

REVISION OF KMI INDICIES SHARIAH SCREENING METHODOLOGY

Pakistan Stock Exchange Limited (PSX) hereby informs all market participants that, upon the recommendation of the KMI Index Committee, the Securities & Exchange Commission of Pakistan (SECP), vide its letter dated **February 20, 2026**, has granted approval for the following matters:

1. Revision in Shariah Screening Ratio:

The threshold of interest-bearing debt to total assets ratio under the Shariah screening methodology has been revised from 37% to 33%.

2. Introduction of Shariah Compliance Rating Mechanism

To provide additional qualitative information to investors, the KMI Index Committee has introduced a Shariah compliance rating mechanism for companies included in the KMI All-Share Index, based on their level of compliance with Shariah screening criteria. The rating scale is as follows:

Stars Rating	Rating Criteria
★★★★★	Non-compliant debt, investment, income ratios = 0%
★★★★	Debt & investment ratios <11%, Income ratio <2%
★★★	Debt & investment ratios <22%, Income ratio <4%

3. KMI-All Share Index – Objection Mechanism

Introduction of an objection mechanism for the KMI All share Index companies. Under this framework, PSX shall publish the KMI All share list with a defined objection window of five working days. During this period, respective companies of the list may submit reconsideration requests on the Shariah status to PSX's designated email address provided in the KMI notices, supported by relevant documentation. Any approved changes shall be reflected through a revised PSX notice issued by PSX within five working days after the close of objection window period. Hence, KMI All Share Index's notice shall be published earlier than the KMI 30 Index notice.

These changes shall be implemented from November 2026 re-composition based on June 2026 annual / half yearly accounts and index brochures shall be accordingly updated. In this respect, PSX shall also initiate awareness sessions for the benefit of market participants.

Newly listed Companies via IPO

In addition, PSX has also formalized the shariah screening of new listings of companies via IPO, where the shariah status is determined as per the approved shariah screening methodology. Upon Shariah approval, such companies will be included in the KMI All Share Index from the date of listing. This will be implemented from the date of this notice.



Aamir Mushtaq Kanju, CFA, ACA, FCCA

Head | Strategy, Products & Data Science

Copy to:

SECP Head IFD

PSX Website

KMI Index Committee