

## **RIBA-FREE ECONOMY: FIVE WORKING GROUPS TO OVERCOME TECHNICAL ISSUES**

ISLAMABAD: The Steering Committee on Implementation of Federal Shariat Court's judgment on the Riba free economy has formed five working groups to overcome the technical issues, get recommendations and decide on a way forward for full implementation of Islamic financing. Federal Minister for Finance and Revenue Senator Ishaq Dar chaired the First Steering Committee meeting on the implementation of the Federal Shariat Court (FSC)'s judgment on Riba on Friday. Minister of State for Finance and Revenue Dr. Aisha Ghous Pasha, SAPM on Finance Tariq Bajwa, Governor State Bank of Pakistan (SBP), Secretary Finance, members of the Steering Committee, and senior officers from Finance Division and SBP attended the meeting.

Inaugurating the First meeting of the Steering Committee, Finance Minister Senator Ishaq Dar appreciated Governor SBP for his sincere efforts in making roadmap for implementation of Islamic financing and interest free system and hoped that the guidance of Governor SBP will lead the implementation of interest free system to its logical destination. He also expressed satisfaction on SBP and NBP for withdrawing appeals in the Supreme Court against the judgment of Federal Shariat Court and paving the way for its implementation.

Dar further expressed government commitment to promote Islamic finance and eliminate interest based system in Pakistan in true spirit and achieve its goal of transformation within the time frame of five years. He expressed hope that the decisions of this meeting would be beneficial for the proliferation of Islamic financing system in the country. He stressed all the stakeholders to work with commitment, sincerity and understanding to overcome all the hurdles in way of implementation of interest free system and making the system feasible and stronger that all citizens would aspire for it, as already 21 per cent of banks enjoy Islamic banking system.

Dar urged to include professional experts on Islamic laws in the committees and also sought guidance of Ulema and Islamic intellectuals into launching of additional Islamic Sukuk bonds. He further extended full support to every effort towards implementation of FSC decision on Islamic finance system. Earlier, Governor State Bank of Pakistan welcomed the participants of the meeting and briefed on the roadmap and areas of actions on implementation of the FSC's judgment. He further informed that five working groups have been formed to overcome the technical issues, getting recommendations and deciding on way forward for fully implementation of the Islamic financing.

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## **DRAP URGES GOVT TO TRADE IN YUAN**

KARACHI: The Drug Regulatory Authority of Pakistan (DRAP), on Friday, urged the government to strike import deals, especially for raw material required for the production of drugs and medical devices, in Chinese currency (RMB) to avoid potential interruptions in the country's production of pharmaceuticals. During a meeting with the Pakistan Pharmaceutical Manufacturers' Association (PPMA), DRAP Chief Executive Office Asim Rauf explained that the measure will help mitigate any disruptions caused by the shortage of dollars in the country.

"In light of the drastic measures being taken against imports by the government, DRAP recommends trading in Chinese currency otherwise pharmaceutical production in the country will come to a halt," warned Rauf. Talking to The Express Tribune, Arif Habib Commodities CEO Ahsan Mehanti said, "Pakistan is facing an unprecedented forex exchange crisis. The unavailability of forex, at a time when our reserves are at a record low at \$3.7 billion, will lead to production losses."

"RMB can be supplied by the Chinese government against an arrangement made by DRAP," he said, adding that Russia made similar arrangements with China against the supply of oil and Pakistan too could strike such deals with both Russia and China to pay for imports.

Lasbela Chamber of Commerce and Industry President Ismail Suttar was of the opinion that the issue of arranging the currency will be the same as seen with the dollars, "But, it is always better to have more options," he said.

"Instead of firefighting, however, we should isolate a team tasked with achieving one long term goal: increase the basket of products and exports through these new products," he said, adding that, "That is the need of the hour. An industrial emergency also needs to be in place with utilities being subsidised for the industry."

"Once Pakistan's mineral resources are converted into valuable chemicals, the country will easily be able to sort out the current issue of balance of payment (BOP). This will also make the usage of dollars or RMB, or any other currency irrelevant," said Suttar. President of Korangi Association of Trade and Industry (KATI) Farazur Rehman agreed that the solutions must be long-termed.

"Decision-making in war and peace situations requires different approaches. As we currently lack foreign currency, any arrangements that can be made to address this are welcome. However, it is important for the government to also consider long-term solutions," said Rehman.

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## **DRUG REGISTRATION: DRAP ALL SET TO DIGITIZE ITS SYSTEMS BY YEAR-END**

KARACHI: The Drug Regulatory Authority of Pakistan (DRAP) is all set to digitize its entire systems by the end of the current year to ensure hassle-free approval and registration of new medicines in the country as per the international best pharmaceutical practices.

This was stated by DRAP Chief Executive Officer Asim Rauf while meeting the Karachi-based drug producers at a meeting organized by the South Zone of the Pakistan Pharmaceutical Manufacturers' Association (PPMA). Rauf told the drug manufacturers that digitization of the DRAP was one step forward towards modernization of the pharmaceutical sector of the country as per international standards. He said the automation would be adopted to such an extent that medicine producers wouldn't be required to physically visit the DRAP offices not even once for getting necessary approvals for pharmaceutical products in the country. He told participants of the meeting that DRAP was fully committed to the cause of modernizing entire systems of drug production as per the latest international standards for enhancing exports of medicines from the country. He urged all the medicine manufacturers in the country to establish drug testing systems and hire qualified human resources in the requisite number to meet international drug production standards. Rauf said that the decades-old obsolete drug inspection system was gradually being done away with and in its place, a risk-based auditing regime for drug industries was being introduced by the DRAP to uphold the honor and dignity of the medicine producers. He urged the large producers of medicines that already have obtained the necessary international accreditations to help other drug manufacturers in the country to meet the same global standards for enhancing medicinal exports from Pakistan. He told the audience that the DRAP had recommended to the government to deal in the Chinese currency RMB for the import of raw materials for drug production and medical devices for uninterrupted pharmaceutical production in the country that could otherwise be halted due to drastic measures by the government against imports.

The DRAP chief offered to the drug manufacturers to meet after every six months to review the process of removing bottlenecks for enhancing pharmaceutical exports from Pakistan. He said the pharmaceutical industry of Pakistan had the ability and competence to compete with drug producers from any part of the world for capturing the global export market of medicinal products. Also speaking at the meeting, PPMA Chairman, Syed Farooq Bukhari said that pharmaceutical exports from Pakistan stood at around US \$ 280 million a year. He said the PPMA had been making efforts to enhance it to \$10 billion in the coming few years to become one percent of the global pharmaceutical export market. He said the PPMA would fully support the policy decisions of the government to increase exports of medicines from the country so that the drug producers could play an important role in reversing the economic downturn.

Former PPMA Chairman, Kaiser Waheed suggested to DRAP end its traditional system of inspecting drug manufacturing sites as instead, it should launch an advisory service for medicine producers to overcome technical gaps in their manufacturing facilities. He said the DRAP should simplify and speed up the approval process for drug exporters from Pakistan.

## **POWER TARIFF RAISE PROPOSAL NOT FIRMED UP**

ISLAMABAD: The Power Division has reportedly not firmed up any proposal to raise power tariff by Rs 7.50 per unit, as is being demanded by the International Monetary (IMF) to bridge the gap of over Rs 700 billion due to failure in achieving the agreed targets, well informed sources told *Business Recorder*. "Different proposals are under active discussion at the higher level to increase electricity tariff as per commitments with the Fund including alteration in NEPRA Act to impose debt service surcharge," the sources added.

Presently, the government is recovering debt service surcharge at Paise 43 per unit which will be increased to Paise 96 per unit which implies additional Paise 53 per unit surcharge will be imposed.

The sources said the government has decided to bear the financial burden of Rs 75 billion against non-recovery of flood affected domestic consumers using 200 units for two months. However, the impact of the rupee depreciation will have massive impact after interbank rate of Rs 255/\$ against government's assumption of Rs 190/\$.

National Electric Power Regulatory Authority (Nepa) will also have to rebase its tariff due to massive depreciation of Pak Rupee as payments are to be made to foreign lenders in dollars. Official documents reveal that the government has assured IMF that recovery will be 93.83 percent, but in fact it remained less than 90 percent (FY-22 at 90.43 percent). Transmission and Distribution losses were greater than 17 percent (FY-22 at 22.16 percent) against the commitment of 15.83 percent, made with the IMF and World Bank.

Electricity demand remained depressed at 44 billion units during first quarter of current fiscal year (FY-22 at 44.4 percent) whereas IMF had been given the understanding of 45 billion units.

According to sources, the government has extended subsidy of Rs 281 billion to K-Electric despite the fact that it was not budgeted.

IMF had also been given assurance that exchange rate for last fiscal year would be Rs 194/\$ which remained at over Rs 200/\$. Likewise, the Fund had been given the pledge that KIBOR would be 10.5 percent while in fact it remained at 15 percent.

The government has also approved additional subsidies to the power sector of over Rs 200 billion despite the fact that IMF has clearly indicated that it would not allow any subsidy except those targeted to the poor segment of society. The sources said the government staggered Fuel Cost Adjustment (FCA) in violation of commitments with the Fund and World Bank. The sources said power sector budgeted requirement was of Rs 1.734 trillion whereas the government budgeted only Rs 570 billion.

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## **ISLAMIC LAW OF INHERITANCE BILL SUBMITTED IN NA**

ISLAMABAD: Member National Assembly Maulana Abdul Akbar Chitrali has submitted a bill "Islamic Law of Inheritance 2023" in the lower house.

The bill consisting of 52 pages is based on detailed injunction of inheritance in Islam. If the bill is passed by the parliament, it shall be applied to the Muslim citizens of Pakistan. The uniqueness of the law is that various eminent muftis and legal experts have contributed towards its completion. Besides, the law has been approved by multiple centres of fatwas of all schools of thought as well as the Council of Islamic Ideology (CII). The law was sent by the council to the ministry of law for its enactment but an action is yet to be taken. The Holy Quran not only specifies the share of each heir, it also pronounces that these shares are fixed by Allah. This implies that while acting on these commands, it must be kept in mind that these shares have been specified by Allah, read the bill.

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## **U.S. SECURITIES REGULATOR PROBES INVESTMENT ADVISERS OVER CRYPTO CUSTODY -SOURCES**

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NEW YORK, Jan 26 (Reuters) - The U.S. Securities and Exchange Commission is probing registered investment advisers over whether they are meeting rules around custody of client crypto assets, three sources with knowledge of the inquiry told Reuters.

The SEC has been questioning advisers' efforts to follow the agency's rules around custody of clients' digital assets for several months, but the probe has gathered pace in the wake of the blow-up of crypto exchange FTX, the sources said. They spoke on condition of anonymity as the inquiries are not public.

Advisers managing clients' digital assets typically use a third party to store them.

SEC enforcement staff are asking investment advisers for details around what the firms did to assess custody for platforms including FTX, one of the sources said. The broad enforcement sweep, which has not been previously reported, is a sign the top U.S. markets regulator's scrutiny of the crypto industry is expanding to more traditional Wall Street firms.

A spokesperson for the SEC declined to comment. By law, investment advisers cannot have custody of client funds or securities if they do not meet certain requirements to protect the assets. One of these demands that advisers hold such assets with a firm deemed to be a "qualified custodian," though the SEC does not hold any specific list or offer licenses to firms to become such custodians.

The SEC's investigation signals the regulator is targeting a long-brewing issue for traditional firms that have sought ways to invest in crypto, attorneys told Reuters. The agency's accounting guidance has made it too capital-intensive for many lenders to hold digital assets on behalf of clients, limiting options for advisers seeking custodians.

"This is an obvious compliance issue for investment advisers. If you have custody of client assets that are securities, then you need to custody those with one of these qualified custodians," said Anthony Tu-Sekine, head of Seward and Kissel's Blockchain and Cryptocurrency Group. "I think it's an easy call for the SEC to make."

Under Democratic leadership, the SEC has made crypto a priority area for enforcement, nearly doubling the size of its crypto team last year. But the regulator is under fresh pressure to go after crypto in the wake of a series of bankruptcies across the industry and the unveiling of U.S. charges against FTX's founder and former head, Sam Bankman-Fried, for allegedly committing fraud. He has pleaded not guilty.

Two of Bankman-Fried's associates, former Alameda chief executive Caroline Ellison and former FTX chief technology officer Gary Wang, have both pleaded guilty to defrauding investors and agreed to cooperate.

The SEC has also been probing FTX equity investors for details of their due diligence efforts when they invested in the crypto exchange.

[https://www.reuters.com/technology/us-securities-regulator-probes-investment-advisers-over-crypto-custody-sources-2023-01-](https://www.reuters.com/technology/us-securities-regulator-probes-investment-advisers-over-crypto-custody-sources-2023-01-27/)

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