

**AAOIFI**

هيئة المحاسبة والمراجعة  
للمؤسسات المالية الإسلامية  
ACCOUNTING AND AUDITING ORGANIZATION  
FOR ISLAMIC FINANCIAL INSTITUTIONS



## MEMORANDUM OF UNDERSTANDING

BETWEEN

**AAOIFI**

هيئة المحاسبة والمراجعة  
للمؤسسات المالية الإسلامية  
ACCOUNTING AND AUDITING ORGANIZATION  
FOR ISLAMIC FINANCIAL INSTITUTIONS



AND



A Memorandum of Understanding is signed on 29<sup>th</sup> of May 2023 (hereinafter referred to as the “MOU”).

**Between:**

**The Accounting and Auditing Organization for Islamic Financial Institutions** (hereinafter referred to as “AAOIFI”), is an Islamic international autonomous not-for-profit corporate body established in 1991 that develops Shariah, accounting, auditing, governance and ethics standards for Islamic financial institutions and the industry with its office at Al Nakheel Tower, 10th Floor, Office 1001, Building 1074, Road 3622, Seef Area 436, Kingdom of Bahrain.

and

**Securities and Exchange Commission of Pakistan**, (hereinafter referred to as “SECP”) is an apex regulator of capital market in Pakistan, whose objective is to develop a modern and efficient corporate sector and a capital market based on sound authority principles, in order to encourage investment and foster economic growth and prosperity in Pakistan. The SECP is mandated to regulate and facilitate the growth of Shariah compliant financial products in the financial services market, and has been entrusted with the power to certify Shariah compliant companies, Shariah compliant securities and registration of Shariah Advisors, with its Head Office at NIC Building, 63, Jinnah Avenue, Islamabad.

[AAOIFI and the SECP shall hereinafter be referred to as “the Parties”.]

**Whereas:**

1. The Parties realize the need to increase knowledge and expertise in areas of mutual interest for the good operations of the Islamic financial services industry.
2. The Parties appreciate the importance of setting up a network of mutual co-operation, collaboration and support to strengthen the efforts of the two organizations through exchange of information and the sharing of expertise and resources; and
3. The Parties acknowledge the need to establish a relationship to facilitate mutual and joint cooperation between each other in promoting and undertaking development and awareness for the Islamic finance services industry stakeholders, including but not limited to, multilateral institutions, central banks, banking sector supervisors, Takaful sector supervisors, and capital market sector supervisors.

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The Parties have reached the following understandings:

## 1. Purpose

This MOU provides an outline for mutual and joint cooperation between AAOIFI and the SECP. and the Parties aim to work in the areas of common interest that support the development of Islamic banking and finance industry.

## 2. Acknowledgements

- 2.1 The SECP acknowledges that AAOIFI's core and sole mandate is to address the standardization of international Islamic finance practices thorough developing Shariah, accounting, auditing, governance and ethics standards for Islamic financial industry across the globe to achieve the desired harmonization in this regard; and
- 2.2 AAOIFI acknowledges that the SECP's core mandate is to regulate the corporate sector and capital market including the Islamic financial institutions in Pakistan. SECP proactively provides a stable framework for economic development of Islamic Republic of Pakistan through the effective, efficient, and transparent implementation of sound policies.

## 3. Scope and areas of cooperation

In line with the clause 1 of this MOU, AAOIFI and the SECP agree to cooperate on the best-efforts basis in promoting and undertaking the following activities:

### 3.1 Adoption of AAOIFI Standards

- a. The SECP may consider adopting AAOIFI Standards fully or with amendments for Islamic finance industry under its regulatory domain.

### 3.2 Collaboration in capacity building initiatives

- a. To organize conferences, workshops, symposiums, training programs, seminars or any other events relating to Islamic finance and Islamic capital market in Pakistan or anywhere in the world.
- b. The SECP may, at its discretion host public hearing events and other workshops & webinars from time to time inside Pakistan or outside and the same may also be organized virtually. Additionally, it may send out invitations of such events to the local stakeholders.

### 3.3 Collaboration in standards development

- a. The SECP may propose officials to join AAOIFI sub-committees, working groups and technical boards in line with the individual's expertise and experience;

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- b. The SECP may provide feedback and comments on the exposure drafts of various standards issued by AAOIFI; and
- c. The SECP may, at its discretion, host meetings of AAOIFI technical boards and other AAOIFI sub-committee meetings, public hearings and working group meetings in Pakistan.

#### 3.4 Other areas of collaboration

- a. To facilitate regular, frequent and meaningful exchange of information on relevant aspects of the Parties' respective activities and other matters of common interest, expressing a common voice where possible;
- b. To participate in the activities held by each Party relating to research, training and development in Islamic finance for the Islamic capital market;
- c. The SECP may consider making AAOIFI Fellowship programs as part of its Fit and Proper criteria for the professionals working in Islamic finance industry;
- d. The AAOIFI may, at its discretion offer special discount for its CIPA and CSAA qualification(s) to the SECP officers;
- e. The SECP may assist AAOIFI on a regular basis in updating its AAOIFI Footprint Report printed on an annual basis;
- f. AAOIFI may, at its discretion, provide special assistance to the SECP in the interpretation of the AAOIFI Standards and understanding of AAOIFI awareness and advocacy programs; and
- g. The SECP may consider contributing research papers in the semi-annual journal / technical bulletin – JOIFA published by AAOIFI.

#### 4. Methods of cooperation

- 4.1 The Parties shall take measures as deemed necessary to ensure the successful implementation of this **MOU**;
- 4.2 The Parties shall consult with each other to ensure effective execution of areas of cooperation under **Article 2** of this **MOU**; and
- 4.3 The Parties shall keep each other informed or updated of any necessary progress or development with regard to areas of cooperation under **Article 2** of this **MOU**.

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## 5. Intellectual property

- 5.1 Each party will share with the other concepts, ideas and other facets of its intellectual property where relevant and appropriate to advance the collaborative ends of this MOU. However, it must be understood that each party will respect the intellectual property rights of the other by reference to the latter's related policies and procedures and in accordance with relevant laws and that all intellectual property rights in any materials, documents or other items created by or licensed to either party will remain vested in such party (or its licensors).
- 5.2 The Parties will agree on the extent to which, by reference to their respective policies and procedures and in accordance with relevant laws, each will enjoy intellectual property rights relating to new materials, documents or other items created by the parties, individually or collectively, as a result of collaboration with each other further to this MOU.

## 6. Confidentiality

- 6.1 Each party will use information, gained as a result of collaboration with the other, further to this MOU, with due discretion and solely to the ends for which it was provided.
- 6.2 Neither party will, without the other party's prior agreement, during the period covered by this MOU or at any time thereafter, for any reason whatsoever disclose to any person or in any way make use of any information acquired from such other party, identified by it as confidential and will use its best endeavors to prevent the unauthorized publication or disclosure of any such information.

## 7. Financial matters

- 7.1 Nothing under this MOU shall be taken to represent a commitment of funds on the part of either party and, unless otherwise agreed between the parties, each party will bear its own costs relating to activities undertaken further to this MOU.
- 7.2 Unless otherwise specifically agreed in accordance with clause 7.1 above, both AAOIFI and the SECP shall not have any financial obligation by way of signing of this MOU.

## 8. Publicity

- 8.1 The parties may make public reference to the existence of this MOU as they think relevant and appropriate.
- 8.2 Either party may, with the prior written consent of the other party, use, where relevant and appropriate, and in appropriate terms, the other party's logo and / or trademark, which each party will make available to the other in digital format for such use on request.

## 9. Status of the MOU

- 9.1 This MOU is not intended to be a legally binding document and does not limit the parties from entering into similar arrangements with another party. It is meant to describe the nature and to suggest the guidelines of the cooperation between the AAOIFI and the SECP as described above. Nothing thereupon shall diminish the full autonomy of either Party nor will any constraints be imposed by either Party upon the other while carrying out this MOU.
- 9.2 This MOU represents an expression of common intent and nothing herein shall be construed as creating a joint venture, agency relationship or legal partnership between the parties. No provision of this MOU shall be construed so as to in any way interfere with the respective decision-making processes of the parties with regard to their own respective work and operation.
- 9.3 Neither party shall have any right, power or authority to create any obligation, express or implied, on behalf of the other.

## 10. Validity

- 10.1 This MOU shall be effective for three years from the date of signature by both parties. Its validity may be extended by agreement in writing between the parties.
- 10.2 This MOU may be terminated by either party for reasonable cause upon three months' prior written notice to the other, such notice shall provide the ground(s) for termination.

## 11. Revisions

- 11.1 Any revisions to this MOU shall be agreed in writing between the parties.

## 12. Assignment

- 12.1 Neither party may assign and / or otherwise transfer its rights or obligations or any part thereof under this MOU, to any third party without the prior written approval of the other party.

## 13. Resolving arising issue / dispute

In the event any dispute arises between the parties with regard to the terms and conditions of the MoU, the same shall be resolved by the parties through mutual negotiations among the senior management of the Parties.



## 14. Contact

- 14.1 The designated primary contact points for the parties for coordination of all matters relating to and / or arising under this MOU will be as follows:

For AAOIFI	For the SECP
<b>Name:</b> Dr. Rizwan Malik / Mr. Syed Siddiq Ahmed	<b>Name:</b> Mr. Tariq Naseem
<b>Title:</b> Executive Director / Sr. Manager, Standards Implementation and Strategic Developments	<b>Title:</b> Head of Department, Islamic Finance Department
<b>Phone:</b> +973 39576336, +973 35947400	<b>Phone:</b> +92 333 5225699
<b>Email:</b> <a href="mailto:rmalik@aoofi.com">rmalik@aoofi.com</a> , <a href="mailto:ssiddiq@aoofi.com">ssiddiq@aoofi.com</a>	<b>Email:</b> <a href="mailto:tariq.naseem@secp.gov.pk">tariq.naseem@secp.gov.pk</a>

- 14.2 Either party may at any time revise its designated primary contact point by notice to the other.
- 14.3 Any notice required to be provided hereunder shall be deemed duly given if made by either party to the other party's designated primary contact in writing, which for the purposes hereof shall include by email.

[End of clauses]

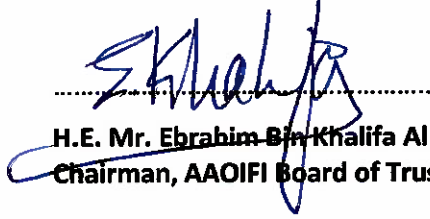
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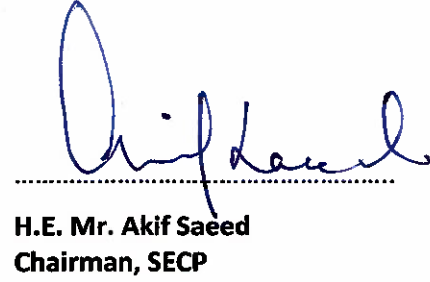


In witness whereof, the Parties have executed this MOU on the date above written:

Accounting and Auditing Organization for Islamic  
Financial Institutions (AAOIFI)

Securities and Exchange Commission of  
Pakistan (SECP)

  
H.E. Mr. Ebrahim Bin Khalifa Al Khalifa  
Chairman, AAOIFI Board of Trustees


  
H.E. Mr. Akif Saeed  
Chairman, SECP


Date: 29 May 2023

Date: 29 May 2023

Witnessed by:

Witnessed by:

  
Dr. Rizwan Malik  
ED, AAOIFI

  
TARIQ NASEEM  
Head Islamic Finance



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