



# Securities and Exchange Commission of Pakistan

12<sup>TH</sup> FLOOR, NIC BUILDING, 63-JINNAH AVENUE, BLUE AREA, ISLAMABAD

## ***PRESS RELEASE*** ***FOR IMMEDIATE RELEASE***

### **SECP'S RELIGIOUS BOARD FOR MODARABAS APPROVES MODEL ISLAMIC FINANCING AGREEMENTS**

**ISLAMABAD – MARCH 20, 2008:** The Religious Board for Modarabas today approved following *Shariah* Compliant model Islamic Financing Agreements for Modaraba sector: (i) Diminishing Musharika, (ii) Ijara, (iii) Istisna, (iv) Modaraba, (v) Musawamah, (vi) Musharika, (vii) Murabaha, (viii) Salam, (ix) Syndicate Modaraba, (x) Syndicated Musharika, (xi) Islamic CFS Murabaha, and (xii) Sukuk (Islamic Bonds)

The Model Islamic Financing Agreements will be issued under the Modaraba Ordinance, 1980. The Agreements have been designed to bring the Modaraba sector at a level-playing field with the financial institutions and to provide new products for the Islamic financial market. The Agreements are flexible and can be modified or amended to the extent that they do not affect the substance of the Agreement and are in no way in conflict with the *Shariah*.

The Religious Board for Modarabas also approved as *Shariah* Compliant the issuance of 'Modaraba Sukkuks', short-term certificates of investment, to facilitate resource mobilization for the Modarabas.

The Agreements and the 'Modaraba Sukkuks' were approved as *Shariah* Compliant in the 34<sup>th</sup> Meeting of the Religious Board for Modarabas, chaired by Justice Mian Mehboob Ahmed, and attended by Dr. Sher Mohammad Zaman, Member, Religious Board; as well as Mr. Bilal Rasul, Registrar (Modarabas), and Mr. Shahid Mehmood, Deputy Registrar (Modarabas), representing the SECP, and Mr. Mohammad Shoaib, Chairman of the Modaraba Association of Pakistan, (MAP) along with other representatives of MAP. Justice Mian Mehboob Ahmed, emphasized the role of the Modarabas in the development of the Islamic financial sector and encouraged them to expand their business through innovation and diversification. He also highlighted the need to expand the outreach to the rural and lowly-developed areas in order to serve the hitherto neglected sectors while fulfilling the socio-economic principles of Islam.

The MAP representatives expressed their gratitude for the guidance and support provided by the SECP and the Religious Board which would enable the sector to evolve and expand its businesses and size within the expanding Islamic financial sector of the country.

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