



# Securities and Exchange Commission of Pakistan

Securities Market Division

Public Offering & Regulated Persons Department

...

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

April 21, 2016

## Circular No.14 of 2016

**Subject: IMPLEMENTATION OF MANDATORY DISCLOSURE REQUIREMENTS FOR LISTED COMPANIES FOR ALL SHARES ISLAMIC INDEX SCREENING**

The Pakistan Stock Exchange Limited (PSX) has launched All Shares Islamic Index to use it as a benchmark to measure the price performance of investments in Shariah compliant shares. All Share Islamic Index comprise all those listed companies that are Shariah compliant as per the Shariah and technical screening criteria developed by PSX for this purpose.

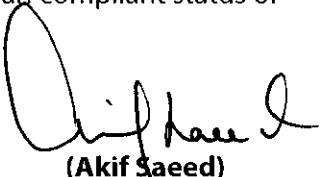
2. The All Share Islamic Index shall be revised on semi-annual basis. For review, annual and half yearly accounts of the listed companies shall be needed. At the time of review, various financial figures and ratios are needed for application of the Shariah screening and technical criteria. In case of KMI 30 Index these figures and ratios are extracted and calculated by the relevant teams of PSX and Meezan Bank Limited, which takes significant time as most of the times frequent consultation with the companies concerned is needed. Since under the All Share Islamic Index the universe has increased manifold as compared to the KMI 30 Index, therefore, it is difficult and time consuming for PSX to extract and calculate the requisite figures and financial ratios on its own. In order to facilitate PSX in fairly maintaining its newly developed All Share Islamic Index, all the listed companies are hereby directed under Section 506B of the Companies Ordinance, 1984 (XLVII of 1984) read with Section 505 thereof and Section 40B of the Securities and Exchange Commission of Pakistan Act, 1997 (XLII of 1997) to disclose in their respective future annual and half yearly accounts the following information:

- (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 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. The aforesaid disclosures will not only enable PSX to efficiently identify the companies that are meeting the Shariah screening and technical criteria for its Islamic Indices but will also help the investors and analysts to come up with unanimous decision regarding the Shariah compliant status of the company provided the same Shariah screening criteria is used.



(Akif Saeed)  
Commissioner (SMD)

**Distribution:**

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