



ISLAMIC FINANCE BULLETIN

(July 2024 to June 2025)



Islamic Finance Department
Securities and Exchange Commission of Pakistan



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LIST OF ABBREVIATIONS

AAOIFI	Accounting and Auditing Organization of Islamic Financial Institutions
CDC	Central Depository Company
CDS	Central Depository System
CIS	Collective Investment Scheme
ESG	Environmental, Social and Governance
ETF	Exchange Traded Funds
EWR	Electronic Warehouse Receipts
GoP	Government of Pakistan
ICM	Islamic Capital Markets
ICP	Islamic Commercial Papers
IFMP	Institute of Financial Markets of Pakistan
IFSB	Islamic Financial Services Board
IsDBI	Islamic Development Bank Institute
MSF	Murabaha Share Financing
NBFC	Non-Banking Finance Companies
NBFI	Non-Banking Finance Institutions
NCCPL	National Clearing Company of Pakistan Limited
PMEX	Pakistan Mercantile Exchange
PSX	Pakistan Stock Exchange
REIT	Real Estate Investment Trust
P2P	Peer-to-peer
PKR	Pakistani Rupee
SAC	Shariah Advisory Committee
SBP	State Bank of Pakistan
SECP	Securities and Exchange Commission of Pakistan
YoY	Year-on-year

1. EXECUTIVE SUMMARY

1.1 Islamic Financial Industry Regulated by SECP

The Islamic financial services industry under the regulatory purview of the Securities and Exchange Commission of Pakistan (SECP) consists of the following:

- Shariah-compliant entities and persons, including Modarabas, Takaful operators, Islamic Non-Banking Finance Companies (NBFCs), Shariah-compliant companies, and Shariah advisors; and
- Shariah-compliant instruments, such as sukuk, Shariah-compliant securities, Islamic commercial papers, Islamic mutual funds, Islamic Exchange Traded Funds (ETFs), and Shariah-compliant Real Estate Investment Trusts (REITs).

In addition, non-profit organizations engaged in Islamic social finance are also registered and governed in the area of social development in accordance with the provisions of the Companies Act, 2017.

1.2 Sector Highlights

During the financial year from July 01, 2024 to June 30, 2025 (FY24-25), the Islamic financial sector regulated by SECP attained robust growth. The market capitalization of Shariah-compliant securities listed at Pakistan Stock Exchange (PSX) reached PKR 9,158 billion i.e. 60.1% of total market capitalization, while the takaful sector continued its upward trajectory with 37% and 24% growth in the takaful premium (contribution) for the family (life) and general (non-life) segments, respectively, during FY24-25. The following table summarizes the total assets of Shariah-compliant non-banking finance and modaraba sectors as on June 30, 2025:

Table 1: Total assets of selected Shariah-compliant segments

Sector	Total Assets (PKR Billion)	Percentage of Total Industry Assets
Shariah-compliant mutual funds	1,726.16	43.9%
Shariah-compliant pension funds	72.65	65.3%
Shariah-compliant REITs	187.39	96.0%
Modaraba	61.36	1.1%*

*Percentage of total NBFC industry assets

1.3 Key Achievements

A number of initiatives were introduced during FY24-25 for further development of Islamic finance in SECP-regulated sectors. At the same time, a number of Shariah-compliant sectors exhibited impressive growth which points to the increased adoption of Islamic finance. The following are some key achievements pertaining to the Shariah-compliant regulated sectors of SECP during FY24-25:

- i. The Government of Pakistan issued its first-ever sovereign green sukuk through the PSX electronic auction platform, mobilizing PKR 31.98 billion at a highly competitive rate. This landmark issuance underscored the government's commitment to sustainable financing and highlighted the efficiency of domestic sukuk markets.
- ii. During the year, 13 sukuk auctions were conducted via PSX platform, enabling the Government of Pakistan to raise PKR 2,172.51 billion in a transparent, market-driven manner, thereby strengthening public debt management.
- iii. The corporate sukuk market registered an unprecedented annual growth of 39.4% in issuance size, with 51 sukuk structures approved, representing a cumulative value of PKR 270.87 billion. This growth reflects both strong demand for Shariah-compliant instruments and ongoing innovation in financing solutions.
- iv. The Shariah-compliant mutual fund industry recorded an annual growth of 31.7%, while the pension fund segment grew by 47.7% in asset size, demonstrating rising investor confidence in Islamic savings and retirement solutions.
- v. Key advancements during the year included the introduction of the Shariah-compliant peer-to-peer (P2P) financing framework, establishment of Waqf companies as a new institutional model, and approval of new sukuk structures, broadening the Islamic finance ecosystem, deepening market offerings, and enhancing financial inclusion.

As the Islamic finance sector continues to evolve, SECP remains dedicated to ensuring its regulated sectors operate in line with Islamic principles and global best practices. To keep stakeholders informed, SECP publishes the annual Islamic Finance Bulletin, which provides insights into the industry's progress, key achievements, statistics, challenges, and future directions.

Note: For insights into the Islamic banking sector, readers can refer to the Islamic Banking Bulletin published by the State Bank of Pakistan.¹

¹<https://www.sbp.org.pk/ibd/Bulletin/Bulletin-1.asp>

2. SECTOR OVERVIEW

The Islamic finance industry, broadly covering the Islamic capital market, takaful, NBFC, and modaraba sectors, is witnessing steady growth within SECP-regulated areas with expectations of continued expansion. A comprehensive overview of the Islamic financial services sector under the regulation of SECP, as of June 30, 2025, is provided in Schedule I. Sector-wise details are covered in this section.

2.1 Islamic Securities Market

The Islamic securities market has expanded to become a substantial segment of the overall capital market in Pakistan. A detailed overview of the primary and secondary markets is provided below.

2.1.1 Primary Market

The securities which are offered initially for investment are categorized in the primary market. These securities include sovereign, quasi-sovereign, and corporate sukuk, besides equity shares of Shariah-compliant companies.

Sovereign and Quasi Sovereign Sukuk

During FY24-25, the Government of Pakistan (GoP) conducted a total of 13 auctions of domestic sukuk through the PSX platform, raising PKR 2,172.51 billion. These Sukuk were issued across various tenors to meet different maturity preferences, and employed diverse pricing mechanisms, including both fixed-rate and floating-rate structures.

PKR
2,824.57 billion

the total amount of debt raised from issuance and listing of GoP Sukuk on PSX between December 2023 and June 2025

A significant highlight of the year was the issuance of the inaugural sovereign green sukuk in May 2025, amounting to PKR 31.98 billion, which demonstrates the government's growing commitment to sustainable finance and the alignment of Islamic capital market instruments with Environmental, Social and Governance (ESG) objectives.

A breakdown of the sukuk raised during FY24-25, based on the rate of return and tenor, is as follow:

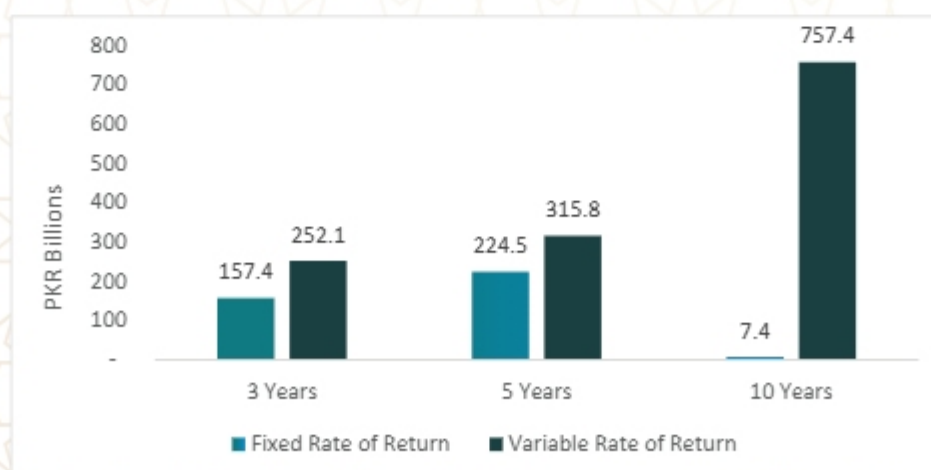


Figure 1: Breakdown of sovereign sukuk issued in FY24-25 based on rate of return

Corporate Sukuk

During FY24–25, Pakistan’s domestic corporate sukuk market witnessed notable progress, reflecting increased interest and activity from the private sector in leveraging Shariah-compliant financing. The SECP certified the Shariah structure of 51 Sukuk issuances, with a cumulative value of PKR 270.87 billion. This represents a robust growth of 39.4% from the previous year in terms of issuance size, signalling both growing corporate appetite for Islamic finance and rising investor confidence in such instruments. Private placement continues to dominate the corporate Sukuk market due to its relative speed, efficiency, and appeal among institutional investors, with just one sukuk listed on PSX, and the remaining 50 having been privately placed.

PKR
1,025.18 billion

the cumulative value of the 156 corporate sukuk issued till June 2025

The following graph shows the number and cumulative values of sukuk issued in each of the last three financial years, which depicts a trend of increasing adoption of sukuk as a financial instrument in the corporate sector of Pakistan.

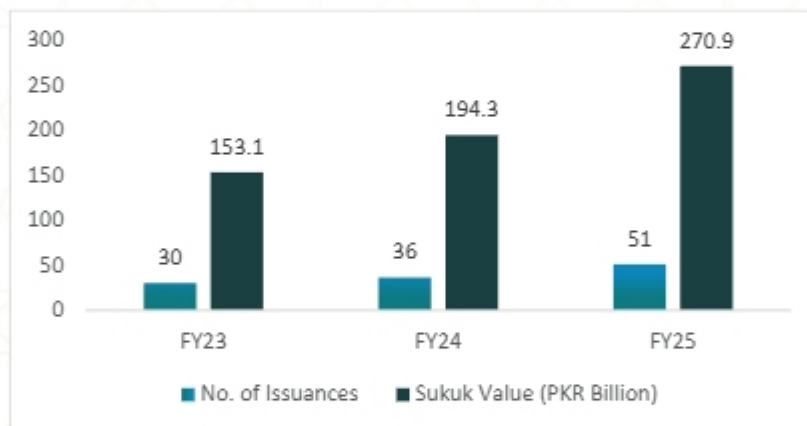


Figure 2: The number and value of sukuk issuances in the last three financial years

A list of all corporate sukuk, including their respective amounts, tenors, and modes of financing, is included as Schedule II.

2.1.2 Secondary Market

Pakistan Stock Exchange

Islamic finance has a significant presence in the secondary market, with 282 out of 534 securities listed at PSX being Shariah compliant, accounting for 52.8% of the total listed securities, as on 30th June 2025.

PKR
9,158 billion

the total market capitalization of Shariah-compliant securities listed at PSX, accounting for 60.1% of the total market capitalization of PKR 15,236 billion at PSX as on 30th June 2025

There are presently four Islamic indices at PSX as follows:

- PSX-KMI All Share Index: includes all Shariah-compliant listed companies.

- b) KMI-30 Index: includes 30 most liquid Shariah-compliant companies.
- c) Meezan Pakistan Index (MZNPI): includes the top 12 Shariah-compliant companies from KMI-30 Index, having the highest average traded value and free-float market capitalization.
- d) Mahana Islamic Index (MII30): includes top 30 Shariah-compliant companies from PSX-KMI All Share Index based on free float market capitalization and having an average daily value traded of PKR 10 million or more in the last 12 months.

The companies included in these indices continue to have their shares actively traded. For instance, the 30 companies included KMI-30 Index had a trading turnover of 8.61 billion shares in the last quarter of FY24-25, making up 23.4% of the total trading volume at PSX. However, the impact of these companies in terms of value traded is even more significant, amounting to PKR 906.89 billion, or 51.7% of the total trading value, in the last quarter of FY24-25. The following graph summarizes the quarterly trading data for each of these Islamic indices.

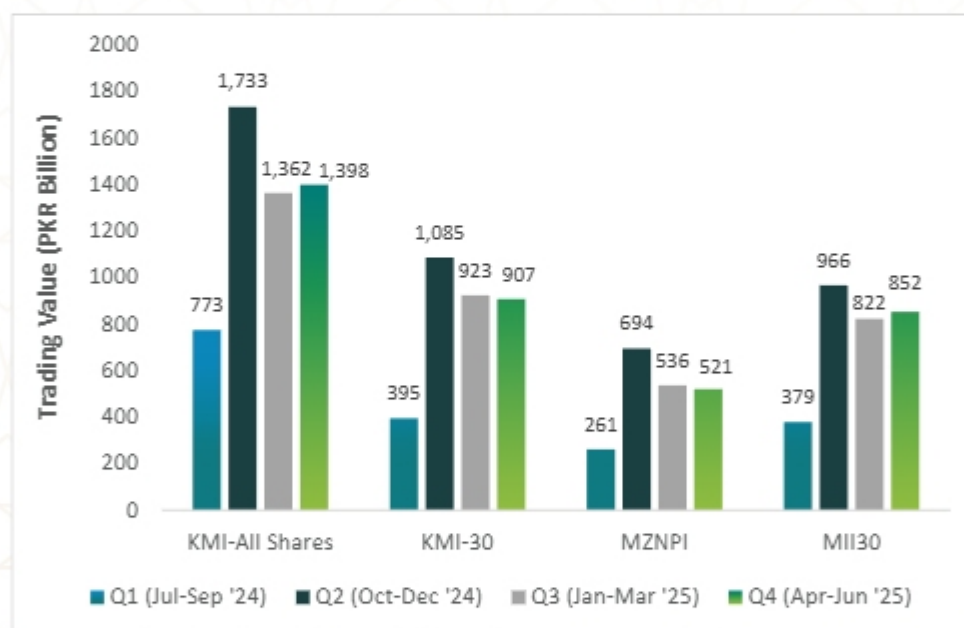


Figure 3: Quarterly trading figures for Shariah-compliant indices at PSX

The detailed trading statistics of companies listed on each of these Shariah-compliant indices are included as Schedule III.

Central Depository Company (CDC)

As of June 30, 2025, the CDC held 230 Shariah-compliant securities, including Islamic Commercial Papers (ICPs), sukuk, modaraba certificates and Islamic units offered by mutual funds. These Shariah-compliant securities have a collective market value of PKR 4,120.55 billion, accounting for 35.1% of the total value of securities in the Central Depository System (CDS). Quarterly details of Shariah-compliant securities placed at CDC and their market value are as follows.

Table 2: Details of Shariah-compliant securities placed at CDC

Shariah-Compliant Securities in CDS	September 30, 2024	December 31, 2024	March 31, 2025	June 30, 2025
	(PKR Billion)			
No. of Shariah-compliant securities	188	196	218	230
Market value of Shariah-compliant securities	2,307.24	3,256.29	3,527.50	4,120.55
Percentage of value of Shariah-compliant securities	22.6%	30.5%	32.7%	35.1%

Other Capital Market Infrastructure Institutions

National Clearing Company of Pakistan Limited (NCCPL) offers the Murabaha Share Financing (MSF) facility for Shariah-compliant interest-free financing in the capital market. However, MSF is not actively being utilized by market participants. Similarly, a Shariah-compliant futures market is currently inactive despite the regime for Electronic Warehouse Receipts (EWR), which are tradable at Pakistan Mercantile Exchange (PMEX), having great potential to support the Islamic agri-financing ecosystem in the country.

2.2 Islamic Non-Bank Finance Sector

2.2.1 Collective Investment Schemes (CIS)

The CIS industry accounts for a sizable part of the Islamic financial services industry. During FY24-25, SECP certified 20 CISs as Shariah compliant, which include 5 pension funds, 5 money market schemes, 3 fixed-term schemes, 3 hybrid funds, 1 asset allocation scheme, 1 income fund, 1 equity fund, and notably, 1 ETF. The Shariah certification of these funds broadens the range of Shariah-compliant investment opportunities for both institutional and retail investors. Further details pertaining to Shariah-compliant CISs are as under.

2.2.1.1 Mutual Funds

Shariah-compliant mutual funds are one of the major players of Islamic financial services industry. Out of the 369 mutual funds, 158 (42.8%) are Shariah-compliant, categorized into various types such as equity, money market, income, etc. as on June 30, 2025. The quarterly data pertaining to the assets of both Shariah-compliant and conventional mutual funds during FY24-25 is depicted in the table below:

Table 3: Quarterly details of total assets of Shariah-compliant and conventional mutual fund sectors

Total Assets	September 30, 2024	December 31, 2024	March 31, 2025	June 30, 2025
	(PKR Billion)			
Conventional mutual funds	1,711.48	2,524.05	2,116.03	2,207.33
Shariah-compliant mutual funds	1,366.71	1,914.55	1,699.36	1,726.16
Total	3,078.20	4,438.60	3,815.39	3,933.48
% of Shariah-compliant mutual funds	44.4%	43.1%	44.5%	43.9%

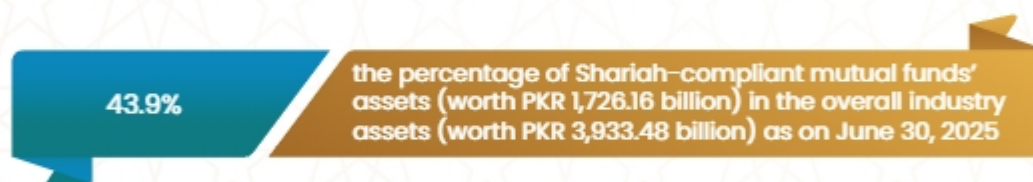
A breakdown of the number and assets of various categories of Shariah-compliant mutual funds, as on June 30, 2025, is provided in the following table.

Table 4: Assets of various categories of Shariah-compliant mutual funds as on June 30, 2025

Category of Mutual Funds	No. of Funds / Plans	Shariah-Compliant Assets (PKR Billion)	Total Assets (PKR Billion)	Shariah-Compliant Assets as % of Total Assets
Money Market	31	94736	2,024.67	46.8%
Income	41	456.30	982.45	46.4%
Equity	23	146.24	448.57	32.6%
Fixed Rate / Return	10	56.63	228.95	24.7%
Asset Allocation	15	50.75	62.32	81.4%
Aggressive Fixed Income	4	48.77	75.19	64.9%
Others*	34	20.12	111.34	18.1%
Total Shariah-Compliant	158	1,726.16	3,933.48	43.9%

Others include index tracker funds, commodity funds, balanced funds, fund of funds, dedicated equity funds, capital protected funds (conventional only), and ETFs.

Over the past five years, the Shariah-compliant mutual fund industry has experienced substantial growth. The total assets of the industry have increased from PKR 433.82 billion on June 30, 2021 to PKR 1,726.16 billion on June 30, 2025, translating into a substantial growth of 297.9% over this period.



The following graph depicts the total assets of both Shariah-compliant and conventional mutual fund industries over the last five years.

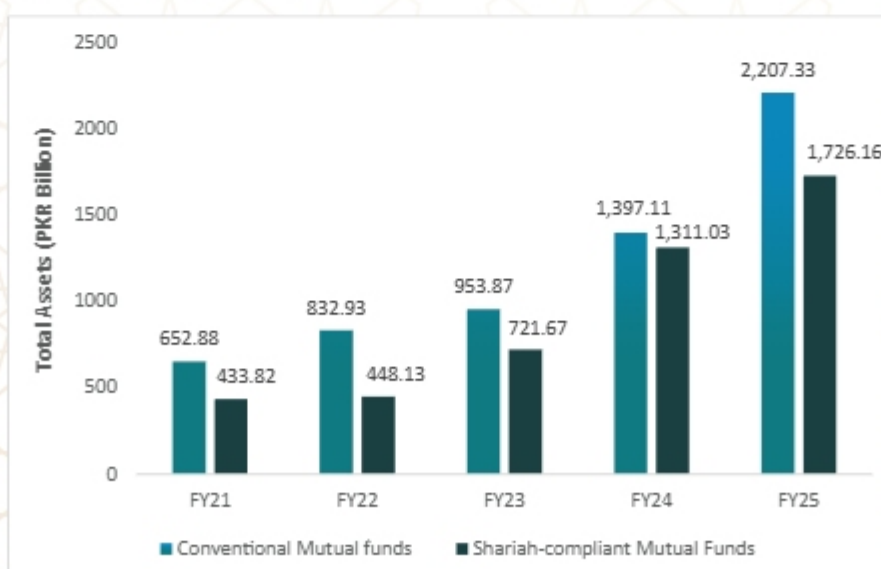


Figure 4: Total assets of conventional and Shariah-compliant mutual fund industries

As the above graph indicates, the asset growth of the conventional mutual funds industry (58.0%) outpaced the Shariah-compliant mutual funds industry (31.7%) during FY24-25. However, the overall growth of the conventional industry over the five-year horizon, at 238.1%, is lower than that for the Shariah-compliant industry (297.9%).

2.2.1.2 Islamic Pension Funds

Shariah-compliant pension funds constitute the majority in the industry, with 27 out of 47 funds, and 58 out of 102 sub funds, being Shariah compliant. The quarterly data pertaining to the assets of both Shariah-compliant and conventional pension funds during FY24-25 is depicted in the table below:

Table 5: Details of total assets of Shariah-compliant and conventional pension fund sectors

Total Assets	September 30, 2024	December 31, 2024	March 31, 2025	June 30, 2025
	(PKR Billion)			
Conventional pension funds	28.78	33.12	35.39	38.59
Shariah-compliant pension funds	53.52	62.40	65.90	72.65
Total	82.30	95.52	101.29	111.24
% of Shariah-compliant pension funds	65.0%	65.3%	65.1%	65.3%

A breakdown of the number and assets of various categories of Shariah-compliant pension funds, as on June 30, 2025, is provided in the table below.

Table 6: Assets of various categories of Shariah-compliant pension funds as on June 30, 2025

Category of Pension Funds	No. of Sub-Funds	Shariah-Compliant Assets (PKRBillion)	Total Assets (PKRBillion)	Shariah-Compliant Assets as % of Total Assets
Money Market	27	32.31	48.53	66.6%
Equity	15	20.17	31.89	63.3%
Debt	15	19.17	29.49	65.0%
Commodities / Gold	1	1.00	1.34	74.8%
Total	58	72.65	111.24	65.3%

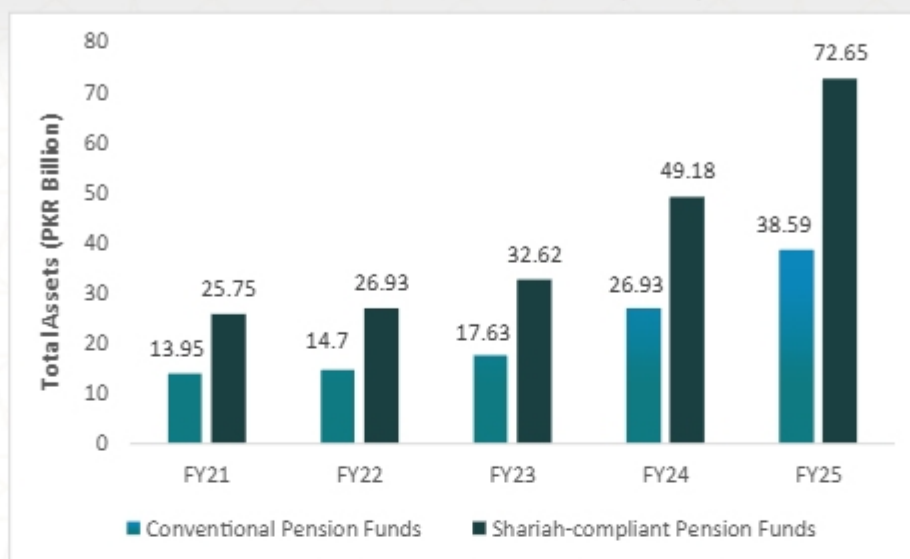
Over the past five years, the total assets of the Shariah-compliant pension fund industry have nearly tripled – from PKR 25.75 billion to PKR 72.65 billion. This is characterized by substantially high growth in asset value in FY23-24 and FY24-25, worth PKR 16.56 billion and PKR 23.47 billion, respectively.

65.3%

the proportion of Shariah-compliant pension funds' assets (worth PKR 72.65 billion) in the overall industry assets (worth PKR 111.24 billion) as on June 30, 2025

The following graph depicts the total assets of both Shariah-compliant and conventional pension fund industries over the last five years.

Figure 5: Total assets of conventional and Shariah-compliant pension fund industries



As the above graph indicates, the assets of the Shariah-compliant pension funds industry grew by a substantial 47.7% during FY24-25. Over the five-year period, the asset growth of Shariah-compliant funds (182.1%) outpaced that for conventional funds (176.6%), which points to the continuing domination of Shariah-compliant pension funds in the overall industry.

2.2.2 Islamic REITs

SECP certified four Shariah-compliant REIT schemes, collectively valued at PKR 14.4 billion, during FY24-25, including two developmental REITs, one rental REIT, and one hybrid REIT. This brings the total number of certified Shariah-compliant REIT schemes to 17, with their specific details attached as Schedule IV.

As on June 30, 2025, 16 REIT schemes have been successfully launched, with a total asset size of PKR 195.12 billion. Out of these, 14 schemes are Shariah compliant, having assets worth PKR 187.39 billion. This highlights the growing preference for Shariah-compliant investments, and positions REITs as a fundamental pillar in the Islamic financial sector.

96%

the proportion of Shariah-compliant REIT assets (worth PKR 187.39 billion) in the overall industry assets (worth PKR 195.12 billion) as on June 30, 2025

The quarterly growth of conventional and Shariah-compliant REIT sectors during FY24-25 is given as under:

Table 7: Details of total assets of Shariah-compliant and conventional REIT schemes

Total Assets	September 30, 2024	December 31, 2024	March 31, 2025	June 30, 2025
	(PKR Billion)			
Conventional REITs	7.20	7.20	7.68	7.73
Shariah-compliant REITs	164.56	169.17	173.3	187.39
Total	171.76	176.37	180.97	195.12
% of Shariah-compliant REITs	95.8%	95.9%	95.8%	96.0%

2.2.3 Private Funds

Private funds, including private equity, venture capital, and alternate funds, are a relatively new segment in Pakistan, with Islamic finance making inroads. As of June 30, 2025, there are 7 private funds having assets worth PKR 10.25 billion. Another 8 private funds, including 2 Shariah-compliant ones, have been registered although they are yet to be launched.

2.3 Modarabas

Modaraba, a pioneer in Islamic financial services in Pakistan since 1980, has a unique model that has immense potential to cater to the financing needs of micro, small, and medium enterprises. As of June 30, 2025, a total of 30 Modaraba management companies are registered, with 20 actively operating Modarabas listed at PSX.

PKR 18.69
billion

the equity base of the modaraba sector as on
June 30, 2025

The total assets of the modaraba sector presently stand at PKR 61.36 billion, representing a modest 1.1% share in the overall NBFC industry. Moreover, the assets of modaraba sector have not grown substantially over the past five years. The total assets of the modaraba sector stood at PKR 54.35 billion as on June 30, 2021 and have fluctuated in the years since, as depicted in the following graph:

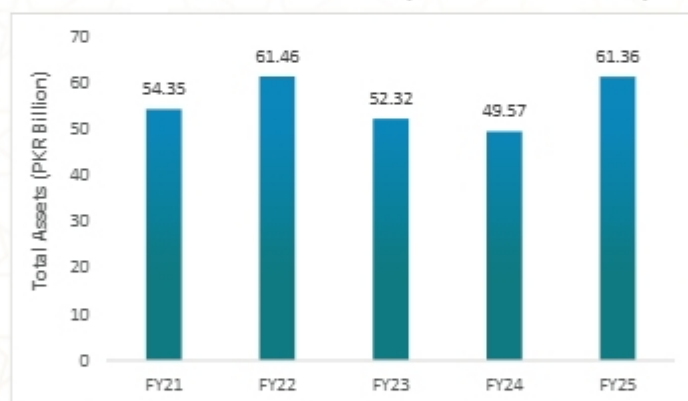


Figure 6: Total assets of the modaraba sector

Loans and advances constitute the majority of assets in the modaraba sector. The following graph summarizes the asset allocation of modarabas as on June 30, 2025.

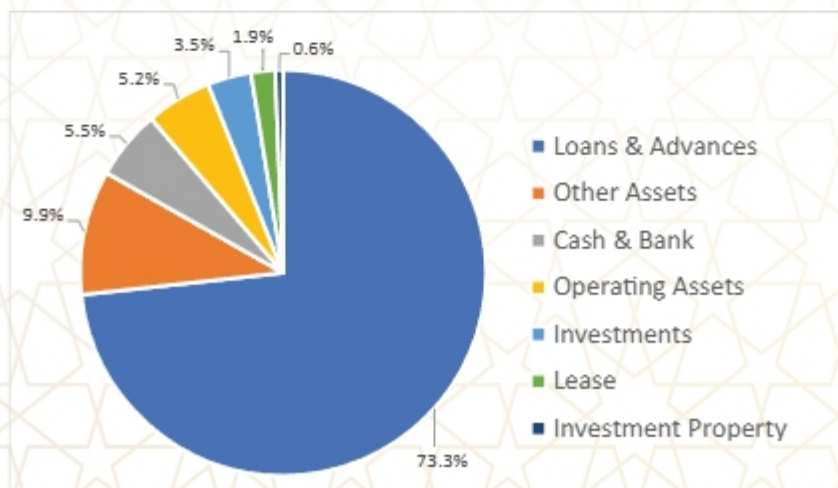
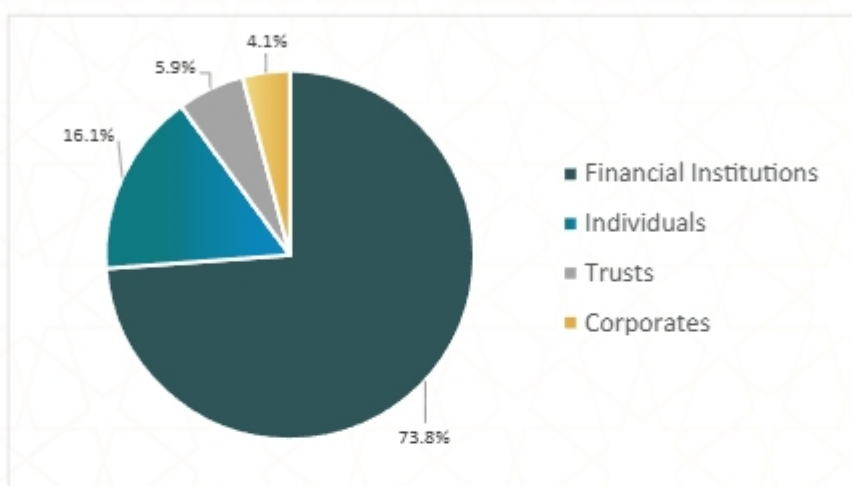


Figure 7: Asset allocation of modarabas as on June 30, 2025

The total deposits of the modaraba sector currently stand at PKR 26.58 billion, out of which deposits worth PKR 19.62 billion have been raised from financial institutions. The following graph depicts the proportion of deposits raised from various categories of investors as on June 30, 2025.

Figure 8: Categories of depositors for the modaraba sector as on June 30, 2025



2.4 Takaful

The takaful sector has exhibited steady growth as an alternative to conventional insurance, with regulatory reforms and awareness efforts in recent years contributing to increased adoption of takaful services. Presently, the takaful sector of Pakistan consists of 32 active operators, categorized as follows

Table 8: Categories of Takaful Operators as on December 31, 2024²

Category	Dedicated Operators	Window Operators	Total Operators
Family Takaful (Life)	4	7	11
General Takaful (Non-life)	2	19	21
Total	6	26	32

As on December 31, 2024, the total assets of the insurance and takaful industry amount to PKR 3,553.94 billion, while the reinsurance assets are worth PKR 74.21 billion, bringing the consolidated value of assets to PKR 3,628.15 billion. The following table shows the value and proportion of total assets of takaful operators, including window services:

² The latest available figures for the insurance and takaful industry pertain to December 31, 2024

Table 9: A breakdown of the total assets of the insurance industry³ as on December 31, 2024³

Segment	Total Assets (PKR Billion)	Percentage of Assets
Life/Family Segment		
Life insurance (conventional)	2,382.58	76.9%
Family takaful	717.11	23.1%
Total assets of life/family segment	3,099.69	100.0%
Non-Life/General Segment		
General insurance (conventional)	401.72	88.4%
General takaful	52.54	11.6%
Total assets of non-life segment	454.26	100.0%
Consolidated		
Conventional insurance	2,784.29	78.3%
Takaful	769.65	21.7%
Total	3,553.94	100.0%

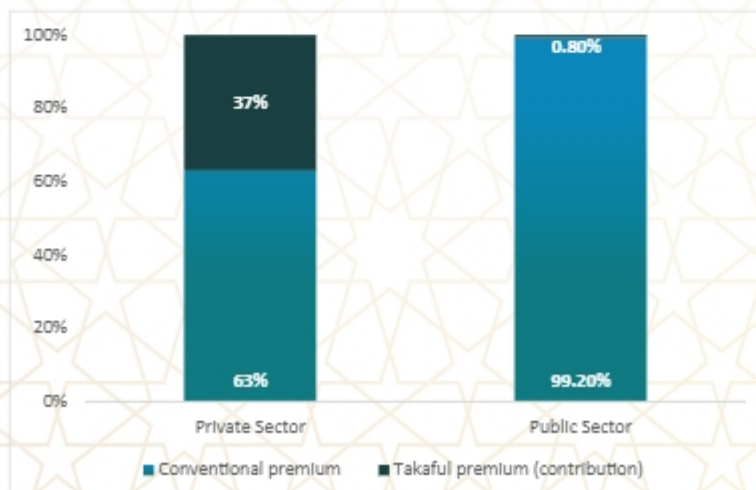
The total gross premium of the takaful industry for the calendar year 2024 (CY24) stood at PKR 97 billion. The following table details the value and percentage of takaful premium for CY24.

Table 10: Gross premium of takaful industry during CY24

Description	Family Takaful	General Takaful
Gross premium (PKR Billion)	66	31
YoY premium growth	37%	24%
Takaful premium as % of industry premium	15%	13%

In the life segment, family takaful accounts for 15% of the total industry premium, as highlighted in the preceding table. However, the contribution of takaful is considerably higher in the private sector, accounting for 37% of its total premium during CY24. On the other hand, the premium share of family takaful in the public sector remained almost negligible, as depicted in the following graph.

Figure 9: Contribution of family takaful in the private and public sector premiums



³ Postal Life Insurance Company and National Insurance Company Limited are not included in the above table due to non-availability of data.

The increase in demand for family takaful is evident from the fact that its share in new business premium, which includes first year premium and single premium for the year, increased from 27% in CY23 to 35% in CY24. The share of family takaful in the private and public sectors was 48% and 4%, respectively, in terms of new business premium in CY24.

With respect to regular premium and single premium, the share of family takaful grew from 16% in CY23 to 20% in CY24. The share of family takaful in the private and public sectors was 42% and 1%, respectively, in terms of regular business premium in CY24.

In the non-life segment, motor and health are the two largest components of takaful, together accounting for more than two-third of the total general takaful premium for CY24. The following graph shows the proportion of premium pertaining to different asset classes for the year:

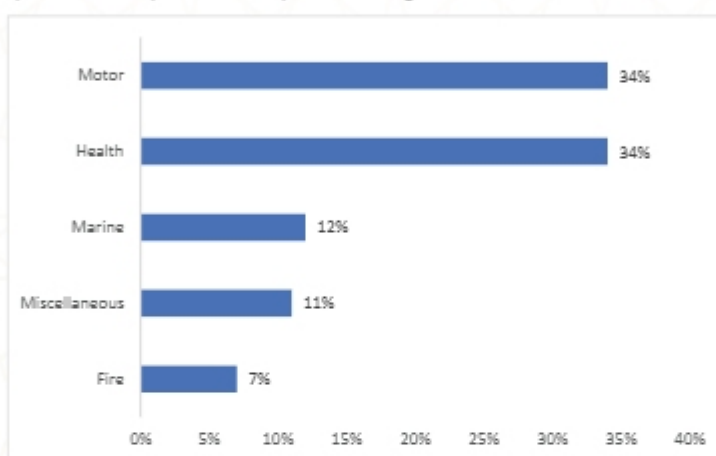


Figure 10: Contribution of general takaful in the overall segment premium

3. KEY DEVELOPMENTS AND REFORMS

The SECP has made significant progress in promoting and developing Islamic finance across all regulated sectors, transforming the Islamic finance ecosystem in Pakistan. Some of the key developments during FY24-25 are as follows.

Development of a Shariah-compliant P2P Financing Framework

A dedicated Shariah-compliant P2P financing model has been developed, integrating appropriate Islamic financial structures within an enabling regulatory environment. Following the approval by the Shariah Advisory Committee of SECP, the Shariah-compliant P2P Financing Framework is now being formally incorporated into the broader P2P regulatory regime, thereby facilitating faith-based access to alternative financing channels and promoting greater inclusion within the Islamic fintech ecosystem.

Promotion of Shariah-compliant products by Microfinance Companies

A comprehensive proposal paper has been developed, providing guidance on product structuring, governance mechanisms, and potential avenues for Shariah-compliant fundraising and product innovation by microfinance companies. This initiative aims to support microfinance institutions in broadening their outreach, diversifying funding sources, and aligning with the principles of Islamic finance.

Development of Shariah-compliant Products for Non-Banking Finance Companies (NBFCs)

SECP has initiated a comprehensive exercise to map existing NBFC offerings along with their modes of delivery (traditional or digital). The insights gained from this initiative formed the basis for the development of a detailed guidebook to assist NBFCs in designing and offering Shariah-compliant alternatives tailored to their business models.

Introduction of new concepts to develop Sukuk market

Two comprehensive consultation papers have been developed, which propose novel sukuk structures aligned with global standards following extensive stakeholder engagements, to foster the growth and diversification of the domestic sukuk market. As part of this initiative, key challenges impeding corporate sukuk issuance were thoroughly reviewed and addressed. A suitable structure for the issuance of short-term, tradeable sovereign sukuk has been finalized and formally shared with relevant offices for consideration and implementation.

Development of Guidebook for Corporate Sukuk

A comprehensive corporate sukuk guidebook has been developed to assist issuers, detailing the complete issuance process, including regulatory requirements, standard Shariah-compliant structures, and illustrative legal documents. Sukuk documents based on Shirkat-ul-Aqd and Diminishing Musharakah structures were reviewed and aligned with the guidance of the Shariah Advisory Committee (SAC) to ensure both Shariah compliance and legal soundness.

Introduction of the concept of Waqf company

With the objective to formally embed Islamic social finance within Pakistan's financial system, a comprehensive concept paper introducing the idea of Waqf Companies and their potential integration with regulated sectors was issued. The concept is in process of being finalized following stakeholder consultations and legal vetting.

Launch of mandatory certification framework

To enhance institutional capacity, SECP launched mandatory certification for registered Shariah advisors and relevant SECP employees. The Islamic finance certification curriculum offered by the Institute of Financial Markets of Pakistan (IFMP) was also revamped. This initiative is expected to significantly enhance human resource capacity in the Islamic finance sector.

Strategy for Adoption of Islamic Accounting Standards

A specialized committee was formed to develop a strategy for adopting Islamic accounting standards with the aim to address the need for consistent accounting treatment of Islamic financial transactions and ensure transparency in financial reporting. Based on the committee's recommendations, the Commission has decided to benchmark AAOIFI's Islamic Accounting Standards.

Regulatory reforms:

The SECP continued to implement targeted regulatory reforms to foster a more enabling and coherent environment for Islamic finance across its regulated sectors. These reforms are aimed at addressing structural gaps, enhancing legal clarity, and aligning Pakistan's Islamic finance framework with international standards. Key initiatives include:

a. **Modaraba Ordinance (Amendment) Bill:** Amendments to the Modaraba Ordinance were finalized following stakeholder consultations with the objective to modernize the framework, enhance investor protection, and promote sectoral growth. The revised bill has been approved by both the Policy Board and the Commission and has been submitted to the Finance Division for legislative processing.

b. **Modaraba Companies and Modaraba Rules, 1981:** Substantial revisions to the Modaraba Rules were developed to improve operational flexibility and governance standards. The amended rules, approved by the Commission, have also been submitted to the Finance Division.

c. **Regulatory Alignment Across Sectors:** To promote consistency and remove regulatory arbitrage across Islamic financial institutions, SECP notified amendments to the Non-Banking Finance Companies (NBFC) Regulations and the consolidated circular for Modarabas. This alignment supports a more level playing field and facilitates product innovation and cross-sectoral growth.

d. **Islamic Financial Services Bill:** A landmark legislative initiative, the draft Islamic Financial Services Bill has been prepared in consultation with key stakeholders and is currently under legal vetting. The bill seeks to establish a comprehensive and unified legal framework for the Islamic finance industry.

Capacity Building and Awareness Sessions:

A number of sessions and events were held to promote Islamic finance during FY24-25, including trainings conducted by global experts from institutions such as AAOIFI, IFSB, and IsDBI. Further details are as follows

a) 13 specialized trainings organized by SECP for its employees, market participants, government officials, and academia.

b) 21 awareness sessions across Pakistan, engaging university and Madaris students, professionals, and members of chambers of commerce.

c) 20 Islamic finance events hosted by industry and academic institutions in which SECP participated.

Successful Hosting of the 2nd International Islamic Capital Markets (ICM) Conference

Building on the momentum of its inaugural edition, the SECP successfully hosted the 2nd ICM Conference in December 2024, reaffirming Pakistan's growing leadership in the global Islamic finance arena. Organized in strategic collaboration with AAOIFI and IsDBI, the event attracted wide participation from domestic and international stakeholders. It provided a high-impact platform for dialogue on key issues shaping the future of Islamic capital markets, including regulatory harmonization, product innovation, sustainability, and digital transformation. Key highlights of the event included:

a) Pre-conference technical workshops led by international experts, offering deep dives into AAOIFI standards, Sukuk structuring, and Shariah governance.

b) The first-ever Islamic Finance Expo in Pakistan, which showcased products and services offered by Islamic banks, non-bank financial institutions, FinTechs, and Takaful operators.

c) Strategic bilateral meetings with global stakeholders to explore regulatory cooperation, capacity building, and cross-border market integration.

4. WAY FORWARD

SECP aims to continue the momentum for greater development and adoption of Islamic finance in its regulated sectors, with particular emphasis on the following:

a) Providing a calibrated yet sustained regulatory impetus particularly in underdeveloped segments such as digital financing, Islamic microfinance, and Islamic private equity and venture capital.

b) Enhancing governance, transparency, and Shariah compliance in more mature sectors, including Islamic capital markets, mutual funds, Takaful, and Modarabas.

c) Promoting the development of Shariah-compliant alternatives in areas such as agri-financing, tokenized securities, and other technology-driven areas.

d) Continuing to prioritize mass awareness and advocacy by targeting underserved segments, with special focus on youth, women, and overseas Pakistanis.

5. SCHEDULES

Schedule I

Snapshot of Islamic Finance under SECP's Regulatory Domain as on June 30, 2025								
PKR Billion								
Description	Islamic				Conventional			
	No.	% of Total	No.	% of Total	No.	% of Total	No.	% of Total
NBFCs and Modarabas	Numbers		Asset Size		Numbers		Asset Size	
Mutual Funds	158	42.8%	1,726.16	43.9%	211	57.2%	2,207.32	56.1%
Pension Funds	27	57.4%	72.65	65.3%	20	42.6%	38.59	34.7%
REITs	14	87.5%	187.39	96.0%	2	12.5%	7.73	4.0%
PE & VC Funds	-	-	-	0.00%	7	100.0%	10.25	100.00%
Investment Banks	-	-	-	0.00%	41	100.0%	133.85	100.00%
Microfinance companies	1	2.4%	0.11	0.04%	40	97.5%	297.07	96.4%
Modarabas	20	100%	61.36	100%	-	-	-	-
AMC/IAS*	-	-	-	0.00%	28	100.0%	93.23	100.00%
Leasing Companies	-	-	-	0.00%	3	100.0%	5.16	100.0%
Housing Finance Companies	1	36.1%	0.38	38.38%	4	75.00%	0.67	63.9%
Corporate Sukuk	156	100%	1,025.18	100%	-	-	-	-
Sovereign Sukuk (GoP – Listed)	23**	100%	2,824.57	100%	-	-	-	-
Listed securities	Numbers		Market Cap		Numbers		Market Cap	
	282	52.8%	9,158	60.1%	252	47.2%	6,078	39.9%
Insurance/Takaful	Non-Life (General)							
	Takaful				Insurance			
	No. of Operators (Windows + Dedicated)		Premium (PKR Bn)		Number of Operators		Premium (PKR Bn)	
	21 (19+2)		31 (13%)		27		212 (87%)	
	Life (Family)							
	Takaful				Insurance			
	No. of Operators (Windows + Dedicated)		Premium (PKR Bn)		Number of Operators		Premium (PKR Bn)	
	11 (7+4)		66 (15%)		8		368 (15%)	
	Notes:							
* Many fund management entities hold multiple NBFC licenses. As of June 30, 2025, there are a total of 62 fund management entities.								
** Denotes the number of auctions for sovereign sukuk listed on PSX since December 2023.								

Schedule II

List of Corporate Sukuk whose Shariah Structure was Certified by SECP during FY24-25

Sr.	Issuer Name	Date of Issuance of Certificate	Tenor	Amount (PKR Billion)	Type of Sukuk (Shariah Structure)
1.	K-Electric Limited (STS-27)	08-Jul-2024	6 Month	5	Shirkat-ul-Aqd
2.	Pakistan Telecommunication Company Limited	08-Jul-2024	6 Month	2.5	Shirkat-ul-Aqd
3.	Pakistan Telecommunication Company Limited	18-Jul-2024	6 Month	5	Shirkat-ul-Aqd
4.	Hub Power Company Limited	19-Jul-2024	6 Month	6	Shirkat-ul-Aqd
5.	Lucky Electric Power Company Limited	25-Jul-2024	6 Month	7	Shirkat-ul-Aqd
6.	K-Electric Limited (STS-27)	29-Jul-2024	6 Month	7	Shirkat-ul-Aqd
7.	Pakistan Telecommunication Company Limited	29-Jul-2024	6 Month	5	Shirkat-ul-Aqd
8.	Enertech Water Pvt Ltd	21-Aug-2024	Long Term	2	Diminishing Musharakah
9.	Pakistan Telecommunication Company Limited	28-Aug-2024	6 Month	10	Shirkat-ul-Aqd
10.	Mughal Energy Limited	16-Sept-2024	medium	2.5	Diminishing Musharakah
11.	K-Electric Limited (STS-28)	25-Sept-2024	6 Month	6	Shirkat-ul-Aqd
12.	Sitara Chemicals P(Pvt) Ltd	27-Sept-2024	Long Term	2.3	Shirkat-ul-Aqd
13.	Al-Karam Textiles Mills Limited	08-Oct-2024	6 Month	4	Shirkat-ul-Aqd
14.	Pakistan Mobile Company Limited	08-Oct-2024	6 Month	15	Shirkat-ul-Aqd
15.	Ismail Industries Limited	08-Oct-2024	6 Month	5	Shirkat-ul-Aqd
16.	AirLink Communication Limited	10-Oct-2024	6 Month	3.12	Shirkat-ul-Aqd
17.	Mughal Iron & Steel Industries Limited	17-Oct-2024	6 Month	2.5	Shirkat-ul-Aqd
18.	Masood Textile Mills Limited	21-Oct-2024	5 years	3	Diminishing Musharakah
19.	Pakistan Telecommunication Company Limited	24-Oct-2024	6 Month	5	Shirkat-ul-Aqd
20.	AirLink Communication Limited	29-Oct-2024	6 Month	4	Shirkat-ul-Aqd
21.	At-Tahir Limited	06-Dec-2024	6 Month	7.5	Shirkat-ul-Aqd
22.	Select Technologies (Pvt) Ltd	09-Dec-2024	6 Month	3	Shirkat-ul-Aqd
23.	Sundridge Food (Pvt) Ltd	01-Jan-2025	5 years	2	Diminishing Musharakah
24.	Pakistan Telecommunication Company Limited	09-Jan-2025	6 Month	5	Shirkat-ul-Aqd

Schedule II

Sr.	Issuer Name	Date of Issuance of Certificate	Tenor	Amount (PKR Billion)	Type of Sukuk (Shariah Structure)
27.	Pakistan Telecommunication Company Limited	17-Jan-2025	6 Month	10	Shirkat-ul-Aqd
28.	Airlink Communications Ltd	30-Jan-2025	6 Month	3	Shirkat-ul-Aqd
29.	Mughal Iron and Steel Industries Ltd	31-Jan-2025	6 Month	2.5	Shirkat-ul-Aqd
30.	Aspin Pharma (Private) Ltd	04-Feb-2025	6 Month	2	Shirkat-ul-Aqd
31.	Lucky Electric Power Company Ltd	06-Feb-2025	6 Month	8	Shirkat-ul-Aqd
32.	Gul Ahmad Textile Mills Limited	11-Feb-2025	6 Month	10	
33.	ZKB Construction Private Limited	11-Feb-2025	3 Years	5	Diminishing Musharakah
34.	Ismail Industries Ltd	27-Feb-2025	6 Month	8	Shirkat-ul-Aqd
35.	K-electric Ltd	05-Mar-2025	6 Month	7	Shirkat-ul-Aqd
36.	Mahmood Textile Mills Ltd	10-Mar-2025	6 Month	3	Shirkat-ul-Aqd
37.	Pakistan Telecommunication Company Limited	14-Mar-2025	6 Month	5	Shirkat-ul-Aqd
38.	K-electric Ltd *	20-Mar-2025	1 Year	3	Shirkat-ul-Aqd
39.	AirLink Communication Limited	08-Apr-2025	6 Month	4	Shirkat-ul-Aqd
40.	Pakistan Mobile Company Limited	11-Apr-2025	6 Month	15	Shirkat-ul-Aqd
41.	K-electric Ltd	17-Apr-2025	6 Month	7	Shirkat-ul-Aqd
42.	Masood Textile Mills Limited	24-Apr-2025	6 Month	3	Shirkat-ul-Aqd
43.	Pak Elektron Limited	29-Apr-2025	6 Month	2	Shirkat-ul-Aqd
44.	Engro fertilizer limited	09-May-2025	6 Month	20	Shirkat-ul-Aqd
45.	Mughal Iron & Steel Industries Limited	09-May-2025	6 Month	2.5	Shirkat-ul-Aqd
46.	At-Tahur Limited	23-Apr-2025	6 Month	7.5	Shirkat-ul-Aqd
47.	K-electric Ltd	19-Jun-2025	6 Month	10	Shirkat-ul-Aqd
48.	Select Technologies (Pvt) Ltd	19-Jun-2025	6 Month	3.5	Shirkat-ul-Aqd
49.	Burj Clean Energy Modaraba	19-Jun-2025	6 Month	0.7	Shirkat-ul-Aqd
50.	M/s Loads Limited	19-Jun-2025	6 Month	0.75	Shirkat-ul-Aqd
51.	Pakistan Telecommunication Company Limited	24-Jun-2025	6 Month	5	Shirkat-ul-Aqd

* This is the only listed sukuk while all others have been privately placed.

Schedule III

Trading Statistics of Shariah-Compliant Companies Listed on PSX

Particulars	Sep. 30, 2024	Dec. 31, 2024	Mar. 31, 2025	Jun. 30, 2025
Listed Companies				
Shariah compliant	270	271	288	282
Conventional	259	259	244	252
Total	529	530	532	534
Market Capitalization (PKR Billion)				
Shariah compliant	5,850	8,059	9,283.96	9,158
Conventional	4,769	6,435	5,088.39	6,078
Total	10,619	14,494	14,372.35	15,236
KMI-All Shares (Shares in Billion)				
Trading turnover	14,562	33,354	20.11	22,891
% of total trading volume at PSX	48.06%	59.10%	62.31%	62.34%
Trading value	773,204	1,732.68	1,362.26	1,397.81
% of total trading trade value at PSX	69.24%	72.87%	81.03%	79.67%
KMI-30 (Shares in Billion)				
Trading turnover	4,080	9,433	8.92	8,605
% of total trading volume at the PSX	13.47%	16.71%	27.64%	23.44%
Trading value	394,720	1,085	923.05	906.885
% of total trading trade value at PSX	35.35%	45.64%	54.90%	51.69%
MZNPI (Shares in Billion)				
Trading turnover	1,857	4,00	2,31	2,241
% of total trading volume at the PSX	6.13%	7.09%	7.14%	6.14%
Trading value	261,256	693.86	536.30	520.933
% of total trading trade value at PSX	23.40%	29.18%	31.90%	29.69%
MII30 (Shares in Billion)				
Trading turnover	4,227	10,05	6,27	5,529
% of total trading volume at the PSX	13.95%	17.81%	19.42%	15.06%
Trading value	379,020	966,102	821.88	852,368
% of total trading trade value at PSX	33.94%	41.90%	48.89%	48.58%

Schedule IV

List of REIT Schemes Certified as Shariah-Compliant by SECP as of June 30, 2025

Sr.	Name of REIT	Placement	Date of Issuance of Certificate	Type	Amount (PKR Billion)	Name of Company
1.	Rahat Residency REIT	Privately Placed	21-Aug-2023	Developmental	1	Arif Habib Dolmen REIT Management Limited
2.	Signature Residency REIT	Privately Placed	21-Aug-2023	Developmental	0.82	Arif Habib Dolmen REIT Management Limited
3.	Sapphire Bay Islamic Development REIT	Privately Placed	02-Oct-2023	Developmental	25	Arif Habib Dolmen REIT Management Limited
4.	Image REIT	Privately Placed	05-Oct-2023	Hybrid	2.8	Sino Link REIT Management Company Limited
5.	Gymkhana Apartment REIT	Privately Placed	12-Jan-2024	Developmental	4.3	Arif Habib Dolmen REIT Management Limited,
6.	Pakistan Corporate CBD REIT	Privately Placed	12-Jan-2024	Developmental	8	Arif Habib Dolmen REIT Management Limited,
7.	Silk world Islamic REIT	Privately Placed	12-Jan-2024	Developmental	6.16	Arif Habib Dolmen REIT Management Limited,
8.	Dolmen City REIT*	Listed	07-Feb-2024	Rental	22.3	Arif Habib Dolmen REIT Management Limited,
9.	Silk Islamic Development REIT	Privately Placed	28-Feb-2024	Developmental	6.16	Arif Habib Dolmen REIT Management Limited,
10.	Naya Nazimabad Apartment REIT	Privately Placed	11-Mar-2024	Developmental	8.8	Arif Habib Dolmen REIT Management Limited,
11.	Emerald Bay Islamic Development REIT	Privately Placed	18-Apr-2024	Developmental	2	The Lake City REIT management Limited.
12.	TPL REIT Fund - I	Privately Placed	26-Apr-2024	Hybrid	18	TPL REIT Management Limited.
13.	Park View Apartment REIT	Privately Placed	10-May-2024	Developmental	2.41	Arif Habib Dolmen REIT Management Limited
14.	Meezan Center REIT	Privately Placed	02-Jul-2024	Developmental	1.3	Arif Habib Dolmen REIT Management Limited
15.	Ijara HMR REIT	Privately Placed	14-Nov-2024	Developmental	4	Ijara Capital Partners Limited
16.	Lake City Mall Islamic Rental REIT	Privately Placed	28-Jan-2025	Rental	1.6	Lake City REIT Management Ltd
17.	JS Hotel REIT	Privately Placed	20-Jun-2025	Hybrid	7.5	JS Investments Limited,

* Dolmen City REIT is the only listed REIT scheme while all others are privately placed.

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