



**SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN
SPECIALIZED COMPANIES DIVISION
(MODARABA WING)**

No. SC/M/RW/R.B./2008-

May 8, 2008

Circular No. 6 of 2008

Subject: **Model Financing Agreements for Modarabas**

It is notified to all concerned that the Religious Board in its meeting held on 19.3.2008 has approved the following Model Financing Agreements for Modarabas:

1. Diminishing Musharaka
2. Ijarah
3. Istisna
4. Mudarabah
5. Musawamah
6. Musharaka
7. Murabahah
8. Salam
9. Syndicate Mudarabah
10. Syndicate Musharakah
11. Islamic CFS Murabahah

2. The Religious Board has also approved the conceptual framework for issuance of Sukuk by Modarabas. The Modaraba Companies shall adopt the following procedure in this regard:

- i) Any Modaraba intending to issue Sukuk, will ensure that the transaction conforms to the admissible modes provided to its Prospectus approved by the Religious Board. It will also ensure that the basic concepts of *Shariah* compliance are fully adhered to in the proposed instruments in accordance with the general structure for issuance of Sukuk.
- ii) The respective Modaraba will submit its draft instrument to the Religious Advisor of the Modaraba Association of Pakistan (MAP) who would examine and certify that the instrument is fully compliant with the *Shariah* requirements and also conforms to various aspects of the proposed module.
- iii) The instrument will be submitted to the Registrar (Modarabas) along with the Compliance Certificate of the Religious Advisor of MAP, who after examining and satisfying himself on all of conceptual and operational aspects, would approve the instruments for issuance.

3. In addition to the above, the Religious Board has also approved issuance of "Modaraba Sukuks" to corporate as well as individual investors by Modarabas which will cater to short-term resource mobilization for Modarabas. The said Modaraba

Sukuks will be different from other Sukuks due to their tenure and modes i.e. these will be issued for a period from 90 days to 365 days. The Registrar (Modarabas) will issue Guidelines for issuance of Modaraba Sukuks separately.

4. All the Modaraba Companies shall adopt the aforesaid new Model Financing Agreement with immediate effect. The Modaraba Companies shall also ensure that while executing the said Agreements, none of the Agreements contain any ingredient which violates any Islamic injunction, including those pertaining to the admissibility of any kind of *riba*. Business transactions conducted on the basis of previous Financing Agreements shall be continued till their maturity.

5. Softcopies of the Agreements are placed on the web-site of the Securities and Exchange Commission of Pakistan under the following link:

http://www.secp.gov.pk/divisions/Portal_SCD/scd_wings.asp#modaraba

(Bilal Rasul)
Registrar (Modarabas)

Distribution:

1. The Chief Executives of all Modaraba Companies.
2. The Chairman, Modaraba Association of Pakistan.
3. The Institute of Chartered Accountants of Pakistan, Karachi.
4. The Institute of Cost and Management Accountants of Pakistan, Karachi.
5. Media Consultant, SEC
6. Executive Director IS & T.
7. Office copy.