

Dr. Tariq Hassan Represents Pakistan at Kuala Lumpur Moot

Islamabad June 22, 2005: – The Chairman, Securities and Exchange Commission of Pakistan (SEC), Dr. Tariq Hassan, who represented Pakistan at the Seminar on “10-years Master Plan for the Islamic Financial Services Industry” in Kuala Lumpur, Malaysia, on Tuesday has urged that the member countries of the Islamic Development Bank (IDB) should join hand in formulating a model law on Islamic finance based on Shariah and best practices.

The Seminar which was arranged by Islamic Financial Services Board Malaysia and was attended by Financial Experts from all over Islamic World.

Addressing the Seminar Dr. Tariq Hassan said that the creation of Shariah boards was necessitated due to a complete absence of any regulatory framework for Islamic finance. The evolutionary phase for Islamic finance is over and Islamic Ummah is now faced with an uphill task of creating a paradigm shift in how it perceives the development of Islamic financial services industry and that of Islamic capital markets in the long run. The new set of legal framework must be comprehensive and include all legal and regulatory aspects of contract law, company law, banking law, bankruptcy & insolvency law, tax laws and securities law. Experiences in the area of Islamic finance from various jurisdictions must be pooled to make it effective, sustainable, robust and modern. Evaluation of specific risks and rewards of Islamic financial products must be highlighted as Islamic finance is characterized with a unique partnership between shareholders, managers and depositors promoting social, moral and ethical obligations between the three partners, Dr. Tariq Hassan mentioned.

Once a model law on Islamic finance is developed it could be implemented in IDB member countries through self-regulatory organizations like stock exchanges and financial sector monitoring agencies. It would be the prerogative of national governments to make adjustments to their existing conventional regulatory regimes to accommodate this law, he added.

Continuing, Dr. Tariq Hassan said that in a world marked with increased globalization in trade and services, standardization is the key to success. A comprehensive model law on Islamic finance will help in removing impediments towards standardization through unified common set of principles and objectives of regulation and operation of Islamic capital markets which could be adopted unilaterally by all Muslim countries. Increased investor awareness will result in greater acceptability of Islamic capital market products expanding their market share in future.