GOP IJARA SUKUK

GOVERNMENT OF PAKISTAN
Security

INVESTOR GUIDE

Prepared by:
State Bank of Pakistan
Key Features of the GOP Ijara Sukuk

- Government of Pakistan Security
- Issued in accordance with Public Debt Act, 1944
- Denomination: Issued in multiples of PKR 100,000
- Tenor: 3 years
- Coupon payment: Floating & Semi-annual
- GOP Ijara Sukuk are issued in a scrip less (without physical) form
- The Auction follows the uniform based system, where all the bids accepted by the government, get the same rate of profit
- Income Tax: Income Tax will be deducted as per existing law
- Zakat: No compulsory deduction of Zakat at source
- Custodian: Ultimate custodian is the SBP, but banks maintain these securities in the Investor Portfolio of Securities (IPS) Accounts on behalf of their customers
- Investor can find out the latest auction yields of GOP Ijara Sukuk at http://www.sbp.org.pk/ecddata/Auction-Ijara.pdf
Investment Procedure

Investor Portfolio Securities (IPS) Account: The Investor Portfolio of Securities (IPS) account is necessary for investing in GOP Ijara Sukuk. Primary Dealers/Scheduled Banks hold GOP Ijara Sukuk in IPS accounts on behalf of their customers. Customer is the legal owner of the Sukuk held in the IPS account with banks in accordance with instruction of SBP.

How to Open an IPS Account: All Primary Dealers (PDs) of Government Securities, designated by State Bank of Pakistan for each financial year are required to offer these accounts to their customers. Any person or entity, which has PKR denominated account with a primary dealer or any scheduled bank offering this facility, is entitled to open an IPS account.

Investors are advised to contact the treasury department of their bank or their respective branch for the detailed guidelines for investments in the GOP Ijara Sukuk. IPS account opening branch will provide activity statements of IPS account to each investor on a quarterly basis. Charges levied by banks on IPS accounts, are explicitly mentioned in their respective schedule of charges.

How to buy GOP Ijara Sukuk: After opening the IPS account, investor can instruct its bank to buy the GOP Ijara Sukuk from the secondary market. The prices and yields of GOP Ijara Sukuk and other Government
securities in the secondary market are available at

**Profit Payment:** The profit on the Sukuk is paid semi-
annually on the basis of rental rate announced by the
State Bank of Pakistan prior to start of each half year.
The semi-annual profit is determined one day prior to
the start of each 6 month rental period. The amount of
profit will be credited to the account of investor
through its bank.

**Redemption:** GOP Ijara Sukuk are only redeemable at
maturity. However, any investor can sell them in the
secondary market through its bank. If an investor holds
the GOP Ijara Sukuk till maturity, the PKR value
equivalent to face value of the Ijara Sukuk will be
credited to the account of the investor through its bank
on the maturity of that Sukuk.

**Investment by Non-Resident Investors:** Like the
local investors, foreign investors can invest in the GOP
Ijara Sukuk by opening an IPS account. Foreign
investors are also required to open a Special
Convertible Rupee Account (SCRA) with any
Authorized Dealer in Pakistan. The SCRA is opened by
foreigners in Pakistani Rupee. The amounts are
credited to these accounts after conversion of foreign
currency into Pakistani Rupee, for the purpose of
investment in the Government Securities. Balance’s in
these accounts can be sent any time outside the country after conversion into foreign currency.

**Benefits**

- **Islamic Mode of Investment:** GOP Ijara Sukuk are based on the guidelines of Shariah and approved by SBP Shariah Board.

- **Guaranteed Repayment:** The repayment of face value at maturity and periodic rental payments are guaranteed by the Government of Pakistan.

- **Higher Profit:** These securities provide higher returns to the investor, as compared to most bank deposits.

- **Accepted as Collateral:** GOP Ijara Sukuk are acceptable by the banks as collateral.

- **Liquidity:** Highly liquid and tradable in the secondary market.

- **Easy Process of Investment:** Local and foreign investors can easily invest in the GOP Ijara Sukuk by opening an IPS Account in any bank offering these services. In addition to IPS account, foreign investors also have to open a Special Convertible Rupee Account (SCRA) with any Authorized Dealer in Pakistan.
## Primary Dealers

All Islamic Banks and commercial banks with Islamic branches are designated as Primary Dealer (PD) for the purpose of participating in the auction of GOP Ijara Sukuk. The list of primary dealers of GOP Ijara Sukuk is as under:

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<thead>
<tr>
<th>No.</th>
<th>Bank Name</th>
<th>Website</th>
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<tr>
<td>5.</td>
<td>Meezan Bank Limited</td>
<td><a href="http://www.meezanbank.com">www.meezanbank.com</a></td>
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<td>10.</td>
<td>Faysal Bank Limited</td>
<td><a href="http://www.faysalbank.com">www.faysalbank.com</a></td>
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<tr>
<td>17.</td>
<td>United Bank Limited</td>
<td><a href="http://www.UBL.com.pk">www.UBL.com.pk</a></td>
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