

**GOVERNMENT OF PAKISTAN
SECURITIES AND EXCHANGE COMMISSION OF PAKISTAN**

NOTIFICATION

Islamabad the 2nd November, 2018.

S.R.O. 1318 (I)/2018 .- In exercise of the powers conferred by sub-section (1) of section 512 read with section 451 of the Companies Act, 2017 (XIX of 2017), the Securities and Exchange Commission of Pakistan is pleased to notify the following *Shariah* Governance Regulations, 2018 after having been previously published in the official Gazette *vide* notification S. R.O. 273 (I)/2018 dated March 01, 2018 as required by proviso to sub-section (1) of the said section 512, namely:-

**CHAPTER I
PRELIMINARY**

1. Short title and Commencement.- (1) These Regulations shall be called *Shariah* Governance Regulations, 2018.

(2) They shall come into force at once.

(3) These Regulations shall be applicable on *Shariah* compliant companies and *Shariah* compliant securities.

(4) The provisions of these regulations shall be in addition to and not in derogation of any other relevant laws, rules or regulations applicable to *Shariah* compliant companies and *Shariah* compliant securities.

2. Definitions.- (1) In these regulations unless there is anything repugnant in the subject or context-

(a) "Act" means the Companies Act, 2017 (XIX of 2017);

(b) "Commission" means the Securities and Exchange Commission of Pakistan established under section 3 of the Securities and Exchange Commission of Pakistan Act, 1997 (XLII of 1997);

(c) "Exchange" means the Pakistan Stock Exchange Limited;

(d) "Form" means forms appended to these regulations;

(e) "securities" shall have the same meaning as assigned to it in clause (61) of sub-section (1) of section (2) of the Act;

- (f) “*Shariah* Advisor” means a *Shariah* Advisor as defined in *Shariah* Advisors Regulations, 2017;
- (g) “*Shariah* Advisory Board” means the *Shariah* Advisory Board constituted by the Commission;
- (h) “*Shariah* compliant company” means a company as defined in the Act and which complies with requirements of these regulations;
- (i) “*Shariah* opinion” means an approval, a certificate, a *fatwa* (فتوى) or an opinion issued by a *Shariah* Advisor for the purpose of section 451 of the Act in the manner as specified in these regulations;
- (j) “*Shariah* Review Report” means a report issued by the *Shariah* Advisor under these regulations; and
- (k) “Schedule” means schedule appended to these regulations.

(2) Words and expressions used but not defined in these Regulations shall have the same meanings as are assigned to them in the Securities and Exchange Commission of Pakistan Act, 1997 (XLII of 1997) or any administered legislation.

CHAPTER II CERTIFICATION OF *SHARIAH* COMPLIANT COMPANIES

3. Certification of a *Shariah* compliant company.- No company shall be called a *Shariah* compliant company or hold itself out as operating a *Shariah* compliant company or Islamic financial institution, by whatever name called, unless it obtains a *Shariah* compliance certificate from the Commission under these regulations.

4. Application to obtain certification.- (1) Any company desirous of obtaining a *Shariah* compliance certificate shall make an application to the Commission as set out in Form A along with documents as mentioned therein and receipt evidencing the payment of non-refundable processing fee as prescribed in Schedule I.

(2) The Commission, while considering an application made to it under sub-regulation (1) shall have regard to the *Shariah* screening criteria as provided in these regulations and any other condition as may be specified by the Commission from time to time.

5. Grant of *Shariah* compliance certificate.- (1) The Commission may, if it is satisfied that the company seeking *Shariah* compliance certificate has fulfilled the minimum

criteria, grant a *Shariah* compliance certificate on the format as set out in Form B, subject to such terms and conditions or restrictions as it deem fit to impose:

Provided that the Commission may at any time vary or revoke such restrictions or conditions as it may require.

(2) The *Shariah* compliance certificate granted under sub-regulation (1), shall remain valid for a period of three years from the date of certificate unless suspended or cancelled earlier by the Commission.

(3) The company shall, at least one month prior to the date of expiry of the certificate, apply for renewal of *Shariah* compliance certificate to the Commission on the format as set out in Form C along with all the documents as mentioned therein and receipt evidencing the payment of non-refundable processing fee as prescribed in Schedule I.

(4) The Commission may, upon being satisfied, after making such inquires and obtaining further information as it deems necessary, that the company continues to meet the requirements and conditions of *Shariah* compliance certificate and is eligible for renewal, shall renew the *Shariah* compliance certificate on the format as set out in Form D.

(5) The certificate granted under this regulation shall not be valid for the purpose of availing tax rebate under criteria prescribed in Income Tax Ordinance, 2001 (XLIX of 2001).

6. Scope of *Shariah* compliance certificate.- The scope of *Shariah* compliance certificate shall be limited to the *Shariah* screening criteria.

7. Refusal for grant or renewal of *Shariah* Compliance certificate - (1) The Commission may, after affording reasonable opportunity of hearing to the applicant, refuse to grant or renew a certificate if in the opinion of the Commission such applicant does not fulfill the requirements prescribed in these regulations or where the Commission, after taking into account the facts, is of the view that it is not in the public interest to grant or renew such certificate.

(2) The applicant if aggrieved by the decision of the Commission under sub-regulation (1), may, within thirty days from the date of receipt of such refusal, prefer an appeal before the appellate bench under section 33 of the Securities and Exchange Commission of Pakistan Act 1997 (XLII of 1997).

CHAPTER III

GRANT OF *SHARIAH* COMPLIANCE CERTIFICATE FOR SECURITIES

8. *Shariah* compliance certificate for securities.- No security shall be called a *Shariah* compliant security unless a *Shariah* compliance certificate has been issued by the Commission under these regulations.

9. Application for grant of *Shariah* compliance certificate for issuance of *Shariah* compliant security.- (1) Any company intending to issue a *Shariah* compliant security shall make an application to the Commission as set out in Form E, for grant of *Shariah* compliance certificate for issuance of *Shariah* compliant security, providing information and documents as required therein and receipt evidencing the payment of non-refundable processing fee as prescribed in Schedule I.

(2) The Commission shall, while considering an application duly made under sub-regulation (1) have regard to the underlying structure of the security under the permissible modes of Islamic financing and such other matters that the Commission may consider relevant.

10. Grant of *Shariah* compliance certificate for securities.- (1) The Commission may, if it is satisfied that the company seeking permission to issue a *Shariah* compliant security has fulfilled the *Shariah* requirements, grant a *Shariah* compliance certificate on the format as set out in Form F subject to such terms and condition or restrictions as it deem fit to impose:

Provided that the Commission may at any time vary or revoke such restrictions or conditions as it may require.

(2) The Commission may, after affording reasonable opportunity of hearing to the applicant, refuse the application made under sub-regulation (1) of regulation 9, if in the opinion of the Commission such applicant does not fulfill the requirements prescribed in these regulations or where the Commission, after taking into account the facts, is of the view that it is not in the public interest to grant *Shariah* compliance certificate.

CHAPTER IV SHARIAH SCREENING CRITERIA

11. *Shariah* screening criteria.- The following minimum *Shariah* criteria shall be followed by all persons for *Shariah* screening of companies,-

- (a) in case of **unlisted companies-**
 - (i) **Core business:** The core business should not violate any principle of *Shariah*;
 - (ii) **Interest Bearing Debt to Total Assets:** The Interest Bearing Debt to Assets ratio should be less than thirty percent;
 - (iii) ***Shariah* non-compliant Investments to Total Assets:** The ratio of *Shariah* non-compliant investments to total Assets should be less than thirty percent;
 - (iv) ***Shariah* Non-compliant to Total revenue:** The ratio of *Shariah* non-compliant income to total revenue should be less than five percent;

(v) **Illiquid Assets to Total Assets:** The ratio of illiquid assets to total Assets should be at least twenty-five percent;

(b) **in case of listed companies:-**

(i) the company does not state in its memorandum of association that one of its objectives is to deal in interest, or in prohibited goods or materials like pork (swine) and the like;

(ii) the collective amount raised as loan on interest whether long-term or short-term debt does not exceed thirty percent of the market capitalization of the company, knowingly that raising loans on interest is prohibited whatsoever the amount is;

(iii) the total amount of interest-taking deposits, whether short-, medium- or long-term, shall not exceed thirty percent of the market capitalization of total equity, knowingly that interest taking deposits are prohibited whatsoever the collective amount is;

(iv) the amount of income generated from prohibited component does not exceed five percent of the total income of the company irrespective of the income being generated by undertaking a prohibited activity, by ownership of a prohibited asset or in some other way;

(v) **Net Liquid Assets per Share vs. Market Price per Share:** Market Price per share should be at least equal to or greater than net liquid assets per share,

Calculated as:

Net Liquid Assets = Liquid Assets – Current Liabilities:

Provided that the prevailing *Shariah* screening criteria of the Exchange for all shares Islamic index may be used only for the companies on the all shares Islamic index, and shall be replaced with the above criteria by 30th June 2019:

Provided further that the Commission may, for reasons to be recorded in writing and subject to such conditions or restriction as it may deem fit, on recommendation of the *Shariah* Advisory Board, relax any of the requirements of this regulation in case of any difficulty arises in giving effect to any of the requirements of this regulation in a particular case, or class of cases.

12. Exchange to conduct the *Shariah* screening process.- (1) The Exchange shall conduct the *Shariah* screening for listed companies on the basis of regulation 11 for the purpose of a *Shariah* index and shall ensure that all such companies comply with these regulations by 30th June 2019.

(2) The Exchange shall review the *Shariah* compliance of companies and securities on a bi-annual basis.

(3) The Exchange shall exclude a company or security from the index as and when it becomes *Shariah* non-compliant.

(4) The Exchange shall not outsource the function of *Shariah* screening to any person and the exchange shall establish a dedicated *Shariah* department and appoint at least one independent *Shariah* Advisor within three months of the date of these regulations.

13. Disposal of *Shariah* non-compliant securities.- *Shariah* compliant companies shall divest the *Shariah* non-compliant securities within a period of one year or when the market value of the security equals the cost of investment, whichever is earlier.

14. Technical screening criteria.- Technical criteria as applicable to the companies listed on Exchange shall also be applicable to the listed *Shariah* compliant companies.

15. Income purification process.- (1) The income of a *Shariah* compliant company shall be purified by deducting the amount of *Shariah* non-compliant income from the total income.

(2) The income from *Shariah* non-compliant sources shall not be accounted for as part of income of a *Shariah* compliant company.

16. Charity Account:- (1) *Shariah* non-compliant income shall be deemed as a liability of a *Shariah* compliant company and shall be transferred to a separate account named as 'Charity Account'.

(2) The amount credited in the charity account shall be disbursed subject to the following:

(i) any disbursement or payment from the charity account shall be made only to the approved charitable organizations registered under Pakistani law as charitable organization (trusts, Hospitals etc). The income tax exemption certificate issued by the Government of Pakistan to that effect shall be considered as an approval for the purpose;

(ii) the amount available in charity account shall be disbursed within a period of three months of its transfer to the charity account. A summary of operations of the charity account shall be published in the annual accounts of *Shariah* compliant company.

CHAPTER V
DISCIPLINARY PROCEEDINGS

17. Suspension or cancellation of *Shariah* compliance certificate: (1) A *Shariah* compliance certificate of a *Shariah* compliant company or *Shariah* compliant security, as the case may be, shall be suspended, if-

- (a) the company is not following the approved structure of the *Shariah* compliant security;
- (b) any regulation or condition of the *Shariah* compliance certificate is not adhered to;
- (c) there exist sufficient reasons to believe that *Shariah* compliance is not being observed.

(2) A *Shariah* compliance certificate issued to a *Shariah* compliant company or *Shariah* compliant security, as the case may be, shall be cancelled by the Commission, if-

- (a) the *Shariah* compliant company is pursuing aims, or carrying on its operations, business affairs and activities contrary to *Shariah*;
- (b) the *Shariah* compliance certificate was issued based on information in support of an application that was found to be false, misleading, inaccurate or incomplete; or
- (c) the *Shariah* compliant company has been liquidated; or
- (d) all of the assets and liabilities of a *Shariah* compliant company, or a company issuing a *Shariah* compliant security are transferred or merged into another company; or
- (e) the certificate has been suspended and the causes of suspension have not been removed within sixty days from the receipt of suspension order or such period as provided in the order of suspension; or
- (f) it refuses or fails to pay the penalty, if any, imposed by the Commission.

(3) Prior to the cancellation of *Shariah* compliance certificate of *Shariah* compliant company or *Shariah* compliant security, as the case may be, the Commission shall afford a reasonable opportunity of hearing.

(4) The Commission may, for the information of stakeholders, publish a press release of its order of cancellation of certificate in at least two newspapers of wide circulation in Pakistan and/or place the said cancellation order on its official website.

18. Effect of cancellation .-Where a *Shariah compliance certificate issued to a Shariah compliant* company or to a *Shariah* compliant security, as the case may be, has expired, been surrendered or cancelled, the Commission shall remove the name from the register of *Shariah* compliant companies and *Shariah* compliant securities and from the Commission's website, and the company or security shall cease to be *Shariah* compliant.

CHAPTER VI SHARIAH ADVISOR

19. Shariah Advisor: (1) A *Shariah* compliant company or a company intending to issue a *Shariah* compliant security shall appoint a *Shariah* Advisor on the terms and conditions as it may deem fit who shall report to the board of directors.

(2) The Commission shall be informed of the appointment of the *Shariah* Advisor within fourteen days from the date of appointment.

(3) A vacancy caused by the resignation or termination of the *Shariah* Advisor shall be filled within thirty days of the resignation or termination as the case may be and the intimation thereof shall be made to the Commission.

20. Functions and responsibilities of the Shariah Advisor:- (1) The *Shariah* Advisor shall *inter alia* perform the following duties and functions to-

- (a) introduce a mechanism which will strengthen *Shariah* compliance in letter and spirit and ensure that the systems, procedures and policies adopted are in line with the *Shariah* principles;
- (b) ensure that the inflows and outflows of financial resources are free from: *Riba* (interest, usury or any other form), *Qimar* (Gambling), *Gharar* (Uncertainty) and other vices prohibited by the *Shariah*;
- (c) advise on regular basis that the business, transactions and investments made are in accordance with the principles of *Shariah*;
- (d) review financial instruments and services before submission to the Commission for final approval;
- (e) make recommendations for potential improvements and the formulation of policies in line with the *Shariah* principles;

- (f) advise on any *Shariah* related matter referred by the chief executive or the board of directors; and
- (g) review and approve the *Shariah* compliant security's structure, constitutive documents and contractual relationship with relevant parties and ensure utilization of the proceeds as per the *Shariah* principles.

(2) The *Shariah* Advisor shall prepare a report, regarding affairs of the *Shariah* compliant company or company issuing *Shariah* compliant security, to be called "*Shariah* Review Report" which shall cover the overall *Shariah* compliance for the financial year and shall be made part of the annual financial statements.

(3) The *Shariah* Review Report referred in sub-regulation (2) shall include but not limited, to the following,-

- (a) whether or not in their opinion, the transactions, the relevant documentation and the procedures adopted have been in accordance with principles of *Shariah*;
- (b) whether or not in their opinion, the affairs have been carried out in accordance with rules and principles of *Shariah*, and specific *Shariah* opinion issued by the *Shariah* Advisor from time to time; and
- (c) whether or not in their opinion, any earnings that have been realized from sources or by means prohibited by *Shariah* have been credited to the charity account where applicable.

(4) The *Shariah* Advisor shall have right of access to the books, papers, accounts, vouchers, record, information, agreements and reports of the *Shariah* compliant company or company issuing a *Shariah* compliant security, whether kept at the registered office or elsewhere and shall be entitled to require from the directors and other officers, such information and explanation as they may require for the performance of their duties.

CHAPTER VII SHARIAH AUDIT

21. External *Shariah* Audit: (1) Every *Shariah* compliant company and company issuing *Shariah* compliant security shall be subject to external *Shariah* Audit for every financial year which may be undertaken by the existing external auditors or an independent External *Shariah* Auditor.

(2) For the purpose of these regulations, the provisions of sections 223 and 247 of the Act, shall be followed with regard to external *Shariah* audit and the external *Shariah* auditor, respectively and the audit firm shall preferably have expertise in Islamic finance.

(3) The scope of External *Shariah* Audit shall include an independent and objective assessment of compliance of operations with the *Shariah*.

(4) The External *Shariah* Auditor shall assess compliance of a *Shariah* compliant company or company issuing a *Shariah* compliant security, financial arrangements, contracts, and transactions with the *Shariah* principles in light of the following: -

- (a) rules, regulations and directives issued by the Commission from time to time;
- (b) pronouncements of *Shariah* Advisory Board;
- (c) *Shariah* Standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), as adopted by the Commission, if any;
- (d) requirements of the applicable Islamic Financial Accounting Standards as notified by the Commission; and
- (e) approvals and rulings given by the *Shariah* Advisor of a *Shariah* compliant company or company issuing a *Shariah* compliant security are in line with the regulations and in accordance with the rulings of *Shariah* Advisory Board.

(5) The External *Shariah* Auditor shall prepare a report for the Board of Directors giving their opinion on:

- (a) the status of *Shariah* compliance of the company;
- (b) the risks associated with the *Shariah* non-compliance;
- (c) the capacity and quality of the company's risk management system to measure, manage and mitigate the *Shariah* non-compliance risks;
- (d) the adequacy and effectiveness of the company's *Shariah* governance framework including the activities of the internal *Shariah* review and audit function and the design, operating effectiveness and documentation of the internal *Shariah* controls and the relevant processes and procedures;
- (e) the level of awareness and sensitivity of the management and the Board of Directors in addressing the *Shariah* risks; and

- (f) any other issues deemed significant by the external auditors with respect to *Shariah*.

22. Internal *Shariah* Audit: (1) Every *Shariah* compliant company or company issuing a *Shariah* compliant security shall strengthen its internal audit department either by appointing an Internal *Shariah* Audit resource having relevant qualification or expertise in Islamic banking and finance or train at least one of its employees in the internal audit department for the purpose of Internal *Shariah* Audit from a reputable training institute.

(2) The scope and methodology of internal *Shariah* Audit shall be reviewed and approved by the Board of Directors.

(3) The internal *Shariah* Audit resource shall follow the same reporting norms, as are applicable on the internal auditor.

(4) The duties of the internal *Shariah* Auditor shall include the verification of-

- (a) transactions entered into are consistent with the pronouncements, rulings and guidelines of the *Shariah* Advisor, directives, rules and regulations issued by the Commission and the pronouncements of the *Shariah* Advisory Board;
- (b) financing agreements entered into are *Shariah* compliant and are on the formats as approved by the Commission and all the related conditions are met;
- (c) offering documents, investments and contracts have been reviewed by the *Shariah* Advisor;
- (d) product structure, process flow and operations are duly vetted by the *Shariah* Advisor;
- (e) process for purification of income has been carried out and non-*Shariah* compliant income has been transferred in charity account and distributed to approved charitable institutions;
- (f) findings are shared with the management and *Shariah* Advisor in respect of all the above items including irregularities, inadequacy in risk management, governance and internal controls which are necessary to avoid non-*Shariah* compliant business transactions; and
- (g) investments in the shares and other instruments are as per approved list of the *Shariah* compliant companies and securities.

(5) The Internal *Shariah* Auditor shall submit an internal *Shariah* Audit report annually to the Board of Directors.

(6) The Internal *Shariah* Auditor shall maintain liaison with the *Shariah* Advisor and may seek his guidance in ensuring *Shariah* compliance.

23. *Shariah* compliance officer: (1) Every *Shariah* compliant company or company issuing a *Shariah* compliant security shall appoint or designate a *Shariah* compliance officer suitably qualified, trained and experienced in Islamic finance.

(2) The *Shariah* compliance officer shall work under the overall guidance and supervision of a dedicated *Shariah* compliance department if it exists, or under the Compliance Department.

(3) The *Shariah* compliance officer shall coordinate between the *Shariah* Advisor and management and shall,-

- (a) review all the product proposals and related agreements, contracts, manuals, process flows before presenting these to the *Shariah* Advisor for approval;
- (b) ensure that *Shariah* compliant company or company issuing a *Shariah* compliant security operations are in conformity with pronouncements and guidelines issued by the *Shariah* Advisor, and with the regulations, directives and instructions issued by the Commission;
- (c) periodically submit a *Shariah* compliance report to the management on the overall *Shariah* compliance environment.

CHAPTER VIII MISCELLANEOUS

24. Register of *Shariah* Compliant companies and securities.- The Commission shall maintain a register of *Shariah* Compliant companies and securities in the manner it deems fit.

25. Takaful coverage.- A *Shariah* compliant company, company issuing *Shariah* compliant securities shall obtain reasonable Takaful coverage.

26. Submission of information and documentation.- A *Shariah* compliant company or company issuing a *Shariah* compliant security shall submit such information and documentation, as may be required by the Commission from time to time.

27. Advertising.- Prior to dissemination of any material for promotion of a product or service, a *Shariah* compliant company or company issuing a *Shariah* compliant security, must ensure that the material states the name of the *Shariah* Advisor who reviewed the product, service and contents of advertisement.

28. Disclosure requirements.- A *Shariah* compliant company or company issuing a *Shariah* compliant security shall meet disclosure requirements as prescribed in Schedule IV of the Act.

29. Constitutive Documents.- A *Shariah* compliant company or company issuing a *Shariah* compliant security shall ensure that its constitutive documents state that its core business does not violate any principle of the *Shariah*.

30. Dispute Resolution.- In case of any dispute or difference of opinion on the matters relating to *Shariah* interpretation, the same shall be referred to the *Shariah* Advisor for the decision and the pronouncements of the *Shariah* Advisor shall be binding:

Provided that in case of difference of opinion between the *Shariah* Advisor and the management, the matter shall be referred to the *Shariah* Advisory Board, whose decision shall be final.

31. Surrender of *Shariah* compliance certificate: (1) A *Shariah* compliant company or a company issuing *Shariah* compliant security may voluntarily surrender its *Shariah* compliance certificate to the Commission.

(2) The company shall intimate to the Commission, as well as to its shareholders, at least thirty days prior to the surrender of the *Shariah* compliance certificate and the Commission shall cancel the *Shariah* compliance certificate after thirty days from the date of intimation.

32. Systems and Controls.- A *Shariah* compliant company or company issuing a *Shariah* compliant security shall endeavor to establish systems and controls to ensure compliance with *Shariah* including but not limited to the following,-

- (a) the manner in which the compliance function will be undertaken, in respect of *Shariah* compliance;
- (b) the manner in which the *Shariah* Advisor will oversee and advise in regard to the Islamic financial business;
- (c) the manner in which *Shariah* Advisor's pronouncements and guidelines will be recorded, disseminated and implemented and the internal *Shariah* review undertaken;

- (d) the manner in which disputes between the *Shariah* Advisor and the *Shariah* compliant company or company issuing a *Shariah* compliant security in respect of *Shariah* compliance will be addressed;
- (e) the process for approving those internal systems and controls which are in place to ensure not only that the business is carried out in compliance with the *Shariah*, but that information is disseminated to investors in an appropriate manner; and
- (f) the manner in which conflicts of interest will be identified and managed.

33. Underwriting.- Where any issue is underwritten, it shall be ensured that the *Shariah* Advisor approves the underwriting agreements and processes.

34. Accounting, Auditing and Governance Standards.- A *Shariah* compliant company or a company issuing *Shariah* compliant security shall prepare its accounts in accordance with all the applicable *Shariah* and other standards, notified by the Commission for adoption, from time to time.

35. Fees.- A *Shariah* compliant company or a company issuing *Shariah* compliant security shall be subject to such fees as provided in Schedule - I of these regulations.

36. Penalty.- Where a company, or any person contravenes or fails to comply with any provision of these regulations, or is not in compliance with any condition or directive, circular or order issued by the Commission, the Commission may, after providing a reasonable opportunity of representation, impose a penalty as provided in sub-section (4) of section 451 of the Act.

SCHEDULE I
(See regulation 4 and 8)

Amount of fees

S. No.	Subject of Application	Amount (in Rs.)
Form A	Application for Grant of Shariah Compliance Certificate for a <i>Shariah</i> compliant company (Listed)	10,000
Form A	Application for Grant of Shariah Compliance Certificate for a <i>Shariah</i> compliant company (Unlisted)	5,000
Form C	Application for renewal of Shariah Compliance Certificate for a <i>Shariah</i> compliant company (Listed)	10,000
Form C	Application for renewal of Shariah Compliance Certificate for a <i>Shariah</i> compliant company (Unlisted)	5000
Form E	Application for Grant of Shariah Compliance Certificate for a <i>Shariah</i> Compliant Security (Listed)	10,000
Form E	Application for Grant of Shariah Compliance Certificate for a <i>Shariah</i> Compliant Security (Unlisted)	5,000

APPLICATION FOR GRANT OF CERTIFICATE FOR SHARIAH COMPLIANT COMPANY

Dated: _____

The Islamic Finance Department (IFD)
Securities and Exchange Commission of Pakistan (SECP),
Islamabad.

Dear Sir/Madam,

We hereby apply for grant of *Shariah* Compliance certificate as per regulation 5 of *Shariah* Governance Regulations, 2018 to operate as *Shariah* Complaint Company under the name and style of -----

We hereby furnish the following information/attested copies of documents:

- a) Certified copies of Certificate of Incorporation, certificate of commencement of Business (where applicable) Memorandum and Articles of Association;
- b) (Certified copy of latest Form-29 (list of directors);
- c) Profile of Directors and Chief Executive covering, inter alia, their educational qualifications and professional experience;
- d) A *Shariah* vetting certificate from the *Shariah* Advisor on the status of the company; whether it meets the *Shariah* screening criteria as per *Shariah* Governance Regulations 2018;
- e) (Names and addresses of associated companies if any;
- f) (Names of Bankers of the company;
- g) (Annual Audited Accounts for the last three years; and
- h) Challan evidencing payment of fee (Schedule I).
- i) Profile of the *Shariah* Advisor
- j) Consent of *Shariah* Advisor to act as *Shariah* advisor to the company
- k) Disclosures as prescribed in the Part I Schedule VI of Companies Act 2017 on the date of application duly signed by the Chief Executive Officer or Chief Financial Officer.
- l) An affidavit by the Chief Executive Officer or Chief Financial Officer as to the correctness of the above and to undertake to keep this information up to date by communicating changes or modification therein within twenty one (21) days of such changes or modification.

A receipt of rupees [(Rs. _____)] being the processing fee, deposited in----- on ----
-----is enclosed.

Yours faithfully,

Company Secretary

**GRANT OF SHARIAH COMPLIANCE CERTIFICATE FOR A
SHARIAH COMPLIANT COMPANY**



Securities and Exchange Commission of Pakistan
Islamic Finance Department

Certificate No. IFD/ _____ **Islamabad,** _____ **, 2018**

**SHARIAH COMPLIANCE CERTIFICATE
FOR A SHARIAH COMPLIANT COMPANY**

The Securities and Exchange Commission of Pakistan, having considered the application for grant of certificate for a *Shariah* compliant company under regulation 5 of the *Shariah* Governance Regulations, 2018 (the Regulations) read with Section 451 of the Companies Act, 2017 (XIX of 2017) submitted by Name of a Company and being satisfied that the company meets the minimum criteria for *Shariah* Compliance, hereby grants, in exercise of the powers conferred by Regulation 5 of the Regulations, *Shariah* compliance certificate subject to the conditions stated herein below or as may be prescribed or imposed hereafter:

- (i) **Name of Company** shall comply with the Companies Act, 2017, the Regulations, and any directives, circulars, codes, notifications and guidelines issued or are issued from time to time by the Commission and its *Shariah* Adviser;
- (ii) **Name of Company** shall submit annual, half yearly, quarterly, *Shariah* review or such other reports as specified in the applicable laws; and
- (iii) This certificate shall remain valid for a period of three years from the date of certificate unless suspended or cancelled earlier by the Commission, and shall be renewable as specified in the Regulations.

This *Shariah* compliance certificate shall not be valid for the purpose of availing tax rebate as allowed under the criteria prescribed in Income Tax Ordinance, 2001.

(Official Seal and Stamp)

APPLICATION FOR RENEWAL OF SHARIAH COMPLIANCE CERTIFICATE

Dated: _____

The Islamic Finance Department (IFD)
Securities and Exchange Commission of Pakistan (SECP),
Islamabad.

Dear Sir/Madam,

We hereby apply for renewal of *Shariah* Compliance certificate as per regulation 5 of *Shariah* Governance Regulations, 2018 to operate as *Shariah* Complaint Company under the name and style of -----

We hereby furnish the following information/attested copies of documents:

- a) Certified copies of Certificate of Incorporation, certificate of commencement of Business (where applicable) Memorandum and Articles of Association;
- b) (Certified copy of latest Form-29 (list of directors);
- c) Profile of Directors and Chief Executive covering, inter alia, their educational qualifications and professional experience;
- d) A *Shariah* vetting certificate from the *Shariah* Advisor on the status of the company; whether it meets the *Shariah* screening criteria as per *Shariah* Governance Regulations 2018;
- e) (Names and addresses of associated companies if any;
- f) (Names of Bankers of the company;
- g) (Annual Audited Accounts for the last three years; and
- h) Challan evidencing payment of fee (Schedule I).
- i) Profile of the *Shariah* Advisor
- j) Consent of *Shariah* Advisor to act as *Shariah* advisor to the company
- k) Disclosures as prescribed in the Part I Schedule VI of Companies Act 2017 on the date of application duly signed by the Chief Executive Officer or Chief Financial Officer.
- l) An affidavit by the Chief Executive Officer or Chief Financial Officer as to the correctness of the above and to undertake to keep this information up to date by communicating changes or modification therein within twenty one (21) days of such changes or modification.

A receipt of rupees [(Rs. _____)] being the processing fee, deposited in----- on ----
-----is enclosed.

Yours faithfully,

Company Secretary

RENEWAL OF SHARIAH COMPLIANCE CERTIFICATE



Securities and Exchange Commission of Pakistan
Islamic Finance Department

Certificate No. IFD/ _____ Islamabad, _____, 2018

RENEWAL OF SHARIAH COMPLIANCE CERTIFICATE

The Securities and Exchange Commission of Pakistan, having considered the application for renewal of certificate granted under regulation ___ of the *Shariah* Governance Regulations, 2018 (the Regulations) read with Section 451 of the Companies Act, 2017 submitted by **Name of a Company** and being satisfied that it would be in the public interest so to do, in exercise of powers conferred by sub-regulation 4 of Regulation 5 of the said Regulations, hereby renews the *Shariah* compliance certificate of** subject to the conditions stated herein below or as may be prescribed or imposed hereafter:

- (i) **Name of Company** shall comply with the Companies Act, 2017, the Regulations, and any directives, circulars, codes, notifications and guidelines issued or are issued from time to time by the Commission and its *Shariah* Adviser;
- (ii) **Name of Company** shall submit annual, half yearly, quarterly, *Shariah* review or such other reports as specified in the applicable laws; and
- (iii) The certificate is valid from _____ to _____ and shall be renewable as specified in the Regulations.
- (iv) Any other condition as Commission deems.

Signature of the Officer

This certificate is not valid to present before FBR to claim two percent tax rebate as allowed for Shariah compliant companies under the criteria mentioned in Income Tax Ordinance, 2001.

(Official Seal and Stamp)

APPLICATION FOR GRANT OF SHARIAH COMPLIANCE CERTIFICATE FOR A SECURITY

Dated: _____

The Islamic Finance Department (IFD)
Securities and Exchange Commission of Pakistan (SECP),
Islamabad.

Dear Sir/Madam,

We hereby apply for grant of Certificate of *Shariah* Compliance as per Section 451 of the Companies Act, 2017 and under regulation 8 of *Shariah* Governance Regulations, 2018 for *Shariah* Compliant Security under the name and style of -----

We hereby furnish the following information/documents:

- a) Vetting certificate of the *Shariah* compliant security by *Shariah* Advisor;
- b) A copy of the security structure, offering document along with legal documents and contracts thereto;
- c) Names of Bankers to the issue;
- d) Certified copies of Certificate of Incorporation, certificate of commencement of Business (where applicable) Memorandum and Articles of Association;
- e) Certified copy of latest Form-29 (list of directors);
- f) Profile of Directors and Chief Executive covering, inter alia, their educational qualifications and professional experience;
- g) A *Shariah* vetting certificate from the *Shariah* Advisor on the status of the company whether it meets the *Shariah* Screening criteria as per *Shariah* Governance Regulations 2018;
- h) Names and addresses of associated companies if any;
- i) Names of Bankers of the company;
- j) Annual Audited Accounts for the last three years; and
- k) Challan evidencing payment of fee (Schedule I).
- l) Profile of *Shariah* Advisor responsible for structuring instrument;
- m) Consent of *Shariah* Advisor to act as *Shariah* advisor to the company;
- n) *Shariah* disclosures as prescribed in the Part I Schedule VI Companies Act 2017 on the date of application signed by the Chief Executive or Chief Financial Officer.
- o) An affidavit by the Chief Executive or Chief Financial Officer as to the correctness of the above and to undertake to keep this information up to date by communicating changes or modification therein within twenty one (21) days of such changes or modification.

A receipt of rupees (Rs. _____) being the processing fee, deposited in----- on -----is enclosed.

Yours faithfully,

Company Secretary

**GRANT OF SHARIAH COMPLIANCE CERTIFICATE FOR A
SHARIAH COMPLIANT SECURITY**



**Securities and Exchange Commission of Pakistan
Islamic Finance Department**

Certificate No. IFD/

Islamabad, , 2018

**SHARIAH COMPLIANCE CERTIFICATE
FOR A SHARIAH COMPLIANT SECURITY**

The Securities and Exchange Commission of Pakistan, having considered the application for grant of certificate for a *Shariah* compliant security under regulation 8 of the *Shariah* Governance Regulations, 2018 (the Regulations) read with Section 451 of the Companies Act, 2017 (XIX of 2017) submitted by **Name of a Company** and being satisfied that the security is *Shariah* compliant, hereby grants, in exercise of the powers conferred by Regulation 10 of the Regulations, *Shariah* compliance certificate to (**Name of Security**) subject to the conditions stated herein below or as may be prescribed or imposed hereafter:

- (i) **Name of Company** shall comply with the Companies Act, 2017, the Regulations, and any directives, circulars, codes, notifications and guidelines issued or are issued from time to time by the Commission and its *Shariah* Adviser;
- (ii) **Name of Company** shall submit annual, half yearly, quarterly, *Shariah* review or such other reports as specified in the applicable laws having complete details therein about the proceeds of issue and uses of proceeds ; and

(Official Seal and Stamp)

No. SY/SECP/8/13

(Bilal Rasul)
Secretary to the Commission