S. R. O. 755(I)/2019.— The following draft amendments to the Shariah Governance Regulations, 2018 proposed to be made by the Securities and Exchange Commission of Pakistan (the Commission) in exercise of the powers conferred by section 512 read with section 451 of Companies Act 2017 (XIX of 2017) are hereby published, as required by proviso to the said section 512, for information of all persons likely to be effected thereby and notice is hereby given that suggestions or objections, if any, received within a period of fourteen days from the date of its publication in the official Gazette, shall be taken into consideration by the Commission, namely:—

(1341)

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DRAFT AMENDMENTS

In the aforesaid Regulations,—

(1) in regulation 3, for the full stop at the end, a colon shall be substituted and thereafter the following proviso shall be added, namely:

“Provided that the companies on PSX All Shares Islamic index shall be deemed to be Shariah compliant till December 31, 2019:

Provided further that for purpose of availing tax rebate, the Shariah compliant companies referred in the first proviso shall meet the criteria as prescribed in Income Tax Ordinance, 2001.”;

(2) in regulation 11,—

(a) in clause (a), for sub-clauses (ii) and (iii), the following shall be substituted, namely:

“(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 or total assets of the company, knowingly that raising loans on interest is prohibited whatsoever the amount is;

(iii) the total amount of interest-bearing deposits and Shariah non-compliant investments, whether short-, medium- or long-term, shall not exceed thirty percent of the market capitalization of total equity or total assets of company knowingly that interest taking deposits and investments are prohibited whatsoever the collective amount is”;

(b) for first proviso the following shall be substituted, namely:

“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 2020”;

(3) For regulation 13, the following shall be substituted, namely:

“13. Disposal of Shariah non-compliant investments.— Shariah compliant companies shall divest the Shariah non-compliant investments above thirty per cent threshold within a period of one year or when the market value of the investment equals the cost of investment, whichever is earlier:
Provided that the Commission may, for reasons to be recorded in writing and subject to such conditions or restriction as it may deem fit to impose 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.

(4) in Form A,—

(a) for the expression “Schedule VI of Companies Act 2017” wherever appearing, the expression “Schedule IV of Companies Act 2017” shall be substituted; and

(b) first paragraph, for the words “Shariah Complaint” the words “Shariah Compliant” shall be substituted;

(5) in Form B, for the last paragraph, the following shall be substituted, namely:

“For the purpose of availing tax rebate, the Shariah compliant companies shall meet the criteria as prescribed in Income Tax Ordinance, 2001”;

(6) in Form C,—

(a) for the expression “Schedule VI of Companies Act 2017” wherever appearing, the expression “Schedule IV of Companies Act 2017” shall be substituted;

(b) in the first paragraph, for the words “Shariah Complaint” the words “Shariah Compliant” shall be substituted; and

(7) in Form E, for the expression “Schedule VI of Companies Act 2017” wherever appearing, the expression “Schedule IV of Companies Act 2017” shall be substituted.

[File No. SY/SECP/8/13.]

BILAL RASUL,
Secretary to the Commission.