



## Press Release

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*For immediate release*

### **SECP sets up specialized department to regulate Islamic finance companies**

ISLAMABAD, February 11: To regulate and develop the Islamic financial market, the Securities and Exchange Commission of Pakistan (SECP) has established an Islamic Finance Department. The new specialized department shall carry out the functions of Shariah regulation and compliance, product development, market awareness, Shariah securities market development and international liaison and networking.

The Islamic Finance Department will act as a backbone for coordination between the SECP's operational departments with the primary objective of regulating and promoting Islamic finance and Shariah compliance in the capital market.

The SECP is entrusted with regulating a spectrum of Shariah-oriented companies, ranging from modarabas, non-banking finance, takaful and non-financial companies.

In the late 1970s the government of Pakistan took an initiative towards eliminating riba by introducing some changes to the 1962 Banking Companies Ordinance and the promulgation of the 1980 Modaraba Companies and Modaraba (Floatation and Control) Ordinance. Modarabas are the pioneering Islamic financial institutions in Pakistan followed by the Islamic banks, takaful, Islamic mutual funds and Islamic pension funds.

It is worth mentioning that at present the total Islamic financial assets of Pakistan have reached over Rs1.7 trillion, constituting around 10% of the total banking assets of Pakistan. Out of the total Islamic financial assets around 40% assets are directly or indirectly regulated by the SECP. They include mutual funds, modarabas, pension funds, takaful and sukuk.

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