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PART II

Statutory Notifications (S. R. O.)

GOVERNMENT OF PAKISTAN

FINANCE DIVISION

(Budget Wing)

NOTIFICATION

Islamabad, the 27th August, 2008

S. R. O. 893(I)/2008.—In exercise of the powers conferred by section 28 of the Public Debt Act, 1944 (XVIII of 1944), the Federal Government is pleased to make the following rules, the same having been previously published *vide* Notification No. S.R.O. 858(1)/2008 dated the 16th August, 2008 as required by sub-section (1) of the aforesaid section. namely:—

1. **Short title, commencement and application.**—(1) These rules may be called the Government of Pakistan Ijara Sukuk Rules, 2008.

(2) These rules shall come into force at once.

(3) These rules shall apply to Government of Pakistan Ijara Sukuk, hereinafter referred to as "Sukuk", issued by the Pakistan Domestic Sukuk Company

(3001)

[2910(2008)Ex. Gaz.]

Price : Rs. 2.00

Limited, hereinafter referred to as "the company" (a company hundred *per cent* owned by the Federal Government), from time to time.

2. **Maturity period.**—The maturity period of the first Sukuk issued by the company shall be three years from the date of issue. Later on the company may issue Sukuk having longer or shorter maturity periods but the shortest period shall not be less than one year as notified by the State Bank of Pakistan.

3. **Denomination.**—The Sukuk shall be issued in multiple of one hundred thousand rupees. Each Sukuk shall represent an undivided ownership of the assets held on trust for the holder of the Sukuk pursuant to a Declaration of Trust in the name of the company.

4. **Profit.**—The profit on the Sukuk shall be paid bi-annually on the basis of rental rate announced by the State Bank of Pakistan prior to start of each half year.

5. **Redemption.**—The Sukuk shall not be redeemable before maturity.

6. **Sale.**—The Sukuk shall be sold by auction to the primary dealers and Islamic Banks as determined by the State Bank of Pakistan for the purpose of Sukuk.

7. **Bidding.**—Bidders shall be allowed to bid in the manner specified by the State Bank of Pakistan.

8. **Who can hold the Sukuk.**—The Sukuk shall be held by individuals (subject to issuance of notification by the Government of Pakistan), institutions, trusts, funds of all types, bodies corporate including banks, non-banking finance companies and insurance and *takaful* companies irrespective of their residential status. The investment by non-residents shall be in foreign exchange remitted through the official channels. Such investments shall be eligible for repatriation of the principal as well as periodic profit on the Sukuk but the exchange risk shall be that of investor.

9. **Trade and transfer.**—The Sukuk shall be traded freely in the Pakistan's secondary markets and transferable through Subsidiary General Ledger Account.

10. **Registration.**—The Sukuk shall be scripless and registered with the State Bank of Pakistan through Subsidiary General Ledger Account.

11. **Government security.**—The Sukuk shall be a Government security for the purpose of the Public Debt Act, 1944 (XVIII of 1944) and the payments under the Sukuk shall represent the payment obligations of the Government of

Pakistan on account of the payment of rentals in respect of assets held on trust by and leased from the company; and on account of payment of purchase price to the company for purchase of assets at the time of maturity.

12. **Approved security.**—The Federal Government shall declare the Sukuk as approved security for the purpose of sub-section (1) of section 29 of the Banking Companies Ordinance, 1962 (LVII of 1962).

13. **Statutory Liquidity Requirement (SLR) eligibility.**—The Sukuk shall be Statutory Liquidity Requirement (SLR) eligible for Islamic as well conventional banks.

14. **Acceptability as collateral.**—The Sukuk shall be accepted by the banks and financial institutions as collateral for the purposes of financing.

15. **Tax liability.**—The profit earned on the Sukuk shall be liable to income tax in accordance with the laws of Pakistan. Withholding tax on the Sukuk shall be deducted at the rate of ten *per cent* at source.

16. **Deduction of Zakat.**—There shall be no compulsory deduction of *Zakat* at source and a *sahib-e-nisab* may *Zakat* on his own according to *Shariah*.

[No. 5(1)GS-I/2005-1740.

ABDUL QAYYUM CH.,
Section Officer (GS-I).