



SECURITIES & EXCHANGE COMMISSION OF PAKISTAN

Press Release

August 18, 2019

For immediate release

SECP APPROVES SHARIAH COMPLIANT FINANCING PRODUCT FOR CAPITAL MARKET

Securities and Exchange Commission of Pakistan (SECP) has approved the Regulations for Murabaha Share Financing (MSF) in persistence with its vision to develop and strengthen capital market, promote Shariah compliant financing and to stimulate liquidity in the securities market.

SECP has directed NCCPL to provide platform in relation to extending credit for share financing in compliance with Shariah principles and make necessary arrangements for system development and integration with CDC and PSX by September 2, 2019 to launch the MSF product at full scale for the investors.

MSF is primarily a sale transaction which is used to finance the purchase requirements of the investors in Shariah compliant manner. MSF product has been prepared after extensive consultations and under the guidance of Shariah Advisory Board of SECP and renowned Shariah scholars representing reputed Islamic banks. The product will allow financing only in Shariah compliant securities which fall under the PSX-KMI All Share Islamic Index. Under the MSF, financial institutions and securities brokers would be able to extend financing in Shariah compliant manner.

The introduction of MFS product would cater the needs of investors willing to avail Shariah compliant modes to finance their transactions. It will also pave the way towards realizing the untapped potential of Shariah compliant segment in the capital market. MSF product can be an attractive financing avenue for the Islamic banks operating in Pakistan due to limited availability of Shariah compliant investment options in capital market and excess liquidity available with such banks.