

BUSINESS AND POLITICS IN THE MUSLIM WORLD

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

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Summary:

New Shari'ah-compliant enterprise financing scheme launched, Tamkeen will guarantee 50 per cent of the total financing amount as well as subsidies 50 per cent of the profit payments due from customers. Through this financing scheme, enterprises within the private sector will be eligible to receive financing ranging from BHD 10,000 (\$26,560) to BHD 500,000 (\$1.3 million).

A joint venture that will lead to the creation of Dubai's first Real Estate Investment Trust (REIT) was officially launched; a key feature of Sharia-compliant Emirates REIT is that at least 80 per cent of the company's net income must be returned to shareholders annually in the form of dividends.

The World Islamic Banking Conference (WIBC) Institutional Excellence Award 2010 was presented to Abu Dhabi Islamic Bank (ADIB) and WIBC Islamic Banker of the Year was awarded to Abdul Kareem Abu Alnasr, Chief Executive Officer of the National Commercial Bank. WIBC Industry Leadership Award 2010 was presented to Professor Datuk Rifaat Ahmed Abdel Karim, Secretary-General of the Islamic Financial Services Board (IFSB), Abdul Kareem Abu Alnasr, Chief Executive Officer of the National Commercial Bank was named the 2010 WIBC Islamic Banker of the Year in recognition of his significant contribution to the Islamic banking and finance industry during 2010.

Sakana Holistic Housing Solutions the Islamic mortgage finance provider recently received a completion certificate for successful implementation of the Document Management System (DMS) from IPP Technologies Pty Ltd an Australian Software development and consultancy Company, IPP's document management solutions are based on Microsoft Share Point, the industry leading collaboration product from Microsoft. The solution is web based with multi browser support and user interface in English and Arabic.

The World Islamic Banking Competitiveness Report 2010/11 report is titled as 'In Search of New Opportunities' and developed in collaboration with leading global strategy advisory firm McKinsey & Company. Its findings will be presented by Amer Afiouni, Partner, McKinsey & Company at WIBC 2010 session held on 23rd November. The report aims at providing an up to date comprehensive overview of the competitive performance of major Islamic banks and new strategic development with respect to global financial landscape.

1. GLOBAL FINANCE & GLOBAL ISLAMIC FINANCE

Ireland presses on with Islamic finance tax neutrality laws

Sunday, November 21, 2010

London: The Irish banking system may be beleaguered and awaiting an imminent bail out from the eurozone countries through the European Central Bank, but the Irish Revenue and Customs is pressing ahead with its tax neutrality regime to facilitate the introduction of Islamic financial transactions in the country.

The Irish Revenue in October 2010 published its latest report on Islamic finance, namely 'Guidance Notes on the Tax Treatment of Islamic Financial Transactions' which relate to Islamic investment funds; leasing and hire purchase (ijara) arrangements; takaful (Islamic insurance) and retakaful (Islamic reinsurance); murabaha (credit) and diminishing musharaka; murabaha (deposits) and wakala (agency); and sukuk.

As such, Ireland becomes only the fourth European Union country after the UK, Luxembourg and France to introduce tax neutrality measures for Islamic financial transactions which are similar or equivalent to conventional transactions.

In fact, the Irish Revenue first mooted changes in the tax treatment of Islamic financial products in a commentary it circulated in November 2009. This was followed by the introduction of significant amendments to Irish tax laws to facilitate certain other Islamic financial transactions which had not been dealt with in the November commentary. Under the Finance Bill 2010, which came into effect in January 2010, the Irish Ministry of Finance introduced significant amendments to facilitate Islamic finance transactions in Ireland, especially the origination and issuance of sukuk.

The latest 'Guidance Notes on the Tax Treatment of Islamic Financial Transactions' seeks to consolidate Irish Revenue's guidance on the tax legislation and the earlier Commentary into one comprehensive reference document.

Ireland like other EU countries is warming to Islamic finance and Dublin has emerged as an Islamic investment fund domicile to rival the Channel Islands of Jersey and Guernsey; and Luxembourg. Indeed several Shariah-compliant funds are registered in Dublin including several funds from the South African asset management company, Oasis Group, under its Crescent label including Oasis Crescent Global Equity Fund; and funds mooted by a number of Malaysian Islamic asset management companies.

The Irish government is also keen to promote the island as a more attractive location for international fund raising operations in addition to providing Irish companies with an alternative source of funding.

International market players in the Islamic finance space such as global auditing and advisory firm Price Water house Coopers (PWC) have welcomed the Irish tax neutrality initiative, stressing that the Finance Bill 2010 proposes new legislation that will facilitate

several Shariah-compliant transactions including sukuk transactions by extending to this form of financing the relieving (tax neutrality) provisions which currently apply to equivalent conventional financing; and that the Guidance Notes "are extremely helpful in consolidating the Irish Revenue's views on the legislation and practice in the area of Islamic finance".

Islamic finance market players stress the above changes and measures will enhance Ireland's competitiveness and attractiveness as a domicile for Sukuk issuance and the launch of Islamic equity and other such products.

The Irish Revenue is explicit in stressing that "the term Islamic Finance does not appear in tax legislation. For tax purposes, depending on the circumstances, transactions which are structured to be Shariah-compliant may or may not be treated similarly to mainstream financial transactions, which are similar in substance.

In the case of Shariah-compliant transactions and structures within the funds, leasing and insurance industries, generally the Irish tax treatment is the same as that applying to conventional transactions. Section 39 of the Finance Act 2010 provides for the tax treatment of certain credit sale, deposit and investment transactions (referred to in the legislation as "specified financial transactions") which achieve the same economic result in substance as comparable conventional products. Although designed to cover certain Shariah-compliant structures, the legislation applies to any financing arrangement falling within the meaning of the term "specified financial transaction" regardless of whether the arrangement is, in fact, Shariah-compliant."

According to a Tax Alert from PWC published last week, the legislation had clarified that a Sukuk should be considered a security for Irish tax purposes and that the investment returns on a Sukuk should be treated as interest. This is in contrast to the UK legislation on tax neutrality for Sukuk, which are defined as Alternative Financial Investment Bonds.

However the Irish legislation fails to deal with a number of further issues which are implicit in Islamic financial transactions. According to PWC, Irish tax legislation generally contains a restriction on deductibility where interest is linked to the results of the borrower. This can be a common feature in Sukuk issuances but would not necessarily feature in a corresponding conventional financing transaction. The new legislation, stressed PWC, did not deal with this restriction on deductibility for payments to Sukuk holders which are directly linked to the return on the underlying asset but the guidance notes do now seek to rectify this by confirming that Irish Revenue will not seek to regard the Sukuk return as being dependent on the results of the issuer where a number of conditions are satisfied.

However, "while the conditions might be seen as onerous, it should be possible to commercially satisfy them in order to secure a tax deduction for the return paid to the sukuk holders which essentially represents the interest expense in a conventional financing structure," added PWC.

The Irish Revenue has also confirmed that while the sukuk does need to be issued to the 'public' (retail), it does not need to be listed to fall within the legislation.

The Guidance Notes also confirm the above treatment applies in certain deposit transactions which are structured as mudaraba or wakala contracts, and that such transactions will not mean that the beneficial owner of the deposit is carrying on a trade in partnership with the deposit taker. The income earned by a corporate in such a transaction should generally be taxed at 25 percent in line with Irish Revenue's view on the taxation of deposit interest.

In ijarah (leasing) transactions, the Guidance Notes confirm that an ijarah operating lessor of short life assets can elect to be taxed in accordance with its accounting treatment.

PWC has also identified some outstanding issues to be addressed regarding stamp duty and capital gains tax which could facilitate the issuance of sukuk in Ireland and provide a genuine alternative source from which Irish businesses can seek to raise finance.

<http://arabnews.com/economy/article197574.ece>

Malaysia aims to take Islamic finance to its next level

Sunday, November 21, 2010

London: While other Muslim countries appear to be either fair-weather or ambivalent friends of Islamic finance, Malaysian policymakers continue with their strong support with the core objective of taking the industry to its next logical level.

Whether it is in the numerous speeches by the prime minister and his Cabinet, or by the regulatory officials; or in the National Development Plan; or in agreements signed with foreign governments; or in the investment strategies of its two sovereign wealth funds (SWFs); or even at international forums such as the annual World Bank/IMF meeting or the Board of Governors meeting of the Islamic Development Bank, Islamic finance is never off the agenda.

Malaysia Inc. exudes a confidence about its Islamic finance policy proposition which is certainly unique. None of the self-denial about the sector as in Saudi Arabia and Turkey; none of the policy ambivalence as in Iran, Sudan and Pakistan; none of the policy confusion as in Kuwait, Jordan and the UAE; and none of the institutional hostility and cynicism to Islamic finance as in Egypt, Libya, Algeria, Morocco and Tunisia.

In Baku in June, Ahmad Husni Hanadzlah, the Second Finance Minister of Malaysia, called on the member countries of the Islamic Development Bank (IDB) to consider establishing "the world's first supra-sovereign wealth fund (SWF)" to invest in a Shariah-compliant way in Muslim economies on the same returns expectations as for the SWF industry in general.

At the World Bank/IMF annual meeting in Washington DC in October, Hanadzlah, in his capacity as a governor of the International Monetary Fund (IMF) and the World Bank for Malaysia, was the only one from any country (including the 57 Muslim member countries of the Organization of Islamic Conference (OIC) to urge the Plenary Session of the meetings to consider using Islamic finance in its development projects and for its green agenda.

The latest Islamic finance policy manifestation of Kuala Lumpur was last week at the 18th World Congress of Accountants 2010, which was held in Kuala Lumpur for the first time, when Prime Minister Najib Abdul Razak in his keynote address urged delegates to study the benefits and approach of Islamic finance and how these could contribute to economic growth, financial stability and better reporting standards and disclosure.

Similarly the message from Dr. Zeti Akhtar Aziz, governor of Bank Negara Malaysia, the central bank, in her speech to the plenary session, was to the point. The globalization of Islamic finance offers huge potential for greater intermediation of cross border financial flows, especially surplus funds, between economies from different parts of the world, thus presenting new opportunities for the industry. Islamic finance is an increasingly important component of the international financial system and continues to gain global acceptance. As such, she added, strengthening the accounting, financial reporting, auditing and disclosure standards are very much a vital part of this process, as it is for the conventional financial sector.

Perhaps the most wide-ranging of the new measures relating to Islamic finance came in Prime Minister Najib's Budget 2011 speech, which was delivered in his additional capacity as the country's finance minister to the Dewan Rakyat (Parliament) in October.

The Budget, said Najib, emphasizes the transformation of Malaysia into a developed and high-income economy with inclusive and sustainable development, spearheaded by the private sector. A number of strategic high-impact projects are expected to involve both conventional and Islamic financing and investment.

To this end, Government-Linked Investment Companies (GLICs) will be allowed to increase investment in overseas markets to explore opportunities for better returns. For example, the Employees Provident Fund's (EPF) will increase its investment overseas from the current 7 percent to 20 percent of the total assets managed, including in Islamic instruments such as sukuk.

In addition, Bursa Malaysia will launch sukuk and conventional bonds to meet retail investors' demand for fixed income instruments in order to boost the bond and sukuk market. "Efforts will be taken to strengthen Malaysia's position as a premier Islamic capital market," said Najib. "Bursa Malaysia will develop an international board to enable foreign securities to be listed including Shariah-compliant products. To further promote innovation in Islamic securities products, the government proposes that expenses for the issuance of Islamic securities which adopt the principles of Murabaha and Bai Bithaman Ajil based on Tawarru' be given tax deduction. This will strengthen Malaysia's position

as the leading sukuk market and promote transactions in Bursa Suq al-Sila, the world's first Shariah-compliant commodity trading platform. The government proposes that takaful contributions for export credit be given double tax deduction."

Najib in the last few weeks played host to Indian Prime Minister Manmohan Singh, on a visit to Malaysia on his way to the G20 summit, and a delegation from Mubadala Development Company, the SWF of Abu Dhabi.

The Indian prime minister saw firsthand the progress Malaysia has achieved in Islamic finance over the last three decades. Singh since his days as finance minister has been a strong supporter of facilitating Islamic finance in India.

"There have been from time to time demands for experimenting (with) Islamic banking. I would certainly recommend to the Reserve Bank of India (RBI), which is looking into the question, to look at what is happening in Malaysia in this regard," Singh emphasized at a meeting in Kuala Lumpur with Najib.

In his speech at the signing of the strategic partnership between Malaysia Development Berhad (1MDB), the Malaysian SWF, and Mubadala, Najib said that the partnership is a testimony of the strong bond established between Malaysia and Abu Dhabi and through it, the Middle East.

The parties signed two agreements - one for Mubadala to participate in the Kuala Lumpur International Financial District (KLIFD) development led by 1MDB, which has an estimated cost in excess of RM26 billion and commencing in 2011, and the other regarding a RM21.7 billion (USD7 billion) investment in the Sarawak Corridor of Renewable Energy.

"We intend to advance growth by forging international partnerships in the firm belief that the right partners can contribute to mutual prosperity. Major international banks and professional financial services firms, including Shariah experts will be located in the KLIFD. More importantly, such strategic development will further strengthen Malaysia's position as the premier international Islamic financial hub," explained Najib.

Indeed, the increased cooperation between Malaysian Islamic financial institutions, GLCs and SWFs with partners from abroad is a priority for the Malaysian government. Malaysia's Second Finance Minister Ahmad Husni Hanadzlah at the Khazanah Megatrends Forum in October 2010 urged Malaysian Islamic financial institutions to widen their reach to leverage opportunities both at home and abroad to take the sector to the next level.

He urged institutions including banks, asset management companies and non-banking financial institutions such as Lembaga Tabung Haji (the Malaysian Pilgrims' Management Fund) to expand by cooperating with partners abroad.

"The financial services industry," explained Minister Husni, "is one of our 12 National Key Economic Areas and is a critical pillar in our thrust forward. Yes, we have done very well in the sukuk market but we now have to seriously develop our capacity in other products and services that would command greater premiums not only within the domestic market but also across the seas. In this context, the expansion of a Shariah-compliant asset management industry would give impact and add value across the financial services sector. The asset management industry can directly support as well as complement a number of sectors, including the Takaful industry, private equity, mutual funds, private wealth management, trust and Wakaf."

<http://arabnews.com/economy/article197565.ece>

2,562 enterprises benefit from BD79.8m through Tamkeen's Finance Scheme

Monday, November 22, 2010

As part of its efforts to invigorate the private sector and in support of its businesses as the backbone of economic development in the Kingdom, Tamkeen has contributed BD79m to support more than 2,549 Bahraini enterprises.

The Tamkeen Finance Scheme came into being with the launch of the "Nibras" portfolio in 2007, which provided BD12.5m through Ithmaar Bank (formerly Shamil Bank). The scheme, has been a success, and has developed into one of Tamkeen's most important support programmes, bringing together the private sector and promoting businesses in the Kingdom of Bahrain within the framework of Tamkeen's vision to promote the Bahraini economy and stimulate its growth opportunities.

The first phase of the finance scheme provided by Tamkeen supported the launch of 209 enterprises which benefited from financing in which Tamkeen contributed by paying 50% of realized profits and guaranteeing 80% of the finance value. The finance operations were also characterized with fixing the administrative fees not exceeding BD150.

These characteristics contributed to attracting more private institutions to the scheme and soon it became one of the most active and effective programmes, improving the ability of the Bahraini economy to stabilize, grow, develop and face the existing challenges at the level of entrepreneurial set-ups.

Mrs. Hanadi Al Majed- Private Sector Support Specialist at Tamkeen said, "The success achieved by the first phase of the finance scheme launched with Ithmaar Bank spurred us to provide the second BHD 70-million portfolio in early 2008 in collaboration with the Bahrain Development Bank. The second portfolio has so far benefited around 2,323 existing and emerging Bahraini establishments from various sectors including small, medium and large enterprises."

She elaborated further, "Subsequently, a new portfolio was introduced in early 2010 with Bahrain Islamic Bank at a value of BD10m. We have also launched earlier this year a

BD10m portfolio with BMI Bank. Accordingly, the total value of the portfolio is BD102.5m and the total number of beneficiary enterprises and companies is more than 2,562 which managed to emerge in the market or develop their business and realize higher quality in provision of services, achieving thereby the highest possible levels of profitability."

The finance scheme was characterized by adopting an evaluation and control policy in all phases, measuring satisfaction of Bahraini investors and receiving their suggestions for development. This enabled Tamkeen to develop and support the scheme in more than one context, particularly in relation to finance conditions and facilitation of payments without placing further obligations on investors.

"We and our partners have designed the programme to evaluate enterprises wishing to borrow more than BD100,000 for existing enterprises and more than BD50,000 for startup enterprises, by conducting an analytical study that examines the success of the supported projects and their capability to develop in the market and reach target profitability levels," Mrs. Al-Majed said, "In the same context, we have also sought to facilitate start-up companies so that they can benefit from the finance scheme with lesser administrative and technical requirements as long as they provide a clear action plan and fulfill the required conditions. We have also supported start-up companies through other programmes, which was most influential in the success of the finance scheme. We are very proud to observe the commitment of Bahraini enterprises in repayment of their financial obligations to the banks, which emphasizes the success of their businesses, proves they have benefited from the scheme and shows the success of the finance scheme itself among Bahraini banks and investors."

Mrs. AlMajed also indicated that "Project owners, who meet the basic requirements to benefit from the finance facilities provided by our partners, can obtain finance facilities ranging between BD10,000 and 500,000 to enable them to establish and stabilize their establishments or to take existing companies into the next growth trajectory. Finance conditions are featured with flexibility and designed to provide the best financing options to investors in order to facilitate their business development, ensure their success and help them pay their financial obligations easily. In this respect, we have noticed considerable cooperation from our partners that also contributed to the scheme's success and development, which was clearly reflected on the great interest of institutions and companies from various economic sectors in the Kingdom to benefit from the scheme."

Mrs. Al-Majed pointed out that the finance scheme has played an effective role throughout the past three years in promoting the capabilities of the Bahraini private sector and achieving Tamkeen's strategy, particularly for SMEs.

"To ensure that Bahraini institutions and companies, in particular, get the benefits of this scheme, we stipulated that the enterprises wishing to obtain financial support be owned by Bahrainis at no less than 51% and be complying with the Bahrainisation rate prescribed by the Labour Market Regulatory Authority "LMRA". In addition, the finance scheme is characterized with providing finance facilities within 15 days as from the date

of receiving the completed applications and documentation. Business owners are also exempted from all future profits in case of early settlement of the total finance amount," she explained.

She added, "We at Tamkeen, evaluate our programmes on a periodic basis to ensure their success and ability to realize our stated objectives. We are now reviewing the whole scheme with the intention of designing more initiatives that support enterprises in Bahrain underpinned with new and creative ideas that take into account the needs and aspirations of establishments. The Finance Scheme is one of the main components of Tamkeen's private sector support programmes, and we are looking forward today to developing and promoting it towards further effectiveness and success for private sector businesses."

<http://www.ameinfo.com/249431.html>

Gulf Islamic finance expertise boosted with Bahrain launch of IFAAS Advisory Services

Monday, November 22, 2010

Islamic Finance Advisory and Assurance Services (IFAAS), the European Islamic finance consultancy, announced the opening of its Gulf office in Manama, Bahrain. The new office is located in Manama's prestigious Bahrain Financial Harbour.

With offices already in the UK and France, IFAAS took the step of opening its third office in the Gulf region following increasing local demand for its services and expertise. Local businesses have expressed interest in its Shariah consultancy services based on its extensive knowledge and experience in Islamic finance operations with services incorporating European standards. By working with IFAAS, businesses in the Gulf have direct access to international Islamic finance expertise and IFAAS' ability to facilitate transactions between Middle Eastern investors looking to develop opportunities with European corporations.

Commenting on IFAAS' Gulf launch, Farrukh Raza, managing director, IFAAS, said, "Bahrain has the reputation of being the hub for the Islamic finance industry in the Gulf. Therefore, it was the natural choice for IFAAS when choosing where to locate its Gulf office. We have enjoyed tremendous interest from local businesses in the IFAAS offering, and now with our own dedicated offices in the region, we look forward to working even more closely with organisations in Bahrain and across the Gulf to help develop the thriving regional Islamic finance industry."

"I offer the IFAAS team a warm welcome to Bahrain, and the Gulf region overall," said His Excellency Jamie Bowden, British Ambassador to Bahrain. "I am also delighted that IFAAS has chosen Bahrain as its hub. As a trusted player in the European Islamic finance landscape, I am confident that IFAAS' official arrival to the Gulf will offer local businesses a valued service helping them to develop their local and overseas Islamic finance offering."

Mahomed Akoob, CEO of Hannover Re Takaful, also commented, "IFAAS and its team are well respected by us and many organisations in the Islamic financial services sector internationally; with its physical presence in the Gulf it will quickly become a recognised and valued asset to the regional industry as well. From my own experience of working with IFAAS I know that it has industry-leading expertise and delivers excellent work. The team consistently exceeds expectations with an outstanding level of professionalism and commitment which can easily be considered the IFAAS seal of quality."

IFAAS has been at the forefront of the development and growth of the European Islamic finance industry. Its founding members were instrumental in establishing the UK's pioneering Shariah-compliant brands and launching innovative products across different sectors of the Islamic financial industry. Over the last few years IFAAS has developed into the first point of call for professional advisory on Islamic financial projects in Europe and beyond.

IFAAS' arrival in Bahrain is a real enhancement to the regional financial industry and Bahrain's position as an Islamic finance hub. According to the Bahrain Economic Development Board, Bahrain is widely recognised as the global leader in Islamic finance, playing host to the largest concentration of Islamic financial institutions in the world. Presently, there are 29 Islamic banks (whose assets under management total \$16.4bn), 15 Islamic insurance companies (Takaful), and 1 re-Takaful company operating in the Kingdom.

Bahrain also plays host to a number of organizations central to the development of Islamic finance, including the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI), the General Council for Islamic Banks and Financial Institutions (CIBAFI), the International Islamic Financial Market (IIFM) and the Islamic International Rating Agency (IIRA).

The World Islamic Banking Conference (WIBC), the world's largest and most influential gathering of Islamic finance leaders for 18 years, is also held annually in Bahrain. This year the event will take place from 22nd - 24th November, 2010 where IFAAS will be exhibiting and eagerly awaiting to meet with its colleagues from the national and international Islamic finance industry.

<http://www.ameinfo.com/249346.html>

Shariah Scholar on More Than 50 Boards Opposes Limit Plan

Tuesday, November 23, 2010

Restricting the number of boards religious scholars are involved in would curb growth in the \$1 trillion Islamic finance market, says a Bahraini scholar who advises Citigroup Inc. and HSBC Holdings Plc.

The Accounting & Auditing Organization for Islamic Financial Institutions, a Manama-based agency, said in August it's considering guidelines on scholars owning shares in the institutions they serve and the number of advisory boards they can join, to reduce the risk of conflicts of interest. The top 20 scholars serve on 621 boards globally, said Zawya and Funds@Work AG, a Dubai-based research company.

"Capping the number of boards will be devastating to the industry's growth," Sheikh Nizam Yaquby, who was born in 1959, said in an interview in Beirut on Nov. 4. "Sometimes people ask me, are you Superman? How can you sit on so many boards? I tell them it's hard work."

Yaquby and Syria's Abdul Sattar Abu Ghuddah ranked first among the top 20 experts, each serving on 85 boards of Islamic financial institutions, according to Zawya's report. Yaquby is listed as serving on more than 50 boards, according to data compiled by Bloomberg.

The Islamic finance industry, with assets the Kuala Lumpur-based Islamic Financial Services Board will almost triple to \$2.8 trillion by 2015, is struggling to develop global standards and a centralized regulator for scholars. Banks and companies can't find enough experts to meet demand for new Shariah-compliant products, creating a "bottleneck," said Khalid Howladar, Dubai-based senior credit officer at Moody's Investors Service, in an e-mailed response yesterday.

Fragmented Industry

"One scholar advising so many companies doesn't help make an Islamic product universal," Kaleem Iqbal, a senior executive vice president at the Pakistani unit of Bahrain-based Albaraka Banking Group said in a telephone interview yesterday from Islamabad. "Unless we adopt a more standardized model, the industry will remain fragmented."

Islamic institutions typically have their own panels of scholars who pass rulings, or fatwas, to determine that products comply with Shariah principles. Shariah scholars need to be experts on the Koran, commercial law and finance. Yaquby has a degree in economics and comparative religion from McGill University in Montreal.

Mohamad Nedal Alchaar, secretary-general of AAOIFI, said in August that a shortage of experts means they tend to sit on several advisory boards simultaneously. The Bahrain-based agency also plans to address concerns that these scholars' private companies receive preferential treatment from banks they advise.

'Conflict of Interest'

"There's a potential case for conflict of interest, and a case of information leakage or perhaps competition impact," Alchaar said. "We wanted to address the concerns in an unbiased manner."

AAOIFI, which has more than 200 members, sets accounting and auditing standards that are used in Bahrain, the Dubai International Financial Centre, Jordan, Lebanon and Qatar, according to its website. The agency said its guidelines have also been used to help frame policy in Indonesia, Malaysia, Pakistan, Saudi Arabia and South Africa.

“What’s key is to create a robust framework in which the industry can thrive and grow,” said Yavar Moini, senior adviser of global capital markets at Morgan Stanley, in an interview in Dubai yesterday. “Clearly scholars’ expertise and representation on Shariah boards are an integral part of such a framework. Placing limitations in this regard will hinder the industry’s growth potential.”

Declining Bond Sales

Global sales of Islamic bonds fell 29 percent to \$13.7 billion this year from the same period in 2009, according to data compiled by Bloomberg. Islamic law restricts investors to transactions based on the exchange of assets rather than money alone because interest payments are banned.

Sukuk returned 11.7 percent this year, according to the HSBC/NASDAQ Dubai US Dollar Sukuk Index, compared with a 14.5 percent gain in developing markets, JPMorgan Chase & Co.’s EMBI Global Diversified Index shows.

Pakistan’s central bank requires Islamic banks to appoint one scholar as a “Shariah adviser,” who is barred from serving at other financial institutions in the country, Karachi-based Saleem Ullah, director of the Islamic banking department at the State Bank of Pakistan, said in an e-mailed response yesterday.

“The restriction is aimed at addressing the issue of conflict of interest and giving comfort to the banks regarding confidentiality of their business policies and product structures,” he said. The scholar can advise Islamic banks outside the country.

No Restrictions

Some Islamic banks also have Shariah boards and committees which have between three and seven scholars, Saleem Ullah said. There are no restrictions on how many boards scholars can serve on, he said.

“If a country wants to put a limitation, it is up to them,” said Yaquby. “Countries have to question if there are enough scholars to put such limitations.”

Chicago-based Failaka Advisors LLC, an advisory company which monitors and publishes data on Islamic funds, lists 253 practicing scholars worldwide in its 2008 report. There are now an estimated 600 scholars, said Yaquby. Among the top 10 are Mohammad Daud Bakar of Malaysia and Saudi Arabia’s Mohammed Elgari, according to the report by Zawya and Funds@Work.

The difference between the average yield for emerging market sukuk and the London interbank offered rate was little changed at 341 basis points yesterday, having narrowed 32 basis points since Sept. 30, according to the HSBC/NASDAQ Dubai US Dollar Sukuk Index. A basis point is 0.01 percentage point.

The yield on Malaysia's 3.928 percent Islamic note due in June 2015 rose two basis points to 2.71 percent today, according to prices provided by Royal Bank of Scotland Group. The extra yield investors demand to hold Dubai's government sukuk rather than Malaysia's narrowed 9 basis points to 384.8, according to data compiled by Bloomberg.

Islamic financial institutions "want scholars who understand finance and banking, and can speak languages," Yaquby said. "This is not a popularity contest. This is a multi-disciplinary specialization, which is rare to find."

<http://www.bloomberg.com/news/2010-11-23/shariah-scholar-on-more-than-50-boards-opposes-limit-plan-islamic-finance.html>

AAOIFI certification enables the automated processing of Murabaha treasury transactions

Wednesday, November 24, 2010

Swift today announced that ISO 15022 message standards for the processing of treasury Murabaha transactions have been certified compliant with the international Islamic finance standards issued by AAOIFI (Accounting and Auditing Organization for Islamic Financial Institutions).

This certification paves the way towards the automated processing of Murabaha treasury transactions, which reportedly represent 60% of all Islamic financing.

Murabaha includes a money transfer and a commodity trade. SWIFT has carried the money transfer for many years, whilst the commodity trade has been completed manually, usually by fax without any globally agreed standard. SWIFT's solution uses the ISO 15022 message standards within the guidelines of a Murabaha Standards Rulebook.

"AAOIFI is responsible for global Islamic finance industry standards and we establish best practices for the industry," said Dr. Mohamad Nedal Alchaar, Secretary General of AAOIFI. "Our collaboration with SWIFT aims to build a well-structured and well-regulated international Islamic finance infrastructure."

Alain Raes, SWIFT's Chief Executive for Europe, the Middle East and Africa, who accepted the compliance certificate on SWIFT's behalf at the recent Sibos conference in Amsterdam, said, "SWIFT is very pleased to have AAOIFI's endorsement. Our goals are aligned and we serve the same members. Murabaha automation is the first step on a long journey of collaboration with the Islamic financial community."

The use of ISO 15022 messages over SWIFT does not change the current process

between banks, their customers and brokers. However, the data defined in the schedules under the terms of the Master Murabaha Agreement is now exchanged using standardised messages via SWIFT as opposed to bilaterally agreed confirmations exchanged manually. Participants involved in Murabaha will benefit from a globally agreed electronic standard, automation which will lead to a reduction in costs and risk, and an audit trail for Sharia compliance.

Mohammed Paracha, Deputy Global Head of Islamic Finance at international legal practice Norton Rose Group first highlighted the possibility of Murabaha processing over SWIFT. Mr. Paracha commented, "The Islamic Finance industry continues to rely on Murabaha transactions as its bedrock form of liquidity management. In the absence of alternatives, the industry should see the introduction of SWIFT and its endorsement by AAOIFI as an extremely positive step, reducing its back-office operations cost base for each trade. In addition, the implementation of SWIFT messaging into systems could lead the way to the automation of Shariah compliance and auditing."

More than 240 Islamic banks representing 84% of global Sharia compliant assets are members of SWIFT. "We have worked with numerous banks and brokers in Bahrain, Kuwait, Saudi Arabia, the UAE, Malaysia and the UK to understand their needs and enable the ISO 15022 messages as a solution," said Peter Ware, Head of SWIFT's Islamic Finance Initiative.

Islamic finance is growing at more than 20% per annum, and the demand for Sharia compliant messaging standards is increasing as a result. SWIFT is working with the Islamic financial community to address this demand, both at the level of individual banks, and with organisations such as AAOIFI and AIBIM (the Association of Islamic Banking Institutions Malaysia).

<http://www.ameinfo.com/249734.html>

Shareholders signal support for Gulf Finance House growth strategy

Wednesday, November 24, 2010

Gulf Finance House BSC (GFH), the Bahrain-based Islamic investment bank, announced that shareholders have voted to support the bank in its plans to improve the Bank's capital structure, strengthen its balance sheet and raise funds to pursue its growth strategy.

This follows the Ordinary and Extraordinary Meetings of the Bank, held on 14 November, at which resolutions were approved by GFH shareholders with a number of shareholders objecting to the process and their concerns were noted by the Board. A committee of shareholders to assist in the implementation of the Banks plans was also formed in order to review and support the proposed recapitalization plan.

Thanking shareholders for their support Mr. Esam Yousif Janahi, Executive Chairman of GFH, said, "I would like to offer my sincerest thanks to our shareholders for their firm

and steadfast commitment to our plans and to our new initiatives for growth. We understand very clearly the challenges that we face and I know that our shareholders appreciate those challenges too. The Board and I firmly believe that the measures we will now implement will help us not only overcome these challenges but emerge as a stronger, better funded and more robust institution.

I value greatly the candid advice and input from our shareholders at the meeting and would like to assure them that it will be taken into consideration going forward. I look forward to working with them now in the months ahead as we continue the process of restructuring, recapitalising and refocusing GFH. I have personally invested in this process and would like to encourage our shareholders to do so.

Mr Janahi added, "The capital that we will raise from our convertible murabaha will enable us to take these steps and move forward with plans to recapitalise the Bank, fund acquisitions and provide initial seed capital for investments. This will take time but we believe that, with the continuing support of our shareholders, our plans will ultimately place GFH at the forefront of the Islamic financial services market: a market that is over \$1 trillion in size and growing at 20% per year."

GFH - Strategy for Growth

The realigned GFH growth strategy will see a stronger focus on the creation, development and management of Islamic financial institutions offering a range of financial products and services to corporate and retail clients, enabling a more stable business model of recurring revenues.

Over the past decade, the GFH team and the Bank's shareholders have together created Islamic financial institutions across the Mena, GCC and Asia regions with paid up capital of approximately \$2.5bn, including institutions such as First Energy Bank, Khaleeji Commercial Bank and QInvest. It is intended that the bulk of future revenue will be based on management fees, transaction fees from advisory income and dividends/capital growth from seed investments and performance fees. GFH will target its new strategy in regions and countries such as: Saudi Arabia and the GCC, Turkey, the Levant region, Africa, Central Asia, India and Malta, with an opportunistic approach to other markets.

Management Explanation of Measures Approved by Shareholders

1. Shareholders have approved the Bank's intention to raise up to \$500m by way of a convertible murabaha to fund GFH's new growth strategy. The convertible murabaha will have a tenor of 3.5 years and will be structured to offer investors potentially significant rates of return. The proposed conversion price will be in the range of \$0.31 to \$0.40 cents, representing a discount to the theoretical market value post consolidation of between 20-40%, with the exact price to be determined by the Board of Directors at or shortly before the date of drawdown. In addition to the discounted conversion price, investors will benefit from payment of the first year's profit payment in cash and early in-kind profit payment in GFH shares to the value of 2.5 years' profit rate at the conversion

price, if conversion occurs before 31 December 2010. The capital raising will be open to current and new shareholders alike.

2. Shareholders have also approved the recommendation made by the Bank to a consolidate and reverse share split of the issued shares of GFH at a ratio of 4:1 be carried out. This will result in the issued shares being reduced from 1,896,332,565 shares to 474,083,141 shares and reduce the paid up capital of GFH to \$145,780,565.93 to eliminate accumulated losses.

The rationale for implementing the share consolidation and the capital reduction is to align the par value of GFH shares to the current market price. In accordance to the Bahraini Law, new shares can't be issued at a value lower than par value. However, our existing par value is too high (\$0.33) compared to current market value of our shares (C. \$0.125) to be considered attractive. The consolidation and reverse share split of the issued shares and the reduction of the paid up capital are aimed to reduce the par value and allow the placement of the new convertible murabaha to be performed at a competitive conversion price, maximising probabilities of success of raising the liquidity needed to implement our strategy.

The share consolidation and capital reduction will not alter the underlying value or market capitalisation of the Bank and shareholders will continue to hold the same levels of ownership.

3. Shareholders have also approved, as part of the capital raising, the transfer by Mr. Esam Janahi, Executive Chairman of GFH, of his entire approximately 10% holding in Khaleeji Commercial Bank B.S.C. to GFH in return for GFH's 100% equity interest in Al Areen Leisure and Tourism S.P.C. in addition to \$3m to be paid through GFH Treasury Shares. This takes GFH's shareholding in Khaleeji up to 47%.

<http://www.ameinfo.com/249739.html>

UK Islamic finance sector 'booming'

Wednesday, November 24, 2010

The Islamic finance industry in the UK has gone from famine to feast in the past six months, according to one of the country's leading Islamic institutions.

'We have seen more business transactions in the past six months than we achieved in the previous three years,' said Gatehouse Bank chief executive officer, Richard Thomas.

'Business is booming not only in the UK and Europe but in new markets in Africa and in republics of the former Soviet Union in Eastern Europe.

'People have been talking about the potential for growth for some time but now it is happening and we are seeing the rhetoric turn into activity.

'A year ago the market was stagnant, but not now and we are getting so much business that we are going to have to develop human resources to cope with the flow,' he said.

'We need to manage this and that will mean co-operating with other banks to meet the demand,' added.

He said that while globally, the Islamic banking industry was believed to be worth around \$1.3 trillion, and growing fast, he felt the industry was considerably larger than that.

'That figure only really represents bank transactions and does not include Sharia-compliant business carried out by family businesses and corporates.

'The potential for further growth is tremendous when you look at the size of the market because Islamic finance is still worth just about half a per cent of the conventional financial industry,' he added.

Islamic finance is bouncing back in its traditional Muslim markets but is unlikely to experience the growth levels it achieved a few years ago, according to Ernst & Young partner Sameer Abdi.

'There is no doubt that Islamic finance suffered in the economic downturn, with some areas hurting more than others,' he said.

'But there are no signs of a recovery but I do not believe it will be quick or that we will see a return to the levels of growth of before the crisis.

'I would expect 2011 to remain a difficult year but we can look for growth particularly in retail and corporate banking.

'The industry now has to look at consolidating to achieve scale but it remains a very young industry and that could prove difficult,' he added

http://www.tradearabia.com/news/BANK_189401.html

New Shari'ah-compliant enterprise financing scheme launched

Wednesday, November 24, 2010

Subsidised scheme from BMI Bank in partnership with Tamkeen. Financing available at a profit rate of 4 per cent per annum. Tamkeen will guarantee 50 per cent of the total financing amount as well as subsidies 50 per cent of the profit payments due from customers. Through this financing scheme, enterprises within the private sector will be eligible to receive financing ranging from BHD 10,000 (\$26,560) to BHD 500,000 (\$1.3 million).

Bahrain-based BMI Bank and Tamkeen have launched a Shari'ah-compliant financing scheme for enterprises within the local private sector to bolster the segment within the country.

Created in partnership with Tamkeen, a press release said the scheme will offer a suite of Shari'ah-compliant financial products under the umbrella of the Islamic Financial Services division within the bank.

Announcing the launch of the scheme, Chief Executive Officer of BMI Bank Jamal Al-Hazeem, said, "These facilities will offer enterprises quick and convenient access to finance to meet their expansion plans resulting in enhanced productivity. The finance is offered to them at a subsidized profit rate of four per cent per annum on reducing balance with an option of a longer repayment tenor of up to 10 years."

As part of the agreement, Tamkeen will guarantee 50 per cent of the total financing amount as well as subsidise 50 per cent of the profit payments due from customers. Through this financing scheme, enterprises within the private sector will be eligible to receive financing ranging from BHD 10,000 (\$26,560) to BHD 500,000 (\$1.3 million).

"This scheme offers a range of trade finance products such as letters of credit and guarantee, Murabaha financing which covers working capital, auto and equipment financing as well as Ijarah financing at a subsidised profit rate of four per cent per annum on reducing balance with an option of a longer repayment tenor of up to 10 years," the press release said.

<http://cpifinancial.net/v2/News.aspx?v=1&aid=6566&sec=Islamic%20Finance>

Islamic finance sector to touch \$1.5tn by 2012, says Al-Aboodi

Thursday, November 25, 2010

MANAMA: The Islamic finance assets base is likely to reach \$1.5 trillion by 2012 with bright future growth prospects, according to a senior expert at the Islamic Development Bank.

"The sustained growth steering this segment of the global economy has fueled a greater impact of Islamic finance products on global financial markets," Khaled Mohammed Al-Aboodi, chief executive officer and general manager of the Islamic Corporation for the Development of the Private Sector (ICD), told the World Islamic Banking Corporation 2010 conference on Thursday.

"The ICD was set up more recently, in 2000, as the private sector arm of the IDB Group to focus primarily on private sector development of its member countries with a view to poverty alleviation and raising the general standard of living in its member countries."

He added that as a response to the global financial crisis, which has had a particularly negative impact on most of its member countries, the majority being among the most underdeveloped countries in the world, ICD has recently undergone a substantial shift in its operational strategy to address current market failures and expedite certain developmental targets set under the Millennium Development Goals.

“Under its new strategy, ICD will focus more on the development of Islamic finance channels to reach out and spread products to a greater multitude, which will have a greater developmental impact in its member countries,” he said.

“This will be achieved substantially through setting up Islamic banks, investment and Ijara companies, takaful and re-takaful companies, which will serve to strengthen the existing financial system.”

He envisaged the ICD strengthening its partnerships with local financial institutions for the support and development of small and medium enterprises through lines of financing.

He claimed this initiative would promote access to medium-term financing for SMEs, vital for their long-term growth and sustainability.

“In addition, the IDB Group is already working closely with government authorities of various member countries towards the introduction of relevant legislation to accommodate Islamic Finance transactions. ICD is also acting in an advisory capacity to governments of some member countries, particularly in the issuance of sovereign sukuks,” he said.

“The lack of availability of Shariah-compliant instruments for efficient liquidity management is clearly hindering the proper development of Islamic financial institutions in many of ICD's member countries. In this regard, the ICD together with 11 central banks and the IDB signed an accord to establish the International Islamic Liquidity Management Corporation (IILM) as a supranational body to serve the global Islamic finance industry.”

This initiative was first announced by the Islamic Financial Services Board (IFSB) on the sidelines of the IMF-World Bank Group annual meeting in Washington.

This new venture will enhance liquidity management of institutions offering Islamic financial services and also facilitate cross-border liquidity management across the industry.

“In the current financial turmoil, there are great opportunities for Islamic finance to make a marked impact on the global financial markets and on the real economies of member countries, but huge challenges remain for the proper development of Islamic finance,” Al-Aboodi said.

Harmonizing accounting and regulatory standards, getting legal recognition of Islamic finance transactions through proper local legislation, investing in human resources and Islamic finance institutions, promoting increased depth and sophistication of local Islamic finance capital markets would require urgent local policy attention, he added.

“It is clear that a close partnership among local governments, regulators and accounting bodies (IFSB and AAOIFI), private sector enterprises, commercial banks and developmental finance institutions is urgently required where each would play a key role for driving sustainable growth in this challenging climate,” he said.

<http://arabnews.com/economy/article200395.ece>

2. ISLAMIC BANKING & INSTITUTIONS

Sakana implements Document Management System

Sunday, November 21, 2010

Sakana Holistic Housing Solutions the Islamic mortgage finance provider recently received a completion certificate for successful implementation of the Document Management System (DMS) from IPP Technologies Pty Ltd an Australian Software development and consultancy Company.

IPP's document management solutions are based on Microsoft SharePoint, the industry leading collaboration product from Microsoft. The solution is web based with multi browser support and user interface in English and Arabic.

Mr. R Lakshmanan, CEO of Sakana said, "The DMS will speed up document handling and effective management of customer documentation throughout the mortgage process. We believe the system will enable us to respond faster to customer needs and improve our customer service levels. The system is an integral part of Sakana's Business Continuity Plan and will also be used to handle documentation from external and internal sources received and sent throughout the organization. We are delighted to partner with IPP Technologies."

Mr Subba Rao Varigonda, Managing Director of IPP Technologies said, "We are naturally excited about our relationship with Sakana and are pleased to complete this implementation in record time through combination of dedicated on-site resources and off-site global support. Based on this successful experience, we have decided to have greater focus in the Middle East markets with the Kingdom of Bahrain as our regional base."

<http://www.ameinfo.com/249321.html>

Mashreq Al Islami launches personal finance for retail customers

Sunday, November 21, 2010

Mashreq Al Islami, the Islamic banking division of Mashreq announced today the launch of its new specialist 'Islamic Personal Finance' products which are tailored to suit the financial needs of customers looking for Sharia'h compliant personal finance.

The new products are available under three Islamic concepts; Goods Murabaha, Service Ijarah (Manfa') and Tawarruq, and are available to all customers across the UAE.

These products cater to the needs and those customers seeking Sharia'h Complaint banking personal finance and are available to both UAE Nationals and Expatriates.

"In line with other products and services offered by Mashreq Al Islami, our new Islamic Personal Finance packages are both convenient and affordable," said Douglas Beckett Head of Retail Banking Group at Mashreq.

"By offering three different Islamic options at competitive rates, customers can choose the product which best fits their need. It's another example of how Mashreq Al Islami is developing and launching convenient financial solutions to match customer requirements," Beckett added.

"Islamic banking is becoming increasingly preferred as an alternative to mainstream banking for all banking & finance segments. At Mashreq Al Islami we continuously look forward to offering unique Shari'ah compliant products and services to meet growing demands of islamic customers," said Moinuddin Malim, CEO of Mashreq Al Islami.

Through Murabaha, customers will be able to buy personal products such as furniture or a car. On the other hand, Service Ijarah (Manfa') will provide funds to customers who are looking to finance services such as a holiday or education, while Tawarruq is a cash lending facility for those looking for Sharia'h compliant personal finance.

These products come with flexible repayment plans, simple documentation, easy processes, and competitive profit rates. In line with Mashreq's vision to provide convenience to its customers, Mashreq Al Islami's line of products offers true value to its Islamic banking customers.

Mashreq Al Islami is being led by a fully independent and experienced management team. As the Islamic products and services are marketed through all of Mashreq branches in the UAE and all Mashreq branch personnel are fully trained and Sharia'h Certified to serve and advise on Sharia'h-compliant products and services.

<http://www.ameinfo.com/249271.html>

Sabana REIT IPO Priced At S\$1.05 Per Unit, To Raise S\$533.4 million

Monday, November 22, 2010

Sabana Shariah Compliant Real Estate Investment Trust (REIT), Singapore's first Islamic REIT to be listed on the Singapore exchange (SGX) has priced its Initial Public Offering (IPO) today at S\$1.05 per unit, against an indicative price range of S\$1.00-\$1.10.

This will be the world's largest listed Shariah-compliant REIT by total assets. It aims at raising S\$533.4 million in gross proceeds through this listing. The retail tranche of the IPO, which commenced later on 19 November, will close on 24 November. Trading of the units on SGX will begin at 2pm on 26 November.

Sabana plans to use the share sale proceeds to acquire properties situated near transportation networks. Its share sale is managed by HSBC Holdings Plc, United Overseas Bank Ltd. and Daiwa Securities Group Inc.'s Daiwa Capital Markets Singapore Ltd.

Singapore's industrial property sector is expected to attract investment from the Middle East. Since Shariah compliant REITs are not available in Asia except for the three REIT in Malaysia analysts expect Sabana REIT has high potential to attract investment from Middle East.

Shariah-compliant REITs invest in properties that are not associated with activities and products forbidden by Shariah law, such as gambling, alcohol or pork.

Raj Mohamad, managing director of Five Pillars, said: "This product requires some kind of certification, which the Middle East investors are looking for. But if you look at the operation, look at the asset, the returns, they are almost like any other investment or REIT for that matter."

Sabana REIT will initially hold 15 industrial properties in Singapore with an aggregate floor area of about 3.3m square feet. As per its prospectus, the industrial properties include office buildings-cum-warehouses, logistics warehouses and chemical warehouses.

The trust is of the opinion that there is sustained demand for industrial properties. The current tenants include City Development and Ho Bee Investment.

Kevin Xayaraj Tay, chief executive of Sabana Investment Partners, said: "Given the quality of the master tenants that we have, that should in turn provide secured and steady income stream and attractive yields for unit holders."

In the draft prospectus the manager of the REIT forecasted that initial REIT property

portfolio is expected to generate stable distribution yield of 8.45% for 2011 and 8.48% for 2012 based on the minimum offer price of S\$1.00.

Kevin Xayaraj Tay expressed his opinion about the share sale stating that it “provides us with an advantage over conventional REITs, with access to investors from both Shari’ah and conventional markets,” He further expressed his views about Sabana’s high market potential by stating “The growth in the Islamic finance industry globally and in Southeast Asia will translate to an increase in demand for Shari’ah-compliant financial products.”

http://www.globalislamicfinancemagazine.com/index.php?com=news_list&nid=1228

Mashreq Al Islami launches new personal finance products

Tuesday, November 23, 2010

The Islamic banking division of Dubai's Mashreq bank has announced the launch of new products aimed at customers in the UAE looking for Shari'ah compliant personal finance. The 'Islamic Personal Finance' products by Mashreq Al Islami include Goods Murabaha, which allows customers to buy personal products such as furniture or a car. The Service Ijarah (Manfa') product provides funds to customers who are looking to finance services such as a holiday or education, while Tawarruq is a cash lending facility for those looking for Sharia'h-compliant personal finance.

<http://www.ameinfo.com/249446.html>

Banks fuel Kuwait bourse's rebound

Tuesday, November 23, 2010

The KSE Market or Price Index added a quarter percentage points, closing at 6,935 straight. Shares of National Bank of Kuwait (NBK) gained 1.53% to end at KD1.320. Islamic Bank Kuwait Finance House (KFH) rebounded 1.69% after a recent fall from its double-2010-top at KD1.280. But from a charttechnical point of view the KFH shares still moves in a downward channel.

<http://www.ameinfo.com/249728.html>

Umex and Ullink launch FIX connectivity hub to Islamic finance sector

Tuesday, November 23, 2010

UMEX Capital Markets Group plc today announced that, in partnership with ULLINK, it has launched a dedicated broker dealer gateway cloud - UGx™ for Islamic banks, fund managers and brokers to interact with each other using FIX connectivity.

The UMEX Gateway Xchange is a connectivity hub where traders and market participants, who are operating in the Islamic finance sector, can deal in real time in securities from over 50 exchanges around the world. UGx facilitates interaction between

institutions, brokers, fund managers, markets, and even from system to system.

UGx™ operates a FIX connectivity network to executing brokers using ULLINK's proprietary technology that provides one with an easy neutral access to a wide list of global brokers, institutions, and liquidity destinations. It supports IOIs, trade orders and allocations. It is built on a high-end system architecture removing the need for data centres and a physical network infrastructure. UGx is supported by ULLINK in London, New York, Paris and Hong Kong, and provides a reliable solution for all connectivity and integration needs.

To complement the hub, UGx™ is connected to UMEX Trader™, a dedicated front end terminal powered by Infront and operated by UMEX Securities & Finance Ltd. UMEX Trader provides real time data and execution capabilities to over 10,000 securities that are screened for Sharia compliancy.

With the new joint offering from a single point of access, clients of UGx™ and UMEX Trader™ can now trade with brokers executing trades on exchanges in a number of different regions around the world. Over 200 brokers on the buy side already have access to the UL NET community allowing them to send orders through a single entry point globally. UMEX expects that the hub will attract a number of top end mainstream broker dealer institutions in the coming months as well as a number of regional emerging market institutions.

UMEX will also soon offer an Islamic Exchange Gateway (IxG) that provides connectivity to the exchanges in OIC member countries around the world. This service is designed to assist market liquidity in these more exotic and far ranging markets that offer Sharia and Ethical compliant investments. With the introduction of the IxG service, clients connected to UGx™ will be able to access these markets and the opportunities they offer.

UGx™ has been created as a direct result of an increasing demand from Sharia centric clients to connect into a Sharia compliant environment.

"UMEX Capital Markets Group is particularly pleased with this new business partnership with ULLINK, that has mutual benefits for the client base of both firms," says, Mahesh Jayanarayan, CEO, "The offering represents a global network of market access, achieved with a powerful value proposition for all clients with regards to underlying technology and cost of sales. With this new joint service with ULLINK , UGx™ will become a unique single point of access for any Islamic firm or Sharia compliant market participant looking to trade into markets worldwide, with particular focus on Sharia compliant markets, without changing their end user application."

<http://www.finextra.com/news/announcement.aspx?pressreleaseid=36854>

Islamic bank is set up on secular principles of Sharia

Tuesday, November 23, 2010

Kochi, Nov 22 (PTI) The Kerala government today informed the High Court that an Islamic bank is established on the secular principles of Sharia law and irrespective of religion anyone can become a stakeholder.

The oral submission was made by Advocate General C P Sudhakara Prasad on a petition by Janata Party leader Subramanian Swamy and others challenging the proposal to start an Islamic financial institution, on the lines of Islamic banks in the state with the support of Kerala State Industrial Development Corporation (KSIDC).

The main objective of the Islamic bank is to mobilise funds for infrastructure and development programme. Untapped funds available with NRI and investors need to be utilised, Prasad said.

The submission was made before a Division bench, comprising Chief Justice J Chelemeswar and Justice P K Ramachandra Menon.

According to Swamy, Art 27 of the Constitution prohibits a state government body, in this case the KSIDC, to engage in ventures like Islamic banking.

In his petition, he said the mandatory governing principles of Shariat, religious code of Islam, to be adhered to is that not only interest payment and receipt are barred, but also it bars certain other activities which are legitimate under Indian laws.

KSIDC cannot be permitted to promote a corporate called AL Barakh Financial Service Ltd and even less be allowed to appropriate public funds, he had submitted.

The High Court had during the admission stage of the petition in April this year directed the state government and its institutions not to participate financially or otherwise in the financial company modelled on the lines of Islamic bank.

<http://news.in.msn.com/national/article.aspx?cp-documentid=4608137>

Morocco signs agreements with Islamic Development Bank for 51.7 mln USD loans

Wednesday, November 24, 2010

Morocco and the Jeddah-based Islamic Development Bank (IDB) have signed several agreements for loans totalling 51.7 million USD to finance the last phase of the country's rural electrification programme.

RABAT (Ahlul Bayt News Agency) - Morocco and the Jeddah-based Islamic Development Bank (IDB) has signed several agreements for loans totalling 51.7 million USD to finance the last phase of the country's rural electrification programme.

The agreement was signed here Tuesday by Moroccan Economy Minister Salaheddine Mezouar and IDB Chairman Ahmed Mohamed Ali. The signing ceremony was also attended mainly by Energy Minister Amina Benkhadra and the head of Morocco's power utility, ONE, Ali Fassi Fihri.

Mezouar lauded the outstanding role played by the IDB in promoting Morocco's socio-economic development and spurring its economic growth. He also stressed that the Bank

was a key-partner of Morocco, mainly in terms of carrying out social development programmes, including the rural electrification programme.

The IDB chairman hailed the excellent relationship between the north African kingdom and the Bank, underlining the importance of its partnership with ONE which contributed to the rural electrification programme in Senegal, thus bolstering Morocco's crucial role in backing the development of the IDB's sub-Saharan member states.

Since 1975, the funding by the Islamic Development Bank in Morocco has amounted to some 31 billion dirhams (about 3.8 billion USD), invested notably in the sectors of agriculture, irrigation, rural electrification and drinking water.

<http://abna.ir/data.asp?lang=3&id=214364>

NBAD Inaugurates 108th Branch in Dalma Mall

Monday, November 22, 2010

The National Bank of Abu Dhabi (NBAD), the Number One Bank in the UAE, opened its 108th branch in Dalma Mall, expanding the Banks reach to more geography in the UAE.

Dalma Mall is located in Mussafah, which serves mainly as an industrial hub in the Emirate and is home to many service businesses and technologically-advanced manufacturers. Dalma Mall is also in close proximity to many residential neighbourhoods.

Dalma Mall services a wide variety of shoppers from different backgrounds and income levels. Suvo Sarkar, the General Manger of Consumer & Elite Banking at NBAD said that opening the new branch was in line with their objective to provide world class banking to different segments of the society. He said "Our new branch will provide our full range of savings, loans, cards and investment products as well 24-hour electronic banking services to our present and prospective customers."

Saif Al Shehhi, the Senior General Manager of Domestic Banking Division at NBAD, officially opened the Dalma Mall Branch. Aisha Al Khadeim, a UAE national, is the manager of the Branch, which will operate from 10am to 5pm.

Dalma Mall is one of the few shopping destinations outside the Eastern Ring of Abu Dhabi and is expected to attract significant footfall. "Our new branch here will allow us to serve our existing customers and acquire new customers" Aisha Al Khadeim said. The Dalma Mall Branch is equipped with the latest banking technology and a team of well-trained staff.

http://www.globalislamicfinancemagazine.com/index.php?com=news_list&nid=1226

BIMB makes RM474m in pre-tax profit

Friday, November 26, 2010

BIMB Holdings Bhd recorded a RM96.072 million pre-tax profit and RM451.350 million revenue for the three months ended Sept 30, 2010.

In a filing to Bursa Malaysia today, the group said for the 15-month period ended Sept 30, 2010, the company registered RM473.727 million in pre-tax profit.

Bank Islam and Syarikat Takaful Malaysia Bhd (STMB) achieved a pre-tax profit of RM400.2 million and RM78.8 million respectively.

The group also recorded RM2.074 billion in revenue.

Building on its performance as the winner of the Top SMI Supporter Award 2009, Bank Islam will focus its effort on financing viable small medium enterprises across the economic sector and also continued its corporate financing activities.

Bank Islam will also continue to diversify its revenue stream by increasing fee-based activities.

The Islamic bank also plans to increase its branches to 115 and its pawn-broking outlets to five by the end of this year.

Meanwhile, STMB Bhd is gearing for growth in the current financial year with the introduction of new products and a new retail distribution network

http://www.btimes.com.my/Current_News/BTIMES/articles/20101126214935/Article/index.html

3. SUKUK (ISLAMIC BONDS)

Asset-backed Islamic bonds on the way: IIFM chairman

Monday, November 22, 2010

Bahrain: The asset-backed sukuk is set to be reality soon largely due to the efforts of the International Islamic Financial Market (IIFM) to develop a master agreement on this new form of Islamic bonds, a top official at the IIFM said on Monday.

Khalid Hamad, executive director at the Central Bank of Bahrain and chairman of the IIFM board, said all concerned parties have been consulted to prepare a master agreement paving the way for a shift from the asset-based to asset-backed sukuk, or Islamic bond structure.

Hamad was talking to reporters on the sidelines of workshops held at the pre-conference day of the 17th World Islamic Banking Conference 2010 (WIBC 2010), which opens on Tuesday.

Hamad, who opened the workshop on hedging and liquidity management in Islamic finance, said that the master agreement on the new form of sukuk was a result of a heated debate in the industry, which sometimes also criticized the asset-based form of sukuk.

“We are working on these agreements and hopefully be able to conclude them in due course,” he said.

Describing the IIFM as a pivotal organization for the industry, he said it principally helps the industry in capital and money markets. “The IIFM develops the documents which mitigate the risks both on legal and operational sides in addition to reducing the time and legal costs,” he explained.

IIFM is the global standardization body for the Islamic capital and money market segment of the IFSI. Its primary focus lies in the standardization of Islamic products, documentation and related processes. IIFM was founded with the collective efforts of Central Bank of Bahrain, Bank Indonesia, Central Bank of Sudan, Labuan Financial Services Authority (Malaysia), Ministry of Finance (Brunei Darussalam) and Islamic Development Bank (a multilateral institution based in Saudi Arabia).

Besides the founding members, IIFM is supported by its permanent members, namely State Bank of Pakistan and Dubai International Financial Center Authority.

“The sukuk market is witnessing a surge in activities in all major markets and in 2011 is likely to be a year of stabilization,” Hamad said, talking about the market outlook.

“So far, the sukuk market has moved in the right direction this year and prospects are likely to be bright next year.” In another workshop, an official of the Malaysian Rating Corporation Agency said that with an outstanding size of \$216 billion as of June 2010, the Malaysian ringgit (MYR) bond market has been growing remarkably over the last 10 years.

“Bond evolution in Malaysia measured relative to GDP, (and) the MYR bond market is actually the second biggest market in Asia Ex Japan. Its relative size is indicative of its importance as a viable financing vehicle in the economy,” Mohammed Razian Mohammed, CEO of MARC, told participants of the ratings workshop.

In his paper, he highlighted the role of credit rating agencies (CRAs) and bond market evolution in Malaysia led by the Islamic International Rating Agency. He also underlined the importance of rating agencies in enhancing the scope of bonds and other financial instruments.

<http://arabnews.com/economy/article198405.ece>

Sukuk Drop Most Since May as Ireland Crisis Deters Funds

Monday, November 22, 2010

Islamic bonds slumped last week by the most since May as Ireland sought aid to shore up its banking system, reducing demand for the yield premium available on sukuk and damping the outlook for new sales.

Average yields climbed 22 basis points to 4.88 percent, according to the HSBC/NASDAQ Dubai US Dollar Sukuk Index. Trading volumes declined because of the holiday in the Persian Gulf from Nov. 15 to Nov. 18 to celebrate the Muslim festival of Eid-al-Adha, according to Kuala Lumpur-based CIMB-Principal Islamic Asset Management Bhd.

Sales of Islamic bonds, which pay asset returns to comply with the religion's ban on interest, dropped this year due to debt restructurings and falling property prices in the Middle East. The sell-off may persist through to the year-end as investors seek safer securities on concern European governments will struggle to finance budget deficits, said Zeid Ayer, a portfolio manager at CIMB-Principal Islamic.

"There have been concerns on Europe's debt and emerging markets have generally been affected by that," Zeid, who helps oversee \$1.6 billion of Shariah-compliant assets, said in an interview on Nov. 19. "I haven't been active in the past couple of weeks, partly because of the holidays."

The difference between the average yield for sukuk and the London interbank offered rate widened eight basis points last week to 341 basis points, the most since the week ended Oct. 22, according to the HSBC/NASDAQ Dubai US Dollar Sukuk Index.

'Tens of Billions'

The yield premium investors demand to hold Ireland's 10-year government bonds over German bunds widened to a record 646 points on Nov. 11, according to data compiled by Bloomberg. Ireland will accept aid from the European Union and International Monetary Fund and Finance Minister Brian Lenihan said yesterday the loan will be less than 100 billion euros (\$137.5 billion).

"Appetite for risk has turned 180 degrees as we approach the end of the year," Gerald Ambrose, head of Aberdeen Asset Management Plc's Malaysian unit, said in an interview from Kuala Lumpur on Nov. 19. "Definitely, there are more sellers than buyers." Aberdeen's global units oversee more than \$243 billion including Shariah-compliant funds, he said.

Total sales of Islamic bonds dropped 29 percent to \$13.7 billion this year, according to data compiled by Bloomberg. Sales of ringgit-denominated sukuk in Malaysia, the world's biggest market, fell 31 percent to 21.4 billion ringgit (\$6.9 billion). Offerings from the six-nation Gulf Cooperation Council declined 36 percent to \$3.97 billion.

Real Estate Slump

Average yields on sukuk from the GCC, which includes Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates, increased last week. The rate rose 25 basis points to 5.74 percent and has climbed 43 basis points in two weeks, according to the HSBC/NASDAQ Dubai GCC US Dollar Sukuk Index.

A 50 percent slump in real-estate prices in Dubai, the Persian Gulf's financial hub, since 2008 hurt sukuk issuance from the region. Dubai World said in September it reached an accord with most of its creditors to restructure \$24.9 billion of debt. Nakheel PJSC, a unit of Dubai World, said on July 14 that a group of its creditors unanimously supported a plan to alter the terms on \$10.5 billion of debt.

Flight to Quality

The yield on Malaysia's 3.928 percent Islamic note due in June 2015 rose two basis points today to 2.81 percent, extending last week's 12-point climb, according to prices provided by Royal Bank of Scotland Group. It has advanced 48 basis points from a record low 2.33 percent on Nov. 4. Yields on the Dubai government sukuk rose four basis points to 6.69 percent. The difference in yield between Dubai's notes and Malaysia's widened 11 basis points in the five days to Nov. 19 to 386.

Shariah-compliant bonds returned 11.6 percent this year, according to the HSBC/NASDAQ Dubai US Dollar Sukuk Index. Debt in emerging markets gained 14.4 percent, JPMorgan Chase & Co.'s EMBI Global Diversified Index shows.

"If news out of Europe continues to be bad, there will be a natural flight to quality because people want safer assets," said Zeid at CIMB-Principal Islamic, a joint venture between U.S.-based Principal Global Investors and Malaysia's CIMB Group Holdings Bhd.

<http://www.bloomberg.com/news/2010-11-22/sukuk-drop-most-in-6-months-on-ireland-crisis-islamic-finance.html>

Bahrain's IIFM to introduce Asset-backed Sukuk and Global Sukuk Guidelines

Tuesday, November 23, 2010

Bahrain based agency International Islamic Financial Market (IIFM), is working towards setting new standards for Islamic securities and facilitate asset-backed sukuk sale by issuing global guidelines in the year to come.

Khalid Hamad, executive director at the Central Bank of Bahrain and chairman of the IIFM board stated that "We are working on a sukuk master agreement based on asset-backed structures."

Shariah-compliant bonds, sukuk are asset-backed and pay a share of profit rather than interest.

Hamad told the reporters at the the pre-conference day of the 17th World Islamic Banking Conference 2010 (WIBC 2010) that he consulted all concerned parties to promote the transition from asset-based to asset-backed sukuk. He shared his opinion that these guidelines “help boost confidence in the sukuk industry, leading to more sukuk sales and attracting more investors.”

Hamad opened the workshop on hedging and liquidity management in Islamic finance. He stated that the master agreement on the new sukuk was a result of an ongoing industry debate which highlighted critical views about the asset-based form of sukuk.

IIFM chairman elaborated on the crucial role of organization in capital and money markets. He stated that “The IIFM develops the documents which mitigate the risks both on legal and operational sides in addition to reducing the time and legal costs,”

IIFM is the global standardization body for the Islamic Capital & Money Market segment of the IFSI. Its main focus lies in the standardization of Islamic products, documentation and related processes. It was collectively founded by Central Bank of Bahrain, Bank Indonesia, Central Bank of Sudan, Labuan Financial Services Authority (Malaysia), Ministry of Finance (Brunei Darussalam) and Islamic Development Bank (a multilateral institution based in Saudi Arabia). Besides the founding members, IIFM is supported by its permanent members namely State Bank of Pakistan and Dubai International Financial Centre Authority (UAE). IIFM is further supported by a number of regional and international financial institutions as well as other market participants as its members.

“The sukuk market is witnessing a surge in activities in all major markets and in 2011 is likely to be a year of stabilization,” Hamad further expressed his views on market outlook by stating that “So far, the sukuk market has moved in the right direction this year and prospects are likely to be bright next year.”

http://www.globalislamicfinancemagazine.com/index.php?com=news_list&nid=1229

KFH-Bahrain announces that it is Gold Strategic Partner and Gala Dinner Host of the 17th Annual WIBC 2010

Tuesday, November 23, 2010

Kuwait Finance House - Bahrain (KFH-Bahrain) has announced that it is a Gold Strategic Partner and Gala Dinner Host of the 17th Annual World Islamic Banking Conference (WIBC 2010) which is currently being held at the Gulf Hotel, Kingdom of Bahrain. More than 1,200 industry leaders, senior decision-makers and key regulators from over 50 countries are gathering at the 17th Annual World Islamic Banking Conference (WIBC 2010).

The theme for this year's WIBC, "Building a new growth paradigm - Islamic banking and the new global financial landscape", aims to reflect the future outlook that leading

Islamic finance institutions are now adopting as they seek to successfully compete in the new business environment. Discussions at the WIBC 2010 emphasize strategies for ensuring a healthy recovery and rebuilding sustainable growth trajectories for the Islamic finance industry in the new global financial landscape.

For almost 2 decades the WIBC has firmly established itself as the largest gathering of Islamic finance leaders in the world and has firmly positioned its pivotal role as the platform where the future of the industry is shaped.

Mr. Abdulhakeem Alkhayyat, Managing Director and CEO of KFH-Bahrain, commented "As a Gold Strategic Partner and Gala Dinner Host of the 17th annual World Islamic Banking Conference, KFH-Bahrain expresses its continued commitment by supporting such important occasions. The WIBC aims to further develop and strengthen the Islamic finance industry by making it competitive and a preferred choice for clients worldwide. The WIBC has emerged as a global forum for communicating the values of Islamic banking to a wider audience".

"As the demand for Shari'a compliant banking continues to grow, financial institutions need to ensure that they are well positioned to address the issues currently facing the industry before they take steps to increase their market share. The WIBC provides industry professionals and leaders with the opportunity to gain greater insights into emerging trends in the Islamic finance sector and also to identify new avenues for growth and expansion", he added.

This year's conference features a host of new and value-added highlights that set it apart from all other conferences, including the launch of the 7th edition of the WIBC McKinsey Competitiveness Report, the world's only original research into the performance and key trends of Islamic banking worldwide.

<http://www.ameinfo.com/249589.html>

November 2010 Performance of the Dow Jones Islamic Market Indexes

Thursday, November 25, 2010

This November Dow Jones Islamic Market (DJIM) Indexes further declined as compared to last month. The key fundamentals include Ireland and Portugal creating trouble for Euro zone, Korean peninsula at the warfront and Feds announcement of reduced U.S. growth prospects. The eastern exchanges fared better on relative grounds.

As per November 23, 2010 trade closing. global Dow Jones Islamic Market Titans 100 Index, which measures the performance of 100 of the leading Shari'ah compliant stocks globally, dropped -0.98% month-to-date, closing at 2119.15. In comparison, the Dow Jones Global Titans 50 Index, which measures the 50 biggest companies worldwide, posted a loss of -1.73%, closing at 167.76.

The Dow Jones Islamic Market Asia/Pacific Titans 25 Index, which measures the performance of 25 of the leading Shari'ah compliant stocks in the Asia/Pacific region, increased 2.49%, closing at 2041.49. The Dow Jones Asian Titans 50 Index, in comparison, posted a gain of 1.20%, closing at 137.32.

Measuring Europe, the Dow Jones Islamic Market Europe Titans 25 Index, which measures the performance of the 25 of the leading Shari'ah compliant stocks in Europe, closed at 2053.13, a loss of -3.44%, while the conventional Dow Jones Europe Index loss -4.23%, closing at 258.07.

Measuring the performance of 50 of the largest Shari'ah compliant U.S. stocks, the Dow Jones Islamic Market U.S. Titans 50 Index decreased, closing at 2145.71. It represents a loss of -0.63%. The U.S. blue-chip Dow Jones Industrial Average decreased -0.74%, closing at 11036.37.

Middle East and GCC Regions

Dow Jones Islamic Market Indexes versus Conventional Dow Jones Indexes

In November, the Dow Jones DFM Titans 10 Index, measuring the 10 largest and most liquid stocks listed on the Dubai Financial Market, closed at 2243.47. It is a loss of -6.77% month-to-dates.

The Dow Jones Islamic Market Kuwait Index posted a loss of -2.15%, closing at 1009.97. Its conventional counterpart index, the Dow Jones Kuwait Composite Index, was down, closing at 247.97. It represents a loss of -1.20%.

The Dow Jones Islamic Market Turkey Index closed at 3875.24, a performance loss of -4.89% month-to-dates, while the Dow Jones Turkey Total Stock Market Index closed at 1492.10, a loss of -6.40%.

Measuring the performance of Shari'ah compliant stocks of five of the Gulf Cooperation Council (GCC) member states, the Dow Jones Islamic Market GCC Index closed at 1357.90, a loss of -0.87%. The conventional Dow Jones GCC Index was down -0.54%, closing at 1507.26.

Other Markets and Asset Classes

In November, the Dow Jones Islamic Market BRIC Equal Weighted Index decreased -3.32%. It had a closing value of 2085.25. By comparison, the Dow Jones BRIC 50 Index closed at 623.20, a loss of -3.58% month-to-dates.

The Dow Jones Citigroup Sukuk Index, which measures the performance of global bonds complying with Islamic investment guidelines, increased 0.44%, closing at 126.49.

The Dow Jones Islamic Market Sustainability Index, which measures sustainable practice business of companies respecting the Shari'ah laws, decreased -0.98%, closing at 2357.24. The conventional Dow Jones Sustainability Index loss -2.28% with a closing value of 1004.22.

Global November 2010 Industries Winners and Losers

The three best performing Dow Jones Islamic Market Industry Indexes were Basic Materials, Oil & Gas and Consumer Goods with performances of 1.23%, 1.02% and 0.97%, respectively. The Dow Jones Islamic Market Financials, Dow Jones Islamic Market Telecommunications and Dow Jones Islamic Market Health Care indexes were the three worst performing industry indexes with performances of -5.28%, -2.46% and -1.96%, respectively.

http://www.globalislamicfinancemagazine.com/index.php?com=news_list&nid=1235

Dubai eyes \$1.5bn Malaysian sukuk

Thursday, November 25, 2010

KUALA LUMPUR/DUBAI: Dubai plans to issue about \$1.5 billion sovereign sukuk in Malaysia as the Gulf Arab emirate looks to tap the world's largest Islamic bond market to diversify its funding avenues, people with direct knowledge of the deal said on Wednesday.

Work on the \$1.5 billion multi-currency program was "more than 50 percent" under way but the plan was not final given the volatility in financial markets due to Ireland's debt troubles and tensions on the Korean peninsula, said one source not authorized to speak to the media.

"This will be the first foreign sovereign to issue ringgit (sukuk) in Malaysia," said the source who asked not to be identified as the plan has not been announced.

"The Malaysian market provides cheap liquidity, interest rates are still attractive and the swap rates are also still attractive."

Dubai's finance chief said the government was meeting investors in Malaysia to explore opportunities for a potential bond issue.

"This trip is a part of our plan to meet investors and explore opportunities," Abdulrahman Al-Saleh, director-general of Dubai Department of Finance, said when asked to confirm news that Dubai was aiming to issue about \$1.5 billion multi-currency Islamic bonds in Malaysia.

"We have not covered Malaysia in the previous visits."

Another source said the total issuance size had not been determined.

"Tapping into a new investor base is important for Dubai, having gone through the global financial crisis," the source added. "Putting its name to various investor bases may make sense to the government."

Malaysia has the world's largest sukuk market, accounting for 42 percent of total global sukuk issuance of \$19.1 billion last year, Thomson Reuters data showed.

But the bulk is local currency issuance due to tax incentives and the authorities want more foreign issuers to build up the market.

Gulf Arab debt markets have reopened in recent months, with Dubai issuing a \$1.25 billion government bond in September after an agreement on Dubai World's restructuring of some \$25 billion debt boosted market sentiment.

But a Dubai-based fixed income trader said it was unlikely unrated Dubai, a part of the United Arab Emirates, would be able to raise anything near \$1.5 billion.

"It is going to be if anything next year. The market would not appreciate them coming back so soon," the trader said.

"So it will be tough to see them raising too much, especially when the problem with Malaysia is that they tend to invest into a lot of investment-grade stuff, and with Dubai not being rated at all that is going to be an issue," he said.

Saleh told Reuters in September Dubai was determined to get a rating but not immediately, with timing depending on market conditions.

Sources had said Dubai Group, which is part of a conglomerate owned by Dubai's ruler, missed two payments on separate loans in recent weeks, including one arranged by Citibank.

Gulf issuers sold about \$6 billion in debt in September and October, capitalising on low US interest rates and high demand for paper from the region.

Other potential issuers include Abu Dhabi's International Petroleum Investment Co., Qatar National Bank and Oman's Mohammed Al-Barwani Petroleum Services.

Last month, Abu Dhabi Islamic Bank issued \$750 million in sukuk which was nearly five times subscribed. Qatar Telecommunications Co launched a \$1.5 billion bond in October which got \$15 billion in orders.

<http://arabnews.com/economy/article199567.ece>

UK takes initiatives to issue Islamic Bond (Sukuk)

Friday, November 26, 2010

UK based Islamic trade body focussing on promoting Islamic finance and taking initiatives to launch sterling-based Islamic bond - Sukuk.

The UK Islamic Finance Secretariat (UKIFS) highlighted challenges faced by United Kingdom's Islamic finance industry at the 17th annual World Islamic Banking Conference 2010 held this week in Bahrain.

In August International Innovative Technologies (IIT), a maker of industrial milling machines located in the northeast of England funded its expansion plans by raising \$10m through a private sukuk. It was the first European company in Europe to raise funds through Shariah compliant Islamic Bonds, Sukuk.

Outside the Middle East as London is Europe's most sophisticated Islamic finance market. Last year, London Stock Exchange listed 25 sukuk, raising a combined total of around \$14.5bn, ranking it just below the Nasdaq Dubai in terms of total value raised.

UK has five Islamic banks and at WIBC 2010, Kazi Rahman, head of legal for UKIFS, said that the group is taking initiatives with bankers, accountants, lawyers, and educational bodies to lobby the government to launch a Sukuk. This would facilitate UK Islamic banks to get Shariah compliant funds and would widen their pool of lenden

He said: "Right now the UK's Islamic banks are limited to their balance sheets and can only lend a certain amount. Unlike a conventional bank, they cannot increase their funds by buying gilts as these are not in line with Islamic principles."

"But a sterling-based Sukuk would be phenomenal and enable the industry to flourish. The government and FSA have been supportive and are pushing for this because there is a lot of money in this untapped industry."

Rahman said that large number of UK based companies are considering to obtain funding via Islamic banks. He added that interest in Islamic finance is increasing, especially after the disclosure of Qatar based companies funding for Shard building in London Bridge.

He added: "We have to dispel the notion that Islamic finance is just for Muslims, because the reality is that it is for everyone. About 80 per cent of my clients are non-Muslim because they have found that conventional banks are unwilling to lend, but Islamic banks are prepared to. The 2008 banking crisis has forced more UK firms and investors to look for alternative means of accessing finance."

The increased interest in sukuk based funding was emphasised when Fahed Boodai, co-founder and chairman of the UK-based Gatehouse Bank, a subsidiary of Kuwait's Global

Securities earlier revealed that the British government may issue its first sovereign sukuk by the end of this year.

Richard Thomas, chief executive officer for Gatehouse Bank (FSA authorised Shariah-compliant British bank headquartered in London) said that UK has a great opportunity to benefit from the global growth of Islamic finance.

He added: "We are excited about the opportunities presented in an improved trade and economic outlook worldwide and we are keen to explore new territories where Islamic finance is gathering momentum."

"As well as providing a forum for natural Islamic jurisdictions in the Middle East and Asia, we welcome its wider global engagement to help move the industry into the broader financial services spectrum."

Global recession has led to worldwide decline in sukuk sales by 24 percent this year to \$12bn, compared to a record \$31bn in the boom era of 2007, according to data compiled by Bloomberg.

If UK government plans to issue a sovereign sukuk are materialized it would be another major stepping stone in advancement of Islamic finance. Apart from UK in the past months, Egypt, Nigeria, the Philippines and Thailand have announced plans to sell their first sukuk, in a bid to tap into the oil wealth in the Gulf. Australia is also working towards signing up to the sukuk market and is putting in place plans to change its tax system to give Islamic finance products equal pegging with conventional methods.

http://www.globalislamicfinancemagazine.com/index.php?com=news_list&nid=1236

Dubai in process to raise \$1.5 billion via Islamic bond

Friday, November 26, 2010

The Dubai government is in talks with Malaysia so that it is able to raise \$1.5 billion. The money is going to be via multi-currency Islamic bond, said that people involved with the discussion.

The bond is going to be the first foreign sovereign sukuk that will come up in Malaysia in the last 10 years time. The country has come up as a leading center for Islamic bond issuances in the world and currently is the market leader in that. It holds 60 per cent of the global outstanding stock.

As per the information, the bonds are going to be issued by the next year. If that happens then it will be the first attempt since October, 2009. At that time, \$2 billion of sukuk was traded in accordance with the Islamic religious principles.

This is the second time in a month that the Gulf region is going to raise money via Islamic bond route.

During the first time, the issue was oversubscribed and was able to raise \$1.25 billion in that. Now the money is going to be renamed and will help in restructuring of the \$2.5 billion debt that is on Dubai World.

A person close to the development said that CIMB, the investment bank of Malaysia is going to arrange the issue. No comments were given by CIMB.

<http://topnews.ae/content/25062-dubai-process-raise-15-billion-islamic-bond>

4. ISLAMIC INVESTMENTS; EQUITIES/SECURITIES & FUNDS

Dubai's first Real Estate Investment Trust launched

Tuesday, November 23, 2010

A joint venture that will lead to the creation of Dubai's first Real Estate Investment Trust (REIT) was officially launched on November 23, 2010 at a high-profile event attended by His Highness Sheikh Ahmed bin Saeed Al Maktoum, President of the Department of Civil Aviation and Chief Executive and Chairman of The Emirates Group, and His Excellency Mohammed Ibrahim Al Shaibani, Director-General of His Highness The Ruler's Court of Dubai and Chairman of Dubai Islamic Bank (DIB), along with more than 100 public and private-sector decision-makers and investors.

Emirates REIT is a new investment opportunity jointly developed by DIB, one of the UAE's largest financial institutions, and Eiffel Management, a pioneer of REITs in France.

The launch of Emirates REIT demonstrates the renewed level of confidence in the UAE real estate sector.

Based in the Dubai International Financial Centre, Emirates REIT is governed by the Dubai Financial Services Authority and will invest exclusively in high-quality, income-producing commercial and residential properties. Emirates REIT will professionally manage the assets in order to maximise revenue and increase the overall value of the company.

A key feature of Sharia-compliant Emirates REIT is that at least 80 per cent of the company's net income must be returned to shareholders annually in the form of dividends.

The company is governed through a Board of Directors comprising Abdulla Al Hamli, Dr. Adnan Chilwan and Mohammed Al Sharif from Dubai Islamic Bank, along with Sylvain Vieujot from Eiffel Management and Mark Inch from Société de la Tour Eiffel.

Abdulla Al Hamli, CEO, Dubai Islamic Bank, and Chairman, Emirates REIT Management, said: "Dubai Islamic Bank is proud to support Emirates REIT, which will have a positive impact not only for the real estate sector but also the UAE's overall economic environment. Emirates REIT will be run to the highest international standards and highlights Dubai Islamic Bank's long-standing tradition of excellence and innovation in Islamic finance."

Sylvain Vieujo, CEO, Eiffel Management, and Vice Chairman, Emirates REIT, said: "Dubai's first REIT is being launched at a time of improving confidence in the Emirate's real estate market. As the Middle East economy recovers from the global economic slowdown, international investors, and those in the region, are looking for long-term, low-risk and secure investments in the Middle East. Emirates REIT can offer all of these advantages."

"Emirates REIT is a move by Dubai Islamic Bank to help fuel growth in the UAE's real estate market by allowing investors to pool income-producing real estate assets under a common management and receive tradable shares in the REIT" said Dr. Adnan Chilwan, Chief of Retail & Business Banking, DIB and Board Member, Emirates REIT. "The new REIT looks to attract Shariah-compliant properties such as commercial and residential buildings, warehouses, schools, hospitals and car parks and convert its rental income into dividends for investors." added Dr. Chilwan.

Emirates REIT is launched with assets contributed by Dubai Islamic Bank and underpinned by long leases from the bank. Emirates REIT will appeal to investors in a number of ways; owners of real estate may also invest by contributing their assets in exchange for shares in the REIT, or make cash contributions that will be used to acquire further assets.

The launch of Emirates REIT is another strategic move by Dubai Islamic Bank to stimulate the local real estate sector and follows the recent restart of home financing activities from Tamweel, in which the Bank is the majority shareholder.

<http://www.ameinfo.com/249743.html>

Saudi-based Islamic Development Bank to finance electricity projects in Morocco

Wednesday, November 24, 2010

Morocco (Rabat) - Morocco and the Saudi-based Islamic Development Bank (IDB) have inked several agreements worth 51.7 million dollars (around 410 million dirhams) to finance the last phase of the rural electrification program.

The deals were concluded by Economy Minister Salaheddine Mezouar and IDB's Chairman Ahmed Mohamed Ali. The signing ceremony was attended mainly by Energy Minister Amina Benkhadra and head of Morocco's electricity facility (ONE) Ali Fassi

Fihri.

On this occasion, Mezouar lauded the outstanding role played by the IDB in promoting Morocco's socio-economic development and spurring its economic growth.

He also stressed that the Bank is a key-partner of Morocco, mainly in terms of carrying out social development programs, including the rural electrification program.

The IDB's chairman hailed the excellent relations between the north African country and the Bank, underlining the importance of partnership with the ONE which contributed to the rural electrification program in Senegal, thus bolstering Morocco's crucial role in backing the development of the IDB's Sub-Saharan member states.

Since 1975, the funding of the Islamic Development Bank for Morocco totaled some 31 billion dirhams (3.8 billion dollars), invested notably in the sectors of agriculture, irrigation, rural electrification and drinking water.

<http://www.english.globalarabnetwork.com/201011248147/Energy/saudi-based-islamic-development-bank-to-finance-electricity-projects-in-morocco.html>

5. ISLAMIC FINANCE EVENTS; SEMINARS, WORKSHOPS & CONFERENCES

More than 1,200 industry leaders set to gather in Bahrain to explore new opportunities for Islamic banking and finance

Sunday, November 21, 2010

More than 1,200 delegates from over 50 countries will take part in the 17th Annual World Islamic Banking Conference (WIBC 2010) which is set to commence tomorrow at the Gulf Hotel in the Kingdom of Bahrain. The three day event which ends on the 24th of November is convened under the patronage of HRH Prince Khalifa Bin Salman Al Khalifa, the Prime Minister of the Kingdom of Bahrain and held under the support of the Central Bank of Bahrain.

Convened under the theme 'Building a new growth paradigm - Islamic banking and the new global financial landscape', the event will kick-off tomorrow with series of pragmatically focused pre-conference workshops and executive briefing sessions led by experienced and respected industry experts, who will place a range of complex themes in a practical framework, enabling a deeper understanding of the critical issues facing the Islamic finance industry.

Announcing their participation at the event, Arshad Khan, Chief Executive Officer and

Managing Director of the Bahrain Financial Exchange said that "As the Strategic Exchange Partner of the WIBC 2010, the Bahrain Financial Exchange (BFX) looks forward to sharing its knowledge and practices on how exchanges can play a key role in the growth of Islamic finance. With extensive research of the market, we recognise that there are many opportunities still to be explored within the Islamic finance industry and believe that exchange traded solutions for the Islamic market are the next key step."

"We are looking forward to showcasing our findings and insights into this dynamic market by addressing the conference participants with a presentation on, 'Exchanges: the catalyst for growth in Islamic Finance - BFX leading the way'. We further understand the need for training in this field of finance and are delighted to be hosting a pre-conference workshop on the 'Evolution of Murabaha: From Physical To Electronic Trading'. I look forward to participating in this important event," he added.

WIBC 2010 will feature more than 60 leading industry partners and exhibitors showcasing their latest innovations at the World Islamic Banking Exhibition organised along the sidelines of the conference. The exhibition will be officially inaugurated on the 23rd of November.

The inaugural plenary session of WIBC 2010 which will be held on Monday will feature high-powered discussions by key regulators in the Islamic finance industry on strengthening industry foundations to sustain growth in a challenging climate. This will be followed by a CEO & Industry Leaders' Power Debate which will examine and assess growth prospects for the consumer banking, corporate banking and investment banking markets.

David McLean, Managing Director of the World Islamic Banking Conference said that "This years event is the most crucial in its 17 years history as it comes at a juncture when the major industry players are seeking to re-visit key strategies that will focus on charting a new growth path for the Islamic finance industry in light of the new global financial landscape that has emerged post crisis."

In addition to the launch of the eagerly awaited World Islamic Banking Competitiveness Report 2010/11 which is developed in collaboration with McKinsey & Company, this year's WIBC will also see for the first time, exclusive sessions held by Ernst & Young providing a comprehensive update on two of their most significant reports released in 2010 - the Ernst & Young World Takaful Report 2010 and the Ernst & Young Islamic Funds and Investments Report 2010.

A key highlight of WIBC 2010 is the specially convened Guru keynote session featuring world renowned investment leader and emerging markets guru, Mark Mobius, Executive Chairman of Templeton Emerging Markets Group. This session exclusively focused on shifting perspectives from crisis to recovery to sustainable growth will address new realities in the global financial system and implications for Islamic banks.

Speaking ahead of his session Mark Mobius noted that "Since the bottom of the market in

early 2009, prices have risen from those very low levels. Nevertheless attractive valuations can be found since, on the average, those valuations are in the middle of their long term range."

He also said that "Economic growth in emerging markets is sustainable in view of their strong fundamentals with high productivity, low debt to GDP ratios, and high foreign exchange reserves."

In a statement issued, the organizers of WIBC said that the new and updated 'World Comes to WIBC Initiative' will this year feature a series of country pavilions and an exclusive country focus roundtable and will further explore new growth opportunities that are emerging in the most dynamically evolving and exciting high-growth markets for Islamic finance.

Richard Thomas, Chief Executive Officer of Gatehouse Bank said that they "Are excited about the opportunities presented in an improved trade and economic outlook worldwide, and are keen to explore new territories also where Islamic finance is now gathering strong momentum. As well as providing a forum for natural Islamic jurisdictions in the Middle East and Asia, we welcome its wider global engagement to help move the industry beyond niche to its absolute relevance in the broader financial services spectrum."

"Gatehouse Bank is pleased to once again be supporting the World Islamic Banking Conference in 2010," he added.

Launched in 1994, the World Islamic Banking Conference has become an iconic event internationally recognized as the largest and the most significant annual gathering of leaders in the global Islamic banking and finance industry.

<http://www.ameinfo.com/249318.html>

Mahathir urges use of gold standard

Sunday, November 21, 2010

London: Malaysia's elder statesman Mahathir Mohammed, the favorite politician of the Muslim man in the street and former prime minister, is never far from controversy.

Addressing the 5th International Shariah Scholars Forum, which was held in Kuala Lumpur recently in conjunction with the Global Islamic Finance Forum (GIFF) 2010, Mahathir in an outspoken attack stressed that the "collapse of conventional banking, finance and the monetary system has exposed their weakness and the ease with which they can be abused."

At the same time, in a stark warning to Islamic banks, he bluntly advised them to avoid getting involved in unethical practices in their pursuit to compete with conventional banks. Islamic banking in its current nascent stage, he added, cannot afford any disaster

at a time when the industry is trying to gain acceptance as an alternative to conventional banking.

Mahathir is no stranger to Islamic finance. Although not much credit is given to this fact, it was him and his successive governments in the 1980s through to the 1990s and early 2000s that consistently supported the establishment of Malaysia's Dual Banking Model - a conventional banking system operating side-by-side with an Islamic banking system - cooperating but not interacting.

Malaysia has never looked back since then. Today its Islamic financial architecture is the most developed in the world, complete with enabling legal and regulatory framework; a financial sector master plan, of which 90 percent has been implemented; accounting standards; an Islamic interbank money market (the only one in the world); a thriving government Islamic sukuk and notes issuance program; consumer protection and awareness policies and a Shariah-compliant deposit insurance scheme.

In 1998 he also steered Malaysia out of the Asian financial crisis without resorting to the International Monetary Fund (IMF) with a cap in hand begging for a bail-out. The Malaysian solution vindicated Mahathir's policies because it turned to be highly successful, perhaps to the secret admiration of the IMF officials.

As such, on both fronts, the wily Mahathir does know a little what he is on about. The fact that Islamic banking has not yet been abused does not mean it will never be subject to the excesses of its conventional counterpart, which so nearly brought the global financial system to collapse at the onset of the current crisis.

"There are so many greedy people among Muslims as there are among the followers of other religions. If Islamic banking is to grow and become a good alternative to the current banking system, it is important there be installed proper regulations and supervision by inspectors who themselves must be under supervision. The strong growth of Islamic banking today is because the Muslims have a lot of money. They have so much money that they don't know what to do with it. There are relatively few opportunities in the Muslim World for investment. Apart from property development Muslims don't have many industries to finance or to invest in," said Mahathir.

He berated Muslims for not fully supporting the Islamic banking sector. In the past when there was no systemic alternative to conventional banking Muslims had to accept this. But since the advent of contemporary Islamic banking in the 1970s, Muslims now have a choice, and yet they are not making full use of Islamic banking. "Much of the billions earned by Muslim countries are used to buy (riba) bonds in the United States. Even if a Muslim buyer of bonds refuses to accept interest it must be regarded as un-Islamic. This is because investing in banks is the same as lending money. Once money is lent one ceases to have control over its use," he advised.

Islamic finance faces a great future provided the industry maintains ethical practices and avoids dubious products; its supervision by governments is effective; it concentrates on

financing productive business activities and thus impacting positively on the real economy; and it rejects betting on futures and manipulation of the market. Similarly, while the executives should be well-compensated, they must never award themselves unreasonable pay, compensation and bonuses. "These are tough conditions, but if they are not met then Islamic finance may meet an early grave," he warned.

Mahathir during his office also mooted the idea of the launch of an Islamic gold dinar. The governments of both Prime Ministers Mahathir and his then successor Abdullah Badawi did toy with the concept of the Islamic gold dinar (IGD) to be used to settle accounts between participating Muslim central banks. One of the architects of the IGD concept, which is effectively a metallized version of the Bilateral Payments Arrangement (BPA) pioneered by Malaysia, is Nor Mohamed Yakcop, the former Second Minister of Finance and currently a minister in the Prime Minister Najib Abdul Razak's office.

The BPA is a unique bilateral payments and trade settlement arrangement between Malaysia and developing countries which at the time bypassed the need for costly correspondent banking in London, New York and Frankfurt. Under the IGD, there would be an IGD exchange which uses the gold dinar as the accounting unit for trade between Malaysia and its trading partners. Malaysia even set up a company promoting the gold dinar, IGD Practice (Labuan) Sdn Bhd. The company has a 34 per cent stake in the Kazakhstan Gold Mining Corporation, which in turn owns the Artul Trud Closed Joint Stock Company, which operates the Bolshevik Gold Mine, said to be one the largest in the world.

Mahathir's call came with recent renewed calls for reverting to some form of gold standard in the international monetary system by no less a person than Robert Zoellick, the president of the World Bank, who recently proposed the use of gold as a reference standard for a new international currency system.

Mahathir himself rejects the idea of using the gold standard for national currencies. This he stressed is no longer practical.

"The place for gold is the settlement of international trade, which involves large sums of money. Payment in physical gold would be inconvenient because of its bulk. The actual payment in gold could be minimized by a clearinghouse system where the trade between two countries would be by contra in which the deficit country will be indebted to the surplus country. Obviously the amount would be quite small relative to total trade and can be paid in gold. Even then it should be by crediting and debiting in the books of the central banks operating the clearinghouse. Carried forward to the following month, or year, the payment can be through the deficit country exporting to the trading partner the amount of goods or services worth the amount owed in the books," he explained.

Indeed, he pointed out that the clearinghouse system has worked for the settlement of cheques. Through the above mechanism, the need to move physical gold does not arise, except in very special circumstances. The system would effectively be a kind of barter

trading in which the value of the goods or services would be quoted in an international unit of gold or by weight of gold.

<http://arabnews.com/economy/article197573.ece>

Islamic finance growth strategy to be probed

Monday, November 22, 2010

Manama: More than 1,200 delegates from 50 countries will take part in the 17th Annual World Islamic Banking Conference (WIBC 2010) at the Gulf Hotel which will open today with pre-conference workshops.

The three-day event has been convened under the theme "Building a new growth paradigm - Islamic banking and the new global financial landscape".

"As the strategic exchange partner of the WIBC 2010, the Bahrain Financial Exchange (BFX) looks forward to sharing its knowledge and practices on how exchanges can play a key role in the growth of Islamic finance," said BFX chief executive officer and managing director, Arshad Khan.

"With extensive research of the market, we recognise that there are many opportunities still to be explored within the Islamic finance industry and believe that exchange traded solutions for the Islamic market are the next key step.

"We are looking forward to showcasing our findings and insights into this dynamic market by addressing the conference participants with a presentation on, 'Exchanges: the catalyst for growth in Islamic Finance - BFX leading the way'."

WIBC 2010 will feature more than 60 leading industry partners and exhibitors showcasing their latest innovations at the World Islamic Banking Exhibition organised along the sidelines of the conference. The exhibition will be officially inaugurated on Tuesday.

The inaugural plenary session of WIBC 2010 today will feature high-powered discussions by key regulators in the Islamic finance industry on strengthening industry foundations to sustain growth in a challenging climate. This will be followed by a CEO and industry leaders' power debate which will examine and assess growth prospects for the consumer banking, corporate banking and investment banking markets.

"This year's event is the most crucial in its 17 years history as it comes at a juncture when the major industry players are seeking to re-visit key strategies that will focus on charting a new growth path for the Islamic finance industry in light of the new global financial landscape that has emerged post crisis," said conference organiser Mega Events managing director David McLean.

In addition to the launch of the World Islamic Banking Competitiveness Report 2010/11 which is developed in collaboration with McKinsey & Company, this year's WIBC will also see for the first time, exclusive sessions held by Ernst & Young providing a comprehensive update on two of their most significant reports released in 2010 - the Ernst & Young World Takaful Report 2010 and the Ernst & Young Islamic Funds and Investments Report 2010.

A key highlight of WIBC 2010 is the specially convened Guru keynote session featuring world renowned investment leader and emerging markets guru and Templeton Emerging Markets Group executive chairman Mark Mobius.

This session, exclusively focused on shifting perspectives from crisis to recovery to sustainable growth, will address new realities in the global financial system and implications for Islamic banks.

"Since the bottom of the market in early 2009, prices have risen from those very low levels," said Mr Mobius.

"Nevertheless attractive valuations can be found since, on the average, those valuations are in the middle of their long-term range. Economic growth in emerging markets is sustainable in view of their strong fundamentals with high productivity, low debt to GDP ratios, and high foreign exchange reserves." The World Comes to WIBC initiative will this year feature a series of country pavilions.

<http://www.gulf-daily-news.com/NewsDetails.aspx?storyid=292252>

Anticipated Launch of World Islamic Banking Competitiveness Report 2010/11

Monday, November 22, 2010

The 17th Annual World Islamic Banking Conference (WIBC 2010), to be held on the 23rd of November 2010, will mark the exclusive launch of the World Islamic Banking Competitiveness Report 2010/11 edition.

WIBC 2010 will be attended by over 1,200 industry leaders from over 50 countries. Over the last seven years World Islamic Banking Competitiveness Report has become an indispensable source of reference for key players in global Islamic banking and Islamic finance industry.

The World Islamic Banking Competitiveness Report 2010/11 report is titled as 'In Search of New Opportunities' and developed in collaboration with leading global strategy advisory firm McKinsey & Company. Its findings will be presented by Amer Afiouni, Partner, McKinsey & Company at WIBC 2010 session held on 23rd November. The report aims at providing an up to date comprehensive overview of the competitive performance of major Islamic banks and new strategic development with respect to global financial landscape.

The World Islamic Banking Competitiveness Report 2010/11 will examine the overall competitiveness of Islamic banking sector. It covers the sectors strength, achievements and the current and potential challenges faced. It also focuses on the affluent high-net worth segment of Islamic banking, potential of Takaful market, measurement of “real” performance and strategies for Islamic commercial banking suites for small to medium-sized enterprises.

David McLean, Managing Director of the World Islamic Banking Conference said that “the analysis provided in this year’s report will be even more critical as it comes at a juncture when the major industry players are seeking to adopt best practices and re-visit key strategies and business models in order to ensure continued growth in a challenging economic environment.”

The Islamic banking industry has sustained its growth in the current state of global economic recession. Islamic banks have by far outperformed conventional banks in terms of asset growth. However, the recessionary era has adversely affected market values and profitability of Islamic banks leading to narrowing the gap with conventional banks.

http://www.globalislamicfinancemagazine.com/index.php?com=news_list&nid=1225

Gatehouse appeals for dynamism in business strategies at WIBC

Wednesday, November 24, 2010

The UK Islamic Finance Secretariat (UKIFS) and UK Trade & Investment hosted a major roundtable at the World Islamic Banking Conference (WIBC 2010) at the Gulf Hotel.

The three-day event was convened under the patronage of His Royal Highness Prime Minister Prince Khalifa bin Salman Al Khalifa and held under the auspices of the Central Bank of Bahrain.

David McLean, managing director of the WIBC, said 2010 event was the most crucial as it is held when the major industry players are seeking to revisit key strategies that will focus on redefining growth path for the Islamic finance industry in the post crisis era.

UK panel session at the roundtable discussion highlighted new opportunities within Islamic banking. The discussion focussed on global economic recovery and examined future growth prospects for the industry.

British Ambassador Jamie Bowden opened the session which was moderated by BBC Middle East reporter Nima Abu Wardeh. The panel speakers included Gatehouse Bank chief executive officer Richard Thomas, Islamic Bank of Britain director Sultan Choudhury, Wragge & Company lawyer Kazi Rahman, KPMG director of Islamic finance advisory Darshan Bijur and BDO partner Dan Taylor.

An interesting highlight about WIBC 2010 was Guru keynote session by world-renowned investment leader and emerging markets guru, Mark Mobius, executive chairman of Templeton Emerging Markets Group.

"Economic growth in emerging markets is sustainable in view of their strong fundamentals with high productivity, low debt to GDP ratios, and high foreign exchange reserves."said Mobius.

Arshad Khan, chief executive officer and managing director of the Bahrain Financial Exchange, stated that "with extensive research of the market, we recognise that there are many opportunities still to be explored within the Islamic finance industry and believe that exchange traded solutions for the Islamic market are the next key step."

Islamic Banking prospects in UK are undergoing a steep growth trajectory. Gatehouse Bank chief executive officer, Richard Thomas claimed 'We have seen more business transactions in the past six months than we achieved in the previous three years,'

He claimed "Business is booming not only in the UK and Europe but in new markets in Africa and in republics of the former Soviet Union in Eastern Europe."

He further elaborated saying "A year ago the market was stagnant, but not now and we are getting so much business that we are going to have to develop human resources to cope with the flow."

Thomas claimed that Islamic banking industry was considerably large and fast growing and estimated \$1.3 trillion worth only really represents bank transactions and does not include Sharia-compliant business carried out by family businesses and corporates.

Hence, he considers the potential for further growth to be tremendous as Islamic finance is only worth just about half a per cent of the conventional financial industry with respect to market size.

http://www.globalislamicfinancemagazine.com/index.php?com=news_list&nid=1233

Highlights of WIBC 2010 and Tremendous Potential of Islamic Investments in UK *Wednesday, November 24, 2010*

At the 17th Annual World Islamic Banking Conference (WIBC 2010), Richard Thomas, CEO, Gatehouse Bank (Gatehouse) plc, a wholesale Sharia-compliant investment bank based in the city of London, and a subsidiary of the Securities House Kuwait, commented on the important issue that the Islamic banking and finance industry is facing today - a critical need for dynamism in business strategies to suit changing economic conditions.

"Everyone knows that the times have changed and we need to adapt accordingly," said Richard Thomas.

"Business strategies need to be optimized to suit the changing conditions. Given that economic growth will be tiered worldwide, confidence in the financial services sector will need to be restored by a new found dynamism. And leading the charge are forward-thinking financial institutions that recognize change as a fundamental part of their own strategy. By balancing out new product strategies in response to shifting market dynamics, both in growth and at times of volatility, these institutions are positioning themselves for sustainable business expansion and prosperity on a long term basis."

Contributing to the common theme, 'Building a new growth paradigm - Islamic banking and the new global financial landscape', Richard talked about growth in the post- global financial crisis and shed light on how Islamic finance has stepped up to the plate and adapted to challenging times.

This is the third consecutive year Gatehouse has featured at the annually held World Islamic Banking conference in Bahrain, with Richard Thomas, CEO participating in sessions discussing issues impacting the global Islamic finance industry.

"Our clients are usually looking for more product development and sophisticated product offerings. By reinvigorated business lines that cater to the lack of supply, with specialist expertise to match, the bank has provided added value to its clients. The bank is strengthening its business, in addition to Real Estate success, in Structured Trade Finance and Asset Finance and are now securing new business activity in the corporate and institutional space," added Richard.

Richard Thomas is a veteran of the Islamic Finance industry, carrying over 30 years of experience. From his position as CEO at UK based Gatehouse Bank, Richard continues to galvanise the efforts of his team by looking after segments both in domestic markets as well internationally, in GCC to Malaysia.

Speaking at WIBC 2010, a three day event which ends on the 24th of November and is convened under the patronage of HRH Prince Khalifa Bin Salman Al Khalifa, the Prime Minister of the Kingdom of Bahrain and held under the support of the Central Bank of Bahrain.

<http://www.ameinfo.com/249722.html>

New growth paradigms for Islamic banking and finance industry discussed at 17th Annual World Islamic Banking Conference

Wednesday, November 24, 2010

Confirming its position as the world's largest and most influential annual gathering of Islamic finance leaders, the 17th Annual World Islamic Banking Conference (WIBC 2010) witnessed a grand opening at the Gulf International Conventional Centre in the

Kingdom of Bahrain. The event kick-started yesterday with a series of stimulating pre-conference workshops and executive briefing sessions.

Convened under the patronage of HRH Prince Khalifa Bin Salman Al Khalifa, the Prime Minister of the Kingdom of Bahrain and held under the official support of the Central Bank of Bahrain, the event saw more than 1,200 industry leaders from over 50 countries engaging in critical discussions that sought to 'build a new growth paradigm' for the Islamic banking and finance industry in the new global financial landscape.

On behalf of the Prime Minister of the Kingdom of Bahrain, the event was attended by HRH Shaikh Salman Bin Khalifa Al Khalifa, the Advisor to the Prime Minister. H.E. Zainul Abdin Rasheed, Senior Minister of State (Foreign Affairs), Singapore was also present at the event.

The inaugural keynote plenary session saw H.E. Rasheed M. Al Maraj, Governor of the Central Bank of Bahrain and H.E. Khaled Mohammed Al-Aboodi, Chief Executive Officer & General Manager, The Islamic Corporation for the Development of the Private Sector, the private sector arm of the Islamic Development Bank Group (IDB), Saudi Arabia providing perspectives on strengthening industry foundations. The session provided meaningful insights into new international regulatory developments that will strengthen the industry and create a more rigorous and robust architecture.

The inaugural plenary session was immediately followed by a high-powered CEO and industry leaders' power debate. Moderated by Sameer Abdi, Partner - Advisory Services, Ernst & Young EMEA, the power debate session assessed the future outlook for Islamic finance and evaluated the prospects for expanding the internationalization of Islamic finance in new high-potential markets.

This dynamic power debate featured Tirad Mahmoud, Chief Executive Officer, Abu Dhabi Islamic Bank (ADIB); Hussain AlQemzi, Group Chief Executive Officer, Noor Islamic Bank & Noor Investment Group; Samad Sirohey, Chief Executive Officer, Citi Islamic Investment Bank; Tariq Al-Samahiji, Chief Executive Officer, BNP Paribas Najmah and Global Head of BNP Paribas Islamic Finance and Investments; Ibrahim Hassan, Chief Executive Officer, Maybank Islamic; and Dr. Salah Addeen Abdulqader Saeed, General Manager - Credit & Risk Management, Bahrain Islamic Bank.

Abdulrazak Elkhraijy, Executive Vice President and the Head of Islamic Banking Development Group, The National Commercial Bank - Saudi Arabia, spoke at a special session on assessing the future direction and key developments in the Islamic banking industry.

Providing a UK perspective, a special roundtable session was hosted by the UK Trade and Investment which explored the industry opportunities and levels of predicted global growth in light of economic recovery. This session featured Sultan Choudhury, Executive Board Director, Islamic Bank of Britain; Richard Thomas, Chief Executive Officer, Gatehouse Bank and Kazi Rahman, Lawyer and Islamic Finance Specialist - Banking & Finance Practice, Wragge & Co LLP and was moderated by Nima Abu-Wardeh, Middle

East business report presenter of BBC.

The other key topics discussed at various sessions at the conference included the changing nature of leadership in the new economic environment, defining the next stage of industry evolution - new market and product strategies for new economic realities, controversies in Islamic finance and key shari'ah challenges that the industry is facing today.

Presented by Amer Afiouni, Partner at McKinsey & Company, the eagerly awaited World Islamic Banking Competitiveness Report 2010/11 was launched at a specially convened session at the conference. Developed in collaboration with McKinsey & Company, the Report titled 'In Search of New Opportunities', examined the overall competitiveness of the sector, including its achievements and the challenges it faces; a new focus on the affluent high-net worth segment; how to measure "real" performance; the present and future opportunities in the Takaful market; and strategies for Islamic commercial banking suites for SMEs (small to medium-sized businesses).

The World Islamic Banking Conference this year saw a record number of sponsors and exhibitors. The World Islamic Banking Exhibition which was held along the sidelines of the conference was inaugurated today which showcased latest products, services and innovations from over 64 exhibitors.

Ebrahim Hussain Ebrahim, CEO and Board Member of Khaleeji Commercial Bank said that "They are delighted to be a key supporter of the 17th Annual World Islamic Banking Conference as it is one of those very few global platforms where world leaders from the Shari'ah compliant banking and finance industry converge."

He added that "The Bahrain Economic Vision 2030 ensures that the private sector is a key driver of the economy. At Khaleeji Commercial Bank, we do our best by providing leading commercial banking products and services that are fully Shari'a compliant. As a bank, we also strive to match international standards for increased transparency and disclosure of corporate governance which we believe will build towards bringing more foreign direct investments to Bahrain to stimulate the economy and help it grow."

Similar views were expressed by Steve Donovan, Managing Director, Head of Middle East and Pakistan, Global Transaction Services, Citi who said that "Citi and the World Islamic Banking Conference have a long standing relationship with the Middle East."

"By working together we are helping Middle Eastern and international firms of every kind turn challenge into opportunity by bringing you excellent execution, global consistency and local market expertise," he said.

Ernst & Young held a separate session along the sidelines of the conference. The session led by Sohaib Umar, Senior Manager at the Islamic Financial Services Group (IFSG) of Ernst & Young Bahrain, provided a comprehensive update on the findings of the Ernst &

Young Islamic Funds and Investments Report 2010 which was launched earlier in May this year.

<http://www.ameinfo.com/249605.html>

The World Islamic Banking Award Winners 2010

Thursday, November 25, 2010

The World Islamic Banking Conference (WIBC) Institutional Excellence Award 2010 was presented to Abu Dhabi Islamic Bank (ADIB) and WIBC Islamic Banker of the Year was awarded to Abdul Kareem Abu Alnasr, Chief Executive Officer of the National Commercial Bank. WIBC Industry Leadership Award 2010 was presented to Professor Datuk Rifaat Ahmed Abdel Karim, Secretary-General of the Islamic Financial Services Board (IFSB).

The achievements and innovations of the international Islamic banking and finance industry were recognised at the 17th Annual World Islamic Banking Conference (WIBC 2010) held at the Gulf International Convention Centre in the Kingdom of Bahrain.

The annual WIBC Awards, which are among the oldest and most prestigious in the world, are designed to recognize individuals and institutions that have made a significant contribution to the Islamic banking and finance industry.

H.E. Rasheed M. Al Maraj, Governor of the Central Bank of Bahrain presented the awards to the winners at an impressive gala dinner and awards ceremony held on the sidelines of WIBC 2010. More than 1,200 industry leaders from over 50 countries gathered at the conference.

Abdul Kareem Abu Alnasr, Chief Executive Officer of the National Commercial Bank was named the 2010 WIBC Islamic Banker of the Year in recognition of his significant contribution to the Islamic banking and finance industry during 2010.

The WIBC Islamic Banker of the Year award uses a unique peer-based voting system to identify the winner from a short-list of nominees with the results audited by Ernst & Young, the official award auditors. The Award is presented to an individual who is an established banker, leading a reputable financial services provider, who, during the year 2010, has contributed significantly to the Islamic financial services industry. The key criteria set by the awards committee for the award included excellence in leadership, overall strategic direction of their Islamic banking business, new strategic initiatives and innovations, and overall contribution to the global Islamic banking and finance industry. Despite the ongoing challenging global economic backdrop, NCB produced a robust financial performance and continued to be the leading supplier of Shari'ah-compliant Investment products to customers.

Mr. Abu Alnasr said that he "was very honoured to have been voted Islamic Banker of the Year 2010. This is an Award for all the people at NCB and recognizes the collective

progress we are making as the biggest bank in Saudi Arabia and a leading financial institution in the region".

Based on select criteria assessed by the WIBC Awards Committee, the WIBC Institutional Excellence Award 2010 was presented to Abu Dhabi Islamic Bank (ADIB) in recognition of their strong performance notwithstanding the turbulence in the international financial markets. The award also recognises ADIB excellence in leadership and overall strategic direction of their Islamic banking and finance business. Receiving the award, Tirad Mahmoud, Chief Executive Officer of ADIB said "I am delighted to receive the award for Institutional Excellence and see it as an important encouragement and validation of our strategy we embarked on over 2 years ago. A strategy that is centered on the customer and aims to deliver on the promise of 'banking as it should be' - banking that is based on the timeless and universal Sharia-inspired values of simplicity, mutual benefit, transparency and hospitality."

He added that "delivering fully on this promise is a long journey but I am extremely pleased about the progress we have achieved as an institution so far. Our gratitude for this special recognition goes firstly to our people for their commitment to our shared principles and for their hard work, to our customers for trusting and inspiring us to give the best of us and to our shareholders for their unwavering support. I also thank the World Islamic Banking Conference for creating a special platform for sharing experiences and stimulating innovation and thus helping take the Islamic finance industry to a new level".

The WIBC Industry Leadership Award 2010 was presented to Professor Datuk Rifaat Ahmed Abdel Karim, Secretary-General of the Islamic Financial Services Board (IFSB). The award celebrates the strong leadership qualities and long-term strategic impact that Professor Rifaat has had over the Islamic banking and finance industry. The award recognizes the importance of his role in the successful development of Islamic finance over the past several years, in particular the ground-breaking work at IFSB. Professor Rifaat noted that he was truly honoured and privileged to be the recipient of the prestigious WIBC Industry Leadership Award 2010 for outstanding contribution to Islamic banking. He added that the award certainly enhances his motivation to continue his contribution to the development of the Islamic financial services industry.

http://www.globalislamicfinancemagazine.com/index.php?com=news_list&nid=1234