclosures will remain voluntary till further notice. For any comments or questions, please write to the Islamic Finance Department, SECP, 63 Jinnah Avenue, Blue Area, Islamabad-44000, Pakistan.



(Usman Hayat, CFA, FRM)
Executive Director
(Chairman's Secretariat)

Distribution:

- i) All the listed companies
- ii) Deputy Governor, State Bank of Pakistan
- iii) The Chief Executive, Pakistan Stock Exchange Limited for dissemination to all listed companies
- iv) The President, Institute of Cost & Management Accountants of Pakistan
- v) The President, Institute of Chartered Accountants of Pakistan
- vi) The President & CEO, Meezan Bank Limited