**Report Week # 104**

**BUSINESS AND POLITICS IN THE MUSLIM WORLD**

**Weekly Report on Global Islamic Finance and Business in the Muslim World,**

**Period: Jan 24, 2009 – Jan 30, 2010.**

**Submitted By: Muhammad Ibrahim**

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## France will adopt Islamic financial system

Sunday, 24 January 2010

Paris (UNN) French Minister of Economy, Industry and Employment Christine Lagrade's Advisor Thierry Dissaux said here Saturday his country was going ahead with its plan to adopt the Islamic financial system.

A strictly secular European heavyweight, France is seeking to adopt the Islamic financial system just as a prelude to becoming a European center for Islamic economy. Discussions are being held in France for applying Islamic financial operations to the field of banking regulation and settlement.

The government has already introduced legal and tax amendments with a view to matching the requirements of the Islamic Shariah' or law in terms of Islamic finance, the French official noted.

In July 2007, the French Financial Markets Authority laid down conditions and terms for setting up a fresh investment fund in line with the Islamic Shariah, he said.

*www.unnindia.com/english/story.php?Id=5912*

## Bahrain base for top Russian firm

Sunday, 24 January 2010

A MAJOR Russian consultation company is set to open an office in Bahrain as part of an expansion into the Gulf, it has been announced. The Agency for Financial Monitoring and Information (AFMI) chose Manama based on its position as the financial centre of the Middle East and the number of varied investment opportunities available, said officials.

It comes after Russian First Deputy Premier Viktor Zubkov met His Majesty King Hamad on Thursday to present him with a letter on bilateral relations.

His Majesty visited Russia in December 2008 becoming the first member of Bahrain's Ruling Family to make such a trip.

Senior AFMI officials are in Bahrain as part of the first Bahrain International Air Show, which concluded yesterday.

AFMI board of directors chairman Vladimir Levchenko said the country had attractive laws and regulations for foreign companies and a solid banking and telecommunications infrastructure.

"This follows plans to build bridges of co-operation between each other in various fields and to ensure the signed agreements are implemented," he said.

"The company is represented in a number of fields including gas exploration as we have a lot of experience in digging and exploration, running big projects that use renewable energy from gas production, which will in turn help Bahrain a lot and enable it to adapt to this field for years to come."

Mr Levchenko said the company had already carried out detailed studies on renewable energy from gas production.

"It will manage capital and invest them in big projects and work on managing it according to modern and developed administrative basis," he said.

"It will prepare and organize exhibitions in the Gulf starting with Bahrain to promote Russian industries of high quality and also learn from the Bahrain experiment in the field of banking - especially Islamic banking.

"We hope to establish an Islamic bank in Moscow and work on establishing Russian banks in Bahrain and developing the stock exchanges of both countries."

Mr Levchenko added co-operation with GCC countries in the agricultural sector would start in Bahrain with emphasis on food security to help avoid shortages, given Russia is one of the biggest wheat producers in the world.

No details were given about the value of the company, where it would be based or when, with officials only saying the business would be up and running "soon".

*Gulf-Daily*

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**UK Treasury introduces Islamic finance support measures**

Sunday, 24 January 2010
The Treasury has rolled out the measures in a bid to support Islamic finance and the issuance of corporate Sukuk - the Islamic equivalent of a bond - in the UK in accordance with Islamic Law under which usury is prohibited. Although credit lending under Islamic Law is not allowed, the issuance of Sukuk and direct investment for profit is not. To support Islamic finance in the UK, the Treasury has introduced the measures which will provide clarity on regulation, legal costs and issuance guidelines.

Exchequer Secretary to the Treasury Sarah McCarthy-Fry MP said: “The Government’s objectives on Islamic finance are to enhance the UK’s competitiveness in financial services by maintaining the UK’s position as a Western leader for international Islamic finance; and to ensure that everybody, irrespective of their religious beliefs, has access to competitively priced financial products."

"This measure is another important step in the development of the Islamic finance sector in the UK and will help to provide a level playing field for Islamic financial products in this country. It is good news for the UK economy and for our Islamic finance industry."

*www.ukinvest.gov.uk/ourworld/4053477/en-gb.html*

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**French economy to be main pillar of Islamic system – official**

Monday, 25 January 2010
PARIS -- Secretary General of the Franco Arabe Chamber of Commerce Dr. Saleh Al-Tayyar said here Friday that the French economy would be a major pillar of the Islamic finance system. Speaking to KUNA, Al-Tayyar said senior French officials were convinced that Islamic finance was a successful way to finance and attract foreign investments.

France had all the abilities and tools to enter the Islamic finance field, he stressed, adding that the European country's political relations with the Arab world were excellent.

He noted that USD 650 billion around the world are managed by Islamic financial portfolios.

He said that the chamber was leading in marketing Islamic finance, as it held the first forum on Islamic finance in France in 2006.

The chamber established, in cooperation with the Islamic Development Bank (IDB), the French Institute for Islamic Finance (FIIF) to stress the concept of Islamic finance in France, adding that the institute held more than 10 training courses in one year, he pointed out.

Al-Tayyar said that France could implement the Islamic financial system on its investments in African countries.

He noted that Islamic investors could benefit from the large number of Muslims in France, which reached five million, through providing loans that are compatible with the Islamic finance, He emphasized that French fears of the Islamic financial system were a result of relating the system to Islamophobia and to fearing it would threaten the sectarian system of the European country.

The concerns are baseless as a sectarian country would not be an obstacle to the system which is based on partnership, he highlighted.

He said he expects that the system would be implemented in France during the first half of 2010, pointing out that there will be three licenses for opening branches of Islamic banks in France.

*Zawya*

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**Malaysian Law Firm to Promote Islamic Finance in Australia**

Monday, 25 January 2010
MELBOURNE - Malaysian law firm Zaid Ibrahim & Co has been granted licences by Australian authorities to operate offices in Sydney and Melbourne to promote Islamic finance. Chairman and senior partner of the firm Datuk Dr Nik Norzul Thani was reported in "The Australian" newspaper as saying that his firm was keen to take advantage of the growing interest in Islamic finances and was planning to open offices in Australia this year.

Dr Nik, who was in Australia recently, said his primary focus was to promote Islamic finance and provide Shariah advisory services.

He also said his firm wanted to work with lawyers, bankers and accountants to facilitate investment from Malaysia to Australia and help firms wanting to do business in Malaysia.

The newspaper said Zaid Ibrahim's expansion comes at an opportune time as the Australian Financial Centre Forum this week recommended the government act to remove barriers to the development of Islamic finance.

"The greatest opportunity for Australia, in terms of assessing offshore capital pools to finance domestic investment needs competitively as possible, would appear to be in the area of developing Shariah compliant-wholesale investment products," the report said.

According to the report, the global market for Islamic financial services was estimated at US$729 billion at end 2007.

*BERNAMA*

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**Kuwait Finance House Singapore cuts workforce**

Tuesday, 26 January 2010
The Singapore operations of Islamic bank Kuwait Finance House has cut its workforce as part of a plan to streamline its regional fund management business, a director said on Monday. The decision to reduce Kuwait Finance's Singapore headcount to two from about eight comes shortly after the departure of Islamic Bank of Asia's top Singapore executive raised industry concerns that the city-state's Islamic finance market is growing too slowly and so is prompting some companies to restructure.

"We are in the process of streamlining our operations to essentially minimize duplication of fund management and similar functions in the region," KFH Singapore Pvt Ltd's non-executive director Ian Tham told Reuters by telephone.

"What we will have is an integrated platform whereby Malaysia, Singapore are one investment platform, one distribution platform, one fund management vision and business plan."

Kuwait Finance House Singapore was set up to manage regional funds promoted by the KFH Group.

Tham said KFH Singapore had not managed any funds since its inception and was working on fund management plans for 2010.

"We do not, out of the Singapore office, manage any funds but the initiative in the shipping fund and the initiative in various other funds, that continues," he said.

Singapore saw $123.6 million of Sukuk issuance last year, compared with $8 billion for Malaysia and $1.2 billion for Indonesia, its nearest Islamic banking competitors.

*AB*
*http://news.alibaba.com/article/detail/markets/100238030-1-kuwait-finance-house-singapore-cuts.html*

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**Islamic finance market growth slowed in 2009**

Wednesday, 27 January 2010
Despite this growth the Islamic finance sector has been affected by the downturn in the global economy. Asset growth slowed in 2009 according to the Islamic finance report from International Financial Services London (IFSL), an independent organization. The Sukuk (Islamic bond) market, despite a 30% recovery in issuance from a low of $15 billion in 2008 to $20 billion in 2009, is facing its first stress test with several defaults. Despite this, quality Sukuk issuers continue to attract demand from investors.

There was less activity in Islamic financing in London in 2009. Only two Sukuk listings were made on the London Stock Exchange (LSE) compared with three in 2008 and 12 in 2007.

Last year there were three fund launches compared with six in 2008.

The latest data estimates that the total number of Shariah compliant funds totaled 680 funds by end-2008 having risen more than threefold from around 200 in 2003.

The total value of these funds has grown from $20 billion in 2003 to $44 billion in 2008.

The report said the UK's position as the key Western hub for Islamic finance remains strong. London's total of 22 banks offering Islamic finance products is the largest market of any Western country. The LSE's 20 Sukuk listings worth $11 billion are second only to Dubai.

*Hedge Fund Review*

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**AAOIFI to Launch Watchdog**

Wednesday, 27 January 2010
A new watchdog is to be established and its mandate to investigate suspected violations of Shariah-compliance by Islamic finance products.

The committee, due to be launched in the next few months, is the brainchild of the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), the international standard-setting organization for Islamic finance.

The body will identify institutions that have inadvertently breached Shariah finance laws and then advise them on how to rectify their error. In the case of organizations that just refuse to comply, yet label themselves as 'Shariah-compliant', the body will report them.

AAOIFI Secretary General, Dr. Mohamad Nedal Alchaar, told Arabian Business, "We believe that there are violations in the market, whether through a lack of practice, a lack of good knowledge, or unintentional mistakes. There needs to be an authority in the market making sure that products adhere to the principles of Shariah'a, as one of the criteria of a good system is that you have checks on that system."

The new committee will consist of up to eight members-a collection of bankers, accountants, auditors, lawyers and "more than one" Shariah scholar.

Dr. Alchaar explained, "We are looking at the mechanisms for screening products, and we will be up and running by mid-year. All banks are offering products, and we will be looking at them to establish whether they meet our standards.

"It will be amiable, as we are the gatekeepers of this industry, and we want to work through negotiation. Only if that that does not work, we will go through the authorities."

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**Bank Negara leaves rates unchanged**

Wednesday, 27 January 2010
PETALING JAYA: Bank Negara yesterday kept the benchmark interest rate unchanged at 2%, after its first monetary policy meeting for the year.

The central bank said while monetary policy would continue to focus on economic growth, it was keeping a vigilant eye on the negative impact arising from having interest rates low for an extended period.

“Moving forward, monetary policy would remain accommodative to ensure that the economic recovery is well entrenched,’’ Bank Negara said in a statement yesterday.

“At the same time, the monetary policy committee also recognizes the need to ensure that the stance of monetary policy is appropriate to prevent the build-up of financial imbalances that could arise from interest rates being too low for a prolonged period of time,’’ it said.

Recent economic indicators suggested that the local economy expanded “favourably” in the last quarter of 2009, Bank Negara said.

Also, positive developments in manufacturing production, financing activity, external trade and labour market conditions had “reaffirmed” the central bank’s assessment that the economic recovery was gaining strength.

Bank Negara overnight policy rate (OPR) has remained at the current level since the central bank last cut the benchmark rate in February last year, as central banks and governments worldwide acted in unison to counter the financial crisis that exploded in the West in the third quarter of 2008.

Recently, there is a growing call for governments to tighten their loose monetary policy to head off runaway prices fuelled by cheap money.

China’s central bank has already taken steps towards tighter monetary policy by curbing bank lending and raising the portion of money banks need to set aside as special reserves.

Meanwhile, most economists projected that any local rate hike would only happen in the second half of the year at the earliest despite some concern about inflation as the consumer price index had turned positive in December.

“The pace of price increases for the year is projected to be gradual, reflecting the prevailing economic conditions and taking into account some adjustments in administered prices,’’ Bank Negara said.

The central bank said in the absence of further price revisions and external influences, “a positive but modest inflation rate” was expected in 2010.

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**Indian Govt. may allow Islamic banking, eyes $1tn funds**

Thursday, 28 January 2010
NEW DELHI: Aggressively pitching for $1 trillion worth of Shariah-compliant funds from the Gulf countries for investments in its infrastructure development, the UPA government has drafted a report on Islamic banking even as RBI and the finance ministry are jointly working on necessary legislative changes to implement the same.

A committee headed by the Cabinet Secretary and comprising secretaries from other ministries, including finance, submitted a report to the government recently on the prospects of Islamic banking in the country and on drawing investments from abroad, Rajya Sabha deputy chairperson K Rahman Khan said on Wednesday.

Khan is behind an Indo-Arab Economic Summit to be organized in the Capital from February 3-4 where authorities from the Arab world will be present.

The summit will be presided over by foreign minister S M Krishna. "The emphasis will be to attract investments from these countries through opening up channels like venture capital and mutual fund options which are largely Shariah-compliant," Khan added.

The government has already started similar initiatives with UTI and SBI where certain mutual fund alternatives are available for people to invest in such funds, he added.

To project it as a more secular initiative, the government may term it as ‘participative banking' rather than Islamic banking. "It is an alternative system of banking where people belonging to certain faith and belief can save their money and earn from it too," said Khan, who is also the patron of Indo-Arab Economic Co-operation Forum which is organizing the summit.

According to Khan, the motive behind the summit is to bring the Arabian countries closer to India which has an advantage vis-a-vis China and western countries mainly due to its democratic and liberal credentials and because it is an attractive investment destination.

*Times of India*

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**Islamic financing in Canada legal, but still poses hurdles**

Thursday, 28 January 2010
Shariah-compliant mortgages and other types of Islamic financing would be legal in Canada, but the CMHC has no plans to insure them or change any legislation or administrative practices to accommodate them, concluded a report. "Islamic financial products should not present any particular difficulties under Canadian accounting standards," said a study conducted by the CMHC that noted the growing demand for these types of loans.

Based on a principle forbidding the charge of interest on loans, a Shariah-compliant mortgage would position the lender and the purchaser together as equity partners in a home. A monthly rent is paid with principal to the lender that is "putting up the rest of the purchase price," explained a report from the Canadian Press.

This type of arrangement creates some obstacle for lenders, concluded the CMHC report, suggesting that private entities are free to pursue this type of financing for the approximately 700,000 Canadian Muslims that could be interested.

*Mortgage Broker News, Canada*

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**Malta runs into problems with Islamic banking**

Thursday, 28 January 2010
Malta should be in a position to issue guidelines on securities under Islamic finance law by the middle of the year, but there were still legal and technical problems to sort out with respect to banking, Finance Minister Tonio Fenech said.

Mr Fenech was replying to a Parliamentary Question posed by MP Leo Brincat. A consultation document on the introduction of Islamic finance in Malta was issued last year by the Malta Financial Services Authority.

He said that the MFSA had finalized its studies and would publish its guidelines on securities in the first half of 2010. However, more work would need to be done before progress could be made on Islamic banking.

*DIVE*

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**India banking reforms focus on Islamic finance**

Friday, 29 January 2010

India is planning to overhaul regulation of its financial system to attract investments from the Gulf and to encourage its largely unbanked Muslim population to save money in a way compliant with their religion, a senior government adviser said on Thursday. K Rahman Khan, deputy chairman of India's upper house of parliament, told the Financial Times that the ruling Congress party has proposed the introduction of Islamic financial products. The party was seeking regulatory approval for a move to capture one of the fastest growing sectors in the financial services industry by the finance ministry, the Reserve Bank of India and Securities and Exchange Board of India, he said.

"Islamic finance has been growing at a steady pace and it is the most attractive form of alternative [banking] system in the financial sector, it makes no sense for India to exclude itself from this success story," said Mr. Khan.

India, with more than 150m Muslims, has the world's largest Muslim minority. Many Muslims are discouraged from banking with commercial banks as Islam has restrictions on interest payments and investing in sectors such as gambling and drinks groups, according to the Institute of Objective Studies, a research group focusing on the Muslim community.

Some Western and emerging economies are taking steps to facilitate Islamic investment. China, with 80m Muslims, recently awarded its first license for Islamic banking to Bank of Ningxia, a move that could pave the way for Shariah-compliant financing in the rest of the country.

The Congress party's report, which Mr. Khan said had been endorsed by Manmohan Singh, India's prime minister, falls short of supporting the creation of a fully-fledged Islamic banking sector in India at a time when regulators are shy of liberalization.

Mr. Khan said that the "main goal at the moment is to help set up non-banking institutions that will allow Indian citizens to save and invest in a Shariah-compliant manner and to attract foreign direct investment from the Gulf … At a later stage we will be looking into setting up Islamic banking."

India is keen to attract a greater share of Gulf investment. The United Arab Emirates is already one of India's largest trading partners, while about 4.5m Indians work in the Gulf. Political and business leaders in the region have expressed their enthusiasm for larger investments in the Indian economy.

Sheikh Nahyan bin Mubarak al-Nahyan, the UAE's minister of education and a leading Arab investor, predicts India will become a "world economic power".

"While countries around the world continue to feel the pinch of the economic downturn, India's economy is buoyant and in relatively good condition. Investment opportunities abound in this vast, innovation-driven country," he said

India's first Islamic-based financial institution was expected to open in the remittance-dependent southern state of Kerala this year, but the process was blocked by a legal petition filed against the creation of a faith-based fund.

*FT.com*

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**Toronto Financial Services Alliance welcomes CMHC report on Islamic financing**

Friday, 29 January 2010

TORONTO - The Toronto Financial Services Alliance (TFSA) welcomed the release today of a report prepared for Canada Mortgage and Housing Corporation (CMHC) that concludes that Islamic financing products - and, in particular, housing loans - can be accommodated under Canadian legal and accounting rules. "The TFSA has recently established a working group to consider challenges and opportunities for Toronto related to Islamic finance", said TFSA president Janet Ecker, "and these findings will be encouraging to our members."

While the CMHC report, prepared by law firm Gowling Lafleur Henderson LLP, focuses on consumer lending, the TFSA working group is examining the broader range of Islamic financing options, and exploring the value of this alternative source of corporate and sovereign debt financing.

"As a global financial services centre, Toronto has the potential to develop expertise in this area for North America," said Ms. Ecker, "as London has in the European marketplace."

Ms. Ecker noted that there are still areas of uncertainty, starting with issues of taxation, and that it will still be necessary to make the case to governments that certain changes are desirable to create a more favourable environment in Canada for these alternative financing options and products.

Working with the provincial and federal governments, the TFSA will be representing the interests of its members who want to become more involved in providing Islamic financing options for customers in Canada and abroad.

*Newswire, Canada*

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**Malaysia Needs Vibrant Stock Market for Islamic Finance Growth**

Saturday, 30 January 2010
KUALA LUMPUR, Malaysia needs to develop a vibrant stock market to attract asset flow and support the growth of Islamic finance, first holder of the International Centre for Education in Islamic Finance (INCEIF) chair of Islamic finance, Dr Abbas Mirakhor, said Friday.

According to Abbas, a stock market that is highly liquid will attract assets from all over the world and fits into the evolution of Islamic finance.

"Malaysia has the ability to attract resources from all over the world. It can achieve this by building on its capacity as a resilient financial sector hub in the region," he said at a public lecture at Bank Negara Malaysia here Friday.

He also said that Malaysia has the potential to be a global financial hub as the centre of gravity of the world economy shift towards the Asian and African regions.

Bank Negara governor Dr Zeti Akhtar Aziz today introduced Abbas as the first holder of INCEIF chair of Islamic finance.

Abbas joins INCEIF following a long and distinguished career as an economist and academician.

He will provide leadership in research and consultancy leading towards seminal publications on Islamic finance, assist in academic research and supervise dissertations by INCEIF students.

He will also present lectures abroad on behalf of INCEIF as part of the efforts to promote the centre and its programs.

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**Bank Islam Eyes Acquisitions in Southeast Asia**

Saturday, 30 January 2010
KUALA LUMPUR, Bank Islam Malaysia Bhd is looking for merger and acquisition opportunities in the Southeast Asian region, according to managing director, Datuk Zukri Samat. "We are looking at any opportunity for mergers and acquisitions or taking a strategic stake in banks around the region," he told reporters, after the official opening of Bank Islam's 100th branch at Bukit Damansara, here Friday.

The opening was officiated by Second Finance Minister, Datuk Seri Ahmad Husni Hanadzlah.

Zukri said Indonesia is one of the markets Bank Islam is eyeing; adding that with a population of 250 million, it offers enormous opportunities to grow Islamic banking.

He said the merger and acquisition exercise is a component under Bank Islam's sustainable growth plan. The three-year plan is aimed at increasing organic growth and strengthening the bank's position on the domestic front.

"We are strengthening our position in the domestic market and at the same time looking for opportunities to grow beyond our shores," he explained.

He said Bank Islam's focus is on Islamic banks and there was no intention to acquire any conventional bank.

Asked if Bank Islam prefers a strategic or controlling stake, Zukri said: "Preferably, we would like a controlling stake. But, if there is a good proposition, we may consider a strategic stake."

He also highlighted that Bank Islam is hoping to grow its customer deposits by expanding the network of branches. Bank Islam's customer deposits stood at RM25.2 billion as at June 30, 2009.

He stated that Bank Islam plans to move aggressively to add 15 new branches in strategic centres nationwide by the first half of next year and increase innovative offerings of products and services.

On the Dubai Group LLC, which owns 30.5 per cent of Bank Islam and plans to sell its stake, for RM1 billion, he said this was a shareholder matter.

Dubai Group has announced, it is prepared to sell the stake in Bank Islam, if there is a right offer.

Asked if any interested parties were talking to Bank Islam regarding a possible purchase, Zukri said no one had sought due diligence on the matter.

*BERNAMA*

**'Islamic banking system needs improvement'**

Sunday, 24 January 2010

RAWALPINDI: The present Islamic banking requires improvements to bring it in full conformity with Shariah and everyone has to play his role in this regard, said Muhammad Ayub, a globally recognized scholar in Islamic Economics here Friday. The State Bank has a Shariah Board to look after the affairs of Islamic Banking in the country but it has to be made more proactive to achieve the objective of promoting Islamic banking system, he said.

Speaking at a seminar on "What is Islamic Banking and where does it stand", organized by Riphah Center of Islamic Business, a constituent institute of Riphah International University, Islamabad, he highlighted the importance of Islamic business and finance particularly in the wake of present crisis in world's economy where the banks dealing in Islamic banking successfully resisted the pressures on the business and finance.

Muhammad Ayub, who is also Director Research & Training of RCIB, said Riphah Center of Islamic Business (RCIB) is playing an active role in imparting education in Islamic Business and Finance as per teachings of the Holy Qura'an.

Presently, a number of students of the RCIB are qualified Alam-e-Deen and after completing MBA program at the center will be an asset for business concerns, industry and banking to run them on Islamic principles. Vice Chancellor Riphah International University Prof. Dr. Anis Ahmed, in his remarks, said the seminar will help to explain the fact that Islamic principles of business and finance provide checks for all the factors that have corrupted the national and global economies and the finance. He said these principles need to be adopted for the relief to the mankind. Islamic banking has become hallmark of today's financial world, he added.

*Daily Times*

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**More banking licenses, privatization to boost economy**

Sunday, 24 January 2010

HONG KONG: Malaysia is awarding new banking licenses and privatizing government firms under its new economic plan to boost the economy, its Second Finance Minister said. In an interview with Reuters yesterday, Datuk Seri Husni Ahmad Hanadzlah said it had already received "dozens of applications" for its second commercial banking license which it was evaluating.

It awarded its first license to China's Industrial and Commercial Bank of China, the country's biggest bank in November.

Malaysia was also awarding some Islamic banking licences, he said.

Husni also said the Government was privatizing 15 to 17 companies and was liberalizing some sectors to boost foreign investment. He declined to divulge more details of these plans.

The Government has said it would announce next month a new economic model to boost the economy and Husni said he planned to attract more foreign direct investment from new sources such as China, West Asia and the Middle East.

“Our aim is to transform the economy into a high-income one from a middle-income one,” Husni said at the conclusion of a three-day visit to Hong Kong.

“We have laid out the foundation so far for the new economic plan and we will unveil the details in February,” he said.

*Reuters*

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**Ajman Bank named Best New Islamic Bank in Islamic Finance News Awards**

Sunday, 24 January 2010
Ajman Bank, the Emirate's first Islamic commercial bank, has been awarded Best New Islamic Bank for 2009 by readers of Islamic Finance News (IFN). Held annually, Ajman Bank beat the competition in the fifth Islamic Finance News Awards which collated votes from over 2,500 readers during a month-long poll.

Announced this month, this achievement comes as the new bank nears the end of a successful first year in operation.

The bank was assessed on a number of different operational divisions other than its overall performance as a bank. These included retail banking, with the acknowledgment of Ajman Bank launching a wide range of assets and liability products at the most competitive rates offered in the market and its success in winning the most creative design award by VISA for Ajman Bank's credit cards.

Investment banking and corporate banking achievements were also taken into consideration as 2009 witnessed Ajman Bank financing reputable names in the UAE market such as Al Ghurair Group, and Bu Khater. In addition the bank has been recognized for building strong relationships with semi-governmental and government-owned companies such as Ajman Free Zone, and Sharjah Safe Zone.

Commenting on the accolade, Ali E. Alshaqoosh Al Mueen, Deputy CEO for Ajman Bank, said, "I know that I speak for the whole team at Ajman Bank in saying that we are very proud to accept this award as Best New Islamic Bank. Developing a strong and stable operation in and outside Ajman was a key objective for us throughout 2009, an objective I am pleased to say we achieved."

"To now be acknowledged for this achievement by industry peers goes to highlight the continued effort and commitment shown by the Bank's teams and its leadership. This is a great start to 2010, the year we hope to see Ajman Bank reach even greater heights," he added.

The award follows a highly successful year for the bank with the opening of three new branches in Ajman, Sharjah and Abu Dhabi, with the Dubai branch set to open this quarter. The Bank has also seen through some large financing deals such as Emirates Transport, as well as service innovations from auto financing offers, protection plans and an extensive range of e-service options.

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**Kuwaiti Islamic bank starts rights issue**

Monday, 25 January 2010
KUWAIT CITY — Kuwaiti Islamic lender Boubyan Bank on Sunday started a major rights issue aimed at raising its capital by 50 percent, the bank said. In a statement on the Kuwait Stock Exchange website, the bank said the share price in the rights issue will be at a nominal value of 100 Fils (0.35 dollars) in addition to a premium of 155 Fils (0.54 dollars).

The bank's current capital of 116.6 million dinars (406.2 million dollars), will rise to 174.9 million dinars (609.4 million dollars) after the increase.

The rights issue of 583 million new shares to raise 148.6 million dinars (518 million dollars), will continue until February 7, the statement said. It will be open to current shareholders only.

The bank's shares were trading at 435 Fils (1.51 dollars) on Sunday. The emirate's largest lender, National Bank of Kuwait, holds a 40-percent stake in the bank.

The oil-rich Gulf state of Kuwait has six conventional and three Islamic banks.

Unlike conventional banking, Islamic finance is based on the principles of Shariah or Islamic law, and charging interest on loans is regarded as usury. The system also bans dealings related to alcohol and gambling.

*AFP*
*http://www.google.com/hostednews/afp/article/ALeqM5jrvIje6lYn-sQ4bKdXiN4knepy9g*

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**Islamic Banking System Gets Foreign Investments**

Monday, 25 January 2010
KOTA BAHARU, Malaysia -- Deputy Finance Minister, Senator Datuk Dr Awang Adek Hussin, said up to 60-70 per cent of Islamic banking conducted in the country received investments from international parties. He said that the high participation proved confidence in the Islamic banking system practised in the country and it had global recognition.

"After countries of the Middle East, Malaysia emerges as the leading nation that practices the Islamic banking system," he told reporters after officiating the opening of the first Bank Simpanan Nasional (BSN) branch in Taman Bendara, Pengkalan Chepa, near here Sunday.

Also present was the General Manager/Chief Executive of Bank Simpanan Nasional (BSN), Datuk Adinan Maning, and the Kelantan BSN director, Mohd Zulkefli Daud.

Dr Awang Adek said to date the country had surpassed the implementation of the Islamic system of 20 per cent in all financial systems in the country. "This high achievement is very revealing compared to the five per cent targeted since the system was introduced in the country in 1980.

"We are proud of this as this reflects that our country is very active in Islamic banking worldwide and this is great recognition of our country," he said.

He said this also proved the government's capability to implement an Islamic economic system and not as denied by certain quarters like opposition parties.

According to Dr Awang Adek, Malaysia was requested by the United States to open up an Islamic banking system in Afghanistan but due to certain problems Malaysia could only offer advice and guidance.

He said this was in line with the government's efforts to make Malaysia as a reference centre for best international banking," he said.

On the new BSN branch today, Dr Awang Adek said it was another BSN initiative in Islamic banking.

Meanwhile, Dr Awang Adek said the government had no intention to reduce or do away with the Cost of Living Allowance (COLA) for civil servants.

He said the matter was just raised by various quarters for their own interests so that people would have no confidence in the government to deal with the economic situation in the country due to the global economic situation.

*BERNAMA*

**BSN to Set Up More Islamic Banking Branches**

Monday, 25 January 2010
KOTA BAHARU, Malaysia - Bank Simpanan Nasional (BSN) will soon establish more branches in the country based on the Islamic banking system, said its General Manager/Chief Executive Officer, Datuk Adinan Maning. He said the move was to make available more BSN products besides meeting the desire of the government to remind people of the ability of the government to provide Islamic banking services to everyone.

According to him, the move was related to BSN's initiative to always be competitive with other financial institutions.

"We plan to have 20 more Islamic system banking branches in selected places," he said after speaking at a ceremony to officiate a BSN branch based on the Islamic banking system at Taman Bendahara, Pengkalan Chepa, here Sunday.

The ceremony was chaired by Deputy Finance Minister Senator Datuk Dr Awang Adek Hussin. Also present was Kelantan BSN director Mohd Zulkefli Daud.

Adinan said since the BSN branch was established on Dec 1, last year, the response from the public had been encouraging via opening Giro-i accounts.

*BERNAMA*

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**DRB-Hicom says in talks with Al Baraka**

Tuesday, 26 January 2010
Malaysia's DRB-Hicom says it is in preliminary talks to sell its stake in Bank Muamalat to Al Baraka. DRB-Hicom adds that the discussions are subject to Malaysian central bank's approval. Bahrain-based Islamic lender Al Baraka had earlier said it is in talks to buy a stake in Bank Muamalat and a source added it could buy up to 49 per cent in the lender.

*Reuters*

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**ICD to set up Islamic bank**

Wednesday, 27 January 2010
JEDDAH: The Islamic Corporation for the Development of the Private Sector (ICD), the private sector arm of the Islamic Development Bank (IDB), said it was committed to ensure that its plan to set up an Islamic bank in the Maldives in partnership with the government of the island would materialize soon. Khaled Al-Aboodi, CEO & GM of ICD said this in a statement in response to the numerous inquiries it received from various parties in Maldives regarding the status of the bank project.

*Zawya*

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**Al Baraka Islamic opens Arad branch**

Thursday, 28 January 2010
MANAMA: Al Baraka Islamic Bank yesterday opened a new branch in Arad. It was opened by Al Baraka Islamic Bank chief executive officer and board member Mohamed Issa Al Mutaweh in the presence of a number of senior bank officials.

"It's a happy occasion to open today our fifth branch in the area of Arad, which reflects the bank's plans to expand the bank's network of branches and ATMs in the main areas of Bahrain, as we seek to open more branches and ATMs in the coming period," Mr Al Mutaweh said.

This brings the total number of branches to five and ATMs to eleven machines in Bahrain in addition to 30 branches in Pakistan.

"The branch will provide all types of banking services to all individuals and corporate sectors including the opening of deposit and investment accounts and providing financing services through the "Taqseet" product," Mr Al Mutaweh said.

"The product covers all the financing and investment needs of individuals and companies that includes financing the purchase of cars and other goods as well as mortgage financing for private residential or investment purposes.

"In line with its plan to develop talented Bahraini bankers, the bank appointed a number of qualified Bahraini employees to run this new branch.

In this regard, Hafid Qambar was appointed as manager of the branch at the head of a work team of Bahraini nationals. This is another step in strengthening the bank's Bahrainization policy," he added.

"The branch is situated in an ideal location because of the heavy traffic of people and shoppers and it is easily accessible from key neighbouring areas," retail banking services and domestic branches assistant general manager Rashid Hassan Al Alaiwi said.

*Gulf-Daily*

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**Dawood Islamic Bank opens branches**

Thursday, 28 January 2010
KARACHI: Dawood Islamic Bank, Pakistan’s only double AA rated bank has completed its hat trick by inaugurating three more branches in Lahore. Now total 50 branches of Dawood Islamic banks are operational round the country. Chairman of Dawood Islamic bank, Rafeeq Dawood and CEO, Parvez Saeed said, “We have the plan that the people from small towns and villages

will also get benefit from Dawood Islamic banking and very soon we will open up our branches there."

*Daily Times*

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**AmIslamic Bank Expects 30 Per Cent Growth in Assets**

Thursday, 28 January 2010
KUALA LUMPUR, AmIslamic Bank Bhd is confident of achieving a double-digit growth in its Islamic banking business for the financial year ending March 31, 2010. Managing director and chief executive officer Datuk Mahdi Murad, in stating this Wednesday, said the bank expected to see a 30 per cent growth in assets and profitability.
"For the past five years, we have recorded double-digit growth, so we are confident of achieving it again," he said.

AmIslamic Bank was also targeting a 30 per cent market share with its total Islamic banking profit this year, he told reporters after the presentation of its business zakat here.

Under its expansion plan, AmIslamic Bank expects its new branch at Universiti Islam Antarabangsa Malaysia to begin operation in March or April, Mahdi said.

"We also plan to issue six more new products, including wealth management and structured products, this year," he said.

On non-performing loans (NPLs), Mahdi said the bank expected the figure to be less than one per cent.

The bank was also seeing growing demand for Islamic credit cards, he said, adding that it currently had secured about 200,000 customers for the Islamic credit card.

AmIslamic Bank contributed part of its zakat worth of RM268, 000 to 11 charity homes and organizations to meet their daily expenses, ongoing programs and also to assist needy students.

The zakat contribution was presented to representatives of the charity homes and organizations by AmBank Group chairman Tan Sri Azman Hashim.

*BERNAMA*

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**DIB Scam: Witness Testifies in Favour of Accused Mary Nammour**

Friday, 29 January 2010

A legal consultant, who is a witness in the case of $500 million scam that Dubai Islamic Bank (DIB) was a victim of, said in a statement that the British businessman, 58, accused in the case did not have anything to do with the fraud.

The legal consultant, who is also British and worked for the accused, owner of Plantation Project in Dubai Land, testified in the Court of First Instance that his former boss entered the negotiations between the bank and one of the defendants because the latter was a partner in the Plantation Project.

"Plantation Project was owned by my boss 100 per cent. Later, he needed more capital so he let the two defendants (British businessmen) take up 30 per cent of the shares," the witness said. He said that when the bank started negotiations for recovering its funds, one of the accused sought the help of his boss since his shares were not enough to enable him to pay a guarantee to the bank.

A per the case papers, the bank was defrauded of more than $500 million (Dh1.8 billion) through loans extended to five businessmen, three of them British, an American and a Turkish, to undertake projects.

The two ex-senior executives of the bank are accused of collecting bribes worth $750,000 and $950,000 in return for crossing their allowed job descriptions and grant the businessmen loans exceeding the maximum limit usually allowed by DIB. The Two British businessmen and the Turkish are accused of defrauding Dh 1.8 billion (about 500 million dollars) from DIB.

They are also accused of forging documents of bogus transactions made by companies they just established at some time between 2004 and 2007 and submitted them to the bank to get financing for their projects. The trio made use of the commercial relation between the Turkish businessman's finance company (CCH) based abroad and DIB to Submit the fake transactions.

*Khaleej Times*

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**Iranian Bank Tops Islamic Banking List**

Saturday, 30 January 2010

Bank Melli Iran (BMI) is the largest bank in Iran and across the Islamic financial world, considering its total assets of around $54bn; a BMI official has said, amidst reports that BMI was bankrupt, the head of the financial department. The total assets of BMI at the end of second quarter of 1388 (September, 2009) have increased to US $59 billion, the head of financial department at BMI, Hojatollah Ghasemi, said Monday, denying reports that the bank is bankrupt.

Ghasemi said that BMI has no debt to Iran's central Bank, adding that the bank has no delay in repaying its international commitments.

After a decision by Iran's Finance Ministry to ban the withdrawal of more than 150 million Rials (roughly $15,000) per day, a rumour was spread that two major government-owned banks (Melli and Mellat) were on the verge of declaring bankruptcy.

A report released in September, 2009 by Asian Banker showed that the world's top 100 Islamic banks increased their assets by 66% last year to more than US $580 billion, compared to $350 billion in 2007, while rivals were trying to deal with the global financial downturn.

According to the survey, BMI was standing at the top of the 100-banks list in terms of assets, while Saudi Arabia's Al Rajhi Bank came in second.

BMI was established in 1927 to provide banking services to the Iranian government, local businesses and ordinary people. In 1931 the Iranian Majlis authorized the bank to print and distribute the Iranian currency Rial.

BMI acted as the central bank of Iran until Bank Markazi was established in 1960, after which all of its central banking responsibilities were transferred to the new central bank. Over the past 80 years, BMI has grown to become a large retail bank with several domestic and international branches. BMI opened its first foreign branch in Hamburg, Germany in 1965.

BMI is now the largest commercial retail bank in Iran with over 3300 branches and 43,000 employees, an example of the rapid growth in Islamic banking.

All banks in Iran must follow the banking principles and practices described in the Islamic Banking law of Iran passed in 1983 by the Islamic Majlis of Iran. According to this law, banks can only engage in interest-free Islamic transactions (interest is considered as usury or riba and is forbidden by Islam and its holy book the Quran).

The permitted commercial transactions involve exchange of goods and services in return for a share of the assumed profit. All such transactions are performed through Islamic contracts, such as Mozarebe, Foroush Aghsati, Joale, Salaf, and Gharzol-hassane.

Details of these contracts and related practices are contained in the Iranian Interest-Free banking law and its guidelines.

*Global Islamic Finance Magazine.co.uk*

## *SUKUK (ISLAMIC BONDS)*

**UK moves to regulate Sukuk**

Monday, 25 January 2010
The British government will seek to remove one of the final technical obstacles to the issuance of Islamic bonds, the Treasury said. Islamic finance professionals in the UK, which hosts five stand-alone Islamic banks, were optimistic that if the Parliament voted in favour next month to regulate Sukuk as bonds rather than investment vehicles, it would encourage the growth of a market that has struggled for traction.

If passed, the measure could save issuers of Islamic bonds up to £10,000 (Dh59, 894) a year, a spokesman for the British Treasury said.

Sukuk are seen as bonds because of their fixed income characteristics but their structure has equity-like qualities, which leads to uncertainty over how they should be treated from a regulatory point of view.

"I think this legislation is definitely a concrete step forward. The characterization of Sukuk as collective investment schemes has plagued the UK, so it is good to see it finally resolved," said a senior industry figure who declined to be identified.

*Business 24-7*

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**S&P supports launch of the Gulf Bond and Sukuk Association**

Tuesday, 26 January 2010

Standard & Poor’s, a leading provider of financial market intelligence, today announced it will be a member of the Gulf Bond and Sukuk Association (GBSA) Steering Committee. The GBSA is a new independent membership body devoted to the development of fixed income markets across the Gulf Cooperation Council (GCC).

The move underscores Standard & Poor’s ongoing commitment to supporting the development of the region’s capital markets.

The GBSA, which was launched today at a ceremony in Dubai, will provide a forum for local bond market and Sukuk issuers and investors and will carry out its work in conjunction with local governments, regulators, corporations, banks and asset managers.

It will champion efforts to deepen and widen regional capital markets by promoting international best practice, contribute to the development of legislation and regulation, raise professional standards, and facilitate further training and professional education.

While based in the United Arab Emirates, the GBSA will work across the Gulf region and will not be sponsored by or aligned with any individual market or jurisdiction.

Jan Willem Plantagie, Standard & Poor’s Regional Manager for the Middle East, said while the region had historically relied on the banking sector to finance its growth, massive investment needs projected over the next decade meant governments and local companies will increasingly need to look towards alternative funding sources besides international capital markets.

As such, the development of national and regional capital markets will be crucial to provide the necessary funding diversification.

“The GCC fixed income markets remain significantly underdeveloped compared with the equity markets and bank lending, and as recent global and regional events have shown, many of the features necessary for the functioning of a truly dynamic and transparent capital market in the region are yet to be realized”, said Jan Willem Plantagie, Standard & Poor's Regional Manager for the Middle East.

"Deep, liquid and efficient markets – both conventional and Shariah-compliant - are essential if the Gulf is to fully realize its ambition of becoming a leading global financial centre.”

*BI-ME*

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**The Gulf Bond & Sukuk Association launches Steering Committee with Andrew Dell appointed as Chairman**

Wednesday, 27 January 2010

The Gulf Bond and Sukuk Association (GBSA), an independent professional membership body solely devoted to the region's fixed income market officially launched its operations with the formation of its governing Steering Committee and appointment of executive officers. Andrew Dell, HSBC's Managing Director and head of CEEMEA Debt Capital Markets and Emerging Markets Debt Syndicate has been appointed as Chairman of the Steering Committee. Michael Grifferty has been appointed GBSA's President.

GBSA will lead efforts to deepen and widen the regional bond market by promoting international best practice as adapted to the region. GBSA will act as focal point for the industry and interact with governments and regulators. The launch comes after a period of consultation to ensure consistency with official national and regional objectives. Though based in UAE, GBSA will work throughout the Gulf region and is not sponsored by or aligned with any market or jurisdiction.

GBSA is part of a growing trend to mobilize through industry trade associations the expertise available in the region to raise professional standards and achieve sector development goals.

Dilshan Hettiaratchi, SCB's Head of Debt Capital Markets for Mena and member of GBSA Steering Committee said, "We believe that it is very important to develop strong local currency bond and Sukuk markets, as they provide public and private sector borrowers long term funding while providing local institutions investment much needed investment opportunities. They also provide local participants a degree of insulation from disruption in the international markets. We are happy to be part of an organization that has the development of local markets as one of its key agenda items."

Michael Grifferty, President of GBSA said, "The origins of this initiative predate the recent financial difficulties. As the worst appears to have passed, GBSA will contribute to building the long term financial stability and diversification of the region. The Steering Committee members, many of whom have been involved from early days, have demonstrated both prescience and leadership. We are very fortunate to have an outstanding chairman in Andrew."

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**Pakistan to pay $600m on maturing Islamic bond**
Wednesday, 27 January 2010
KARACHI - Pakistan is due to pay $600 million on a maturing 5-year Euro Sukuk bond, on Tuesday, an SBP official said.

“We have instructed for the payment of $600m to be made and the transaction will go through once the U.S. markets open on Tuesday,” said Syed Wasimuddin, chief spokesman for the SBP. Pakistan issued the bond in Jan 2005.

The payment will be drawn from foreign exchange reserves which totaled $15.24b in the week ending on Jan. 16.

Pakistan’s foreign reserves hit a record high of $16.5 billion in Oct 2007 but fell steadily to $6.6b by Nov 2008, largely because of a soaring import bill.

An IMF emergency loan package of $7.6b agreed in Nov 2008 helped avert a balance of payments crisis and shore up reserves. The IMF increased the loan to $11.3b in July and the central bank received a fourth tranche of $1.2b on Dec. 28.

*The Nation*
*http://www.nation.com.pk/pakistan-news-newspaper-daily-english-online/Business/27-Jan-2010/Pakistan-to-pay-600m-on-maturing-Islamic-bond*

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**Experts trim forecasts for 2010 global Sukuk issuance**

Wednesday, 27 January 2010
GLOBAL Sukuk issuance will be weaker than expected this year, with some analysts seeing a drop of as much as a fifth from 2009, as Dubai's debt crisis and an expected rise in borrowing costs weigh on sentiment, a Reuters poll shows yesterday.

The majority of 12 Islamic bankers and industry experts surveyed expect issuance to range between US$15 billion and US$17 billion (RM51.15 billion and RM57.97 billion) in 2010, down from a similar poll in October which estimated over US$20 billion (RM68.20 billion) in sales this year.

Global Sukuk issuance totaled US$19 billion (RM64.79 billion) last year, of which the United Arab Emirates accounted for a fifth, according to Thomson Reuters data.

By comparison, global emerging market issuance totaled close to US$200 billion (RM682 million) last year, according to Commerzbank, and is likely to match that this year as investors look for more conventional, higher-yielding assets again.

Government borrowing needs and infrastructure funding would drive Sukuk sales this year, even if uncertainties over the strength of a global economic recovery and fears of more Sukuk defaults dampen the overall market, the poll showed.

"The debt crisis of Dubai World, which became a major issue in the Sukuk market in the fourth quarter of 2009, is expected to bring down the issuance size from this region on negative investors' perceptions," said Malaysian Rating Corp vice-president Wan Murezani Wan Mohamad.

"Nevertheless, Dubai World's credit challenges are mostly country-specific and borrower-specific, and as such, should have no demand and ratings implications for Sukuk universe in other region."

Sukuk reputation as a safe haven investment took a hit after Dubai real estate developer Nakheel, issuer of the world's largest Islamic bond, became part of a debt restructuring at some Dubai state-owned companies.

Nakheel said last week it had made a US$10.3 million (RM35.12 million) coupon payment on its US$750 million (RM2.56 billion) bond due 2011.

It has two bonds outstanding - a 3.6 billion dirham (RM3.42 billion) issue maturing on May 13 and the US$750 million (RM2.56 billion) deal due January 2011.

*Reuters*

**Takaful Malaysia bags 2 awards**

Tuesday, 26 January 2010
SYARIKAT Takaful Malaysia Bhd (Takaful Malaysia) has bagged two awards at the second Global Awards 2009. It was awarded the Global Diamond Award (Diamond winner category), while its group managing director Datuk Mohamed Hassan Kamil was chosen as the recipient of the "Smart Entrepreneur" award. The "Smart Entrepreneur" award is based on the winner's capability to position the company and its business to help further the 1Malaysia philosophy. Takaful Malaysia has over 48 branches nationwide.

*Business Times*

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**Sharjah Islamic Bank, Noor Takaful sign strategic agreement**

Wednesday, 27 January 2010
Sharjah Islamic Bank (SIB) has signed an agreement with Noor Takaful according to which the Bank will offer Noor Takaful Motor Takaful Insurance to all SIB customers through its network of 23 branches. This strategic partnership will enable SIB customers to access Noor Takaful motor insurance plans for their currently owned or newly purchased sedans and 4x4s at preferential rates and with minimum documentation.

The agreement was signed at SIB's new headquarters in Sharjah on Sunday 17 January 2010 by SIB Chief Operating Officer Ahmad Saad and Noor Takaful Chief Executive Officer Parvaiz Siddiq. Also in attendance at the signing were SIB representatives Ossama Salah, Head of Retail Banking Group, Motaz Saeed - Head of Marketing and Business Development, Hassan Abdullah, Head of PR and Media and Mustamir Ehtesham - Product Manager, as well as Noor Takaful representatives Aman Pal Singh - Assistant General Manager Sales and Distribution and Ashish Singh - Relationship Manager.

Speaking of the agreement, SIB Chief Operating Officer, Ahmad Saad, said: "SIB's reputation and continued success has been built by providing customers with unparalleled levels of service and satisfaction, and we are constantly looking for ways to further improve our products and services and provide our customers with the very best Shariah compliant offerings in the market. This strategic partnership with Noor Takaful will help us meet this objective, as it will allow SIB customers to access the comprehensive range of motor Takaful Insurance options offered by Noor Takaful at preferential rates and with additional benefits."

Noor Takaful Chief Executive Officer, Parvaiz Siddiq, said: "Noor Takaful prides itself on offering comprehensive Takaful Insurance plans for both private and commercial vehicles with an affordable contribution that covers both damage to the vehicle and liability of the driver to third parties. All our plans are Shariah-compliant, allowing our customers, and now those from SIB as well, to have complete peace of mind when purchasing cover."

As per the terms of the agreement, SIB customers will be able to avail themselves of motor insurance from Noor Takaful at competitive rates compared to those available in the market from other insurance companies.

Speaking of the reasons behind the agreement, SIB's COO, said, "Through adopting a visionary strategy and upholding clear policies of risk management and cost control throughout all areas of operations, SIB has successfully diversified to offer customers a broad range of Shariah-compliant retail, commercial, corporate, investment and international banking services through its extensive UAE network. This strategic partnership with Noor Takaful is in line with our long-term expansion strategy and serves to further increase the range of services we offer our customers, while continuing to uphold the values and principles that have made SIB the successful entity it is today."

Since its successful transition from conventional to Islamic banking in 2002, Sharjah Islamic Bank has offered a variety of Shariah-compliant products that cater for the needs of individuals, companies, institutions, and investment and international banking services. As a result of well-thought out strategies and careful planning based on risk management and cost control, SIB has seen unprecedented growth, and today the bank has expanded to 23 branches located across the UAE, in addition to more than 100 ATM and deposit machines installed at residential districts and other vital areas, such as shopping malls and entertainment centers.

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**EIB Introduces the First Comprehensive Life Takaful Cover In The Banking Industry**

Thursday, 28 January 2010
In line with its commitment to be at the forefront of innovation & service excellence, EIB, one of the leading financial institutions in the region, in alliance with AMAN Insurance Co., has introduced Al Hesn Takaful , a new bank assurance cover for a contribution of as little as AED 1 per day ! Al Hesn Takaful consists of 4 different plans with monthly contributions ranging from AED 30 to AED 265 to suit the various requirements of the diverse customer base. Plans cover natural death, as well as death by accident, permanent total or partial disablement due to an accident, death due to an accident in common carriers and a cash benefit on hospitalization in addition to a lump sum benefit on hospitalization exclusively for Emirates Islamic Bank's customers.

Commenting on the launch, Mr. Faisal Aqil General Manager Retail Banking Emirates Islamic Bank said: "The well being and peace of mind of our customers are always on the bank's product development radar. We at Emirates Islamic Bank are dedicated to providing quality tailor-made solutions that meet the diverse requirements of our customers. Most importantly, this is yet another meaningful contribution by EIB in context of our social responsibility as an organization"

The 24 hour worldwide plan is available for all UAE nationals and resident expatriates, from 18 years to 64 years of age and requires no medical checks. The Al Hesn Takaful plan is fully underwritten by a leading Takaful Insurance company, Aman Insurance Co., and is the latest addition to Emirates Islamic Bank's existing portfolio of retail products.

*Dubai City*

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**Tokyo Marine Launches Takaful Operations in Egypt**

Saturday, 30 January 2010
Tokyo Marine Holdings Inc. said its two Takaful units, Nile Family Takaful Co. and Nile General Takaful Co., commenced operations in Egypt in January. The Japanese insurance group has a 40% investment in these two operations through its wholly owned subsidiary, Tokyo Marine & Nichido Fire Insurance Co. Ltd.

Tokyo Marine set up these Shariah-compliant life and nonlife insurance companies in joint ventures with Egypt Kuwait Holding Co., one of the largest private equity holding companies in the Middle East and Africa. With authorized capital of US$500 million, EKH has investments in businesses including energy, manufacturing, fertilizers, insurance and information technology.

The Egypt-based Takaful operations were established in October 2008. Each Takaful operation is capitalized at about US$5.5 million. Tokyo Marine & Nichido and EKH own 40% and 60% stakes in the two Takaful operations, respectively.

Nile General Takaful targets the commercial segment with business lines such as motor and homeowners insurance. Nile Family Takaful offers life insurance and loan-related life insurance products.

The two Takaful companies are expected to generate about US$3.5 million in annual premium income in the first financial year. This is anticipated to increase to about US$136.4 million in 10 years, according to Tokyo Marine.

"As a result, the new companies are expected to gain more than a one-fifth share of the Takaful market in Egypt, where robust growth is anticipated," said Tokyo Marine.

Tokyo Marine also has Takaful operations in Bahrain, Dubai, Indonesia, Malaysia and Singapore, said a spokesperson for the insurer.

In 2001, the Japanese insurance group started its first family Takaful unit, Arab Eastern Insurance Co. Ltd., in partnership with Hussein Aoueini Co. in Bahrain and Saudi Arabia.

In Indonesia, the general Takaful operation P.T. Asuransi Tokyo Marine Indonesia [86731] was started in 2004. In Malaysia, family and general Takaful insurer Hong Leong Tokyo Marine Takaful Bhd. began operations in 2006.

In Dubai, Tokyo Marine has a service company; Tokyo Marine Middle East Ltd. Tokyo Marine ReTakaful Pvt. Ltd. [78534] is a Singapore-based family reTakaful operation.

Tokyo Marine & Nichido Fire Insurance Co. Ltd. currently has a Best's Financial Strength Rating of A++ (Superior).

*Insurancenewsnet.com*

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**Shahril Is New CEO of Etiqa Takaful**

Saturday, 30 January 2010
KUALA LUMPUR, Etiqa Takaful Bhd on Friday announced the appointment of Shahril Azuar Jimin as its new chief executive officer. Shahril, who is concurrently Etiqa chief sales officer, will head Malaysia's biggest Takaful operator with immediate effect, the company said in a statement.

Shahril has more than 15 years of commercial and strategic planning experience having held various management positions prior to his current post, including as executive vice-president and head of corporate planning and strategy.

Prior to that, Shahril was assistant vice-president for corporate development in Takaful Nasional Bhd.

*BERNAMA*

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*ISLAMIC INVESTMENTS; EQUITIES/SECURITIES & FUNDS*

**Qatar Islamic Malaysia Unit Plans $150 Million Funds in Asia**

Tuesday, 26 January 2010
Asian Finance Bank, the Malaysian unit of Qatar’s biggest Islamic bank, plans to start funds worth at least $150 million to invest in Asia to benefit from economic expansion in the region. The bank, 70 percent owned by Qatar Islamic Bank SAQ, will start a $100 million fund to invest in environmentally-friendly projects, another 100 million ringgit ($29 million) for a retail project in Kuala Lumpur and an aviation fund to invest in aircraft purchases, Chief Executive Officer Mohamed Azahari Kamil said in a telephone interview in Kuala Lumpur today.

“Asia is going to drive the global economy,” Azahari said. “Middle Eastern investors are coming to Asia because there’s a lot of potential for growth here and they have not been exposed to the Asian market.”

Qatar Islamic and rivals including Kuwait Finance House KSC, the world’s second-largest Islamic bank, are boosting investment in Asia, a region the World Bank estimates will expand faster than the rest of the world. Islamic lenders offer banking services that comply with Shariah principles, including the religion’s ban on interest payments.

Abu Dhabi Investment Authority, one of the world’s largest sovereign wealth funds, raised investments in emerging markets where it sees greater growth opportunities, the fund’s managing director said in an interview with German newspaper Handelsblatt earlier this month.

*Looking for Partner*

Asian Finance began selling Shariah-compliant funds last year to add “value” to its main business of providing Islamic loans and other types of financing as they offer better yields, Azahari said. These funds will help the bank generate about 30 percent of its income from assets under management, he said.

Asian Finance is currently looking for the right partner for its aviation fund, which the bank aims to start by the end of the year, said Azahari. In addition to its Asian funds, the company has also teamed up with U.S. hedge fund Stella Capital LLC to establish a $100 million fund to invest in distressed property assets in San Francisco, he said.

In 2008, the bank set up a $300 million marine fund to invest in vessels and vessel contracts. The Safeena Fund made its first investment last month by providing $10 million to a chemical tanker project in Indonesia, Azahari said.

Asian Finance isn’t the only bank setting up Islamic shipping funds. Last month, Kuwait Finance, the country’s biggest Islamic bank, established the $150 million Global Shariah Shipping Fund with partners from Malaysia and Cyprus.

Malaysia, which accounted for more than half the world’s sales of Islamic bonds last year, is giving tax breaks and other incentives to banks to develop Shariah-compliant products in the country as it seeks to become an Islamic finance hub in Asia.

Asian Finance began operations in Malaysia in January 2007. It also has a representative office in Jakarta and is considering opening a branch in South Korea. Its other shareholders are Saudi Arabia’s RUSD Investment Bank Inc. with a 20 percent stake and Financial Assets Bahrain W.L.L, which owns 10 percent.

*Business Week*

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**BFX, Bursa Malaysia deal on Islamic products**

Tuesday, 26 January 2010

The Bahrain Financial Exchange (BFX) and Bursa Malaysia said on Sunday they signed an agreement to study a common platform on which Islamic finance products such as commodity Murabaha can be traded. Malaysia's stock exchange launched a platform last year on which

Murabaha, an Islamic money market instrument, can be traded using palm oil as the underlying commodity.

Commodity Murabahas allow Islamic banks to create financing transactions that involve tangible assets to comply with Islam's demand that all deals must involve real economic activity.

Its fragmentation between its two most important regional centers, the Gulf region and South East Asia, is seen as a constraint to the growth of the emerging $1 trillion Islamic finance industry.

Arshad Khan, director at Indian exchange operator Financial Technologies that owns BFX, told a news conference that the two exchanges are studying ways to give Gulf banks access to Bursa Malaysia's trading platform.

'The ultimate objective of this relationship is .. whether the trade is coming in from any part of the world they don't have to go through two different regulations or two different rules of trading,' he said.

BFX is set to start operations later this quarter. It will offer trading in both Islamic and conventional products in equities, derivatives, commodities and currencies.

The global daily commodity Murabaha market was estimated to have reached some $100 billion by the end of 2008, and the large banks in the Gulf region are estimated to trade between $3 and $5 billion daily.

Bursa Malaysia is hoping to boost its platform by attracting trading from the Middle East, where banks are significantly larger than in its home market. The platform has seen only few cross-border transactions since its launch.

Raja Teh Maimunah Raja Abdul Aziz, global head of Bursa Malaysia's Islamic capital markets, said that regional commodities such as coal and metals could be used instead of palm oil to underpin Murabaha trades through BFX.

*Reuters*

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**Ambani’s Reliance Asset Aims to Tap Shariah Market**

Tuesday, 26 January 2010

Indian billionaire Anil Ambani’s Reliance Capital Ltd., owner of the nation’s largest mutual fund manager by assets, set up a Malaysian unit to serve as a global hub for Shariah-compliant financial products.

Reliance Asset Management (Malaysia) Sdn. aims to tap the retail market for products that comply with Islamic law, and has started hiring people, an e-mailed statement from the Mumbaibased company said, citing Vikrant Gugnani, chief executive officer of Reliance Capital's international businesses.

Ambani joins Templeton Asset Management Ltd. Chairman Mark Mobius in wanting to serve the international Shariah market from Malaysia, the world's biggest center for Islamic finance. Global Shariah-compliant assets under management may rise to $1 trillion by the end of this year, according to data compiled by Malaysia's central bank in November.

Reliance is negotiating to manage up to $2.5 billion of public and government money, including some on behalf of Malaysia's national pension fund, the Employees Provident Fund, the Economic Times of India reported today, citing unidentified people familiar with the matter.
Ambani is seeking to manage some funds for the Southeast Asian nation's government, Malaysian Prime Minister Najib Razak said in an interview after a meeting with Ambani, according to the newspaper.

*Appointing Managers*

"Employees Provident Fund is looking at increasing its investments in Shariah-compliant equities and part of this program will be managed by external managers," the Kuala Lumpur-based fund said in an e-mailed response to a query. "The appointment of such managers will be made from time-to-time based on their capabilities and experience."

Mobius, who oversees $33 billion in emerging-market securities as Templeton's chairman, said on Jan. 13 he's looking into setting up a Malaysia-based stock fund that's compliant with Islamic law.

Shariah-compliant companies can't run casinos or sell tobacco, alcohol, pork, or pornography, and their debt can't exceed 30 percent of equity. Islamic bonds comply with Shariah law, which prohibits the payment and receipt of interest. Investors holding so-called Sukuk get periodic payments drawn from an underlying asset that backs the securities.

Malaysia's government and companies in the nation raised 32.2 billion ringgit in Islamic bonds in 2009, a 43 percent increase over 2008, according to data compiled by Bloomberg.

*Business Week*

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**DSAM Kauthar Commodity Funds record industry leading growth in 2009**

Wednesday, 27 January 2010
Highlighting the sound underlying investment strategy of its fund managers and innovative product development strategy, Dubai Multi Commodities Centre Authority (DMCCA) announced today that its Shariah-compliant Dubai Shariah Asset Management (DSAM) Kauthar Commodity Funds recorded industry leading gains in the 12 months ending December 31, 2009. The DSAM Kauthar Commodity Fund (DKCF), an equally-weighted fund-of-funds

comprised of four single-strategy, commodity-focused funds that invest exclusively in Shariah-compliant long/short equity hedge funds on the Al Safi Trust platform, was up 41% at the end of last year. During the same period, DKCF managers returned roughly double the average return of their equity and commodity benchmarks. The fund-of-funds total assets under management stood at $250.1m as of December 31, 2009.

In 2009, the DKCF was one of the top-performing commodity funds among fund-of-hedge funds globally, based on Bloomberg and Eurekahedge data. DKCF ranked in the 99th percentile of the Bloomberg Active Index for Islamic Funds as well as the 99th percentile of the Eurekahedge Fund of Funds Index. Indeed, excluding funds with less than $100m in assets, the DKCF is the top-performing commodity fund-of-funds and the leading Shariah-compliant fund-of-funds, according to hedgefund.net.

The Al Safi Trust is a comprehensive Shariah-compliant platform designed specifically for hedge funds and launched by Barclays Capital and Shariah Capital. Distributed under the DSAM Kauthar label, the four funds underlying the index have been seeded with $50m each by DMCCA.

In addition, DMCCA announced today that its DSAM Kauthar Gold Fund, one of four funds distributed under the DSAM Kauthar label, has received the 'Outstanding Performance & Innovation Award' from MENA Fund Manager, the region's leading industry title.

For the full year 2009, the gold fund was up nearly 68%, ranking #1 out of 344 Islamic funds followed by Eurekahedge, representing all investment strategies and markets from around the world. The DSAM Kauthar Gold Fund also ranked first globally out of 673 hedge funds with between $50-250m in assets under management, according to HedgeFund.net.

The DSAM Kauthar Global Resources & Mining Fund, which recorded gains of more than 55% in 2009, is ranked in the 99th percentile of the Reuters Lipper TASS Energy Index, putting it in the top 10 of 2,150 funds reporting to Lipper. Meanwhile, the DSAM Kauthar Energy Fund was up 41% as of December 31, 2009. Finally, the DSAM Kauthar Natural Resources Fund was up slightly more than three per cent at the end of the same period.

"At DMCCA, we are committed to supporting the expansion of the Islamic financial services sector, and our innovative DSAM Kauthar Funds represent the future for that high-growth sector. We are aware that these relatively new products were launched during a global downturn, and recognize that investors are now understandably conservative in their approach. Therefore, we will continue to focus on educating the market, highlighting to investors the sterling performance of the funds and underscoring their long-term appeal," said Ahmed Bin Sulayem, Executive Chairman, DMCCA.

"The award-winning performance of the DSAM Kauthar Gold Fund as well as the exceptional gains recorded by the DSAM Kauthar Global Resources & Mining Fund and Energy Fund place them at the top of worldwide indices. These cutting-edge, Shariah-complaint alternative investment products have been specifically developed to meet the needs of regional investors, while also appealing to conventional institutional investors. Based on past performance, we are confident that we will continue to expand and diversify our client base in 2010," said Malcolm Wall Morris, Chief Executive Officer, DMCCA.

"The strength of our fund managers, who were selected on the basis of their outstanding track record in commodities over the past two decades, is clearly second to none," added Eric Meyer, Chairman and Chief Executive Officer, Shariah Capital. "Each of the partners involved in the development and marketing of these exceptional products is extremely proud of our success in 2009, and we look forward to sustaining our performance in the 12 months to come."

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**EON Cap takeover saga heats up**

Wednesday, 27 January 2010
PETALING JAYA: In what is turning out to be a heated takeover battle involving EON Capital Bhd, it is believed that property group Mulpha International Bhd has written to Bank Negara to seek the green light to start talks to acquire a stake in the bank.

“Mulpha has, a few days ago, sought the central bank’s permission to speak to EON’s shareholders to buy a stake in the bank. The decision is pending,” said a source.

Listed Mulpha International is led by executive chairman Lee Seng Huang, who as at April 2009, owns a 32% interest in the group with core businesses in real estate and property-related services in Malaysia, Singapore, Australia, Hong Kong and China.

While it may pique curiosity that the property group is interested in acquiring a stake in a financial institution, it is noteworthy that Lee is also the executive chairman of Hong Kong-listed Sun Hung Kai & Co Ltd, a non-bank financial institution focused on wealth management, broking, corporate finance and consumer finance.

Lee is a trustee of a discretionary trust which owns a controlling interest in Hong Kong-listed Allied Group Ltd, which is the ultimate holding company of Sun Hung Kai with a 70% stake.

“The interest in EON Cap could be related to Sun Hung Kai. That is a logical link,” said a source. To be noted, under the Banking and Financial Institutions Act 1989 (Bafia), the single shareholder limit for financial institutions is 20%.

It is not clear how Mulpha International plans to fund the acquisition as based on Hong Leong Bank Bhd’s offer which works out to R7.10 per EON Cap share, a 20% stake would amount to some RM984mil.

For the nine months ended September 2009, the group made a loss of RM54mil from a profit of RM21mil in the previous year’s corresponding period. It made a net loss of RM122mil in FY08.

Mulpha has proposed a renounceable two-call rights issue which is expected to raise RM471.18 mil to repay debt and for working capital purposes.

“They don’t need to get control. They may just be interested to buy up a stake of 20% from any one of the shareholders,” said a source. The sellers may not be that difficult to court (everything has a price) considering that its existing substantial shareholders Tan Sri Tiong Hiew King, Rin Kei Mei and Khazanah Nasional Bhd are interested to part with their stakes.

“The issue here is ultimately about pricing ... but it’s also hard to escape the moral obligation of ensuring that the buyer can also add further value to the banking group,” said an observer.

One of Sun Hung Kai’s non-executive directors is Ming Cheng, who is managing director of Hong Kong-based financial services holding company Primus Financial Holdings Ltd.

Ng Wing Fai, non-independent director of EON Capital, is the managing director and founding partner of Hong Kong private equity firm Primus Pacific Partners. (Primus Pacific owns a 20.2% interest in EON Cap which it acquired back in 2008 at RM9.55 per share.

It is widely known that Primus Pacific and the other two shareholders, Tiong and Rin, have had some major disagreements, which has made EON Cap a takeover target).

Given this latest development, market observers expect the takeover saga to get more intense. That the board of EON Capital is keeping its options open is evident and was openly reflected in its application dated Jan 19 to the central bank to seek approval to “commence negotiations with third parties”.

Still, as it stands now, there is only one offer on the table which is from Tan Sri Quek Leng Chan-controlled Hong Leong Bank to acquire the entire assets and liabilities of EON Capital for RM4.92bil cash, which EON Cap has up until Thursday to respond, after which the offer will lapse.

An indication of EON Capital’s stand on the offer was revealed on Monday when the board issued a statement describing Hong Leong’s offer as significantly undervaluing the company.

“The board is evaluating this approach but on the face of it, the offer price significantly undervalues EON Cap,” said Chairman Tan Sri Syed Anwar Jamalullail, adding that the board would “also consider all alternatives open to us to fulfill our responsibility to shareholders” and that its financial advisers have indicated that there are other interested parties. (Ethos & Company and Goldman Sachs are EON Cap’s local and international advisers for this deal.) There is expectation that come Thursday, EON Cap’s board may decide to seek an extension to evaluate Hong Leong’s offer.

“There are three possibilities – the board can say yes, no or the third is that it could seek an extension. The terms imposed by Hong Leong at the moment seem somewhat onerous.

"If the board can seek an extension to make the decision and buy themselves more time, that may be the preferred route," said a source.

But will Hong Leong hold out longer? Another thing that will be keenly awaited is whether or not the central bank will give the nod for Mulpha International to start talks with EON Cap shareholders for a potential acquisition.

If the central bank's swift reply to allow EON Cap to start talks with Hong Leong is anything to go by (it reverted within a day), then it may not take long at all.

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**Vastalux's license suspended by Petronas**

Wednesday, 27 January 2010
PETALING JAYA: Oil and gas services provider Vastalux Energy Bhd said yesterday its license to do business with Petroliam Nasional Bhd (Petronas) has been suspended by the national oil giant. "The company is seeking an immediate clarification from Petronas and put forth an appeal for the reinstatement of the license,'' Vastalux told the exchange yesterday in a brief statement.
"However, the management wishes to reiterate that all existing projects awarded by Petronas and/or its subsidiaries are not affected and is on schedule," it added.

Information available from Vastalux's website claimed that the company was a "full scale main contractor licensed by Petronas."

The latest development came barely two weeks after ratings for Vastalux's RM100mil Sukuk, or Islamic bonds, were downgraded a notch from A+IS from AA-IS by Malaysian Rating Corp Bhd (MARC).

MARC said its future rating actions were more likely to be determined by the company's ability to address the remaining shortfall of RM6.8mil ahead of the final RM25mil redemption of the Sukuk in December.

The firm assigned a stable outlook for the Sukuk.

The loss of the license would add to the challenges faced by newly appointed chief executive officer Amirul Baharom, who took over the reins on Jan 1 from now re-designated executive vice-chairman and co-founder Nor Sabri Hamzah, in an internal reorganization.

The company was established in 1995 and started business operation in 1998 as a small oil and gas contractor, dealing with supplies to offshore installations, as well as minor fabrication works.

In 2008, Vastalux sold shares to investors at 75 Sen each and was listed on the exchange in September that year. The stock was last traded at 21 Sen yesterday.

For the nine months ended Sept 30, Vastalux reported a consolidated pre-tax loss of RM22.2mil. This was due to the sharp RM17.7mil loss reported in the third quarter, largely blamed on cost overrun.

Apart from the weaker operating performance, MARC said the group's "significant" unbilled completed works. Vastalux's trade receivables rose to RM232.8mil as at end of September, compared with RM157.7mil in revenue recorded during the same period.

*Biz Star*

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**Al-Hadharah Boustead REIT Records 8.8 Pct Rise in Profit**

Saturday, 30 January 2010
KUALA LUMPUR -- The Al-Hadharah Boustead REIT (real estate investment trust) achieved an 8.8 per cent increase in realized operating profit of RM69 million for its financial year ended Dec 31, 2009, from RM63.5 million in the previous year. This was mainly due to a stronger contribution from fixed rental income as a result of the inclusion of two new estates, Bebar and Malakoff, the fund said in a statement on Friday.

The positive result was achieved on the back of a revenue of RM71 million as against RM67.5 million last year.

For financial year 2009, net asset value per unit rose to RM1.31 from RM1.26 in 2008 due to a revaluation exercise on the plantation assets which resulted in an increase in market value of its plantation assets portfolio to RM831 million.

"Albeit turbulent commodity prices, particularly for crude palm oil, the fund was still able to register increased turnover and improved profit," said Boustead REIT Managers Sdn Bhd's chairman Tan Sri Lodin Wok Kamaruddin.

"Reflecting our earnings track record, and given the market's expectation of the fund being a strong dividend yielding REIT, we will be paying a dividend of 9.3 sen for the year under review," he said, adding that this represented a significant yield of 7.15 per cent based on the closing price for the year.

To date, 3.69 Sen has been distributed and the remainder along with the performance-based dividend will be distributed to unit holders on the register as at Feb 17, 2010.

Due to the adverse market conditions which had a strong impact on global crude palm oil (CPO) prices, the fund closed the year with an actual average CPO price of RM2,191 per metric tonne which was drastically lower than RM2,627 per metric tonne in 2008.

"The prospects of CPO are expected to remain positive given the potential supply disruption due to weather conditions and increasing demand for edible vegetable oils," Lodin said.

"As such, we are confident that the fund should sustain its earnings projection moving forward," he said.

*BERNAMA*

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**Moderate profit taking drags Kuwait's benchmark 37 pts lower; volume dips**
**Most blue chips end in red**

Tuesday January 26, 2010

Kuwait market pulled lower on Sunday as profit taking dragged stocks across the sectors after the recent gains. The index dropped 37.4 points in choppy trading weighed by blue chips, adding to the marginal fall in the previous session. National Bank of Kuwait and Agility led the day's losses. The market mood remained cautious in absence of positive cues and also on account of expected weak results from the major companies in the financial and banking sectors. The market wound up 0.5 percent lower at 7024 points amid a steep fall in volume turnover. Over 431 million shares were traded during the day - down 44 percent from the previous day. The volume had surged past the 800 million level on Wednesday and had traded above the 600 million mark for most part of last week. Meanwhile the weighted index dropped 5.01 points to 378.98 points.

National Bank of Kuwait sagged 20 Fils to close at KD 1.080 after stagnating in the previous session. It saw a volume turnover of 0.96 million. Agility slid 3.2 percent after closing flat on Thursday. It winded up at KD 0.590 moving in a 30 Fils range and the counter saw 4.7 million shares change hands.

Zain eroded 30 Fils after trading over 5.3 million shares. It winded up at KD 0.950. Zain's Saudi affiliate is in creditor talks after missing commitments on a $2.5-billion Islamic loan. "Zain is expected to report bad results, which increases negative sentiment," Reuters quoted Shahid Hameed, head of asset management at Global Investment House. Wataniya Telecom dropped 20 Fils erasing an identical gain on Thursday. It closed at KD 1.520 and saw low volume turnover. Kuwait Gulf Links rose 6 Fils on back of 9.74 million shares to close at KD 0.166.

Sector-wise food was the worst performer sliding 2.1 percent while banking and investment dropped 0.6 percent and 0.7 percent respectively. Services ended flat. The market had been buoyant during the past week as brief spells of buying bolstered the trading floor. The index closed higher in three of the five sessions, adding 67 points week-on-week. It has climbed 53 points since the start of the month. The bourse, battered by weak earning by most of the leading listed companies and slew of adverse factors, had eroded 8 percent in 2009. "Overall, the Kuwaiti market is under pressure with widespread losses", Hameed noted "The reason Kuwait has not fallen as much as the other markets is because the structure is different, for example the index is a price-weighted index rather than a market cap-weighted index."

*Decliners*
Among other notable decliners, Gulf Cables tumbled 100 Fils while sector bellwether National Industries Group was down 10 Fils at KD 0.335. Kuwait Pipes fell 6 Fils to KD 0.198 and Kuwait Cement Co dropped 20 Fils. The counter saw a volume turnover of 1.66 million shares. Kuwait Food Co (Americana) dived 80 Fils wiping the gains on Thursday. It closes at KD 1.420 and saw razor thin trading volume.

Kuwait Portland Cement Co however bucked the trend to gain 20 Fils. It winded up at KD 0.950. Shuaiba Industrial Co and Boubyan Petrochemical Co lost 10 Fils each whereas Oula Fuel Marketing Company climbed 25 Fils to settle at KD 0.425.

In the bourse related news, the paid up capital of KSE listed Gulf Finance House B.S.C has been changed due to a Murabaha Converting transaction of USD 10 million by 26,315,789 shares effective from Jan 21, 2010. The distribution of shares is as follows:

- Previous total outstanding shares: 1,830,543,093; new total outstanding shares: 1,856,858,882; previous total paid up capital $604,079,221 and new total paid up capital $612,763,431. Bank of Kuwait and Middle East announced selling its stake amounting to 8,750,000 shares in Ahli United Bank-Egypt at EGP37 per share. The bank received KD 17 million from the sale of the above mentioned shares notched a net profit of KD 645,000 from the transaction. The banking stocks closed mostly in the red. Commercial Bank dropped 20 Fils to end at KD 0.930 while Gulf Bank held the ground unchanged at KD 0.285 after trading 1.28 million shares. Al Ahli Bank and Bank of Kuwait and Middle East were not traded during the day. Kuwait Finance House pulled 20 Fils lower extending an identical drop in the previous session and winded up at KD 1.060. Burgan Bank did not budge from its previous close of KD 0.315. The lender has received Central Bank approved to repurchase or sell a 10% maximum of its issued shares over a six-month period, as of the current approval expiry on Feb 5, 2010. The approval is subject to adherence by the bank to CBK’s buyback rules and regulations.

*Results*
In more from the results front, Kuwait Building MateRials Manufacturing Company announced its financial statements for the year ended December 31, 2009. It reveals a net profit of KD 563,950 and earnings per share of 21.5 Fils compared to a profit of KD 549,396 and earnings per share of 20.9 for the same period in 2008. Pearl of Kuwait Real Estate Company announced financial statements for the three month-period ended June 30, 2009 revealed a net profit of KD 245,422 and Earnings per Share of 0.98 Fils compared to a profit of KD 8,110,220 and Earnings per Share of 32.23 for the same period in 2008. The six-month period ended June 30, 2009 the company posted a net loss amounting to KD 4,784,420 and loss per share of 19.02 Fils. Investment stocks too mostly saw marginal losses during the day. National Investment Co edged 10 Fils lower to KD 0.315 while International Financial Advisors closed unchanged at KD 0.106. The counter posted a trading volume of KD 0.106. KIPCO edged 5 Fils higher to KD 0.480

whereas Securities Group eroded 10 Fils. It closes at KD 0.232 with low volume. International Investment Group inched 1 Fils lower whereas Aref Investment Co rose by 4 Fils.

Aayan Leasing and Investment Company and Bayan Investment Co flunked 1 Fils each to KD 0.082 and KD 0.069 respectively whereas Global Investment House was down 3 Fils at KD 0.080 after incurring an identical loss on Thursday. KAMCO climbed 10 Fils to close at KD 0.405 and Al Deera Holding eased 2 Fils after trading 26.48 million shares.

Al Safat Investment Co fell 4 Fils while Al Madina For Finance and Investment Co edged 2 Fils lower. Noor Financial Investment Co was down 1 Fils at KD 0.090. Noor has logged a third quarter profit of KD 253.261 and earnings per share of 0.26 Fils against a loss of KD 3,746,396 and loss per share of 5.08 Fils for the same period last year.

The market opened on negative note and pulled sharply lower in early trading. The index slid to the day's lowest of 6995 points on strong bout of profit taking in many counters. It recovered slightly and traded below the opening mark for the rest of the session as sentiments turned brittle and closed with modest losses.

The top gainer of the day, Mushrif Trading and Contracting Company spiked 6.6 percent to KD 0.160 while Oula Fuel Marketing Company climbed 6.25 percent to stand next. Strategia Investment Co slid 10.7 percent, the steepest decline of the day, while Abyaar Real Estate Co topped the volume with over 38 million shares changing hands. 6415 deals worth KD 55.89 were transacted - down 27 percent in value over previous session.

*Arab Times*

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*ISLAMIC FINANCE EVENTS; SEMINARS, WORKSHOPS*

*& CONFERENCES*

**Jordan to host key Islamic finance forum**

Tuesday, 26 January 2010
Jordan will host a major Islamic finance conference in March. It will attract influential players in the field of Islamic financing and others interested in the industry. The First Islamic Finance & Investment Forum for the Middle East (IFIF) 2010 will be held on March 2 and 3 at the King Hussein Bin Talal Convention Center (KHBTCC) in the Dead Sea.

The forum is being organized by KHBTCC, Lawrence & Husseini Consult, B-design and Marketing and Strategy Business Development in cooperation with the Ministry of Finance and the Central Bank of Jordan.

This forum is supported by the International Cooperation, International Islamic Financial Market, Islamic International Foundation for Economics and Finance, Accounting and Auditing Organization for Islamic Financial Institution, Bahrain Association of Banks (BAB) and the Central Bank of Jordan.

In parallel with the conference, an exhibition of Islamic finance products and services will take place.

The event comes amid growing interest in Jordan in Islamic financing instruments, including the issuance of Sukuk to finance public debt.

The two-day forum will examine current trends and critical issues facing the Islamic finance and investment sector in the Middle East. National and local industry leaders will present their ideas and respond to questions from the audience.

According to the forum’s agenda, topics of deliberation include the role, functions and responsibilities of central banks in Islamic banking; Islamic funds and alternative investments; the situation of Islamic finance in the Middle East.

*Trade Arabia News Service*

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**Malaysia Gears Up for World Islamic Economic Forum**

Wednesday, 27 January 2010
At last year's forum, more than 60 Bahrain-based businessmen participated. This year, however, the organizers are running a road show across the GGC region, which is anticipated to draw even more Middle East attention.

At a presentation to Bahraini business players yesterday, Forum organizer and WIEF Foundation managing director Syed Abu Bakar stated, "The sixth WIEF, one of the most important business forums in 2010 focusing on opportunities in the Muslim world, is expected to bring together an estimated 2,000 participants comprising world leaders and the global business community. The forum is a global platform where world leaders in government and business converge to network for business opportunities and to discuss business and trade issues affecting the globe.

"Blessed with a wealth of natural resources, the Middle East needs a platform to explore investment opportunities in the new emerging markets of the Muslim world. Home to 1.5 billion people, the Muslim world is a ready investment hub to the wealth of sovereign funds from the Middle East. The recent financial crisis has given many emerging markets of the Muslim world an economic lifeline that has spurred investments in economic infrastructure in these countries. The sixth WIEF aims to bring these two segments of the Muslim World together to strengthen business partnerships between them."

The event, entitled 'Gearing for Economic Resurgence', will take place from 18th-20th May at the Kuala Lumpur Convention Centre.

Bakar added, "Muslim countries constitute 30% of the members of the community of nations. Around 65% of Muslims are below the age of 30 and there is an abundance of young human resources ready to be tapped. There is an urgent need to address the problems of poverty, illiteracy, and unemployment in the Muslim world and that is something we can achieve at this event.

"Bahrain is continuing to develop its ties with Malaysia as was evident with the tie up between Bursa Malaysia and Bahrain Financial Exchange the other day," said Malaysian Ambassador Syed Sultan Idris. "There was a strong presence at the last WEIF in Indonesia, led by the Bahrain Chamber of Commerce and Industry, and we are expecting a bigger turnout this year.

"Both Bahrain and Malaysia continue to play an increasingly important role in the world of Islamic finance and it is good to see them coming closer together."

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## *COMMENTARIES/ARTICLES*

### Islamic Finance and Women

January 2010

Riyadh, Asharq Al-Awsat- Islam honors women, enhancing their standing [in society] and granting them their full unabridged rights, and in the process solidifying this view in the hearts of Muslim believers. This can be seen in the fact that one of the Suras [chapters] of the Holy Quran is named "al Nissa" [the woman]. Al-Nissa is the fourth Sura in the Quran, and one of the seven longest Suras in the Quran. There are also a number of Sunnah which relates situations that honor women and their rights.

In one Hadith narrated by Abu Huraira, he said "A person came to the messenger of God and asked 'Who among the people is most deserving of my fine treatment?' He said 'Your mother.' He then said 'who next?' The Prophet replied 'Your mother' again. He asked 'who next?' The Prophet said 'Your mother.' He asked again 'Then who?' Thereupon the Prophet said 'Then your father.'

The prophet's life was a model of how to honor and do justice to women. In the Sahih al-Bukhari collection of Hadith, the Prophet's wife Aisha said that the Prophet consulted women and sought their opinion on the most serious issues. The Sahih al-Bukhari quoted al-Miswar Bin Makhrama as saying that "When the writing of the [Hudaybiyyah] treaty was concluded, the messenger of God said to his companions 'Get up and slaughter your sacrifice and get your heads shaved.' By Allah, none of them got up, and the Prophet repeated his order thrice. When none of them got up, he left them and went to Umm Salamah and told her of the people's attitude towards him. Umm Salamah said 'Oh Messenger of God, do you want your order to be carried out? Go out and don't say a word to anybody until you have slaughtered your [own] sacrifice and called your barber to shave your head.' So the Prophet went out and did not talk to any one of them until he did that, i.e. slaughter the sacrifice and called the barber to shave his head. Seeing this, the companions of the Prophet got up, slaughtered their own sacrifices, and started shaving each other's heads, and there was such a rush [to do this] that there was a danger of killing each other."

Commenting on this Hadith, Imam al-Hassan al-Basri said that the Prophet did not need to consult with Umm Salamah but rather he did this as he wanted to set an example to the people that they should not feel embarrassed about consulting with women.

Despite women's considerable standing in Islam in general, the Islamic financial industry, which is based upon the principles of Islamic Shariah law, has failed to give women priority. Therefore women do not occupy their natural position in this industry, even though they contribute financially to this industry's assets. Experts at the International Islamic Finance Forum held in Dubai 2007 estimated the value that Gulf women contribute to the Islamic financial industry is in the region of $35 billion. Observers may notice this negligence in two major sectors, the employment and business sectors.

As for employment, this negligence is apparent in a variety of aspects, such as qualification and training, as Islamic financial institutions offer few training courses to female employees. Of the few courses that female employees have access to, these are primarily basic courses, not advanced ones. This prevents female employees from being able to qualify for senior positions, and therefore they are restricted to lower-level management and marketing positions. This has created a shortage of qualified female employees in the Islamic financial sector, which in turn has caused a lack of qualified trainers for female employees of Islamic financial institutes, thereby creating something of a vicious circle. There is also a lack of a suitable work environment in line with the provisions of Islamic Shariah law, and this is something that would increase productivity. This lack of suitable work environment places pressure on the female employees in the financial sector, causing professional employees abandon their work. This also prevents the Islamic financial sector from easing unemployment rates among women, especially in conservative societies.

The business sector in Islamic finance is lacking in financing and investment services aimed at women. It is also lacking in initiatives that enhance women's contribution to the Islamic financial industry, such as the establishment of banks, and capital and investment companies that cater specifically for women. At this point I would like to pay tribute to the Kuwaiti Tejarati company, which was the first company to be established by women, targeting women as clients. We wish this company all the success, and hope that this encourages other types of initiatives.

In fact, the Islamic financial industry is not the only financial sector that neglects women, as this is something that is widely spreading to include the financial industry as a whole. This is why the International Finance Corporation in collaboration with a number of banks has sought to establish the Global Banking Alliance for Women. Their aim is to take necessary measures to ensure the speedy growth of the wealth of women by exchanging the best possible practices between financial institutions around the world.

*Asharq Alawsat*
*http://aawsat.com/english/news.asp?section=6&id=19516*

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## Islamic Fund Star

January 2010

Nicholas Kaiser isn't the sort of guy you'd expect to sit atop the world's largest group of mutual funds run in accordance with Islamic investing principles. Raised in an Anglican household, the 63-year-old Bellingham, Wash. native earned an M.B.A. from the University of Chicago and spent more than a decade running money for an Indianapolis firm before taking even a glance at Shariah finance.

Then, in 1984, an Islamic group asked Kaiser to create a fund that met the needs of Muslim investors--meaning one that shunned shares in firms involved with alcohol, tobacco, gambling, pork or pornography. Debt financing, another taboo of Islam, cannot be avoided entirely, but it was certainly possible to stay away from the most debt-ridden firms.

"They said they'd teach me, and we were off," Kaiser says.

Now situated in his hometown, Kaiser's three Amana mutual funds boast $2.6 billion in assets and some very impressive performance numbers over the past decade. (The name Amana means "trust" in Arabic.) Amana Trust Income is the oldest of the group, with $1 billion in assets. Kaiser has loaded it with stalwart domestic dividend payers, like Pfizer (PFE - news - people ) and Johnson & Johnson ( JNJ - news - people ). It returned 6% annually in the decade through December. That was 6.5 percentage points better than the S&P 500 and good enough to put Amana Trust Income in the top 5% of its category, according to Morningstar.

Kaiser's biggest fund, $1.5 billion Amana Trust Growth, likes big U.S. firms with nice-looking balance sheets, like Apple (AAPL - news - people) and Google (GOOG - news - people). It has returned 3.4% a year and bested the S&P 500 by four percentage points a year during the same time frame. No surprise that Kaiser has attracted many infidels to Amana over the years; he estimates that only one-fourth of the funds' investors are Muslim.

"Advisors who have sold the funds to clients don't care about the religious aspect," says David Kathman, a Morningstar analyst. "They're going after the great performance."

*Forbes*

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## Islamic Banking and Profit Fairness

January 2010

Islamic finance is a moral financial model based on divine principles, the most important of which is justice. There are many Quranic verses and Hadiths that deal with this, such as: "We sent aforetime our messengers with Clear Signs and sent down with them the Book and the Balance (of Right and Wrong), that men may stand forth in justice," [Surat al Hadid; Verse 25]. There is also: "And the Firmament has He raised high, and He has set up the Balance (of

Justice)" [Surat al Rahman; Verse 7]. God Almighty also said, "Allah commands justice," [Surat al Nahl; Verse 90]. In a Hadith Qudsi the Prophet [PBUH] narrated the word of God, saying "My servants, I have forbidden injustice for myself and I have made injustice forbidden to you. Do not be unjust to one another." Renowned Islamic scholar al-Izz Ibn Abdul-Salam said that Verse 25 of Surat al Hadid represents the essence of Islam.

It is therefore just that profits should not be inflated to the point that this would invalidate the satisfaction [of the customer]. This is the crux of the matter in Islam, and can be seen in the Quranic verse: "O ye who believe! Squander not your wealth among yourselves in vanity, except it be a trade by mutual consent" [Surat al Nisa; Verse 29] and this is regardless of whether the inflated profit [made by the seller] is known to the buyer such as in the event of purchasing from a monopoly, or whether this increase [on the original price] is not known to the buyer, if the seller conceals the original price of the product.

There are several Hadith that prohibit sellers making large profits on the original price of items or services. In the Sahih Muslim collection of Hadith, it was reported that the Prophet [pbuh] said, "No one hoards but the sinner." Muslim scholars explained the term "hoard" in this instance to mean the hoarding of a commodity that people need in order to sell it later at a higher price. This is something that is forbidden in Islam as it restricts the necessities available to the public. In addition to this, Prophet Mohammed [PBUH] also said, "Any Muslim who transgresses against another Muslim and is unjust then he is the sinner." In another Hadith, the Prophet [PBUH] is quoted as saying: "Injustice of a buyer is Riba [usury]."

Religious scholars had different opinions with regards to the amount of profit that is permissible to make. Some of them define this precisely, while others judge this according to local customs [and other factors], which is more reasonable. Therefore Islamic finance should operate in a just manner with regards to profits, and avoid outrageous [profit] inflation, particularly with regards to long-term financing, where the rate of profit is calculated by looking at the total amount of money borrowed, and the duration that this money is borrowed for, without taking into account the amount [of this loan] that has already been repaid.

There can be no doubt that profits are inflated in the financial sector, however such dealings are considered illegal under western laws as western banks differentiate between interest and usury. However this is a distinction that is not acknowledged under the provision of Islamic Shariah law. While this does bring to light the extent of the injustice in how profits are calculated in general, what about Islamic Shariah law that is based upon divine justice?

Unfortunately the Islamic banking system which is supposed to be based on just and ethical principles that themselves are based on a divine system that prevents injustice, has transgressed even the limits of the savage capitalist banking system in terms of the profits that it makes on its operations. By doing so, this causes Islamic financial customers, who are acting with a religious and moral motive [in using Islamic financial institutes] to shoulder a heavy burden, as if they are paying a tax on their [religious] commitment. Although juristic schools have managed to put forward reasons for this, I do not believe that such justifications will last for a number of reasons, such as many [Islamic financial] clients recognize the danger that this method of calculating profit represents to the Islamic financial industry as a whole and so they are demanding justice in how such profits are calculated and for this process to conform to principles of Islamic Shariah that prohibit such profit inflation.

Many scholars today sense the danger that that method of calculating profit represents to the Islamic financial industry as a whole, and that as a result of this the Islamic banking industry appears to be a greedy financial industry that is taking advantage of people's needs in an ugly way, contradicting the Islamic Shariah principles that call for the implementation of justice and the prevention of harm. It is an Islamic Shariah principle that one "should neither be harmed nor do harm [to others]" and that [mutual] satisfaction be the focus of business operations, and this is something that will not be achieved when customers are in dire need or ignorant of the manner in which profit is calculated.

The last reason [for this] and perhaps the most important rationale to putting an end to this phenomenon and restoring matters back to normal with regards to the way in which the profits of the Islamic financial industry are calculated is the intervention of regulatory bodies to provide mechanisms for calculating Islamic finance profits, lending rates, etc. This is something that I expect to happen, especially in Saudi Arabia where the mortgage law is expected to come into effect soon. This mortgage law will be consistent with the provision of Islamic Shariah law, and will deal with one of society's most important needs, the provision of housing. Therefore I do not think that the Saudi Arabian Monetary Agency [SAMA] will pass this [inflated] method of calculating profits onto the banking sector without first imposing certain restrictions and specifications, because this lies at the heart of its regulatory operations.

*Asharq Alawsat*

*http://aawsat.com/english/news.asp?section=6&id=19600*

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**Luxembourg aims to become hub for Islamic finance**

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Luxembourg took an important first step toward developing the Duchy into the latest European hub for Islamic finance, especially Islamic capital markets, when it published last week a new tax circular on the treatment of a whole range of Islamic finance products including Murabaha, Musharaka, Mudarabah, Istisna, Ijarah, Ijarah wa Iktina and Sukuk (Islamic bonds).

A circular from the Director of Contributions, the Luxembourg tax authority, describes the major principles and contracts of Islamic finance and their respective tax treatment. According to the preamble of the Circular, "Islamic finance involves financial instruments used by investors who wish to manage their investments observing the values of Islam. The objective of Islamic finance is to share profits and losses between those who provide the capital and those who use it."

The Director of Contributions identifies two Shariah principles that merit particular attention: "Third party" capital providers (such as banks for instance) cannot in principle play a passive role, but must in contrast act as true "partners"; and the prohibition on lending money (with interest) to third parties. The development and listing of these products must rely on real physical assets (real estate, infrastructure projects or even commodities, like oil, aluminum or wheat). They may not rely on other financial products. Any profit from other financial products, particularly interest, would be considered usury (Riba), and as a consequence should be purified in accordance with a criteria generally applicable in Islamic finance.

However, Director of Contributions stresses that undertakings for collective investment under Luxembourg law and investing in Islamic assets are excluded from the scope of this circular.

The circular confirms the classification of Sukuk as debt for Luxembourg tax purposes. Consequently, yield payments under the Sukuk are treated under domestic tax law as deductible interest expenses at the level of the paying entity. In contrast to many other jurisdictions, the circular confirms that no Luxembourg withholding tax is levied on yield payments.

Having regard for its characteristics, says the circular, "a Sukuk may be considered similar to conventional financial debt instruments, the remunerations to the bearer of a Sukuk being analyzed fiscally in the same way as interest. By likening it in this manner, the remuneration paid to the holder of a Sukuk is deductible, when it is shown that it was generated in the interests of the company. The income from a Sukuk would thus be likened to income from movable assets within the meaning of Article 97 (1) 3 L.I.R. (or commercial profit). The fiscal provisions in relation to the providers of funds and to profit-sharing bonds (Articles 146 (1) 2 and 3 and 164 (2) L.I.R.) are not applicable to this type of financial instrument."

As regards the application of double taxation agreements, there is a place for recourse, if necessary, to the procedure for the amicable resolution of any difficulties.

The governor of the Banque Centrale du Luxembourg, the central bank, Yves Mersch, has expressed support for Sukuk as an alternative and cheaper way to raise finance, fueling speculation that Luxembourg's sovereign may be gearing itself for a debut Sukuk issuance. In order to facilitate the emergence of a resilient Islamic financial market in Europe, suggested Gov. Mersch recently in Brussels, "we have to adapt and shape the infrastructure and supervisory environment to allow efficient and cost effective trading and clearing for a significant number of investment-grade Islamic financial papers across the whole maturity spectrum. In this perspective, it is worth noting that in the current turbulent period, raising finance through Sukuk issuance appears to be cheaper than recurring to conventional bonds due to the burgeoning demand for Islamic instruments."

The circular treats Murabaha as a sale agreement. Consequently, in principle, the profit realized on that sale is acquired by the financier from the signature of the agreement and the entire proceeds of the sale are taxable immediately, including the financier's margin, otherwise called its profit.

Nevertheless, to the extent that, on an economic level, the financier's profit constitutes the remuneration for a deferred payment during that period, that profit may benefit from a spread of taxation on the proceeds for continuous or discontinuous services at successive maturities, remunerated in particular by rents. In other words, the profits are taxed on a linear basis over the term of the payment deferment, whatever the reimbursement.

The above benefits, however, are subject to certain conditions, including, the agreement between the parties must clearly highlight the fact that the financier acquired the property in order to resell it, concomitantly or within a period which may not exceed six months, to its client; the agreement must separately indicate the specific remuneration of the financier for its involvement, with the financier's profit constituting the compensation for a payment deferment, the client's acquisition price and the price for acquisition of the property by the financier; the financier's profits must be clearly stated, known and accepted by the two parties to the agreement; the financier's profits must be expressly indicated as being compensation for the service provided by the financier to the client which results from the effective deferment of payment granted to the investor. There may for example be a clause presenting the profits as "compensation for the payment deferment granted to the purchaser by the vendor, the purchaser undertaking to pay the vendor the profit until the date of final reimbursement"; and with regard to accounts and fiscal aspects, the profits must be spread by the financier on a linear basis over the period of the payment deferment, whatever the reimbursement.

Luxembourg over the last few years has been slowly working toward establishing itself as an Islamic finance hub. Indeed, the Duchy has been the laboratory for Islamic finance in Europe since the late 1970s and early 1980s way before London. Today, there are some 15 Sukuk listed on the Luxembourg Stock Exchange with a combined value of 5 billion euros; and over 40 Islamic investment funds, largely equity funds domiciled in Luxembourg.

As a further statement of intent, not surprisingly, in November 2009 the Duchy became the first European country to become an associate member of the Islamic Financial Services Board (IFSB), the prudential standard setting body for global Islamic finance. This is impressive given the fact that both the Financial Services Authority (FSA) in the UK and the Central Bank of France have both resisted in acceding to membership of the IFSB, whose other members include the IMF, Bank of China and the Monetary Authority of Singapore.

To further boost its Islamic finance credentials, Luxembourg recently signed double tax treaties with the United Arab Emirates, Qatar, Kuwait and Bahrain. This is in addition to 56 existing tax treaties that include several Islamic countries. On Jan. 12, 2010 Luxembourg for Finance also signed memoranda of understanding with Bahrain and the Dubai International Financial Center to foster strong existing business relationship and further enhance bilateral cooperation and wide-ranging industry development, including in Islamic finance.

Mersch, one of the most proactive European central bankers as far as Islamic financial inclusion is concerned, recently urged his fellow European regulators to "become more familiar with the principles and practices specific to Islamic finance in order to make appropriate supervisory and regulatory judgments" and maintained that the current needs of Europe's 38 million plus Muslims and those interested in faith-based ethical finance have "not yet appropriately been addressed by the conventional banking offering."

In April last year, the government set up a multi-disciplinary taskforce charged with identifying obstacles to the development of Islamic finance in Luxembourg and ways to support its growth. Working groups on Islamic finance were also formed by the Luxembourg Investment Fund Association (ALFI) and Luxembourg for Finance (LFF).

*Zawya*