



Press Release

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For immediate release

SECP measures for the promotion of Islamic finance

ISLAMABAD, April 5: The Securities and Exchange Commission of Pakistan (SECP) has envisaged a roadmap for restructuring and reorganizing of the Islamic capital market. The initiative aims at the promotion of Shariah compliance in the capital market of Pakistan.

The roadmap entails centralization of the Shariah related capital market activities, introduction of uniform Shariah Regulation for the takaful, modarabas, Islamic mutual funds, Islamic pension funds, Islamic REITs, other Islamic financial institutions (other than banking), Shariah compliant (Non-financial) Companies, Islamic products and instruments.

The Chairman SECP Mr Zafar Hijazi is very keen to work for the growth and promotion of Islamic financial industry and Shariah compliant companies in the country. Implementation of the work at SECP is being pursued by the Islamic Finance Department (IFD) established in February, 2015 for achieving the objective of a robust and credible Islamic capital market. The Islamic Finance Department in consultation with the Securities Market Division of the SECP is working to introduce an All-Share Shariah Compliant Companies' Index at the Karachi Stock Exchange.

The SECP recently gave its recommendations to the Steering Committee for the Promotion of Islamic Banking in Pakistan. The Steering Committee submitted its report to the Federal Minister for Finance, Senator Mohammad Ishaq Dar, at a ceremony held at the State Bank of Pakistan in Karachi last week. The SECP and State Bank of Pakistan have initiated implementation of the recommendations through the SBP-SECP Joint Forum on Islamic Finance reconstituted under the recommendations of the Steering Committee.

In addition to the implementation of the recommendations of the Steering Committee, the SBP-SECP joint forum on Islamic Finance is focusing on the promotion of takaful industry with the aim of gaining the Islamic banks' support for its development. The forum has also identified modarabas and sukuk as two other potential areas for the growth of Islamic capital market. The forum agreed to work for removal of hindrances and costs (tax/stamp duties) issues which are restricting the promotion of Sukuk in the country.

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