



SECURITIES & EXCHANGE COMMISSION OF PAKISTAN

PRESS RELEASE

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SECP notifies adoption of fresh AAOIFI Shariah, Governance, and Ethics Standards

ISLAMABAD, July 19: In its endeavor to replicate the best international practices in the Islamic financial services, the Securities and Exchange Commission of Pakistan (SECP) has notified adoption of seven more Shariah Standards of governance, and ethical business issued by Accounting and Auditing Organizations for Islamic Financial Institutions (AAOIFI) on a “comply and explain” basis.

The fresh Shariah Standards, namely 21, 27, 30, 44, 45, 46, and 53, have been notified through SRO 729 (I)/2024 for implementation by the Islamic financial institutions under SECP’s regulatory domain. The SECP is gradually adopting AAOIFI’s Standards as a benchmark for Islamic financial services, aiming to ensure harmonization and standardization in business practices within the local business context.

The SECP had enforced mandatory compliance with Standard No 3, 8, 9, 13, 17, 18, and 23, while adopting 40 AAOIFI Shariah, 12 Governance, and 02 Ethics Standards as non-binding guidelines. The adoption of AAOIFI standards under a staggered approach is paving way for conversion into an interest-free economy by the end of 2027 in accordance with the honourable Federal Shariat Court judgment on the elimination of Riba.

The adoption of new standards involved a consultative process, considering stakeholder feedback and the maturity level of Islamic financial institutions within the SECP’s regulatory scope. The new standards will enhance the quality of Islamic financial services in regulated sectors, improve transparency and compliance in transactions, and boost stakeholder confidence.

Moreover, with regards to the adoption of Islamic financial accounting and auditing standards, the SECP has constituted a committee under Section 11 of the SECP Act, 1997, to prepare recommendations and ways forward in consultation with stakeholders.

The SRO is available at <https://www.secp.gov.pk/document/aaofii-shariah-standards-s-r-o-7291-2024-dated-may-21-2024/?wpdmdl=52065&refresh=667a9bcb7a8b11719311307>.

