

BUSINESS AND POLITICS IN THE MUSLIM WORLD

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

Period: November 28 – December 04

Report # 148

Submitted By: Zain Arshad

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Summary:

The emerging \$1 trillion Islamic finance industry is subject to conflict of interest and inappropriate level of supervision as hundreds of board positions are concentrated in the hands of a few shariah scholars, Gulf's top Islamic finance scholars raised concerns on Islamic industry attempts to improve corporate governance by opposing the reduction of the number of boards they and their peers are allowed to sit on, Two prominent Shariah scholars Yaquby and Al Qari, members of the AAOIFI sharia board and responsible for developing accounting and auditing standards for Islamic banks criticized limiting the number of boards scholars can sit on reports Reuters.

Methaq Takaful Insurance Company. The MOU will provide customers with various convenient options for Motor Insurance.

This MOU is within UNB's strategy to provide a wide range of financial solutions to the customers and a reaffirmation of its core value of being 'the bank that cares'. The introduction of this service complements the various products that the Bank provides benefiting a very large customer base.

The two-day Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI) Annual Conference on Islamic Banking and Finance was held at Bahrain. A total of 400 delegates from over 30 countries came together to express their views on Islamic Finance industry standards, Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI) has successfully set up the core standards for Islamic finance industry. These standards provide the basis for innovation within the framework of Islamic teachings, Housing Minister and AAOIFI chairman Shaikh Ibrahim bin Khalifa Al Khalifa told delegates at the AAOIFI conference in Bahrain.

1. GLOBAL FINANCE & GLOBAL ISLAMIC FINANCE

Malaysia launches first Islamic property investment trust

Monday, November 29, 2010

KUALA LUMPUR - Malaysia's government-owned Pelaburan Hartanah Bumiputra on Monday launched a US\$317 billion investment trust in a bid to encourage its majority Muslim Malays to invest more in property.

The sharia-compliant Real Estate Investment Trust (REIT) would allow Muslim Malays and indigenous groups - collectively known as "bumiputra" or "sons of the soil" - to increase their stake in real estate assets, said Prime Minister Najib Razak at the launch.

"I hope that this initiative... will receive the rightful support from the Malaysian bumiputras, which will in turn contribute to the overall balance of the country's economy," said the premier, who is also the company's chairman. Bumiputra investors can buy into the REIT with a minimum investment of 500 ringgit (\$209 dollars) and can invest up to 200,000 ringgit in the trust, Najib said.

In June, he unveiled a development plan to spur growth and attract much-needed foreign investment as the country faces increasing competition from regional neighbours.

As part of the plan, Najib said the government would roll out programmes to enhance bumiputra capabilities.

A decades-old affirmative action policy that hands bumiputras privileges in housing, education and business has been criticised as uncompetitive and improperly benefiting the elites.

Malaysia has also been promoting Islamic finance - which follows religious laws prohibiting the payment and collection of interest - and has emerged relatively unscathed from the global financial crisis.

<http://www.asiaone.com/News/Latest%2BNews/Business/Story/A1Story20101129-249847.html>

Resolution for Amlak likely in Q1 2011

Monday, November 29, 2010

Mohammed Al Shaibani, deputy chairman of Dubai's supreme fiscal committee, has said a resolution for troubled Islamic mortgage lender Amlak Finance could be found during the first quarter of 2011, Reuters has reported. "We are in intense negotiations with all creditors and shareholders of Amlak. I would like to see a solution for Amlak by Q1 2011," Al Shaibani said. The government said in November 2008 it aimed to merge

Amlak with rival lender Tamweel, but the plan was scrapped after Dubai Islamic Bank raised its stake in Tamweel in September.

<http://www.ameinfo.com/250083.html>

CISI launches Islamic finance professional interest forum and announces fully sharia'a compliant IFQ exam and workbook

Wednesday, December 01, 2010

The CISI is launching a new Islamic finance professional interest forum (PIF) in conjunction with the Institute of Islamic Banking and Insurance (IIBI). From 2011, members of the Islamic finance forum will meet quarterly in London to network over lunch, listen to presentations and discuss issues affecting them in a confidential setting. Events will be free for all members of the CISI (although students may only attend one Islamic finance forum each year) and IIBI members.

Mohammad Ali Qayyum, Director General of the IIBI, said: "We are pleased to be part of this PIF which will offer a unique platform for members of the CISI and IIBI to exchange views on issues vital for the continued development and growth of the Islamic financial services industry."

Ruth Martin, Managing Director of the CISI said, "We are delighted to be launching our Islamic finance PIF and we look forward to future lively debates on the foremost issues on the industry's agenda."

Also, the CISI's Islamic Finance Qualification (IFQ) and its IFQ workbook Edition 4 are now fully sharia'a compliant. The IFQ has been developed in conjunction with Ecole Supérieure des Affaires in Beirut, one of the leading business schools in the Middle East. It is a ground breaking qualification which covers Islamic finance from both a technical and sharia'a perspective, providing the first international benchmark in the area of Islamic finance.

<http://www.ameinfo.com/250458.html>

Islamic Body to Revamp Rules to Fit Basel III

Thursday, December 02, 2010

The Islamic Financial Services Board, an association of regulators in Muslim countries, will revise its rules next year to enhance Shariah banks' capital in line with Basel III reforms, its secretary-general said.

Rifaat Ahmed Abdel Karim said IFSB would seek its council's approval in December to begin work next year on amending the regulations, with the process expected to be completed around 2013.

'We are revising the standard of capital adequacy to look into the need for more capital and in what form will that additional capital be,' Abdel Karim said in an interview, adding that this could take the form of contingent capital.

He said the aim of the changes was 'not to put the Islamic financial services industry at a disadvantage and to provide them with a level playing field' relative to conventional banks but did not elaborate on possible revisions.

Global regulators of conventional banks, seeking to prevent a repeat of the global credit crisis, agreed recently to force banks to more than triple the amount of top-quality capital they hold in reserve, though they were given time to raise funds.

Islamic banks are governed by the respective regulatory authorities in the countries where they operate and compliance with IFSB's guidelines is voluntary.

The Kuala Lumpur-based IFSB, whose members include central banks, the International Monetary Fund and lenders such as Kuwait Finance House and Sharjah Islamic Bank, is one of two standards-setting bodies and issues guidelines on the banking, capital markets and insurance sectors.

The other is the Accounting and Auditing Organisation for Islamic Financial Institutions in Bahrain, which traditionally issued guidelines on accounting standards but has more recently ruled on Islamic bond structures.

Abdel Karim said the IFSB's liquidity management corporation, which will issue short-term instruments to help Islamic lenders manage their cash, would give banks an alternative to the widely used commodity murabaha money market instrument.

'This will hopefully give depth to the capital market,' he said. 'Liquidity management hasn't been addressed in a more concerted way. This is the first time we see a number of regulatory authorities cooperating to address the issue.'

A lack of liquidity management tools is seen as one of the key challenges to the emerging Islamic finance industry, with sharia banks handicapped partly due to the limited range of products they can invest in.

The liquidity body may issue highly rated sukuk that would be backed by central bank and corporate assets as early as next year to help Islamic banks manage their liquidity and create a liquid cross-border market for Islamic instruments. It would have \$1 billion in authorised capital and has \$75 million in paid-up capital so far.

Islamic banks are now often forced to place the reserve liquidity they need to maintain under central bank requirements with international conventional banks through commodity murabaha, as there are not enough highly rated sukuk issues. But some Islamic scholars say commodity murabaha is a mere paper trail replicating conventional money market instruments and only grudgingly accept its use as there is no alternative

Islamic Scholars Criticized New Reforms

Thursday, December 02, 2010

Gulf's top Islamic finance scholars raised concerns on Islamic industry attempts to improve corporate governance by opposing the reduction of the number of boards they and their peers are allowed to sit on.

Two prominent Shariah scholars Yaquby and Al Qari, members of the AAOIFI sharia board and responsible for developing accounting and auditing standards for Islamic banks criticized limiting the number of boards scholars can sit on reports Reuters.

Bahrain-based industry body Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) is in the process of drafting rules to regulate number of shariah supervisory boards a single scholar can sit on and the scholars' shareholdings.

The emerging \$1 trillion Islamic finance industry is subject to conflict of interest and inappropriate level of supervision as hundreds of board positions are concentrated in the hands of a few shariah scholars.

"There is no need to limit the number of boards," Sheikh Nizam Yaquby, one of the most revered Islamic finance scholars in the Gulf Arab region, told a conference in Manama.

He sits on several dozen sharia supervisory boards and said there is no such regulation applicable to other groups such as lawyers or accounting firms working for several banks: "Why should (sharia scholars) not be treated like other professionals in the field?"

Malaysian central bank is the only one that limits the number of boards scholars can sit on. However, United Arab Emirates this year introduced caps in the insurance sector.

Mohamed Al Qari, another popular scholar told the conference "I don't think it will be very helpful if we restrict the membership of sharia boards to only one... if the member himself is not qualified," he told the conference.

He said that simply graduating from an academic sharia program alone was not sufficient to be qualified to sit on a bank's sharia supervisory board and that junior scholars needed to learn from senior colleagues until formal training programs are established.

"This knowledge that has been accumulated by a small number of people can go from the first to the second generation through apprenticeship," he said.

2. ISLAMIC BANKING & INSTITUTIONS

Islamic Bank Regulations to Align with Basel III

Wednesday, December 01, 2010

Shariah compliant banks aspire to align their regulations with Basel III reforms claimed secretary-general Islamic Financial Services Board (IFSB), regulators association in Muslim countries.

According to Reuters, Rifaat Ahmed Abdel Karim claimed Islamic Financial Services Board would attain its council's approval in December to commence amending the regulations as per Basel III. The process expected to be completed around 2013.

'We are revising the standard of capital adequacy to look into the need for more capital and in what form will that additional capital be,' said Abdel Karim

He shared his views that this move would provide the Islamic financial services industry at a level playing field relative to conventional banks.

Over 60 senior bankers from 30 leading financial institutions from Bahrain met to receive a briefing on the Base III new financial banking principles. The event was hosted by KPMG, the global audit, tax and advisory firm, and was held in Bahrain at Gulf Hotel. The event aimed at focusing on the recent Basel III regulations and its implications on financial organisations.

"Bankers are asking us about the relevance of Basel III in Bahrain, how the new rules will impact local banks' capital position and what the implications are for risk management, finance or financial systems," said Kohut, KPMG head of risk Bahrain.

"The typical headline elements of Basel III on the new capital requirements, which are most relevant for European or American banks, appear to be of limited impact for local banks."

"However, there are still a number of less talked about items as well as some important indirect or second order effects of Basel III which regional banks should consider," he said.

He added "Aside from the obvious need to improve capital and liquidity management, regional banks will need to consider more than before whether their strategic, business and product specific decisions take sufficient account of the inherent uncertainties and opportunities caused by the increasing dynamic complexities of the financial markets,"

Islamic banks are governed by the respective country's regulatory body and compliance with IFSB's guidelines is voluntary.

The Kuala Lumpur-based IFSB, whose members include central banks, the International Monetary Fund and lenders such as Kuwait Finance House and Sharjah Islamic Bank, is one of two standards-setting bodies that issues guidelines on the Islamic banking, capital markets and insurance sectors.

The other is the Accounting and Auditing Organisation for Islamic Financial Institutions in Bahrain, which issues guidelines on accounting standards and Islamic bond structures.

Abdel Karim said the IFSB's liquidity management corporation, which will provide substitute for commodity murabaha money market instrument by issuing short-term Islamic finance instruments to help lenders manage liquidity position.

“This will hopefully give depth to the capital market,” he said. “Liquidity management hasn't been addressed in a more concerted way. This is the first time we see a number of regulatory authorities cooperating to address the issue.”

Liquidity management tools is one of the key challenges to the emerging Islamic finance industry, with Islamic banks handicapped due to the limited product range. Islamic banks often end up placing the reserve liquidity they need to maintain under central bank requirements with international conventional banks through commodity murabaha, due to limited availability of highly rated sukuk issues.

http://www.globalislamicfinancemagazine.com/index.php?com=news_list&nid=1238

Saudi Arabian Banking Sector Forecasted To Grow Significantly

Wednesday, December 01, 2010

Research on Saudi Arabia banking sector depicts that the banking sector in the Kingdom is highly capitalized, well regulated, and more profitable in the region. Despite heavy slowdown in the economy, the banking sector continued to post healthy growth rates during the past few years.

It is forecasted by RNCOS, specialist in Industry intelligence and creative solutions for contemporary business segments, that Saudi Arabian banking assets are forecasted to grow at a CAGR of around 18% during 2010-2013.

Main reasons for the growth of this industry are the increased demand for consumer as well as corporate financing and positive developments in the oil market. Besides this trend, various other strong fundamental drivers enable this segment to sustain its upward growth trend in the coming years.

According to the study, Saudi Arabian banking sector posted solid growth throughout the past decade and remained amongst the most profitable banking sectors in the Middle East. The report provides future forecast on net profit till 2013. It also provides information on the regulatory developments in the Kingdom's banking industry.

Moreover, it has identified key players and provided their detail business description.

Saudi Arabian banking sector has witnessed a notable expansion in the modern banking technologies, including Internet banking and phone banking services. Banks are also modernizing their payment card technology and shifting towards smart card technology to offer more secure and advanced featured card to consumers. Besides modern banking technologies, other emerging growth opportunities are also springing up in the Saudi Arabia banking sector.

Saudi Arabian banking industry has liberalized dramatically during the past few years. Saudi Arabia has taken steps to open up investment banking by granting operating licenses to foreign banks. Banking assets of other countries in the Middle East, for instance, the UAE, turkey, Iran, Bahrain, Qatar are forecasted to post significant growth rates during the same period.

http://www.globalislamicfinancemagazine.com/index.php?com=news_list&nid=1240

QInvest Sharia'a Compliant Enhanced Yield Note Oversubscribed

Tuesday, November 30, 2010

Qatar's leading investment bank has launched a Sharia'a Compliant Enhanced Yield Note that has been met with great enthusiasm by investors, with the bank raising significantly more than expected.

"The subscription for the Note has been closed" QInvest CEO, Shahzad Shahbaz, said. "We have seen an overwhelming response from the market as investors look to maximize returns whilst maintaining capital protection", he added.

The note is one of a series of Islamic investment products QInvest is planning to bring to the market in the coming months, and demonstrates QInvest 's strong Islamic structuring capabilities and commitment to meeting client needs.

Further commenting on the success of the note, Shahbaz said "the reaction of clients shows they were delighted with the risk/ return balance that the enhanced yield note achieved and reflects our belief that there is increasing client appetite for innovative products that comply with Islamic Sharia'a."

Based on a philosophy that "with trust comes sharing, through sharing comes partnership and through partnerships, value is created", QInvest has created a unique platform with strategic partnerships in the region and beyond. The platform offers a broad range of expertise which enables QInvest to deliver a high value service to clients, seamlessly covering advisory, financing and investment needs. The business lines include investment banking, investment management, brokerage and wealth management; with dedicated origination and placement teams.

As part of its important activities in developing the financial services industry and in reflection to the firm's commitment to Qatar's National Vision, QInvest organized Qatar's most high-profile investment focused event, 2nd annual Qatar Global Investment Forum (QGIF 2010), that was attended by 350 delegates from 30 countries. In addition to QInvest Chairman's welcome address, H.E. Sheikh Jassim Bin Hamad Bin Jaber Al Thani, the Minister of Economy and Finance in Qatar and the Governor of Qatar Central Bank delivered key note addresses about Qatar's role as a prominent financial hub for this region.

QInvest is committed to contributing to the communities in which it operates. It has developed a program of corporate social responsibility activities that includes funding for a range of charitable, educational, social, cultural and sporting organizations and events. The firm designed and launched the "Qatari Development Program (QDP)", in line with other training and development programs under the QTalent theme, exclusively for Qatari Nationals offering recruitment opportunities for a generation of world-class Qatari investment banking talent preparing them to compete within a dynamic local and regional investment banking industry.

The pioneer in social innovation

QInvest was licensed by the Qatar Financial Centre Authority in April 2007 and is authorised by the Qatar Financial Centre Regulatory Authority. The Bank has authorised capital of USD 1 billion and paid up capital USD 750 million.

Led by Chairman H.E. Sheikh Jassim Bin Hamad Bin Jabr Al Thani, and Chief Executive Officer, Shahzad Shahbaz, QInvest has created a world class investment banking capability operating under Sharia'a compliant structures, with the highest standards of governance and transparency.

The QInvest shareholder structure includes Qatar Islamic Bank as well as other institutional investors, and prominent high net worth individuals from across the region. The platform offers a broad range of expertise which enables QInvest to deliver a high value service to clients, seamlessly covering advisory, financing and investment needs.

QInvest's business lines include investment banking, investment management, brokerage and wealth management; with dedicated origination and placement teams.

With over 130 staff, including 65 front office professionals, QInvest's talented team of investment bankers brings a valuable mix of both international experience and regional knowledge, enabling the Firm to pursue opportunities across its chosen markets of the Middle East, Africa, Turkey, South Asia and South-East Asia.

<http://www.zawya.com/story.cfm/sidZAWYA20101130120827>

Emirates Islamic Bank offers online banking promotion for the business community

Tuesday, November 30, 2010

Getting true to its values of innovation and customer convenience, Emirates Islamic Bank announced the launch of a new promotion for smartBUSINESS customers.

smartBUSINESS is a convenient and efficient online banking service that enables business customers to perform a wide range of banking transactions such as payroll processing, bulk payments, third party payments, Central Bank transfers, local and international telegraphic transfers, preferential foreign exchange rates, access to account statements, credit card payments, and other features 24X7 days year round.

Until the end of February 2011, SmartBUSINESS customers will enjoy a waiver of the monthly subscription fee as well as the one time set up fee.

With a dedicated support team in place, SmartBUSINESS can also assist through the initial setup and transaction initiation thereby creating a partnership that is available to all customers 24/7. The service comes with innovative security and control features enabling customers to transact online with complete confidence.

"Expanding our innovation ability to reshape automated financial solutions into more accessible and versatile is a key factor in the offerings for our local market. Taking this approach allows our customers to manage their financial transactions with confidence and ease, allowing them to focus on their core business."

said Mr. Faisal Aqil, GM Retail Banking for Emirates Islamic Bank.

"All industries have gone through some challenging economic times over the last 18 months and we're committed to developing and creating the best possible ways to help their business flourish." he added.

SmartBUSINESS is available to all UAE based businesses through customer relationship managers at Emirates Islamic Bank.

<http://www.ameinfo.com/250195.html>

HSBC Amanah Malaysia: Islamic REIT market to grow in Asia

Sunday, November 28, 2010

More Islamic real estate investment trusts (REITs) will launch in Asia in early 2011 and draw investors from the Arab world, HSBC Amanah Malaysia's new head Rafe Haneef told Reuters recently in an interview.

Singapore's first shariah-compliant REIT, Sabana REIT SABA.SI, launched on November 26 and drew a mixture of conventional and Islamic investors, a quarter from the Middle East.

“The take-up (among Gulf investors) for future Islamic REITS will be a lot greater than that,” said Haneef. “At the moment there is no timeline for when other issuers will come out with Islamic REITs, but I would expect more in the first or second quarter of next year.”

HSBC Amanah Malaysia was the financial adviser for the Sabana REIT’s IPO and Haneef said that the bank was exploring more Islamic REIT opportunities in Malaysia and Singapore. He also said sharia-compliant REITs ensured higher-quality investments because the screening process looked at both the underlying asset and the usage of the asset, and does not allow for speculative or risky investments.

Sabana REIT sold 508 million units at S\$1.05 (US\$.80) in its IPO, making it the world’s biggest shariah-compliant REIT.

<http://www.property-report.com/site/hsbc-amanah-malaysia-islamic-reit-market-to-grow-in-asia-10349>

Tadhamon Capital announces successful acquisition of Coxlease School in UK

Sunday, November 28, 2010

Tadhamon Capital B.S.C.(c), the Bahrain-based Islamic Investment Company, has announced the successful acquisition of Coxlease School in the UK by a consortium of investors, in a transaction valued at Pounds 17.5m (\$28m). Tadhamon Capital advised on the transaction and acted as an arranger of the financing.

Tadhamon Capital B.S.C. (c) is a Sharia'a-compliant Investment Company licensed by the Central Bank of Bahrain. Tadhamon Capital seeks to provide its investment banking services to both the GCC and wider Middle East through delivering a full choice of alternative investment opportunities, enabling its investors to construct balanced portfolios and providing them with superior risk adjusted returns. It aims to structure, launch and manage financial instruments within Private Equity, Real Estate, Asset Management and Treasury & Wealth Management.

<http://www.istockanalyst.com/article/viewiStockNews/articleid/4699683>

Norton Rose Group assist Swift with development of Shariah compliant messaging endorsed by AAOIFI

Sunday, November 28, 2010

Mohammed Paracha, Deputy Head of the Global Islamic Finance practice at Norton Rose Group has been assisting Swift with the development of Shariah compliant messaging standards for carrying out murabaha trades, a liquidity management product used by all Financial Institutions engaged in Islamic deposit taking.

Swift has been working closely with its Islamic banking members on the standardisation and automation of Islamic financing products. The first to be addressed is the treasury murabaha, which reportedly represents 60% of all Islamic financing, but is manually processed today. Mohammed Paracha first highlighted the possibility of murabaha processing over Swift and worked closely with Swift in its development.

The cost efficiencies of the new Swift standards will require treasury management documentation to be reviewed and amended to take advantage of the new messaging system. This effectively would mean there is no longer a need to send offers and acceptances out which some internal studies estimated had a back office cost of \$150 per trade. The same trade can now take place for cents.

In addition to the cost efficiency, the Swift system allows monitoring of the order of transactions so allows a Shariah audit of murabaha trades and prevents selling a commodity that has not been the subject of a proper offer.

Mohammed 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 - something that the industry has yet to explore or embrace and may be the next logical step forward for the industry in commoditised product areas such as this."

Peter Ware, Head of Islamic finance at Swift commented, "Mr. Paracha first suggested the idea of Murabaha processing over Swift. Upon investigation we found that whilst the money movement was already on Swift, the commodity part of the transaction was being processed manually. He was instrumental in raising our knowledge of Murabaha, and subsequently introducing us to Islamic scholars, as well as relevant contacts within Islamic banks and brokers. He also moderated our first Islamic Finance panel at the Sibos conference in September 2009."

With over 50 partners and associates across the world advising on Islamic finance matters, Norton Rose Group continue to be at the forefront of Islamic finance and Islamic 'thought leadership' and possess unrivalled technical and commercial knowledge. Norton Rose Group is a recognised market leader in this area, with legal directories such as Chambers Global (2009) describing their practice as "the broadest Islamic finance offering on the market"

<http://www.ameinfo.com/249976.html>

Islamic Mega Bank to Launch after 2011 Following Delays

Thursday, December 02, 2010

Investors in a long-touted Islamic bank with as much as \$3 billion in capital hope to launch the bank next year, bankers said Tuesday, in a bid to improve the competitiveness of the scattered industry.

Saudi Arabia's Sheikh Saleh Kamel, founder and chairman of Bahrain-based Islamic bank Al Baraka, has spearheaded an initiative to establish a global Islamic mega bank but the plan has been touted for years. "We were hoping for it to happen in the third quarter of this year but there was [not enough] time hopefully it will happen next year," he told reporters in Jeddah Tuesday without saying why the project was delayed. He said the next steps would be discussed in December at a meeting with the Islamic Development Bank (IDB), the Saudi-based organization that is trying to develop an international Islamic capital market through regular issues of Islamic bonds.

The emerging Islamic finance industry is fragmented and its banks lack sufficient capital to compete with the Islamic units of Western banks on mandates to syndicate loans, arrange Islamic bonds and supply project finance in the Gulf Arab region.

The absence of a lender of last resort is also seen as one of the industry's weaknesses, as few central banks issue liquidity instruments compliant with Islamic law, forcing Islamic banks to place their liquidity with large conventional banks.

Adnan Yousif, chief executive of Al Baraka and an advisor to the project, told Reuters that the bank will likely have an authorized capital of \$3 billion, a third of which will be raised in a private placement. He said the remainder could be raised in an initial public offering (IPO) at a later stage.

The group setting up the bank is seen as a candidate to win one of two licenses for Islamic banks with capital of at least \$1 billion by the Malaysian central bank. The country plans to boost its financial services sector by allowing more foreign investments

http://www.globalislamicfinancemagazine.com/index.php?com=news_list&nid=1243

3. SUKUK (ISLAMIC BONDS)

Sukuk Snap Five-Month Gain on Europe Debt Contagion Risk

Tuesday, November 30, 2010

Islamic bonds slumped in November, snapping a five-month rally, as concern Europe's debt crisis will spread reduced demand for higher-yielding assets in emerging markets.

Average yields on sukuk climbed 19 basis points, or 0.19 percentage point, in November to 5.04 percent, the highest level in two months, according to the HSBC/NASDAQ Dubai US Dollar Sukuk Index. Yields had dropped 194 basis points from May 31 until the end of October. The extra yield investors demand to hold non-Islamic emerging-market debt instead of U.S. Treasuries rose 22 basis points in the month to 267, according to JPMorgan Chase & Co.'s EMBI+ Index.

"The sukuk market doesn't work in isolation," Scott Lim, chief executive officer at Kuala Lumpur-based MIDF Amanah Asset Management Bhd., who oversees the equivalent of \$670 million of assets, said in an interview Nov. 26. "Europe is having too many structural problems and this is only the beginning. It is going to be challenging for the bond market."

The declines pared gains this year for Islamic bonds to 11.2 percent, compared with a 13.3 percent advance for debt in JPMorgan's EMBI Global Diversified Index.

Ireland agreed over the weekend to an 85 billion euro (\$112 billion) aid package from European governments to help shore up its banking system. Yields on Portugal and Spain's 10-year government debt climbed to records this month on speculation those countries will follow Ireland in seeking a financial bailout.

Spreads Widen

Investor demand for the safety of German debt drove the extra yield investors demand to hold Portugal's 10-year bonds over bunds to an all-time high of 460 points on Nov. 11. Spain's premium widened to 286 points today, according to data compiled by Bloomberg. The difference between the average yield for sukuk and the London interbank offered rate narrowed 12 basis points in November to 349 basis points, according to the HSBC/NASDAQ Dubai US Dollar Sukuk Index.

"When looking at the euro-zone challenges, it is of course easy to see the gravitation of capital towards the safe havens," Rafael Martinez Dalmau, the Singapore-based head of Shariah-compliant portfolio management at BNP Paribas, wrote in an e-mailed reply to questions on Nov. 29. "While the markets may suffer sporadic bouts of volatility, further gains in sukuk are likely to continue, albeit at a slower pace from what we have seen in the last few months."

The yield on Malaysia's 3.928 percent Islamic note due June 2015 fell three basis points to 2.87 percent today and climbed 38 basis points in November, according to prices provided by Royal Bank of Scotland Group. It has advanced 54 basis points from a record low of 2.33 percent on Nov. 4. The difference in yield between Dubai's notes and Malaysia's shrank three basis points today and narrowed 15 basis points this month to 379.

Sukuk Sales

Sales of Shariah-compliant bonds, which pay returns on assets to comply with Islam's ban on interest, have slumped 31 percent this year to \$13.7 billion as debt restructurings and falling property prices in the Middle East hurt investor confidence. They reached a record \$31 billion in 2007.

Sukuk offerings are likely to pick up next year as growth in Asia and the Persian Gulf continues to outpace Europe and the U.S., Dalmau wrote.

Asia's developing economies will expand 8.4 percent in 2011, compared with 2.2 percent growth in advanced countries, the International Monetary Fund forecast on Oct. 6. Economies in the Middle East and North Africa will grow 5.1 percent next year, the IMF estimates.

Dubai Sale

Dubai's government hired CIMB Investment Bank Bhd., a Kuala Lumpur-based unit of CIMB Group Holdings Bhd., as a lead manager to sell between \$1 billion and \$1.5 billion of sukuk, a person with knowledge of the plan said Nov. 24. Malaysian Prime Minister Najib Razak said Oct. 26 the Dubai Department of Finance is proposing a multi-currency sukuk program.

National Commercial Bank, Saudi Arabia's largest lender, plans to sell its first Islamic bond in the second quarter of 2011, Abdulrazzak Elkhrajy, executive vice president and head of the Islamic banking development group, said in an interview in Manama, Bahrain, on Nov. 22.

"We do not expect new sukuk issuance to be affected only because the market is in a corrective phase," BNP Paribas' Rafael said.

<http://www.bloomberg.com/news/2010-11-30/sukuk-snap-five-month-rally-on-european-debt-islamic-finance.html>

Shariah-Compliant Indexes Struggle in November

Monday, November 29, 2010

Dow Jones reported Nov. 24 that several indices tracking Shariah-compliant stocks fell in November.

The Dow Jones Islamic Market Titans 100 Index (IMXL) measures 100 leading Shariah-compliant global stocks. The Index fell 0.98% as of Nov. 23, to close at 2119.15. The Islamic Market U.S. Titans 50 Index (DJUS50) also fell, dropping 0.63% to 2145.71 and the Islamic Market Europe Titans 25 Index (DJEU25) fell 3.44% to 2053.13.

The Dubai Financial Market struggled in November, as well; the DFM Titans 10 Index posted a month-to-date loss of 6.77%, closing at 2243.47. Indices for Kuwait and Turkey fell also, dropping 2.15% and 4.89%, respectively. While the Islamic market indices suffered, their conventional counterparts posted even larger drops, however. The Kuwait Composite Index fell 1.2% and the Turkey Total Stock Market Index fell 6.4%.

The Asian and Pacific markets fared slightly better, however, as the Islamic Market Asia/Pacific Titans 25 Index (DJAP25T) increased by 2.49% to 2041.49. The Citigroup Sukuk Index increased as well, gaining 0.44% to close at 126.49.

The Basic Materials, Oil & Gas and Consumer Goods industry indices performed well in November, gaining 1.23%, 1.02% and 0.97%, respectively. Financials, Telecommunications and Health Care were the three worst performing industries, losing 5.28%, 2.46% and 1.96%, respectively.

Gerard Al-Fil, a financial journalist and analyst for Dow Jones, noted that the Islamic finance industry is "deeply fragmented" and is "split on the principles of whether hedge funds can ever be acceptable." He pointed to stress from global financial markets as reasons for the drops.

"The emergence of Ireland (and suddenly, Portugal) as the Eurozone's latest trouble child, reduced U.S. growth prospects announced by the Fed and war drums on the Korean peninsula raised nervousness," he wrote in a market commentary.

Monem Salam, director of Islamic Investing and portfolio manager at Saturna Capital, noted that indices suffer from inflexibility when trying to comply with Islam.

"Nuances in an Islamic investing index don't capture" restrictions the way an actively managed fund can, Salam said in a phone interview. For example, he said, an index might exclude all beverage makers in order to avoid alcohol purveyors, while an actively managed fund can look at a company more closely.

<http://www.advisorone.com/article/shariah-compliant-indexes-struggle-november>

Dubai Sukuk Sale in Malaysia Hindered Due to Rating Issues

Tuesday, November 30, 2010

The \$1.5 billion worth Islamic bond issued in Malaysia has limited demand due to rating issues. CIMB Investment Bank Bhd., a Kuala Lumpur-based unit of CIMB Group Holdings Bhd, the world's top sukuk arranger this year, are hired by the emirates government as a lead manager were hired by the government to sell between \$1 billion and \$1.5 billion of the securities.

Dubai is raising funds by tapping international debt markets to raise funds as the government and state-controlled companies revert to service borrowings. Barclays Capital report issued in September estimated borrowings to be about \$112 billion.

Bloomberg data reveals that the yield on Dubai's 6.396 percent sukuk due November 2014 rose by one basis point today, the highest level since Nov. 17. The yield reached as high as 10 percent on Feb. 15. According to HSBC/NASDAQ Dubai GCC US Dollar Sukuk Index average yield on Islamic notes sold by Gulf Cooperation Council issuers rose 11 basis points last week to 5.84 percent on Nov. 26.

Dubai aims at refinancing its debt by exploring options for a multi-currency Islamic bond issuance in global sukuk market.

Mark Watts, the head of fixed income at the National Bank of Abu Dhabi, said the once favourable market conditions, that lead Dubai to issue \$1.25bn worth of bonds in September, had turned volatile and caused investors to seek safer assets.

"If you come to market with a bond without a credit rating on it, that's a lot of unknowns to deal with," Mr Watts said.

Global market fundamentals have reversed the positive liquidity effects of the US Federal Reserve's stimulus measures. Ireland bailout and regional tensions in North and South Korea have caused market conditions to deteriorate.

"In a positive risk environment investors are willing to overlook certain things," Mr Watts said. "But in a negative risk environment, the head of risk has to play it from a more cautious side."

"Normally, Malaysian investors are relatively conservative and invest in very high-grade type issuers," Abdul Kadir Hussain, the chief executive of Mashreq Capital in Dubai, told Bloomberg.

"Dubai coming to Asia isn't really such a bad idea," Ahmad Alanani, a fixed income analyst at Exotix, a boutique investment bank, gave a positive outlook. He said "There are a lot of foreign investors in the Malaysian sukuk market so I think there'll be appetite."

Alanani added that "in the long term, if Dubai wants to diversify its funding and come to market to refinance its upcoming liabilities, eventually a rating is a must-have".

Investor confidence throughout the emirates would build up if ratings agencies agreed a sovereign rating

"A rating could potentially be useful for the Dubai Government as it would provide investors with an independent and objective view of Dubai's sovereign credit standing," said Tristan Cooper, the head analyst for Middle East Sovereigns at Moody's Investors Service.

"The extra transparency that a sovereign rating would provide could boost participation and liquidity in the market for Dubai bonds."

http://www.globalislamicfinancemagazine.com/index.php?com=news_list&nid=1237

Mixed opinion on Dubai's \$1.5bn Malaysian sukuk

Tuesday, November 30, 2010

Dubai's proposed US\$1.5 billion (Dh5.51bn) sukuk issuance in Malaysia has received a mixed response from investors with some saying the emirate's lack of a credit rating would lead to lower demand in current market conditions.

Officials at the Dubai Department of Finance are exploring options for a multi-currency Islamic bond issuance in the world's largest sukuk market as the emirate refinances its debts.

But Mark Watts, the head of fixed income at the National Bank of Abu Dhabi, said favourable market conditions, which allowed Dubai to issue \$1.25bn worth of bonds in September, had turned volatile and caused investors to seek safer assets.

"If you come to market with a bond without a credit rating on it, that's a lot of unknowns to deal with," Mr Watts said.

Irish debt worries and tensions between North and South Korea have caused market conditions to deteriorate significantly, "swamping" the positive liquidity effects of the US Federal Reserve's stimulus measures, he said.

"In a positive risk environment investors are willing to overlook certain things," Mr Watts said. "But in a negative risk environment, the head of risk has to play it from a more cautious side."

Other asset managers also questioned the emirate's sukuk issuance.

"Normally, Malaysian investors are relatively conservative and invest in very high-grade type issuers," Abdul Kadir Hussain, the chief executive of Mashreq Capital in Dubai, told Bloomberg.

However, Ahmad Alanani, a fixed income analyst at Exotix, a boutique investment bank specialising in frontier markets, disagreed with the negative outlook.

"Dubai coming to Asia isn't really such a bad idea," Mr Alanani said. "There are a lot of foreign investors in the Malaysian sukuk market so I think there'll be appetite."

He said with yields in Asian markets currently depressed, many other regional investors might be attracted to the Dubai issuance.

But Mr Alanani added that "in the long term, if Dubai wants to diversify its funding and come to market to refinance its upcoming liabilities, eventually a rating is a must-have".

Ratings agencies agreed a sovereign rating would help spur investor confidence throughout the UAE.

"A rating could potentially be useful for the Dubai Government as it would provide investors with an independent and objective view of Dubai's sovereign credit standing," said Tristan Cooper, the head analyst for Middle East Sovereigns at Moody's Investors Service.

"The extra transparency that a sovereign rating would provide could boost participation and liquidity in the market for Dubai bonds."

<http://www.thenational.ae/business/markets/mixed-opinion-on-dubai-s-1-5bn-malaysian-sukuk>

4. TAKAFUL (ISLAMIC INSURANCE)

Union National Bank and Methaq Takaful Insurance Company sign Bancassurance agreement to launch new motor insurance scheme

Sunday, November 28, 2010

Union National Bank (UNB) signed an MOU with Methaq Takaful Insurance Company. The MOU will provide customers with various convenient options for Motor Insurance.

Mr. Mohammad Nasr Abdeen UNB CEO commented "This MOU is within UNB's strategy to provide a wide range of financial solutions to the customers and a reaffirmation of its core value of being 'the bank that cares'. The introduction of this service complements the various products that the Bank provides benefiting a very large customer base.

It is also worth mentioning that although competition in the banking industry has increased significantly, the Bank has made notable progress in building a very strong retail banking franchise. The Bank also plans to introduce more insurance linked products in the near future.

Mr. Abdullah Al Maamarri, Managing Director of Methaq Takaful Insurance Company commented "We are proud to tie up with Union National Bank adding value to our customers.

In a short span of time, Methaq has progressed remarkably in the Takaful business and managed to build a strong franchise of customers and partners.

Mr. Maamarri highlighted that recent studies in the UAE insurance industry revealed that around 60% of the insurance business is generated from the motor insurance followed by medical insurance at 20% and the remaining 20% is from other insurance businesses. Competition in the insurance industry has increased significantly in the recent years and Methaq is well positioned with its system, processes and qualified resources to capitalize on the emerging opportunities

Methaq Takaful Insurance Company's vision is to offer general insurance services to corporate and individual customers delivered through multiple distribution channels. Currently, Methaq offers over 30 General Insurance Products as part of the phased roll-out of the products range and service offerings. In the coming months, Methaq plans to introduce new and innovative products which will be part of the company's commitment to operational excellence and best use of technology.

Established as a Public Joint Stock Company in 1982, UNB is one of the leading banks in the United Arab Emirates and is headquartered in Abu Dhabi. The bank offers a variety of products and services, addressing needs ranging from basic requirements of individuals to the more complex requirements of corporate entities. UNB is the only bank that is jointly owned by the Governments of Abu Dhabi and Dubai with clearly defined vision and mission and a highly capable, professional and experienced staff.

<http://www.ameinfo.com/250018.html>

5. ISLAMIC FINANCE EVENTS; SEMINARS, WORKSHOPS & CONFERENCES

Dubai to hold Branding Financial Services Conference

Tuesday, November 30, 2010

Marcus Evans which is a lead business intelligence provider of conferences and trainings in the Middle East will be hosting the Branding Financial Services Conference on the 30-31 January 2011 at the Hyatt Regency Hotel in Dubai.

With the support of the Bahrain Bankers Society, this two-day conference will bring together branding, marketing and communication heads of departments of the retail banking and multi-national banking industry addressing current challenges to develop strategies that optimise market performance and brand value faced by the banking and financial services industry within the Middle East region.

The fragility of the Middle East financial industry was brought to light as the financial crisis hit. In 2008, people were prepared to invest money in the fledgling financial sector in the Middle East, but then quickly lost confidence at the first signs of trouble.

Five years ago in the Middle East, many conceive brand to be a cost based on something that is intangible, not a differentiator and profit maker through creating customer loyalty. However, the trend is starting to change where we see banks actively re-vamping their brand association within the region. Yet, the change is still slow. Most brand executives are still struggling to convince their top level management to invest more in continuous branding.

However, according the report of BrandFinance Global Banking 500, an annual review of the top banking brands in the world, the Middle East contributed 2% to the total global brand value. Measuring companies by both brand strength and brand value as of 31st December 2009, almost all the top ten banks in the Middle East, led by Emirates NBD, Al Rajhi Bank and Kuwait Finance House saw an increase in their brand values.

Building and managing a strong brand within the banking and financial service sector is very difficult and complicated. Financial institutions offer similar products, and this, along with the rigid nature of this industry and the high risk involvement, makes it extremely difficult for them to differentiate their products. Banks are striving for brand innovation.

With expert presentations from top-rated retail financial brands regionally including Marcus Bailey, Regional Head of Middle East , North Africa and Pakistan - Corporate Affairs Standard Chartered Bank, UAE, Mohammed Hassan Ismaeel , Head of Global Marketing - HSBC Amanah, HSBC, UAE, Vikram Krishna , Head of Marketing, Emirates NBD , UAE, Yusuf Jehangir, Head of Marketing, Al Rajhi Bank, Saudi Arabia, Salah Al Tamimi, Head-Corporate Communication Department, National Bank of Abu Dhabi, UAE, Rob Davie, Director, Rob Davie Consulting, UAE, Naren Chandra, Head of Marketing, Noor Islamic Bank PJSC, UAE, Ziyad Kassem Nour, Head of Central Marketing, National Commercial Bank, Saudi Arabia, Salah Al Hashimi , Head of Corporate Communications, Dubai Islamic Bank, UAE and David Bennett, Head of Business Development and Segments,Doha Bank, Qatar.

<http://www.ameinfo.com/250229.html>

Dubai hosts first Afghanistan International Investment Conference under co-chairmanship of governments of Afghanistan and UAE

Wednesday, December 01, 2010

The governments of the United Arab Emirates and the Islamic Republic of Afghanistan co-hosted the first Afghanistan International Investment Conference (AIIC) in Dubai, U.A.E on Tuesday, November 30, 2010. The AIIC took place following a series of high-level international meetings on Afghanistan in 2010, most notably in London, Kabul, Istanbul, and Lisbon.

These prominent international gatherings all shared the same vision of a prosperous and peaceful future for Afghanistan based on security and economic development.

The conference commenced with a welcome address from His Excellency, Dr Anwar Gargash, and Minister of State for Foreign Affairs for the United Arab Emirates. This welcome was followed by a keynote speech from His Excellency Dr Zalmai Rassoul, Foreign Minister of the Islamic Development of Afghanistan. Participants enjoyed presentations from H.E. Hazrat Omar Zakhilwal, Minister of Finance and H.E. Dr. Anwar-ul-Haq Ahady, Minister of Commerce and Industry for the Islamic Republic of Afghanistan on its priorities for international investment opportunities, international demand, best practices, challenges, and why the global economy should invest in Afghanistan. The Foreign Ministers from Australia, Italy and the Minister of State for External Affairs in India welcomed the first International Investment Conference and supported greater private investment in Afghanistan.

AIIC 2010 was attended by over 700 delegates, diplomats, prominent businessmen, and heads of international organisations from around the world, including the Secretary General of the OIC and the Secretary General of the GCC.

HE Dr Anwar Gargash said, "It gives me great pleasure to co-host this conference and I am delighted that it has generated such support from both local and international businesses. The interest shown and attendance here today is testament to international commitment to building a prosperous future for Afghanistan. I hope the initiative will generate further collaboration and continue to assist economic growth for a peaceful Afghanistan."

The UAE Minister of State for Foreign Affairs highlighted the Fatma Bint Mohammed Bin Zayed Initiative. "We can all learn a great deal from initiatives like the Fatma Bint Mohammed Bin Zayed Initiative (FBMI) for Afghanistan. This amazing endeavor offers women income generating employment in the carpet production industry, an industry in which they already possess skills and to date has provided employment to over 2,700 Afghans while ensuring their children are well educated and receiving good health care. The overall number of beneficiaries is nearly 21,600 people in Kabul and Jalalabad."

The collaboration between the Governments of Afghanistan and the United Arab Emirates through the AIIC achieved attracting public and private investment in the sectors of infrastructure, mining and transportation in order to generate considerable

increases in economic growth, job creation, and public revenue mobilization in Afghanistan by 2012. These outcomes correspond to key commitments from the Kabul Conference and are anchored around the Afghanistan National Development Strategy (ANDS).

In the course of deliberations by working groups, a number of important projects in the areas of mining, infrastructure and agriculture were presented. The Afghan Government sought investor support for these projects from the private sector, public sector and through public-private partnerships. The Afghan government confirmed its strong commitment to the safety and security of companies and financial institutions who decided to invest in Afghanistan.

Afghanistan highlighted the conducive environment that it was establishing to attract private investment. Conference participants capitalized on the momentum to support increased private sector development by establishing 'The Afghanistan International Investment Friends' in order to help the Government of Afghanistan to accelerate efforts to develop sufficient economic capacities and to enact appropriate policies, laws and regulations to spur and protect private-sector led investments, economic growth, and employment generation.

The Government of Afghanistan highlighted the establishment of a special Infrastructure Trust Fund, administered by the Asian Development Bank with full support from other development partners and donors, in order to fund prioritized infrastructure projects in Transportation, Energy and Mining. This Trust Fund will support the Regional Resource Corridor Initiative and its associated projects.

The conference was hosted at the Inter Continental Hotel Dubai Festival City on November 30, 2010.

<http://www.ameinfo.com/250408.html>

KFH-Bahrain, gold sponsor of AAOIFI - World Bank Annual Conference on Islamic Banking and Finance

Wednesday, December 01, 2010

Kuwait Finance House-Bahrain (KFH-Bahrain) announced its support as Gold Sponsor of the AAOIFI - World Bank Annual Conference on Islamic Banking and Finance 2010, held at the Bahrain Conference Centre, Crowne Plaza Hotel, Kingdom of Bahrain, between 1st and 2nd of December 2010.

The conference is organized by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) in partnership with the World Bank, and under the auspices of Central Bank of Bahrain.

Mr. Abdulhakeem Alkhayyat, Managing Director and CEO of KFH-Bahrain commented "With an impressive track record of over 40 years and the first in the region to establish a

finance industry, Bahrain continues to adopt a pioneering role in Islamic finance, helping to drive forward the concepts, rules and standards of Shari'a compliance. The Kingdom has the largest concentration of Islamic banking entities in the world and conferences such as this will help to maintain its leading role and position".

"KFH-Bahrain is committed to supporting such important conferences that enrich the field of Islamic banking through the discussion of topics related to the industry. The Conference will provide a central forum to debate various key issues among participants and specialists from Islamic banks and financial institutions", he added.

The AAOIFI - World Bank Conference is specifically designed to give the international Islamic finance industry the collaborative platform to consider the emerging requirements and needs of Islamic financial institutions around the world and address issues that have arisen as the Islamic banking sector has steadily grown.

Topics that will be addressed during the conference will include; governance for Shari'a Supervisory Board (SSB), inconsistencies of fatwas issued by SSBs, dealing with default in Islamic finance, challenges in capital markets, the incompatibility of conventional international accounting standards with Islamic financial transactions, and application of wa'ad (promise) and bayh al-orbun (earnest money deposit) contracts in Islamic financial transactions.

<http://www.ameinfo.com/250431.html>

IDB to Issue More Sukuk Including Ringgit-denominated For Future Funding

Wednesday, December 01, 2010

The Islamic Development Bank (IDB) will continue to issue more sukuk programme, including ringgit denominated, in the Malaysian sukuk market, its president Dr Ahmed Mohamed Ali said

Although IDB has a very strong capital base, it will continue to tap resources from the market, as part of its strategies to ensure sustainability and to increase diversity of its liquidity sources, he said.

"IDB is committed to come regularly in the near future," he told reporters after the listing of its US\$3.5 billion Trust Certificate Issuance Programme (IDB Trust Services Ltd) on Bursa Malaysia here today.

The listing, which is under an Exempt regime, will allow visibility of the sukuk to the investors of which trading will be done on over-the-counter.

Currently, there are 17 sukuks, including IDB Trust Services Ltd, under Exempt regime.

With this listing, Bursa Malaysia's sukuk listings recorded a total of US\$27.6 billion

worth of sukuk programmes with 19 sukuk listed by 17 issuers, three of which are foreign issuers.

Ahmed said around US\$6 billion fund was allocated in average every year to assist the development of IDB members especially the least developed countries mainly in African region.

For Malaysia, ongoing project that IDB supported amounted to US\$95 million in terms of public sector financing namely university projects, he said.

As for proceeds from the newly listed US\$3.5 billion sukuk, he said it would be used for general corporate purposes, including financing projects in IDB member countries, which will be announced soon.

The sukuk programme is a multi-currency programme established by IDB via a special purpose vehicle, IDB Trust Services Ltd, and is rated Aaa/AAA/AAA by Moody's, S&P and Fitch.

Earlier in August, the IDB listed its RM1 billion sukuk medium term note (MTN) programme on Bursa Malaysia, marking the first multilateral development bank to list its ringgit sukuk MTN programme on the exchange.

<http://bernama.com.my/bernama/v5/newsbusiness.php?id=546874>

AAOIFI Annual Conference on Islamic Banking and Finance

Thursday, December 02, 2010

The two-day Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI) Annual Conference on Islamic Banking and Finance was held at Bahrain. A total of 400 delegates from over 30 countries came together to express their views on Islamic Finance industry standards.

Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI) has successfully set up the core standards for Islamic finance industry. These standards provide the basis for innovation within the framework of Islamic teachings, Housing Minister and AAOIFI chairman Shaikh Ibrahim bin Khalifa Al Khalifa told delegates at the AAOIFI conference in Bahrain.

"Ultimately this will hopefully enhance users' confidence in Islamic practices and encourage growth of demand," he said.

"The confidence in the AAOIFI stands behind its worldwide application."

He added "The standards are now being followed, either as part of a regulatory requirement or as internal guidelines, by all leading Islamic financial institutions across

the world including the Middle East, Asia Pacific, South Asia, Central Asia, Europe and Africa."

"In order to facilitate the adoption and technical application of the standards, AAOIFI has, over the past few years, made significant progress on the implementation of the certified Shariah adviser and auditor development programmes," he said.

AAOIFI has altogether 86 standards in the areas of accounting, auditing, ethics, governance and Sharia. In the past year alone, AAOIFI successfully issued a number of new standards and revised another good number of existing ones.

"This is an event where scholars and practitioners can hold very democratic discussions and express ideas," said AAOIFI secretary-general Dr Mohamad Nedal Alchaar.

"It allows people to criticise each other's ideas. There are different schools of thought in a number of areas. Through standardisation we can see more harmonisation. That is essential."

"The principle is simple. We are one religion and we want one set of standards," he said.

He added "This is an expanding industry and we all have to work together on standardisation to move forward," he said. "In the current climate Islamic finance sets standards that are now seen as a positive choice not just for Muslims but also for non-Muslims because we have shown that our financial system is viable in turbulent times,"

Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI) further announced that it had entered into an agreement with Bahrain Islamic Bank to certify the contracts used by the bank.

"The certification by AAOIFI of the financial contracts of Bahrain Islamic Bank is part of services offered by AAOIFI under Contract Certification Programme, which aims to regulate the process of certification of contracts entered into by Islamic financial institutions with their customers to ensure that such contracts fully comply with the provisions and principles of Sharia," said AAOIFI secretary general Mohammed Nedal Alchaar. "AAOIFI had promised to conduct a comprehensive survey of present and future Islamic financial products to ensure their full compliance with the provisions of Sharia.

"As part of this vision, we entered into an agreement with Bahrain Islamic Bank to examine and certify the contract forms used by it in the area of retail banking relating to Murabaha, Istisna, Ijarah, Mudarabah, Diminishing Musharak and credit cards," he added.

http://www.globalislamicfinancemagazine.com/index.php?com=news_list&nid=1244

KFH-Bahrain, Gold Sponsor of AAOIFI - World Bank Annual Conference on Islamic Banking and Finance

Friday, December 03, 2010

Kuwait Finance House-Bahrain (KFH-Bahrain) announced its support as Gold Sponsor of the AAOIFI - World Bank Annual Conference on Islamic Banking and Finance 2010, held at the Bahrain Conference Centre, Crowne Plaza Hotel, Kingdom of Bahrain, between 1st and 2nd of December 2010.

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"KFH-Bahrain is committed to supporting such important conferences that enrich the field of Islamic banking through the discussion of topics related to the industry. The Conference will provide a central forum to debate various key issues among participants and specialists from Islamic banks and financial institutions" he added.

The AAOIFI - World Bank Conference is specifically designed to give the international Islamic finance industry the collaborative platform to consider the emerging requirements and needs of Islamic financial institutions around the world and address issues that have arisen as the Islamic banking sector has steadily grown.

Topics that will be addressed during the conference will include; governance for Shari'a Supervisory Board (SSB), inconsistencies of fatwas issued by SSBs, dealing with default in Islamic finance, challenges in capital markets, the incompatibility of conventional international accounting standards with Islamic financial transactions, and application of wa'ad (promise) and bayh al-orbun (earnest money deposit) contracts in Islamic financial transactions.

http://www.globalislamicfinancemagazine.com/index.php?com=news_list&nid=1247

Citi Wins Awards in Islamic Finance News Deals of the Year 2009

Friday, December 03, 2010

Distinguished judging panel at Islamic Finance News, the global Islamic finance news provider, awarded Citibank major awards in Islamic Finance News Deals of the Year 2009.

This publication has supported the Islamic Finance Deals of the Year since its inception five years ago.

Citi was recognized for its work on the following projects:

- GE Capital's inaugural US\$ 500 million 5 year Sukuk issue (Sukuk Deal of the Year)
- Petronas's debut US\$ 1.5 billion 5 year Sukuk (Corporate Finance Deal of the Year)
- Ozkan Demir Celik Murabaha Syndication (Turkish Deal of the Year) - Won by Citi for the fourth year in a row.

Commenting on the awards, Atiq ur Rehman, Chief Executive Officer for the Middle East Division, based in the UAE, said: "The Awards by Islamic Finance News speak volumes for our progress in the past few years. With a dedicated team of Islamic Finance professionals working with their colleagues across the Citi network, we are proud to be able to deliver award winning results for our global clients and connecting them with the Islamic market."

Citi's Global Islamic Banking operations were established in 1981 in London, and in 1996 Citi became the first international financial institutions to set up a separately capitalized shari'a-compliant subsidiary- Citi Islamic Investment Bank.

Since inception, Citi Islamic has played a pioneering and leading role in the development of Islamic Finance globally, having successfully arranged several billion dollars of Islamic transactions for issuers in the Middle East, Asia, Europe and Latin America. This includes the origination, structuring and distribution of numerous landmark Sukuk, syndications, project financings, Islamic advisory and investment products. Today, the bank is an innovator in this industry and one the leading book-runners of international Islamic Finance transactions.

Samad Sirohey, Chief Executive Officer of Citi Islamic Investment Bank & Head of Global Islamic Banking, added: "This is recognition of Citi's leadership in creating innovative solutions for our global clients in the Islamic market. We are delighted to share these awards with our clients and colleagues in the industry. "

http://www.globalislamicfinancemagazine.com/index.php?com=news_list&nid=1249

Turan Bank Participates in 17th Islamic Banking Conference in Bahrain

Friday, December 03, 2010

Azerbaijan's TuranBank reports that his representatives have also participated in the World Islamic Banking Conference (WIBC) existing for nearly two decades.

The 17th Annual WIBC continues the tradition of supporting growth, advanced experience and innovations in the industry and demonstrates the new records: in 2010 the event involved over 1,200 participants from 50 countries and more than 60 partners and sponsors.

On the eve of the conference the WIBC released Competitiveness Report. In general, it consisted of the three sections. The seminars were held on the following topics: Hedging & liquidity management in Islamic finance system; Management of investment funds on the Sharia norms; the Middle East in the debt market: restructuring, refocusing; a workshop on evaluation; Evolution of Murabah; Observance of Shariah; Perspectives of regulation;

Construction of a new paradigm of growth; Assessment of future trends and development of Islamic banking sector; Capabilities and levels of global growth in light of the economic recovery; Change of the nature of leadership under new economic conditions; Definition of the next stage of evolution of the industry; Young Islamic Funds & investments; Contradictions in Islamic Finances; Retail banking of the Islamic financial institutions, problems and opportunities; Women in Islamic finance; the role of the Islamic Corporation for Development of the Private Sector (ICD) in promoting Islamic finance; promotion of growth of Islamic finance in the Asian markets; Update of the regulatory framework and capacity for risk management; New approaches to ensure stability.

Recovery and growth of Islamic Banking and finance; Outlook, transition from crisis to recovery of sustainable growth - consideration of new realities in the global financial system and its implications for Islamic banks; Ways to branch-wise standardization; Standardization of market practices; Standardization of accounting; Islamic corporate and investment banking meetings at high level; the World Takaful - Report 2010; Making, restoration of Sukuk market; Retail operations of Islamic finance at high level; Exploring new international growth markets for Islamic finance. The conference was also accompanied by the World Islamic Banking Exhibition.

To date TuranBank is cooperating actively with the ICD and the International Islamic Trade Finance Corporation (ITFC). TuranBank completed full market analysis and investigation on "Islamic Banking", which gave an opportunity to develop the concept of the bank in this direction. Under the concept, Turan Bank prepares to apply retail direction on "Islamic Banking". The whole process of customer service in the Bank will be carried out through the window of "Islamic Banking". Application of banking products and services in TuranBank on the principles of Sharia will be implemented in stages.

Within "Islamic Banking" TuranBank will use primarily services on deposits, management of client resources, some types of financing, both in corporate and retailing direction. At the next stage the Bank expects to provide a full range of existing and innovative banking products and services on window "Islamic Banking".

http://www.globalislamicfinancemagazine.com/index.php?com=news_list&nid=1246