

Islamic Finance news

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The World's Global Islamic Finance News Provider



HONG KONG

First Shariah Advisory Council

The Arab Chamber of Commerce & Industry (ARABCCI) in Hong Kong has gathered a group of experts on Islamic law to support banks creating Islamic financial products.

"It would be used by banks, companies, the courts and arbitration centers to verify compliance with the Shariah," said Lord Edwin Hitti, president of ARABCCI.

The Hong Kong Shariah Advisory Council is composed of religious scholars and professional experts in Shariah.

(See IFN Reports on page 8 for an exclusive interview with Lord Hitti) ☺

UAE

Amlak delays Sukuk

Amlak Finance has delayed a sale of US\$260 million in Sukuk, citing turmoil in international credit markets and increased corporate borrowing rates.

Amlak had initially planned to sell US\$250 million of mortgage-backed Islamic bonds in June to fund its Middle East expansion and gain long-term financing while awaiting a banking license.

However, CEO Arif Alharmi affirmed: "We want to time it right and get the best deal. We're watching the market for the right time and I think in a month or two we should have a better situation."

The home financier is in talks with Morgan Stanley and Standard Chartered to manage the sale, which it still aims to complete before the end of the year. ☺

MALAYSIA

Sukuk form bulk of RAM-rated bonds

RAM Ratings Services has rated RM88.54 billion (US\$26.42 billion) of corporate bonds, representing some 85% of the Malaysian market's RM104.3 billion (US\$30.96 billion) of rated corporate bonds for the first nine months of this year.

of 2007 included Cagamas' RM40 billion (US\$11.87 billion) medium-term notes program, Hijrah Pertama's RM2.92 billion (US\$866.98 million) Sukuk Ijarah, British American Tobacco's RM700 million (US\$207.83 million) MTN and Sabah Credit Corporation's RM500 million (US\$148.5 million) commercial paper and MTN program.

Of the RAM-rated bonds, it said RM26.95 billion (US\$8 billion) had been issued as at end-September 2007, which accounted for 78% of the entire market's RM34.72 billion (US\$10.3 billion) of issued debt securities.

RAM also said it had rated RM46.32 billion (US\$13.75 billion) of new Sukuk issues in the first nine months of this year, representing 76% of the entire domestic Sukuk market. ☺

In a statement, RAM said the more sizeable debt facilities it rated in the third quarter

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GLOBAL

Bonds' big year

According to recent reports, analysts predict a rush of convertible bonds in 2008, with the recent flurry of mergers and acquisitions (M&A) and a new high for the Hang Seng index leading to an unexpected surge in global convertible bond volume. Analysts at Barclays Capital also predict record issuance for Europe, the Middle East, Africa and non-Japan Asia next year.

According to Barclays, "Secondary markets were very active, driven by local markets in Asia and M&A activity in Europe. The benchmark Middle Eastern Sukuk also enjoyed a strong week. We expect modest Europe, Middle East and African issuance for the remainder of the year, while we project current new issue activity in Asia to persist into the year-end."

However, analysts predicted the long-term outlook for Asian equities will be unstable. "Our analysts believe that increasing regional inflation, appreciating currencies and rising growth volatility will destabilize equity markets. So, as the bubble in the credit markets has been deflating another more traditional bubble in Asian equities has been inflating," they said. ☺

KUWAIT

Boubyan results out

Boubyan Bank posted a third-quarter net profit rise of 143.5% compared to the previous corresponding period. Its net profits grew to KWD4.53 million (US\$15.35 million) from KWD1.86 million (US\$6.68 million) last year. ☺

UAE

RAK plans Sukuk

Ras Al Khaimah-based RAK Properties is planning to sell up to US\$2 billion of Islamic bonds early next year to finance new projects. The entity has yet to appoint banks to arrange the sale. The bond is set to raise between US\$1 billion and US\$2 billion. ☺

GLOBAL

Sukuk versus Eurobonds

According to an International Monetary Fund working paper, Sukuk could significantly reduce the market risk of an investment portfolio. The paper, entitled "Sukuk vs Eurobonds: Is There a Difference in VaR?", also found that London may help the west narrow the gap between Islamic finance and more conventional sources of capital.

"If an investor is ready to allocate certain amount of funds in the bonds of a certain issuer, diversification by including Sukuk in the investment portfolio could significantly reduce the portfolio's VaR (value at risk) compared with the strategy of investing only in the conventional bonds of that issuer," said the authors, Selim Cakir and Faezeh Raei.

VaR is an expression of the portfolio's market risk, representing the maximum amount that may be lost during a holding period.

The study was, however, limited to the global issues of Sukuk and conventional bonds of the governments of Qatar, Bahrain, Malaysia and Pakistan and was aimed at contributing to the debate on the issuance of Sukuk as alternative investment and financing instruments. ☺

CHINA/QATAR

ICB tapping Islamic markets?

The Industrial and Commercial Bank of China, the country's largest bank, plans to open branches in Doha and Dubai. Chairman Jiang Jianqing said there are many opportunities for banks in the Middle East as it is a fast-growing region with high capital.

ICBC raised US\$21.9 billion last year in the world's biggest IPO. ☺

MALTA

Islamic banking reaches shores

The Malta Institute of Management and the Malta Union of Bank Employees are set to organize a seminar on Islamic banking. This event is one of a series and is the result of an agreement signed by the two organizations.

The seminar has been accredited two hours structured CPE and qualifies for the attainment of Professional Competencies: Investment Business in terms of the MIA CPE Regulations. ☺

UAE

Microsoft upgrade for Tamweel

Microsoft and Tamweel are cooperating to conduct a major upgrade on the latter's IT infrastructure and prepare it for the rapid growth and expansion in the national as well as regional markets.

Both companies will work to set world-class infrastructure and solutions for the banking industry through the Microsoft Connected Financial Framework, which will allow Tamweel to streamline operations, improve e-service and apply service-oriented architecture efficiently. ☺

KUWAIT

Swift KFH

Kuwait Finance House (KFH) has started migrating its bank-to-bank payment processes from a point-to-point connection to the SWIFT network, using EastNets' SWIFT integration solution.

The migration will enable the bank to streamline its daily operations, processing interbank domestic and international payments faster, and help customers conduct transactions with greater efficiency. This is set to be achieved in the next six months. ☺

UAE

Stocks start strong

In reports this week, foreign and institutional investors pushed UAE stocks to a record high for 2007 on the 17th October.

"Foreigners have become one of the determining factors in the UAE markets, yet the lower interest rates and record high international oil prices are also having some positive effects," said Mohammad Beheiri, dealings and portfolios manager at Amanah Financial Services.

UAE stocks shot up on the first day of trading after the Eid holidays, gaining more than AED11.33 billion (US\$3.07 billion) in market capitalization. The gains were mostly from Dubai. ☺

PAKISTAN

NAFA funds

National Fullerton Asset Management Ltd (NAFA) is slated to launch two open-end Islamic mutual funds: the NAFA Islamic Income Fund, which will not invest in the stock markets, and the NAFA Islamic Multi Asset Fund, which will be a balanced fund that invests in stocks as well as income-generating investments.

All necessary approvals have been obtained from the Securities & Exchange Commission of Pakistan (SECP), with offering documents available online. The initial public offering (IPO) period of these funds will commence on the 22nd October and end on the 26th October. Units will be issued at par value of PKR10 (US\$0.16) per unit during the IPO period without any sales load. (F)

UAE

More brokerages temporarily banned

The Emirate Securities & Commodities Authority (ESCA) has banned three brokerages from making purchases for 15 days. The move follows the recent suspension implemented by the ESCA that prohibited 11 brokerage firms from purchasing operations for one month for failing to fulfil new paid-up capital levels and bank guarantee requirements. (F)

SAUDI ARABIA

No change in Al Rajhi's 3Q profit

Al Rajhi Bank, Saudi Arabia's biggest bank by market value, announced that its third-quarter profits were almost unchanged from a year earlier.

Net income for the three months ended 30th September advanced to SAR1.69 billion (US\$452.36 million) at less than 1%, according to the Saudi Stock Exchange. The results fell short 0.7% of Global Investment House's estimate for the bank. (F)

PAKISTAN/QATAR

Qatari firms invest heavily in Pakistan

Pak-Qatar General Takaful CEO Waqar-ud-Din has attested to Qatari companies showing over US\$2.5 billion worth of investment interest in Pakistan. The firms are looking to finance, the hotel industry, cement plant and power generation projects. (F)

QATAR

Whopping profits for QIB

Qatar Islamic Bank (QIB)'s net profits for nine months ended 30th September, 2007 have shown escalating growth in net income up to QAR858.3 million (US\$235.84 million); at 17.9%.

Total assets reached QAR19.4 billion (US\$5.33 billion) against QAR12.8 billion (US\$3.51 billion) at the end of 3Q2006, with an increase of QAR6.6 billion (US\$1.81 billion) representing 51.6% growth. QIB attributed the growth to an increase in its financing portfolio from QAR6.5 billion (US\$1.78 billion) at the end of third quarter of 2006 to QAR10.8 billion (US\$2.96 billion) this year. (F)

INDIA/MALAYSIA

New Path in Malaysia

Islamic finance IT solutions provider Path Solutions has opened a new office in Petronas Twin Towers, Malaysia. The office will play an important role in serving the company's rapidly expanding clients' base and in strengthening relationships with key industry players.

The opening of the KL office is in recognition of Path's ongoing efforts to build presence in an area where the importance and long-term growth potential for Islamic banking services is crucial.

Naji Moukadam, president of Path Solutions, said the new office will act as a regional support office. "Path is expanding its operations to assist current and potential clients in the region," he explained. "In fact, Malaysia is centrally located, has well-developed infrastructure and is witnessing a tremendous economic growth." (F)


HONG KONG

Islamic index for China, HK companies

The Arab Chamber of Commerce & Industry (ARABCCI) has revealed exclusively to *Islamic Finance news* its plans to launch an Islamic index for China and Hong Kong companies next week.

The index will comprise 50 companies, mostly from the utilities and transport sector. The index is set to have a dual function for those looking to invest in Shariah compliant companies in China and Hong Kong, and companies aiming to gain exposure to Middle Eastern money.

Companies listed have been screened by ARABCCI's Shariah board. (F)



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MALAYSIA

Sukuk for PLUS?

PLUS Expressways' unit Projek Lebuhraya Utara-Selatan (PLUS) has proposed to issue up to RM3.55 billion (US\$1.05 billion) nominal value of Senior Sukuk mainly to enable the group to have greater access to the Middle Eastern debt and equity markets.

Currently, PLUS has several outstanding private debt securities which include the aggregate nominal value of RM5.1 billion (US\$1.51 billion) Bai Bithaman Ajil Islamic Debt Securities (BaIDS) which was issued on 31st May, 2002. As at 30th June, 2007, the outstanding amount of the BaIDS was RM3.55 billion (US\$1.05 billion). ☺

GLOBAL

S&P on emerging markets

According to a recent report on emerging markets by Standard & Poor's (S&P), rating upgrades of emerging market sovereigns continue to exceed downgrades for the fifth straight year, despite the dislocations in the money markets of industrialized nations.

Sovereign upgrades should continue to exceed downgrades in the near term, as positive outlooks on ratings of emerging market sovereigns outnumber negative outlooks, noted Standard & Poor's credit analyst John B Chambers, chairman of the Sovereign Ratings Committee.

According to the report, the improving trends of emerging markets reflect improved fundamentals, with 23 out of the 38 surveyed seeing growth accelerate or exceed historical averages during this five-year period. Twenty-seven have narrowed their general government fiscal deficits or have posted surpluses. Thirty-two have trimmed their debt burden. Fifteen are running current account surpluses. Twenty-four have bolstered their external liquidity position. Thirty-four have improved their international investment position. ☺

PAKISTAN/UAE

Engro Chemical Sukuk

Engro Chemical in Pakistan has issued a three-tranche Shariah compliant US\$150 million syndicated loan comprising a US\$50 million Sukuk, US\$300 million syndicated loan to banks and US\$65 million loan.

Law firm Lovells, along with Pakistan-based Mandviwalla & Zafar, advised Dubai Islamic Bank, Citi Islamic Investment Bank, Standard Chartered, Habib Bank, SAMBA Financial Group and the National Bank of Pakistan on the syndication.

Engro Chemicals was represented by Khozem Haudermota & Co. ☺

PAKISTAN

Islamic banking boom

According to recent reports, direct investment in Pakistan's Islamic banking industry as at September 2007 is in excess of PKR20 billion (US\$330.57 million). Foreign investors, especially from the Middle East, have shown the most interest, lining up an additional PKR35 billion (US\$571.58 million) in the next six to eight months.

Interested foreign investors include Dubai Bank, Qatar Islamic Bank, Qatar International Islamic Bank, Saudi Economic and Development Company, National Bank of Dubai, Rayyan Bank, Ithmaar and Al Noor.

Several others are in the process of finalizing their investment plans for Pakistan. Investors are especially eager to invest in corporates that are expanding and plan to set up regional operations. ☺

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INDIA

Taurus-Parsoli fund

Taurus Mutual Fund has entered into a tie-up with Mumbai-based Parsoli Corporation to launch Taurus Parsoli Ethical Fund, India's first Shariah compliant close-ended equity Islamic fund. The scheme document has been filed with the Securities and Exchange Board of India for approval.

After a preliminary screening by Parsoli Corporation, each potential investment will be presented to the Shariah Board comprising Islamic funds for screening. The board is set to conduct a Shariah review every quarter and an audit once a year. It is estimated that 360 stocks out of the Bombay Stock Exchange (BSE) 500 group will be compliant under the scheme, and 70 of the BSE 100 group will also be compliant. ☺

MALAYSIA

Amlslamic ICBU gets the nod

CEO of Amlslamic Bank, Ahmad Zaini Othman, is more concerned about the dearth in manpower rather than legislative or regulatory issues. He stated: "As far as competition from foreign banks and local banks [which are providing Islamic banking services] is concerned, that is a non-issue."

Ahmad is, however, confident of Bank Negara Malaysia's efforts to resolve the manpower problem through various educational programs. In terms of overseas expansions, Amlslamic has received licensing to set up an international currency business unit (ICBU).

Ahmad added: "The setting up of this unit is good for us, and we want to be active now that the Australia and New Zealand Banking Group Ltd is in the picture." ☺

MALAYSIA

KIB eyeing Arab clientele

Kenanga Investment Bank (KIB) Malaysia is looking at key markets outside the country in its bid to create a niche in the corporate banking business. CEO Tunku Afwida Malek says Kenanga is pursuing businesses in Saudi Arabia, Dubai and South Korea.

Afwida says KIB's business operations in Saudi Arabia have a huge opportunity to bring more Saudi companies to the stock market as there were about 100 stocks listed on the Saudi Arabian stock exchange. "Sukuk issuance is another lucrative avenue for [KIB] to pursue in Saudi Arabia," she said.

She also predicted: "In terms of corporate finance, we will see a lot more business from Saudi Arabia than Dubai." KIB conducts its Dubai business via the Mena Financial Group, focusing on asset management, corporate finance and real estate deals.

Afwida said that KIB, which has taken up a 20% stake in Mena, is looking at conducting equity broking in Dubai and Sukuk structures for local investors. ☺

PAKISTAN

Islamic capital conference

Pakistan will host the third WorldAsia Islamic Capital conference to be held in Karachi next month. Scheduled for 7th to 8th November, the conference is the country's largest international financial conference involving more than 150 financial institutions worldwide.

The conference will see delegates from Dubai International Financial Center, UAE, Al Jomaih Group of Saudi Arabia, Qatar Islamic Bank, Al Salam Bank Bahrain, Jefferies International Bank, UAE and local financial institutions like State Bank of Pakistan, National Commission for Government Reforms, Karachi Stock Exchange, Meezan Bank Ltd, Emirates Global Islamic Bank, BankIslami Pakistan, Dawood Group, National Bank of Pakistan & Habib Bank Ltd.

Participants are set to study the major strides made in 2006-07 in Islamic finance and banking industry as well as examine new ideas, challenges and opportunities from a practitioners' perspective. ☺

UAE

Dubai gets Fitch boost

Dubai's plans to become the second member of the United Arab Emirates Federation to sell sovereign bonds have received a boost from FitchRatings. Fitch recently assigned AA credit rating to the UAE's inaugural government bonds to Abu Dhabi in recent months.

Analysts predict a Dubai government bond to create a benchmark for UAE companies that intend to borrow from companies abroad. ☺

The image shows a screenshot of the Islamic Finance News website. The header features the logo 'Islamic Finance news' and the tagline 'The World's Global Islamic Finance News Provider'. Below the header is a navigation menu with links for Home, Products, Subscribers, Advertisers, and Contact Us. A large green banner asks 'Seen the new website?'. The main content area is dominated by three large red text boxes: 'CLEANER LOOK', 'MORE USER FRIENDLY', and 'STRONG SEARCH ENGINE'. At the bottom, there is a 'Request for A Free Trial To Read These Articles' button and the website URL 'www.islamicfinancenews.com'.

KUWAIT

KFH banks on expansion

Kuwait Finance House (KFH) showed a 28.8% boost in net profits for the third quarter of 2007, crediting its overseas expansions. Net income also rose by 49% to KWD393.46 million (US\$1.41 billion).

The bank's assets rose by KWD2.54 billion (US\$9.11 billion) to KWD8.24 billion (US\$25.46 billion) from the 30th September, 2006. Its average return on assets stood at 3.2% while return on equity was 27%.

The bank revealed plans to enter China and expand to Europe and more regions in western, central and Southeast Asia. ☺

SAUDI ARABIA

Towering projects in Makkah

Jiwar Real Estate Management, Marketing and Development Company is to begin construction of an AED20.65 billion (US\$5.62 billion) project in Makkah this January involving 21 towers. The construction is set for completion in 2013.

Dubbed the Rawabi Abraj Al Bait, the project comprises residential and commercial development occupying 2.72 million sq m, and housing towers that will have between 25 and 65 stories. ☺

ASIA-PACIFIC

Barclays to expand

Barclays is looking to expand its Asia-Pacific wealth management team by 50% next year as it eyes the fast-growing numbers of the wealthy in China and India. Eighty per cent of the new hires will be for emerging markets.

Barclays currently employs about 100 private bankers in its regional headquarters in Singapore and Hong Kong. ☺

UAE

Islamic finance congress

The International Islamic Finance Congress will be held from the 19th to 22nd November at the InterContinental Hotel in Abu Dhabi.

The event aims to cover the latest developments in Shariah compliance with regard to products and their influence on investments, the future growth of Islamic banking and the impact on the requirements for diversifying economies. ☺

UAE

Emirates NBD trades

Shares of the newly created Emirates NBD Bank, a merger between National Bank of Dubai and Emirates Bank International, have commenced trading on the Dubai Financial Market (DFM). They opened at AED9.30 (US\$2.53), and closed at AED10.65 (US\$2.90) on DFM, valuing the institution at AED46.8 billion (US\$12.74 billion).

Pending the merger, trading in the shares of those two banks was suspended earlier this month. The Dubai government holds a 56% stake in the new lender. ☺

QATAR

QNB's interim results

Qatar National Bank (QNB) achieved net profits of QAR1.85 billion (US\$508.34 million) for the nine months ended 30th September, 2007, up 15% from September 2006. Total operating income increased by 28% to QAR557 million (US\$153.04 million). This was attributed to the increase in net interest income and income from financing activities of QAR221.5 million (US\$60.86 million) at 18% to reach QAR1.45 billion (US\$398.41 million). As a result of the improvement, interim earnings per share increased from QAR9.9 (US\$2.72) in September 2006 to QAR11.4 (US\$3.13) in September 2007.

Al Watani Al Islami also succeeded in achieving excellent results during the first nine months of 2007, with financing activities increasing QAR1.8 billion (US\$494.58 million) to reach QAR3.4 billion (US\$934.21 million). Net profit for Al Watani was also up by 102.1% to reach QAR102.1 million (US\$28.05 million). ☺

UK

Your Window to investment opportunities

The Global Investor Window 2007 conference to be held in London on 13th December is a unique conference at which leading members of the Arab Gulf investment community – along with other international investors – will hear presentations on global investment opportunities from entrepreneurs, corporations, and government officials from around the world.

The conference will also provide first-hand information on important new projects and insights into how the Islamic financial community funds and guides international projects. ☺

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UAE

TAQA notes rated

Moody's Investors Service has assigned a (P)Aa2 rating to the Global Medium-Term Note Program (GMTN) to be issued by Abu Dhabi National Energy Company, also known as TAQA. The outlook is stable.

Instruments to be issued under the terms and conditions of the program constitute senior unsecured unsubordinated obligations of TAQA and therefore, carry the same rating as TAQA's Aa2 long-term issuer rating. The ratings on the program are provisional and subject to receipt of the final offering circular.

TAQA's ratings are at the same level as the Abu Dhabi sovereign rating at Aa2. [↻](#)

MALAYSIA

A M Best affirms Malaysian Re

New Jersey-based A M Best Company, a global full-service credit rating organization dedicated to serving the financial and healthcare service industries, has affirmed the financial strength rating of "A-" and the issuer credit rating of "a-" for Malaysian Reinsurance (Malaysian Re). The outlook for both ratings is stable. [↻](#)

KUWAIT

GIH notes rated

FitchRatings has assigned a long-term BBB rating to Global Investment House (GIH)'s US\$2 billion Euro medium-term note (EMTN) program, and a short-term rating of F3 for its short-term senior debt.

The ratings for the senior notes are on par with GIH's issuer default ratings (IDR) of long-term IDR BBB and short-term IDR F3. GIH's other ratings are Individual "C", Support "5" and Support Rating Floor "No Floor", with a stable outlook. [↻](#)

MALAYSIA

EGB still on MARCWatch Negative

Malaysian Rating Corp Bhd (MARC) said last week it expects to complete Evermaster Group (EG)'s annual rating review in several weeks following EG's weakened financials.

In a statement, MARC said EG's A-ID and MARC-2ID ratings for its RM50 million (US\$14.83 million) Al-Bai Bithaman Ajil Islamic Debt Securities and RM40 million (US\$11.86 million) Murabahah Multi-Option Notes Issuance remain on MARCWatch Negative pending completion of the review. [↻](#)

MALAYSIA

Sweetwater reaffirmed

The rating of A+ID on Sweetwater SPV (SSPV)'s RM195 million (US\$57.85 million) Bai Bithaman Ajil Islamic Debt Securities (BaIDS) has been reaffirmed by Malaysian Rating Corporation (MARC). The rating outlook for the BaIDS is stable.

However, the rating remains sensitive to the outcome of the water sector reform, and is underpinned by the dividend paying capacity of Syarikat Pengeluar Air Selangor Holdings (SPLASH Holdings), a company in which SSPV has a 30% stake. [↻](#)

MALAYSIA

VCSB rates well

MARC has affirmed the rating of AAAID(bg)/A+ID on Viable Chip (VC)'s RM50 million (US\$14.83 million) nominal value Bank Guaranteed Bai Bithaman Ajil Islamic Debt Securities (BaIDS A) and RM150 million (US\$44.5 million) nominal value of Bai Bithaman Ajil Islamic Debt Securities (BaIDS B).

According to MARC, the stable rating outlook for the BaIDS A mirrors VC's guarantor, Public Bank. [↻](#)

THIS TIME LAST YEAR

- **Faisal Private Bank** of Switzerland was awarded a full banking license by the Swiss Federal Banking Commission.
- The **Central Bank of Indonesia** set up regulations to boost Islamic banking.
- **Aldar Properties** proposed to borrow up to US\$4 billion to fund UAE and overseas projects.
- **Emaar Properties** announced plans to raise US\$1 billion via a Musharakah syndication.
- **Global Investment House** launched a GCC Islamic Index.
- **Calyx Financial** formed a Shariah supervisory board for its Calyx Islamic Strategist program.
- **Global Investment House** launched a GCC Islamic Index.
- **Al Rayan Bank** opened its office in Al Sadd, Doha.
- **Tadhamon Internatoinal Islamic Bank** saw US\$36.7 million in first-half profits.
- The **Islamic Development Bank** approved a US\$347,000 capital increase for the **International Islamic Rating Agency**.
- **Khazanah Nasional's** US\$750 million exchangeable Sukuk was listed on the **Labuan Financial Exchange**.
- **Tamweel** opened its first branch in Abu Dhabi.

UK

Sukuk back on track

A week after news reports that a spanner had been thrown into its plan to issue Sukuk, the British government provided reassurance that progress has been made in this respect.

Despite talk of the lackluster legal system to support Shariah compliant instruments and the departure of Ed Balls, who was the driving force behind the project, Chancellor of the Exchequer Alistair Darling in his Pre-Budget Report (PBR) on Wednesday made further announcements that issuance of the Sukuk can be expected later this year and in spring 2008.

Those who are keen to see the UK be the first western sovereign to issue Sukuk let out a sigh of relief following Darling's assurance.

Mohammed Amin of PricewaterhouseCoopers LLP, a member of HM Treasury's Islamic Finance Experts Group, described the announcement regarding the continuing study on whether the UK should issue Sukuk as "very encouraging". "It is important for the UK and the Islamic finance industry that any issue by the UK government is a success. In my view, a key criterion is that the issuance should not impose additional costs upon the UK taxpayer compared with issuing a conventional gilt.

"Accordingly, I welcome the care with which the Debt Management Office arm of the government is carrying out the study, and will continue to contribute my thinking to the study," he told Islamic Finance news.

The PBR also confirmed that the feasibility study has identified several important structural issues that need to be resolved prior to any Sukuk issuance. These include the need for primary legislation to facilitate Sukuk issuance, the identification of assets to be transferred to a special purpose vehicle, or SPV (assuming an Ijarah [leasing structure] to facilitate issuance), the tax treatment of assets upon transfer to and from an SPV, and any other taxation or regulatory issues.

Darling also confirmed that National Savings & Investments, the government savings scheme, will be reporting in spring on the possibility of the government becoming an issuer of retail Islamic financial products including Sukuk.

The PBR also reported progress on the potential issuance of a sovereign Sukuk in the wholesale market. The UK government has identified potential benefits of Sukuk issuance flowing to the City of London and to the wider community. It has also identified potential costs, including the costs of structuring and launching Sukuk issuance, and other costs that are dependent on the size and nature of the issuance. The government is urgently examining the risks associated with Sukuk issuance, particularly those relating to price and demand. ☺

By Arfa'eza A Aziz

HONG KONG

Emergence of new Sheikhs

Watch out, UK. Hong Kong is fast catching up to the Islamic finance pack like a sugar-high kid. Attesting to the country's commitment to Shariah, the Arab Chamber of Commerce & Industry (ARABCCI) has just announced the formation of a Shariah Advisory Council, the nation's first Islamic police.

The council aims to aid corporates, institutions and the government in building its Islamic infrastructure to attract Middle Eastern money. Lord Edwin E Hitti, president of ARABCCI, revealed details on the board, its role and future plans in an exclusive interview with Islamic finance news.

First, the details. ARABCCI is headed by Mufti Muhammad Arshad, chief imam of Hong Kong; and consists of Hitti as economics and policy adviser; Dr A S Johan, vice-president and consultant in forensic accounting; Abdul Kareem Cheung, solicitor and corporate finance adviser; and Zubair M Latif, market editor of *The Standard* newspaper in Hong Kong. According to Hitti, ARABCCI selected a good cross-section of different disciplines. "They are not too religiously or professionally inclined, and will fulfil religious, academic and corporate needs. It's a perfect balance and everybody is Muslim."

He added: "The council has a good understanding of Hong Kong's circumstances, especially being the first [Shariah council] in a non-Muslim country where there is not much familiarity with Islam." The chief imam will be the council's ultimate reference despite its diversity.

When asked whether the council's presence will boost Islamic finance, Hitti was candid: "Hong Kong has always compared itself to Singapore. However, we lag behind due to Singapore's proximity to other Islamic countries. Hong Kong now plans to tap the huge Chinese Muslim population, and this will certainly boost its stand."

Hitti knows his organization well, and is clear about its goals. "We don't hold cocktails like other organizations, not just because of Islamic restrictions, but we are looking towards building infrastructure." ARABCCI's main objectives are to establish Shariah compliant infrastructure, to hold Islamic finance workshops and to launch an Islamic index.

Commenting on the prospects of a Sukuk in Hong Kong, and its chances against beating the UK to it, Hitti is confident that the country is ready to issue by the second quarter of 2008. "The only thing slowing this down is that most companies are cash rich, so they don't see the rush to issue Sukuk."

As if to prevent any further assumptions, Hitti affirmed: "We are recognized by the Hong Kong government, but in no way part of it. We are an independent non-profit organization. Plans to form this council started a year ago, way before any announcements. It is the right time."

He concluded: "We will have a balanced approach to answer the concerns and requirements of the people of Hong Kong. To a lot of people in China and Hong Kong, Islamic finance sounds exotic, but in fact it is not. It is the same as conventional financing, just with Shariah restrictions, and safer." ☺

By Nazneen Halim

QFC: Middle East's New Trend Setter

By Arfa'eza A Aziz



As one of the world's fastest-growing economies, it is no wonder that Qatar has attracted the attention of foreign investors. To support economic growth, the government established the Qatar Financial Center (QFC) in 2005. It is led by a commercial authority and a regulator — the QFC Authority and the QFC Regulatory Authority, respectively.

Islamic finance and banking is a regulated activity within the QFC. It has since developed a rulebook governing the activities of licensed companies that provide Islamic

financial services. These rules allow for either wholly Islamic finance and Islamic banking institutions or Islamic windows for conventional financial institutions. Its Regulatory Authority is a member of the Accounting and Auditing Organization for Islamic Financial Institutions and the Islamic Financial Services Board.

In an exclusive interview, QFC Authority (QFCA) CEO Stuart Pearce (pic) told Islamic Finance news why multinational and established corporations, including those practicing Islamic finance or that offer Shariah compliant products, are keen to set up their businesses in Qatar.

Although there is no specific blueprint to turn Qatar into a global Islamic finance hub, as what Dubai in neighboring UAE aspires to be, Pearce — who was at HSBC for 31 years before he retired and joined QFC — was confident that its broad planning strategy will eventually attract industry bigwigs.

Despite QFC being a year younger than the Dubai International Financial Center (DIFC), Pearce seemed unfazed by competition from the latter. "The only difficulty we have currently is coping with the number of businesses that are coming in," said Pearce, when asked about the current challenges QFC is facing.

Below are excerpts from the interview.

Could you give a summary of what QFCA is?

QFCA is different from DIFC since we are not a free zone. Neither are we an offshore center. The laws and regulations that govern it allow licensed firms to conduct their business freely in the state of Qatar and use the QFC as a regional base as well.

Unlike in Dubai, firms can conduct business in riyal, make deposits and take loans and do retail business. Insurance is permitted. So, it's a different platform from QFC. And as a result of the flexibility, firms are keen to do business in Qatar and use QFC as the regional platform.

Basically, QFCA is responsible for the commercial strategy of QFC?

Yes, QFC consists of four organizations: One is the Regulatory Authority, which is organized in much the same way as the Financial Services Authority [FSA] in London. It uses English law as the basis for its governance. It is responsible for the licensing, supervising or regulating the businesses that operate under the QFCA license. It covers banking, insurance, asset management and, of course, Islamic finance.

We have our own court system — a commercial court led by Lord Harry Woolf, who was Chief Justice of England and Wales. He has five or six judges who work for him and they can hear cases there that are brought before the court. We also have a regulatory tribunal chaired by William Blair, who sits in a similar tribunal in the FSA in London.

I work with QFCA, which has a number of different functions that include creating the commercial legal system that QFC operates under. It determines the commercial strategy of QFC. It provides support to firms that open in Qatar — we do the work visas, we provide the office and accommodations... things like that. We also do all the business development for the QFC. We issue licenses for non-regulated business.

All these responsibilities include the Islamic finance industry as well?

Absolutely! We already have two Islamic finance firms: QInvest [also known as International Investment Bank of Qatar], which is a Qatar-based Islamic investment bank; and Masraf Al Rayan, which has two licenses — one from the Central Bank of Qatar for its retail business and [another] under QFC for its investment banking business.

Unlike Dubai-licensed firms, these do not have to be in a particular location. They are free to locate anywhere in Doha, subject to certain requirements for the nature of the property they wish to occupy.

To date, how many licenses have been issued by QFCA?

There are two types of licenses, regulated and non-regulated. We have issued a total of 64 licenses. They include [prestigious] firms like AXA Insurance, Goldman Sachs, Morgan Stanley and several banks such as Barclays, Royal Bank of Scotland and Deutsche Bank.

We expect to 80 to 85 licenses by the end of the year, and the proportion between regulated and non-regulated is 60% regulated and 40% non-regulated. And we have a higher percentage in regulated business than other financial centers in the region.

So, to date, you only have two firms specializing in Islamic finance?

Yes, but we are talking to other companies, including Takaful and re-Takaful [firms] that have expressed interest to set up operations in Qatar.

Can you elaborate?

We have approached firms including those from China, Japan, South Korea and Malaysia. Those we spoke to are looking to set up specialized Shariah compliant products or they already have Shariah compliant features in their platform. If you look at the major firms here in Qatar, many have Shariah compliant capabilities.

Is there a specific blueprint to attract more companies specializing in Islamic finance to set up in Qatar?

Not specifically. We are looking at the whole range of the finance and banking industry, including asset management and insurance. Most of the firms, insurers included, already have, or wish to have, Shariah products. So, we are not targeting a specific sector. But what is clear is that firms that are already here are interested in offering some sort of Shariah compliant product and service.

continued...

QFC: Middle East's New Trend Setter (continued...)

Of course, this does not mean that it has no ambitions to be a global hub for Islamic finance, as what Dubai is aspiring to?

That does not mean that at all. It means that what we are doing is to bring in a more comprehensive range of services from commercial banking and investment banking to insurance and reinsurance, and all of them have an Islamic finance platform. We are looking for a broad range including Islamic finance.

How does QFCA see the potential for Islamic finance in Qatar?

It is obviously an interesting development. We recently sponsored a survey by the Economist Intelligence Unit on asset management and its development in the region. About 180 firms that responded and Islamic finance was featured very heavily in their answers. So, it is an area that is growing.

As I said earlier, the scenario is that most firms that set up here are keen to expand their capabilities in Islamic finance not only in the retail market but also in the wholesale market including project financing.

What are the difficulties QFCA foresees it will face in expanding the Islamic finance sector in Qatar?

Well, we are not having any difficulties at all because the number of firms that are interested to locate in Qatar is growing. Firms have direct access to the local market, which is an interesting platform for them to develop their business.

So, Qatar has a strong economy, and a sustainable one at that as it has 200 years worth of oil reserve of gas. In three years, it will be the world's largest LNG [liquefied natural gas] provider, producing 77,000 tonnes of LNG per year. So, because the market is growing, and because GDP is US\$55 billion and is on track to reach US\$100 billion in three years, it is an interesting market for many different financial firms.

Recently, the government announced a single regulatory regime for all the finance firms in Qatar based on the QFCA regulatory structure. And that is a unique development in the GCC state. Within two years, all financial services in Qatar will come under a single regulatory platform, which means that the Doha Stock Exchange will be regulated under the same structure and the central bank will divest itself of regulatory supervision. That function will be transferred to the new regime. So, in Qatar, you have a regulatory regime similar to that in the UK.

It seems that QFCA rates transparency very highly.

Yes, we do and we found that firms like that. We know from our discussions with them that they are aware of and understand our laws and regulations clearly and [these are], as you said, very transparent. They understand what they can do.

In other jurisdiction structures because of Dubai's free zone structure, it's unclear what firms can or can't do outside the free zone. The firms obviously now realize that if they come here and do business, they not only do business in the local economy but it is treated as a regional platform.

Some quarters have commented that with the practice on transparency, Qatar has an edge over Dubai's free zone. What do you say to that?

Yes, I think that is a very appropriate comment. The standards that have been set by the regulatory authority in terms of meeting the

required regulatory hurdles are very high but we are looking for quality firms. We have a different approach as we are focused in terms of the sort of firms we want here and the product offerings they should be bringing. So, firms like our approach because they too like to work in a high standard environment.

There is a perception that Dubai is the leader of the GCC in terms of attracting foreign investment. From what you've said, Qatar plans to overtake Dubai for the top spot soon?

I think you used the right word. It's a perception. But we are not looking to replace Dubai. Qatar offers a different platform. Firms have a greater choice on where to locate. And because we are not a free zone and the economy is growing at the current rate, people see the QFC platform as very, very attractive. They don't have to be in a particular location as one would have to be in the free zone. Its law and regulations are transparent and flexible, allowing entry to do business. That is not how you operate in the free zone.

What is Qatar's best feature for attracting firms to set up there?

They like the economy as it is growing sustainably and therefore, the creation of wealth is very attractive. As I said, our GDP is US\$55 billion and [is projected to] reach US\$100 billion in three years.

If you have a GDP of US\$100 billion, that's close to the entire GDP of the UAE. So, the economy is strong and the laws and regulations for the QFC are transparent. People also like the fact that here, their firms can be treated as a regional platform. ☺

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Optimal Shariah Governance in Islamic Finance

By Mohamed Ismail Shariff

Shariah requires certainty in the terms of contracts. In fact, uncertainty is a reason for the invalidity of contracts. Sadly, up to the present time, there are no authoritative and globally accepted ready-reference Shariah texts applicable at domestic or global levels on *fiqh muamalat*. Financial institutions and counterparties who enter into Shariah-based or Shariah compliant contracts often face problems deciding on the Shariah applicable to their contracts.

Uncertainty in Legal Relations

The lack of such ready reference sources can not only create uncertainty in legal relations between parties but also act as a disincentive to enter into such contracts. It could also frustrate the growth of Islamic banking and the development of Islamic finance domestically and globally. Hence, the urgent need for domestic and global bodies for Shariah governance is apparent.

With careful consideration and planning, Shariah governance can be achieved. Take Malaysia as an example. In the early years of Islamic banking, each Islamic bank was required to have a Shariah advisory council. In addition, there were Shariah advisory councils at Bank Negara Malaysia (BNM), the Securities Commission (SC), Bursa Malaysia and Takaful operators.

However, the proliferation of Shariah councils had, among others, given rise to conflicting views or rulings on the same issues, duplication of work and over-stretching of scarce resources. Imperceptibly, it also created situations of one-upmanship.

To address the above situations, the Malaysian Parliament in 2003 amended the Central Bank of Malaysia Act to establish the (national) Shariah Advisory Council (SAC). According to the Act, the SAC "shall be the authority for the ascertainment of Islamic law for the purposes of Islamic banking business, Takaful business, Islamic financial business, Islamic development financial business, or any other business which is based on Shariah principles and is supervised and regulated by the Bank [Negara Malaysia]".

The various SACs set up in the banks were turned into Shariah advisory committees. By this single act, a degree of certainty in the Shariah relating to Islamic banking and financial transactions was created. However, total integration has yet to be achieved as there are still SACs functioning in the SC, among the Takaful operators and Bursa Malaysia, when ideally, all these bodies should be brought under one umbrella.

This brings us to the issue of the different modalities in Shariah governance. "Modality" means a prescribed method of procedure. Therefore, it is not an issue if it relates only to procedural matters in Shariah governance.

The real problem would arise when modalities encompass the form and content of Shariah rulings. There could be no single modality that would be suitable for all situations. The ultimate criterion should be that the modality adopted should adequately serve the purpose.

One modality could be in the form of referral of current issues by relevant bodies for Shariah rulings. The referring body should ensure that the referral is complete with the full factual background of the matter set out concisely and the issues to be answered framed appropriately. There may be other modalities such as allowing interested parties or their representatives to appear before the SAC to assist it in reaching a decision or making a ruling.

SAC at domestic level

At the domestic level, the central bank's SAC may be considered a model, but with some modifications. With the overall function as set out above, the SAC should consist of such members who are appointed by the Minister of Finance, on the recommendation of BNM. The members may be appointed from among persons with knowledge or experience, or both, in the Shariah, banking, finance, law or any other related discipline.

In the Malaysian model, the central bank is required to consult the SAC on Shariah matters relating to the Islamic banking business, Takaful business, Islamic financial business, Islamic development financial business or any other business based on Shariah principles and is supervised and regulated by BNM. BNM may issue written directives in relation to those businesses in accordance with the advice of the SAC. Where in any proceedings relating to Islamic banking business, Takaful business, Islamic financial business, Islamic development financial business, or any other business based on Shariah principles and is supervised and regulated by the bank before any court or arbitrator, any question arises concerning a Shariah matter, the court or the arbitrator, as the case may be, may:

- take into consideration any written directives that have been issued by the bank; or
- refer such question to the SAC for its ruling.

Any ruling made by the SAC pursuant to a reference made to it shall, for the purposes of the proceedings before it, be taken into consideration by the court in arriving at its decision. And if the reference was made by an arbitrator, the SAC's ruling shall be binding on the arbitrator.

The rationale for this distinction in the binding effect of the rulings between an arbitral tribunal and the court is difficult to see. Given the present state of knowledge of the Shariah and *fiqh muamalat* among judges and arbitrators, the rulings should be binding on both. Recent cases in the courts have shown that judges who are not trained in the Shariah would benefit from, and should be held to be bound to apply, the rulings of the SAC. This would create certainty in the law.

Need for an ISAC

Recent developments have shown that establishing a Shariah governance framework may be relatively easy. We see many countries setting up national Shariah governance bodies. The latest country to form a Shariah advisory body is Hong Kong. However, at the international level, the matter could become more protracted and even contentious.

continued...

Optimal Shariah Governance in Islamic Finance (continued...)

Currently, there is no SAC at the international level but there is a dire need for such a body. The requirement for certainty in the applicable Shariah is more pressing at this level as the transactions are cross-border. Different laws, including Shariah and *fiqh muamalat*, will be applicable in different countries. Issues will arise as to which law shall apply and hence, the possibilities of conflict of laws situations arising are real.

Such issues must be addressed at the global level, otherwise cross-border transactions could get mired in legal conflicts which would ultimately put a damper on transactions based on the Shariah.

An international SAC (ISAC) may be modeled on the domestic councils that exist in many countries, but of course, the logistics will be more elaborate and complex. But the real issue is not the establishment of the body itself but reaching agreement on its charter, i.e. its composition, role and the legal status to be accorded to its rulings.

The features of the ISAC should include:

- recognition by all acceding countries;
- a clause that its rulings be made binding on all acceding countries and all international tribunals, courts and arbitral bodies hearing cases involving the Shariah; and
- applicability to any body or institution whatsoever to refer Shariah issues to it and obtain rulings; where such requests come from non-acceding countries regulated fees or charges may be imposed.

Conclusion

I cannot emphasize enough the need for an ISAC. The task of establishing an ISAC would not be easy; some might think that the hurdles are too formidable. But those are no reasons to delay the process. Bodies like the Islamic Financial Services Board and Accounting and Auditing Organization for Islamic Financial Institutions are forerunners that show it can be done.

The development and growth of Islamic banking and finance must be supported by a sound and reliable body for resolving legal issues that arise, whether at the time that contracts are entered into or later when disputes arise.

More importantly, the establishment of an ISAC would give Muslims the opportunity to demonstrate to the world:

- the universal nature of the Shariah – that it is adaptable and can respond to the demands of global business transactions and that it is relevant to modern times;
- that the global Muslim community can reach consensus where it is required; and
- that Islamic banking and finance is the system of, and for, the future.

(This article is an updated version of a presentation by the writer at the GIFF Conference held in Kuala Lumpur last December.) ☺

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Islamic Banking in Turkey, Indonesia and Pakistan: A Comparison with Malaysia

By Paul Wouters

Worldwide, the Islamic finance industry is developing rapidly. While it makes sense for Islamic financial institutions to foster growth and to regularly compare themselves against the financial market as a whole, sometimes it is worthwhile to keep an eye on developments in different countries.

It is easy to talk about “market shares” and “deposits”, but what do these terms really mean? And what can be expected in the near future? For a better idea, we will examine the Islamic banking system in some countries: Turkey, Indonesia and Pakistan.

Turkey and Indonesia are secular republics where Muslims form the majority of the population, but Islamic finance developed differently in the two nations. With a population that is roughly slightly over half that of both countries combined; the Islamic Republic of Pakistan is used as an outside comparator. To put all that into better perspective, the writer has included some data from Malaysia as a benchmark.

Turkey

Beginning 1985, when Albaraka Türk commenced operations, Turkish participation banks (known then as special finance houses) were aimed at the domestic market as a whole. Therefore, they did not really target the small niche of the “convinced” Muslim population in particular. This, of course, influenced marketing and product development.

Partly as a consequence of this strategy (and compared to Indonesia), Turkish participation banks were able to flourish, and now, they hold roughly 3.5% of total assets in the country’s banking industry. It has outperformed its conventional counterpart for eight consecutive years now.

The collapse of Ihlas Finans House in 2001, allegedly due to fraudulent insolvency, meant the loss of 40% of the deposits held by the sector at that time. This sent depositors at other special finance houses into a panic. Many withdrew their money, resulting in another loss of 35% in deposits.

Because of their ties to the “real economy”, the special finance houses were unscathed by the big financial crisis that hit Turkey in 2001 and quickly recovered. Following the Ihlas collapse, the Turkish government decreed that all banks were to participate in the country’s deposit guarantee fund to prevent shock withdrawals. Participation banks were allowed to set up a parallel Islamic deposit insurance scheme, identical to the conventional system, save for one aspect – the Islamic scheme was to invest in compliance with Shariah principles.

Other differences to note: There is no specific government aid to the sector nor is there Islamic bond, although the issuance of a government Sukuk could be in the making, so it has been rumored for some time now. Talks on the projected rent (Ijarah) certificate are progressing slowly, due to inactive local financial markets, cheap conventional international funding and political factors.

Neither is there access to money markets, so one can hardly talk about a level playing field, as compared to conventional banking.

As there are no Islamic windows, foreign players can only enter the market via shareholdings in existing participation banks. Alternatively, and given the present legal framework, they would have to start their own participation bank. A well thought-out strategy of decentralization – for instance, using techno/tax incentives and privatizations – created substantial growth opportunities for several cities throughout the country.

Indonesia

In the world’s most populous Muslim nation, with its first established Bank Muamalat (1994), the situation differs profoundly. From the start, products and marketing were targeted at that very same group of “convinced” Muslims (with a market share of roughly 1.5%).

While the current impressive government initiatives aim to widen that base (a potential “floating market” of approximately 75% of the population would be within reach), Bank Muamalat continues to adhere to its strict policies and target market. This means the other Islamic finance market players could see greater potential for growth.

The need to mobilize internal capital and attract foreign investments require special measures, and so Bank Indonesia announced in July that, subject to full implementation of the “blue print for development of the Indonesian Shariah banking system”, total assets of the Islamic banks (and Islamic business units) are expected to triple by the end of 2008 (growth of approximately US\$6 billion) to reach an overall volume of 5% on the total Indonesian banking assets. When deposits/loans follow same development, it will be clear that opportunities are at hand (growth potential of approximately US\$5 billion).

Foreign banks have yet to make their presence felt in the Indonesian Islamic finance market. HSBC was the first big international institution to establish a Shariah head office in Jakarta. The projected growth potential is enormous: HSBC calculated that roughly half of their clients would be willing to use the products if priced competitively. Recently, Al Baraka announced the intention of expanding its business there.

The first government Sukuk (plans to raise US\$500 million up to US\$1 billion have been announced for a while now) is in the pipeline. Actual issuance could, however, be postponed till the fourth quarter of 2007 or even 1Q2008, pending parliamentary approval. Indonesia already recognizes corporate Ijarah and Mudarabah Shariah Bonds.

Conventional banks that want a piece of the “Islamic pie” need to dedicate 5% of their assets to the venture. This commitment, together with other incentives, will be instrumental to the rapid growth anticipated over the next two years.

Pakistan

Since the late 1970s, Pakistan has had a protracted history of Islamic banking. Beginning 1st July, 1985, all commercial banking in Pakistani rupees became interest-free. The sudden conversion and a lack of preparedness posed difficulties for the implementation of this practice, however. As from 2001, an evolutionary process was in

continued...

Islamic Banking in Turkey, Indonesia and Pakistan: A Comparison with Malaysia (*continued...*)

place in order to nurture acceptability and development in a more structured approach. The first “Islamic bank license” went to Meezan Bank (founded in 1997) in 2002.

More noteworthy is the present Islamic banking policy (December 2001), under which Islamic banking is promoted parallel to conventional banking. Implementation of standards set by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) and Islamic Financial Services Board is under way. Besides a draft for the new Government Securities Bill, Draft Risk Management and Draft Shariah Compliance guidelines have been published.

A growth of 40% per annum is expected and a 15% market share is targeted. Conventional banks are allowed to operate Islamic bank subsidiaries or even “standalone Islamic banking branches” alongside full-fledged Islamic banks. A vast concentration of Islamic banking in the cities (for example, Karachi and Lahore) is evident. There are government and corporate Sukuk on the market.

This year, Dutch bank ABN Amro opened an Islamic branch in the country. Emirates Global Islamic Bank started a dedicated Islamic commercial bank while Qatar Islamic Bank has confirmed plans to set up a Shariah compliant banking unit soon. Citibank was another big foreign entry.

Malaysia

Starting off with Bank Islam Malaysia in 1983, Malaysia now has separate Islamic legislation and banking regulations that co-exist with those for the conventional banking system. In order to create an efficient, progressive and comprehensive Islamic financial system, Bank Negara Malaysia recognized the need to attract a large number of global players, develop a variety of instruments and, install comprehensive financial infrastructure.

Malaysian banks currently offer more than 100 of Islamic financial products and services that use various Islamic concepts – such as Mudarabah, Musharakah, Murabahah, Bai’ Bithaman Ajil (Bai’ Muajjal), Ijarah, Qard, Istisnah and Ijarah Thumma Bai’ – alongside the Islamic Interbank Money Market.

Probably subject to pressure from the Dubai International Financial Center, Malaysia recently opened up regulations to allow Sukuk issuance in foreign currencies and is competing with Singapore to be the prime Islamic finance hub in the Asian region. Hong Kong has decided to join the race as well.

Observations

First of all, it has to be noted that real entrance of foreign investments in Turkey, Indonesia and Pakistan still bounces on inadequate tax regimes. Though it is difficult to distract far-reaching conclusions from the accompanying table, at first glance, it is clear that Malaysia and Turkey share the following characteristics: relatively big concentration of the population in more prominent cities, lower portion of the population working in agriculture and a lower weight of that sector in the overall economy. The GDP per capita (calculated by the relative purchase power parity) in Malaysia and Turkey also is two to four times higher than in Indonesia and Pakistan.

Also in Indonesia and Pakistan, Islamic finance apparently flourishes first in the big cities and then branches out to smaller concentrations

of the population while the rural areas (probably due to a lack of cash) appear to be dependent on micro finance.

In both countries, the agriculture sector appears to attract socially important (statistically less so for the total economy) “rural Islamic banks” targeting micro finance. There is no such sector in Turkey (neither conventional nor Islamic). Only recently, initiatives from the United Nations Development Program have been undertaken to introduce micro finance on a sustainable basis there.

Neither the percentage of the Muslim population (in Indonesia, Turkey or Pakistan) nor the respective governments’ zeal to promote Islamic banking (in Indonesia and Pakistan) appears to be a determinant for success so far. A marketing strategy of the Islamic banks based on religious notions proved to be successful for the loyal but small niche of “convinced” Muslims, but did not appeal to the “public at large”.

Admittedly, Turkish participation banks are at a serious disadvantage because of the abovementioned differences from the conventional system (lack of Sukuk and money markets, limited products, no government incentives and no Islamic windows). Nevertheless, they prospered thanks to the neutral banking approach focusing on financial advantages, with slight emphasis on ethical merits.

Looking at the mix of relevant measures applicable to the different countries, perhaps the following can serve as guidelines in contributing to the success of Islamic banking:

- dedicate sufficient means to Islamic rural banking/micro finance for agricultural areas
- create a level playing field in order for Islamic banks to compete with conventional banks (for instance, access to Sukuk and the money markets), without any specific need to issue prime conditions (that also distort the market)
- open up markets for international institutions (this attracts financial power and innovation)
- ensure possibilities for all financial institutions to create Islamic windows and/or branches (better product awareness and overall acceptance of Islamic banking would benefit the dedicated Islamic banks)
- ensure conventional banks that want access to the market commit sufficient means from the start (the need to dedicate assets enhances market growth)
- promote diversification of products (diversity is one of the handicaps of Islamic finance vis-à-vis the mature conventional counterpart)
- try to spread wealth from existing bigger cities to smaller ones but do not focus on existing metropolises
- try to create sufficient liquid financial markets and stock exchanges, if necessary through strategic alliances
- give sufficient attention to international accounting standards, corporate governance, transparency and accountability
- build strong prudential controls
- give bank status and deposit protection
- without losing sight of the underlying Islamic principals focus on market competition, quality of products and pricing thereof. (2)

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Islamic Banking in Turkey, Indonesia and Pakistan: A Comparison with Malaysia (continued...)

Snapshot of Market Penetration

The table shows that Turkey has about the same market penetration as Pakistan but has approximately six times as much assets tied in the Islamic finance industry as compared to Pakistan. It also has twice as much points of sale (POS). When you notice that the Pakistani population is about twice as big, the gap becomes even wider.

On the other hand, Turkey's overall GDP is more than three times as big as Pakistan's and the same applies to the purchase power parity (PPP) per head. Also note the dominance of agriculture (both turnover and labor force) in Pakistan, and the lack of bigger cities.

With a market penetration half that of Turkey's in terms of US dollars, the Indonesian Islamic finance market is still close to 3.5 times as small as Turkey with only half the POS. The population of Indonesia being three times as big, the scale appears to be even more distorted.

In spite of the bigger population, Turkey's overall GDP is still 10% higher than Indonesia's and the PPP per head has a multiplication factor of more than two. Indonesia also lacks big cities (38 on 231 million people, compared to 24 on 74 million people for Turkey) and there is greater reliance on agriculture.

Malaysia has by far the best POS coverage of all. The GDP in PPP per capita even exceeds Turkey's with 20%. The comparative GDP divided by population is 10% higher than Turkey. Malaysia has moved away from agriculture and has twice as many major cities as compared to the Turkish population.

	MALAYSIA Islamic banks and Islamic banking scheme participants		TURKEY Participation banks		INDONESIA Islamic banks and business units		PAKISTAN Islamic banks — Subsidiaries — Standalone branches	
	RM mil	US\$ mil	TRY mil	US\$ mil	IDR mil	US\$ mil	PKR mil	US\$ mil
Assets	117,448	34,543	16,773	12,902	29,899,604	3,267	135,641	2,231
Deposits	86,216	25,357	12,927	9,944	23,231,781	2,538	93,068	1,531
Loans	69,820	20,535	13,809	10,622	23,687,378	2,388	70,761	1,164
Islamic banks	11		4		3		6	
First licensed Islamic bank	Bank Islam Malaysia (1983)		Albaraka Türk (1985)		Muamalat Indonesia (1994)		Meezan Bank (1997-2002)	
Branches	+ 2,000 Islamic banks and Islamic banking scheme participants		378 Only participation banks		188 Islamic banks and Islamic business units		173 Islamic banks and Islamic branches of conventional banks	
Potential market*	26.6 million Muslim 60%		74.3 million Muslim 97%		231.8 million Muslim 85%		161.1 million Muslim 96%	
Cities with population of more than 100,000**	40		67		82		50	
Cities with population of more than 250,000**	16		24		38		20	
Surface	329,847km ²		783,562km ²		1,919,440km ²		880,940km ²	
Market share assets (%)	13		3.25		1.7		3.2	
GDP overall* (US\$ — nominal bil)	156.087		403.5		364.5		126.8	
GDP per capita* (PPP — US\$)	11,374		9,085.6		4,021		2,2575	
Economic sectors (%)***	Agriculture: 8.3 Industry: 48.1 Services: 43.6		Agriculture: 11.2 Industry: 29.4 Services: 59.4		Agriculture: 13.1 Industry: 46 Services: 41		Agriculture: 22 Industry: 26 Services: 52	
Labor force — sectors (%)***	Agriculture: 13 Industry: 36 Services: 51		Agriculture: 35.9 Industry: 22.8 Services: 41.2		Agriculture: 43.3 Industry: 18 Services: 38.7		Agriculture: 42 Industry: 20 Services: 38	
Literacy (%)***	88.7		87.4		90.4		49.9 %	
S&P/Moody's/Fitch country rating	A- stable/A3 positive/A-stable		BB- stable/Ba3 stable/BB-stable		BB- stable/B1 positive/BB-positive		B+ stable/B1 stable/-	
*Economist.com (2006) **Estimates *** Indexmundi.com	Data BNM — June 2006 US\$1 = RM3.40		Data TKBB — 2Q2007 US\$1 = 1.3 TRY		Data BI — July 2007 US\$1 = IDR 9,150		Data SBP — March 2007 US\$1 = PKR 60.80	

Paul Wouters
Bener, Istanbul Turkey

www.islamicfinancenews.com

Islamic Finance news talks to leading players in the industry



Name: Mark Webster
Position: MD, Islamic Structuring Group
Company: JPMorgan
Based: London
Age: 45
Nationality: British

What are the strengths of your business?

As with any business in this bank, our greatest asset is the JPMorgan brand. It gets us a seat at almost any table, so our challenge is to translate our huge conventional banking capabilities into attractive and competitive Islamic offerings.

What are the factors contributing to the success of your company?

As a structurer, it is great to be part of an organization that has such deep and diverse product capabilities. There is almost nothing we cannot do if we put our minds to it, but without the strong partnership culture of the firm, we would never have been able to move forward so quickly.

Could you provide a brief journey of how you arrived where you are today?

I have been working for JPMorgan for 20 years, most recently as the head of the emerging markets structuring team. Early last year, I was asked to develop JPMorgan's presence in Islamic finance globally across all the bank's business lines. Things have really taken off this year, so I have given up all my other responsibilities to concentrate on the growth of this business.

What are the obstacles faced in running your business today?

It's not enough just to have fantastic products. We have to make sure that appropriate controls are in place so that our clients get high-quality and consistent service. My team has to set the standards for our Islamic business and make sure that we maintain them.

What does your role involve?

Together with Safdar Alam, who joined us from Calyon earlier this year, I have developed a range of Shariah compliant products. We have discovered huge demand within the bank for our Islamic structuring capabilities, and much of our time has been spent responding to requests from all corners of the organization, not just from the traditional centers of Islamic finance.

Where do you see the Islamic finance industry, maybe in the next five years?

It is clear that the Islamic capital markets are going from strength to strength, and I can only see that continuing. As the volume of Sukuk issuance increases, we will begin to see meaningful secondary markets, which will open up a range of new product development opportunities. Our challenge is to make sure that we can develop these products to the standards the scholars and our clients demand.

In such a large and varied organization, it is essential that we maintain a coordinated approach so I have spent a sizeable amount of time educating the front, middle and back office teams on the nature of Islamic finance and the opportunities and challenges it brings.

Name one thing you would like to see change in the world of Islamic finance?

For this market to really take hold, we need to achieve some standardization in products and structures. Conventional markets develop through standardized legal and regulatory frameworks but Shariah judgments are often much more subjective, which means that virtually every transaction has to be reviewed independently. Given the scarcity of qualified scholars, failure to standardize may prove to be a restraint on growth. ^(f)

What is your greatest achievement to date?

I am pleased with how much we have achieved in such a short time. Transactions that stand out this year are our bookrunner roles in the high-profile Khazanah exchangeable and the more recent Dana Gas convertible Sukuk. Deals like these enable us to show our expertise and ability to structure deals that maximize value for clients.

Which of your products/services deliver the best results?

Together with our scholar Sheikh Nizam Yaquby, we have developed a platform that enables us to issue Shariah compliant certificates linked to a variety of asset classes and indices. This is proving highly popular among our business groups because of its flexibility.



JPMorgan Chase & Co is a leading global financial services firm with assets of US\$1.5 trillion and operations in more than 50 countries. The firm is a leader in investment banking, financial services for consumers, small business and commercial banking, financial transaction processing, asset and wealth management, and private equity. Visit www.jpmorganchase.com.



BankIslami

BankIslami Sukuk Musharakah

INSTRUMENT	Diminishing Musharakah
ISSUER	Amtex Textiles
PRINCIPAL ACTIVITIES	Amtex Textiles is a leading player in the textile trade engaged in supplying products to international retail outlets including JCPenney Corp, IKEA, and Marks and Spencer
BOARD OF DIRECTORS	Chief Justice (R) Mahboob Ahmed Ahmed M Elshall Ahmed Goolam Mahomed Randeree Ali Raza Siddiqui Hasan Bilgrami Mohamed Al Nahdi Shabir Ahmed Randeree
ISSUE SIZE	PKR650 million (US\$10.71 million)
DATE OF ISSUE	11 th October 2007
LEAD ARRANGER	BankIslami
GUARANTOR	Bank of Punjab
LEAD ADVISER	BankIslami
SHARIAH BOARD	Justice (R) Muhammad Taqi Usmani, Prof Dr Fazlur Rahman, Mufti Irshad Ahmad Aijaz
METHOD OF ISSUE	The notes were structured under the Diminishing Musharakah mode and were fully guaranteed by the Bank of Punjab
STATUS OF SUKUK	The issue was well received and widely oversubscribed. This is BankIslami's second role as mandated lead arranger in a month following the issuance of Pak Elektron Ltd (PEL)'s PKR1.2 billion (US\$19.79 million) privately placed Shariah compliant Sukuk Musharakah. As at the end of its first half, BankIslami reported a 50% decrease in operating losses to PKR15.52 million (US\$256,007). The bank also announced 31.52% right shares at par, satisfying requirements of the State Bank of Pakistan
PURPOSE OF ISSUE	Funds from the Sukuk issue will be utilized towards swapping of existing credit lines available to conventional banks with the Islamic mode of financing
RATING	Awarded an instrument rating of A+ assigned by JCR-VIS Credit Rating Agency

For more term sheets visit www.islamicfinancenews.com



MALAYSIA

Takaful Ikhlas on track

Takaful Ikhlas is on track to achieve more than 50% turnover growth for its financial year ending 31st March, 2008. President and CEO Syed Moheeb Syed Kamarulzaman said based on the performance for the first half of the current financial year, Takaful Ikhlas was poised to surpass its initial projection of 50% turnover growth.

For its first quarter ended June, the subsidiary of Malaysian National Reinsurance posted a turnover of RM72 million (US\$21.36 million), up 60% in the previous corresponding quarter. It recorded a turnover of RM33 million (US\$9.79 million) in July, compared with RM17 million (US\$5.04 million) in the same month last year, and RM40 million (US\$11.86 million) in August against RM18 million a year ago.

Last year, Takaful Ikhlas posted RM61 million (US\$18.1 million) in turnover for the family Takaful segment while the general Takaful segment generated RM53 million (US\$15.73 million). Profit stood at RM1.5 million (US\$445,253). Takaful Ikhlas is coming out with at least three new products by the end of the year on top of the 32 family Takaful products and 35 general Takaful products that it offers currently. ☺

SRI LANKA

ATI hits all-time high

Amana Takaful Insurance (ATI), emerging as a strong player in the insurance industry, reported half-year sales with 41% growth in gross written premiums (GWP) against the first half of 2006. In January-June 2007, the company said overall GWP reached an all-time high of LKR 412 million (US\$3.63 million), with both general Takaful and family Takaful showing an equally balanced growth of 41% over the corresponding period of 2006.

Earlier in the year, Amana Takaful arranged a rights issue, in which the company raised an additional share capital of LKR 375 million (US\$3.31 million), a company statement said last week. Total Drive, ATI's motor insurance policy, witnessed an escalation of 35% in GWP.

Takaful entered the Sri Lankan market in 1999 through Amana Takaful plc, and has rapidly entrenched itself. ATI now operates 15 branches in Sri Lanka and one in the Maldives. ☺

QATAR

DIC charts growth

Doha Insurance Co has revealed its January to September results, with net profits of QAR34.1 million (US\$9.4 million) compared to QAR22.7 million (US\$6.23 million) during the previous corresponding period, representing 50% growth.

In addition, the insurer's written premiums grew by 23.8% year-on-year to QAR199 million (US\$54.68 million) in the third quarter of 2007. The earnings per share reported for the same period improved from last year's QAR1.78 (US\$0.48) to QAR2.68 (US\$0.73). ☺

UAE

Flagstone Re in Dubai

Flagstone Underwriters Middle East Ltd, a subsidiary of Flagstone Reinsurance Holdings Limited has been authorized by the Dubai Financial Services Authority to operate in the Dubai International Financial Center.

The new office for Bermuda-based Flagstone will be headed by CEO Irshied Tayeb and will focus on regional property, property catastrophe and specialty line business in the region. ☺

TUNISIA

STAR stake up for grabs

The privatization of Societe Tunisienne d'assurances et de Reassurances (STAR) has attracted eight foreign insurers with a 35% stake interest.

Foreign insurers who are interested in the sell-off include Groupama, France's Axa, Kuwait's Gulf Insurance Co and Morocco's RMA Watanya. The sale would be equivalent to 60% of the Tunisian state's holding in STAR, while the rest is held by Swiss insurance companies, Munich Re and small local shareholders. ☺

BAHRAIN

Insurance staff paid below minimum

A survey conducted by the Bahrain Insurance Trade Union revealed that 43% of employees in the insurance sector are paid less than the minimum wage of BH\$350 (US\$928.50), despite promising industry growth.

The survey found that wages begin from as low as BH\$170 (US\$452.04) in some companies. The survey took into account the views of 128 insurance sector employees, almost 10% of the total workforce of 1,129 Bahrainis employed in the industry.

The matter has been brought to the attention of the Central Bank of Bahrain's executive director of Financial Institutions Supervision, Abdulrahman Baker. ☺

MALAYSIA/UK

IBFIM summit in London

The Islamic Banking and Finance Institute Malaysia (IBFIM) will be organizing the International Takaful Summit at Langham Hotel in London on 1st and 2nd November. IBFIM said it was hosting the event as part of its commitment to address the specific needs of the Takaful and reTakaful players in Europe.

Malaysia's deputy finance minister Datuk Dr Awang Adek Hussin and Bank Negara Malaysia deputy governor Datuk Zamani Abdul Ghani will deliver keynote addresses at the summit, which will also feature speakers from the UK and the Middle East.

Registration for the summit is free. Visit www.takafulsummit.com ☺

Pre-Recruitment Assessment of Agents

By Dr Zulkifli Zakaria

The Malaysian Takaful industry has shown remarkable growth since its inception slightly more than two decades ago. An indication of the need for Takaful operators to further strengthen their position and be more prepared for challenges became apparent with the Central Bank of Malaysia's development of the Financial Sector Master Plan to chart the direction of and recommendations to strengthen the financial industry.

The Malaysian Takaful industry also has to contend with, among other things, increased competition as a result of globalization and financial liberalization; adapting technological advances, and meeting the needs of more sophisticated and well-informed customers. The industry should be represented by strong operators with sufficient expertise.

During the early years of establishment until about 2001, the evaluation of potential Takaful agents was done via internal examination, and later through collaboration with the Malaysian Insurance Institute (MII), whereby prospective agents sat for a Takaful pre-contract examination conducted by MII. Successful candidates could then submit their applications to Takaful Nasional (TN) to be contracted as an agent. Once contracted, the newly appointed agents had to undergo a 20-hour agency basic training program conducted internally by the company as mandated by Bank Negara Malaysia (BNM).

In December 2002, however, TN suspended its utilization of the Takaful pre-contract examination under MII due to changes in the company's immediate needs.

Fast-track program

While analyzing and planning a better form of pre-recruitment assessment, the Family Takaful Agency Department (FTAd) developed a fast-track pre-recruitment 20-hour training program, or Latihan Asas Wakil (LAW). Enforcement of LAW was announced on the 2nd December, 2002; the same day that TN ceased its utilization of the MII examination.

Under the LAW approach, members of the public who were keen to sign up as TN agents were to apply through an agency leader. Those who attended the training were allowed to commence business upon receiving approval from the Agency Administration Department.

At about the same time, the Channel Management Training Department (which later became Channel Education and Training Department, or CEnT) was formed on 15th November, 2002 by TN. The new set-up

headed by an assistant vice-president was under the supervision of the Channel Management Division.

CEnT took over the training management and supervision of the LAW program on 30th January, 2003, about two weeks after the official handover of training responsibilities from FTAd. From December 2002 through 31st March, 2003, a total of 40 LAW sessions were conducted throughout the country with 3,079 attendees.

Wakil Basic Examination

During the ongoing implementation of the LAW program, a dozen members of the CEnT were finalizing a standardized form of pre-recruitment evaluation, a multiple-choice examination for prospective agents. It is an assessment that is closely tied to TN to assess a candidate's basic understanding of Takaful, covering company profile; introduction to insurance and Takaful; the concepts and principles of Takaful; regulation, legal and compliance; insurance industry in Malaysia; risk management concepts; Takaful agency; family Takaful operations; family Takaful schemes, including underwriting and claims, and general Takaful operations, including underwriting and claims. All new potential agents (or wakil) must pass the evaluation, called the Wakil Basic Examination (WBE), in order to be contracted as TN agents, followed by attendance of a 20-hour Family Takaful Basic (FTB1) training program as per the requirements of BNM.

TN worked in collaboration with the Malaysian Ministry of Education to utilize the latter's technical schools and teachers as invigilators. These schools serve as venues for the WBE and come under the supervision of the ministry's technical vocational education department. Invigilators consist of fully trained graduate teachers serving at the technical schools. An appointed committee determines the pass or fail cut-off point.

Implementation of WBE

Effective 1st April, 2003, the LAW program was superseded by the WBE, which was conducted for the first time on 17th May the same year at 13 venues with a total of 409 candidates. The final result analysis was 220 passes and 189 failures (53.79% and 46.21%, respectively). The highest score achieved was 92.5%, with the minimum being 64.02%.

For the first 12-month period (17th May, 2003 through 17th April, 2004), a total of 9,970 candidates sat for the examination. The final result analyses were a year-to-date minimum of 61.1%, highest score of 92.7 and SD 13.0 with a total number of 4,449 (56%) passes and

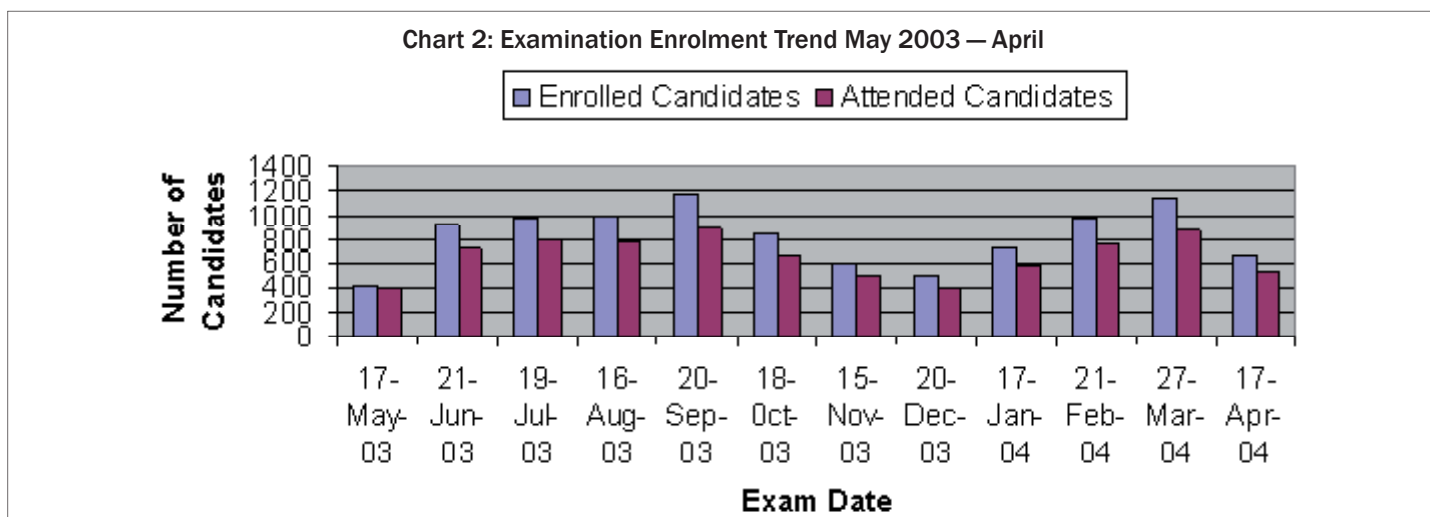
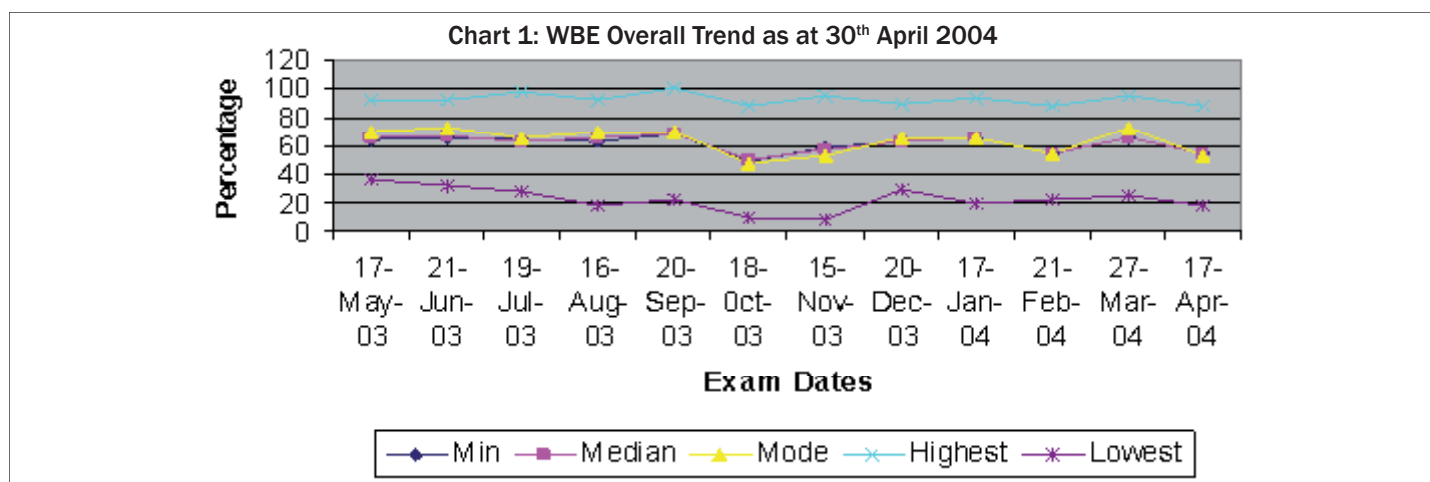
continued...

Next Forum Question

The UK's plans to become the first western government to issue Sukuk have been dealt a major blow this past week. The recent departure of Ed Balls, who was the driving force behind the project, and technical problems in bringing in new legislation were cited as the reasons. However, some believe the potential lack of demand for low premiums such a highly rated Sukuk would return is a major factor in the U-turn. What does the UK, and other similar rated markets, need to do to ensure participation in Islamic finance?

If you would like to air your views on the next Islamic Finance Forum Question, please email your response of between 50 and 300 words to Christina Morgan, Forum Editor, at: Christina.Morgan@RedMoneyGroup.com before Wednesday 24th October 2007.

Pre-Recruitment Assessment of Agents (continued...)



3,453 (44%) failures. The overall WBE performance (Chart 1) and examination enrolment (Chart 2) trend as at 30th April, 2004 has a mixed indicator of performance against enrolment.

The numbers of examination candidates have grown tremendously since the inception of the WBE. As at 5th January, 2006, a total of 23,682 had enrolled (Chart 3) consisting of 23,505 Malays, 26 Chinese, 10 Indians and 129 from other races. When divided by gender, a total of 16,253 (68.6%) were male and 7,429 (31.4%) were female.

Chart 3: Total Number of Enrolled WBE Candidates According to Race

	Frequency	%	Valid %	Cumulative %
Valid	0	12	0.1	0.1
MALAY	23,505	99.2	99.3	99.3
CHINESE	26	0.1	0.1	99.4
INDIAN	10	0	0	99.5
OTHERS	129	0.5	0.5	100
Total	23,682	100	100	
Missing	System	1	0	
Total	23,683	100		

Chart 4: Total Number of Candidates According to Gender

	Frequency	%	Valid %	Cumulative %
Valid	MALE	16,253	68.6	68.6
FEMALE	7,429	31.4	31.4	100
Total	23,682	100	100	
Missing	System	1	0	
Total	23,683	100		

Standard assessment of agents

The WBE is here to stay, but is slated to cover an even bigger scope. The management committee of the Malaysian Takaful Association, whose members consist of all Takaful operators in the country, has endorsed the WBE as the standard assessment of incoming new agents.

However, the WBE shall be taken over by and will fall under the purview of the Islamic Banking and Finance Institute of Malaysia once it is ready to take over the examination from TN. (F)



Dr Zulkifli Zakaria is vice-president of Takaful Nasional's Shariah department. He can be reached via email at zzakaria@takafulnasional.com.my

ABN AMRO, FORTIS, RBS & SANTANDER — Global

The consortium has announced the nominations for the new structure and membership of the supervisory and managing boards of ABN Amro. The supervisory board will, however, continue to be chaired by Arthur Martinez. Nominated are Jean-Paul Votron, CEO of Fortis; Sir Fred Goodwin, CEO of Royal Bank of Scotland (RBS) and Juan Inciarte, general manager of Santander.

David Baron de Rothschild, Marcus Pratini de Moraes, Paulo Scaroni, Lord Sharman of Redlynch and Gerhard Randa will be stepping down at the forthcoming extraordinary general meeting, along with chairman Rijkman Groenink, who had strongly opposed the ABN buyout.

The other existing members of the managing board will retain positions with revised responsibilities. Groenink has nominated Mark Fisher, currently CEO of the manufacturing division and a member of the RBS group board and group executive management committee. ☺

CITI PRIVATE BANK — UAE

Mohammed Azab has been named executive director and chief officer for Citi Private Bank's UAE offices. Before rejoining the bank in 2007, Azab had worked since 1999 for Arab Bank plc as UAE country manager based in Dubai. Prior to that, he spent a decade at the head office of Bank of Bahrain & Kuwait (BBK) in Bahrain, holding various senior positions.

His key focus will be to develop, grow and manage Citi Private Bank's offices in the UAE as well as cultivate private banking relationships with high net worth individuals and families in the Middle East. He will manage a team of specialists covering investments, trusts, credit and general banking services within the bank's platform. ☺

BABCOCK & BROWN — UAE

Sunny Singh and Simon Kinzett have been added to the Dubai office of international investment and advisory firm Babcock & Brown. The duo will focus on developing opportunities in real estate, infrastructure and project finance, operating leasing and corporate and structured finance.

Sunny was a senior director in project finance and advisory with ABN Amro in Dubai. There, he gained exposure on power and utilities, oil and gas, social and economic infrastructure and PPP projects in the Middle East and Asia.

Kinzett joins from Abu-Dhabi-based ADCB Macquarie, where he worked on a range of infrastructure and corporate finance transactions throughout the region. He has also worked with JPMorgan and Credit Suisse out of London. ☺

HSBC — UK

HSBC has hired Arnaud Mares, an official from the UK Debt Management Office for its debt origination team to further develop its public sector business. Mares, formerly the head of policy at the Debt Management Office, will be a managing director in the Europe, Middle East and Africa team.

Mares will be based in London and report to the head of the bank's financing solutions group, John Peachey, and the head of European public sector origination, Ulrik Ross. ☺

DUBAI HOLDING — UAE

Luxury hospitality group Dubai Holding has appointed three non-executives to the board of directors of the Jumeirah Group, thus completing the formation of the board. They are Sir David Michels, previously group CEO of the Hilton group; Alan Parker, CEO of Whitbread plc and Michael Williams, CEO of the Renaissance Hotel Group.

The trio joins Gerald Lawless, Fadel Al Ali, Saeed Al Muntafiq and Farhan Faraidooni. ☺

CITI PRIVATE BANK — Asia-Pacific

Citi has snagged Nigel Sze from Barclays Global Wealth to serve as head of investments for the bank's Asia-Pacific global wealth management business. Based in Hong Kong, Sze will oversee investment strategy, capital markets, structured products, discretionary investments and portfolio counseling for Citi Private Bank and Citi Smith Barney businesses.

Sze has extensive experience in private banking, including stints as CEO of Barclays International and Private Banking for Asia, executive director at Morgan Stanley and head of American Express private bank in Hong Kong. He started his private banking career with Citibank in 1986.

Sze takes over from Samir Raslan, who is now head of central and Eastern Europe, Middle East and Africa for Citi Global Wealth Management. He will report to Kaven Leung, CEO of Citi Global Wealth Management Asia-Pacific. ☺

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BNP PARIBAS — Europe

BNP has hired six bankers from rival banks in a bid to further expand its debt coverage of financial institutions and equity derivatives. Joining the debt capital markets team is Kai Harden, a former executive director at Goldman Sachs who will assume the position of co-head of Germany, Austria and Switzerland, alongside Menko Jaekel.

Franck Viort, from the Royal Bank of Scotland, joins as a senior marketer for financial institutions for Benelux, while Ric Engelbert, formerly at Fortis, has been designated senior marketer for financial institutions in France. Both Viort and Engelbert will report to Christopher Drennan.

New to the equity derivatives team are Sulvan Herring, formerly with Octa Capital, who will head Index Flow; Lloyd Michaels, formerly of UBS; and Andrew Ellis, formerly of Bank of America. Michaels and Ellis will report to David Lonsdale, the European head of securities lending. (2)

JPMORGAN — UAE

Ehsun Zaidi has joined JPMorgan as its executive director of Islamic banking. He was with Dubai Islamic Bank (DIB), where he served as managing director and head of capital markets. Prior to joining DIB, he was vice-president at Citigroup.

Ehsun's move is simultaneous with that of CEO Saad Abdul Razak and head of syndication and project finance Omair Mooraj (also see below). (2)

BEAR STEARNS — US

Shilpa Amin and Olivier Mathys have joined Bear Stearns' structured equity products team. Shilpa, formerly an equity derivatives product structurer at Nomura International, will take up the position of MD.

Mathys will also be MD, having held previous roles in structured product sales at JPMorgan and Dresdner Kleinwort. (2)

CREDIT SUISSE — Asia

Credit Suisse has hired Ian Long from rival Deutsche Bank for its investment banking division in Asia. Long, formerly a director at Deutsche Bank, will focus on equity capital markets in Southeast Asia. He will be based in Singapore and report to Vik Malhotra. (2)

DUBAI ISLAMIC BANK — UAE

Khaled Al Kamda has been appointed managing director of Dubai Islamic Bank, after the bank saw a slew of departures beginning with Ehsun Zaidi and Omair Mooraj for JPMorgan. Last week, CEO Saad Abdul Razak announced a sudden departure from the bank to take up a post with the Dubai government. (2)

MERRILL LYNCH — Asia-Pacific

Wayne Yang has been elected head of Merrill Lynch's private investment business group in Asia-Pacific to drive business from high net worth clients in the region. Yang, formerly with Citigroup Inc's private bank, joined as managing director this week to work with Sheldon Trainor, head of Asia origination; and Rahul Malhotra, who is managing financial advisers to wealthy individuals in Asia-Pacific. (2)

STANDARD CHARTERED — Asia

James Chu has left American Express Bank to join StanChart as regional head of distribution for Northeast Asia. He will oversee the distribution team in Hong Kong and concentrate on the distribution of secondary loans and other capital market products to client banks.

StanChart also expects Chu to optimize the sales process and strategy. He will report to Wolfgang Beckmann, global head of distribution, global investor sales and capital markets. (2)

ROYAL BANK OF SCOTLAND — Global

Brian Crowe has been appointed to oversee the Royal Bank of Scotland's integration with ABN Amro, following its €70 billion (US\$99.62 billion) acquisition. Crowe has resigned as CEO of global banking and markets at RBS. He is to sit on ABN Amro's managing board, where he will be responsible for the investment and retail banking business.

Crowe will report to Mark Fisher, chairman of the managing board. (2)

STANDARD CHARTERED — Hong Kong

Benjamin Hung will succeed veteran Peter Sullivan as CEO of StanChart Hong Kong. Hung joined the bank in 1992 and led its consumer banking operation to a record profit in the first half.

StanChart has also appointed David Edwards as president and CEO of its South Korean unit, SC First Bank. Edwards will succeed John Filmeridis, who is retiring. (2)

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ISSUER	SIZE (million)	INSTRUMENT
Al Rajhi Cement	US\$595	Straight Sukuk
Century Paper & Board Mills	US\$49.38	Private placement
Engro Chemical Pakistan	US\$49.38	Private placement
BCHB	US\$1.71	ICP/MTN
UEM Group	US\$230.66	Musharakah MTN
Sunway Infrastructure	US\$579.56	BBA restructuring
Perusahaan Listrik Negara	US\$33.97	Ijarah
Dubai Financial	TBA	Sukuk
Thani Investments	US\$100	Sukuk
Al Imtiaz Investment	US\$75-150	Sukuk
Haisan Resources	US\$58.79	Sukuk Ijarah
IJM Corporation	US\$511.60	Sukuk Istisnah
Ras Al Khaimah Investment Authority	US\$400	TBA (Sukuk)
ARAPESONA	US\$56.9/US\$19.9	ICP/MTN
Bank Syariah Mandiri	US\$3.25	Subdebt
Cagamas	US\$584.60	TBA
Gamuda	TBA	Murabahah or Musharakah
Saudi Electric Company	US\$4,000	Sukuk
MTC	US\$1,200	Sukuk
Prolintas	US\$240.70	Senior Ijarah/Junior Musharakah
Tomei Consolidated	US\$28.50	Islamic Commercial Papers
Sui Southern Gas Co.	US\$49	Islamic Commercial Papers
JBIC	US\$250-US\$350	Sukuk
Dynamic Communication	US\$143.40	Istisnah/MTN program
GLOMAC	US\$50.18	Murabahah MTN program
Indonesia Comnets Plus	US\$11.02	Sukuk Murabahah
Karachi Shipyard	US\$69.19	TBA
Kwantas	US\$69.19	Murabahah/Off CP/MTN program
Malaysia International Shipping	US\$286.30	Sukuk Murabahah
Gamuda	US\$256	ICPs/IMTNs
Islamic Development Bank	US\$142.40	Ringgit denominated Sukuk

For more details and the full list of deals visit
www.islamicfinancenews.com

Islamic Finance news

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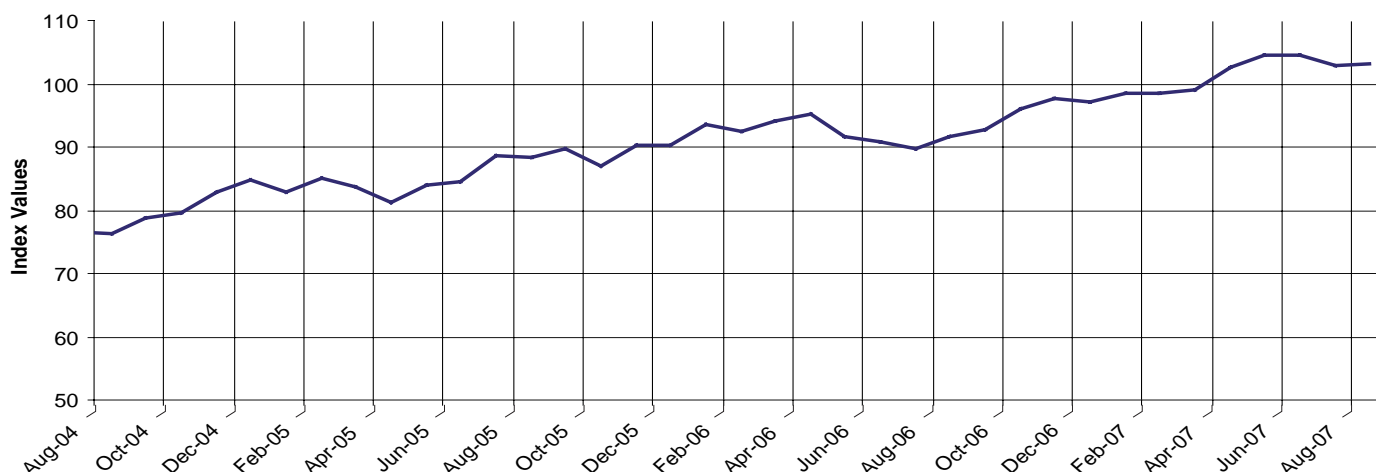
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Bener Law Office

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Durham University

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Vice President & Head Shariah
Coordination
Dubai Islamic Bank

Top 10 Islamic Funds by Key Performance Statistics

Annualized returns for ALL funds (as of 17th October 2007)

FUND	MANAGEMENT COMPANY	Performance Measure	FUND DOMICILE	
1	Jadwa Saudi Equity Fund	Jadwa Investment	148.80	Saudi Arabia
2	Jadwa GCC Equity Fund	Jadwa Investment	59.38	Saudi Arabia
3	Jadwa Arab Markets Equity Fund	Jadwa Investment	56.53	Saudi Arabia
4	FALCOM Saudi Equity Fund	FALCOM Financial Services	48.51	Saudi Arabia
5	Al Fursan Fund	Banque Saudi Fransi	46.62	Saudi Arabia
6	Zajil - Service & Telecommunications Fund	National Investments	46.30	Kuwait
7	DWS Noor China Equity Fund (Class A)	DWS Noor Islamic Funds	39.40	Ireland
8	Danareksa Indeks Syariah	PT Danareksa Investment Management	38.28	Indonesia
9	Al Darij Investment Fund	National Investments	37.84	Kuwait
10	Samba Real Estate Fund	Samba	35.60	Saudi Arabia
<i>Eurekahedge Islamic Fund Index*</i>		4.25		

Annualized Standard Deviation for ALL funds (as of 17th October 2007)

FUND	MANAGEMENT COMPANY	Performance Measure	FUND DOMICILE	
1	Amwal Islamic Money Market Fund	Kuwait & Middle East Financial Investment	0.15	Kuwait
2	Al Rajhi Commodity Fund Euro (Mudarabah)	Al Rajhi Banking & Investment	0.15	Saudi Arabia
3	AlAhli Euro Murabahat Fund	National Commercial Bank	0.16	Saudi Arabia
4	Boubyan Financial Fund US\$	Boubyan Bank	0.16	Kuwait
5	Euro International Trade Finance Fund (Al Sunbula)	Samba	0.17	Saudi Arabia
6	Prudential Islamic Income Fund (PRUIslamic Income Fund)	Prudential Fund Management	0.21	Malaysia
7	Emirates Dynamic Liquid Fund (Retail Shares)	Emirates Bank International	0.24	Channel Islands
8	CIMB Islamic Kausar Treasury Management Fund 1	CIMB-Principal Asset Management	0.28	Malaysia
9	Boubyan Financial Fund KWD	Boubyan Bank	0.29	Kuwait
10	MAAKL Al-Ma'mun	MAAKL Mutual	0.31	Malaysia
<i>Eurekahedge Islamic Fund Index*</i>		7.18		

Contact Eurekahedge

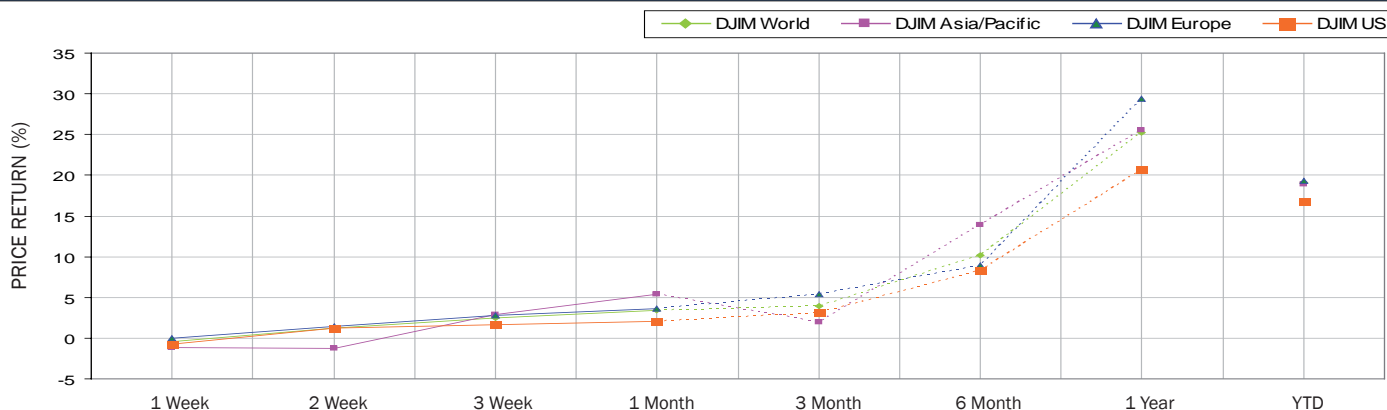
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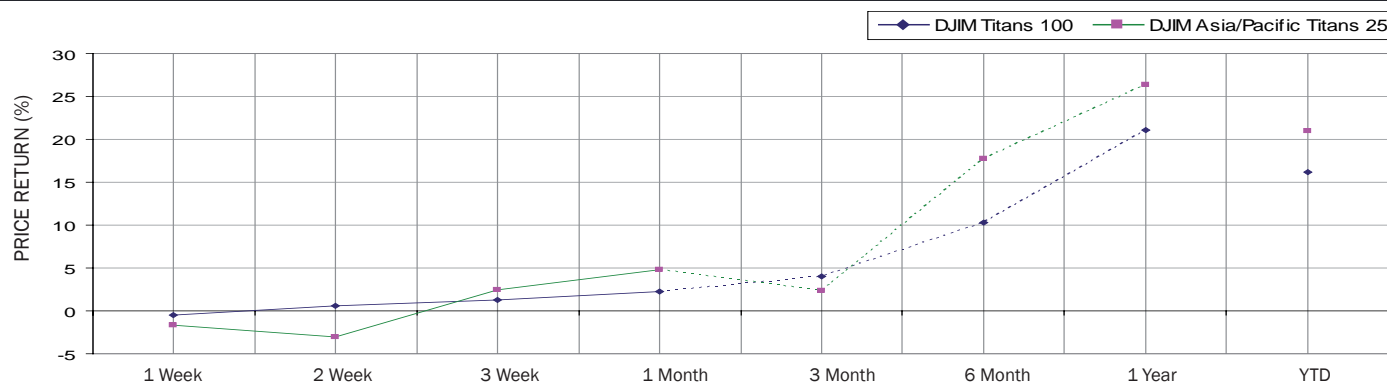
Data as of the 17th October 2007

PERFORMANCE OF DJ INDEXES



INDEX	PRICE RETURN (%)							
	1 Week	2 Week	3 Week	1 Month	3 Month	6 Month	1 Year	YTD
DJIM World	-0.43	1.19	2.50	3.42	3.89	10.14	25.27	19.07
DJIM Asia/Pacific	-1.12	-1.25	2.88	5.36	2	13.94	25.51	18.92
DJIM Europe	0.03	1.43	2.77	3.65	5.41	8.88	29.39	19.29
DJIM US	-0.69	1.28	1.70	2.11	3.14	8.25	20.67	16.80

PERFORMANCE OF DJ TITANS INDEXES



INDEX	PRICE RETURN (%)							
	1 Week	2 Week	3 Week	1 Month	3 Month	6 Month	1 Year	YTD
DJIM Titans 100	-0.53	0.62	1.24	2.26	4.03	10.26	21.06	16.20
DJIM Asia/Pacific Titans 25	-1.71	-3.03	2.49	4.80	2.32	17.77	26.38	21.01

Index	Component number	Market Capitalization (US\$ billions)						Component Weight (%)	
		Full	Float adjusted	Mean	Median	Largest	Smallest	Largest	Smallest
DJIM World	2469	20750.60	17207	6.97	1.59	525.79	0.02	3.06	0
DJIM Asia/Pacific	1018	4037.40	2751.57	2.70	0.63	138.59	0.02	5.04	0
DJIM Europe	368	5338.77	4109.11	11.17	3.11	240.92	0.32	5.86	0.01
DJIM US	719	9592.86	9084.31	12.63	3.29	525.79	0.19	5.79	0
DJIM Titans 100	100	9094.23	8175.82	81.76	57.07	492.12	15.01	6.02	0.18
DJIM Asia/Pacific Titans 25	25	1375.28	920.22	36.81	28.21	107.87	15.01	11.72	1.63

Mean, median, largest, smallest and component weights are based on float adjusted market capitalization, not full market capitalization.

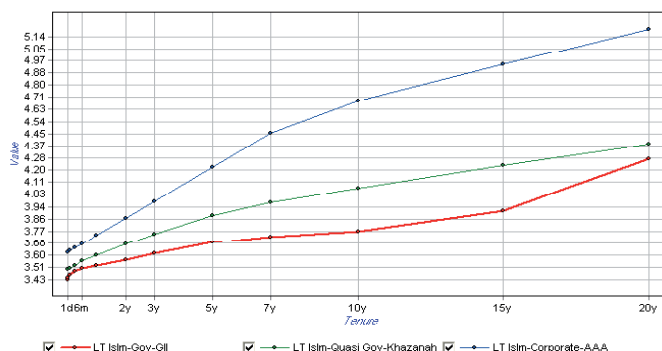
Key Benchmarks Trend (by volume)	Rating	This week's close (RM)	10 October 07 (RM)	3 October 07 (RM)	26 September 07 (RM)
Private Debt Securities					
RANTAU IMTN 15.03.201 – MTN	RAM (AAA)	101.29	101.43	101.50	101.51
MALAKOF CRP IMTN 6.182% 28.04.2017 – MTN 005	RAM (AA3)	105.77	104.71	105.24	106.32
RANTAU IMTN 0% 15.03.2012 – MTN 3	RAM (AAA)	99.80	100.24	100.32	100.32
GUTHRIE IMTN 1826D 19.03.2009	MARC (AA-ID)	102.71	102.64	102.73	102.74
KESAS 0.00000% 09.10.2009	RAM (AA3)	105.57	105.65	105.78	105.67
Government Investment Instruments					
PROFIT-BASED GII 3/2006 15.11.2016	N/A	100.50	100.55	100.51	100.70
PROFIT-BASED GII 3/2007 14.09.2012	N/A	99.60	99.56	99.77	99.81
PROFIT-BASED GII 1/2006 14.04.2009	N/A	100.50	100.52	100.52	100.52
Quasi Government					
KHAZANAH 0% 08.12.2016	N/A	69.12	68.98	69.43	69.32
SILTERRA CAP 3.900% 06.06.2014	N/A	100	99.76	99.94	99.94
KHA3/99 1.15B OCP 10Y 18/9/09	N/A	93.28	93.02	93.02	93.01

SPREAD VS GII (in b.p.)

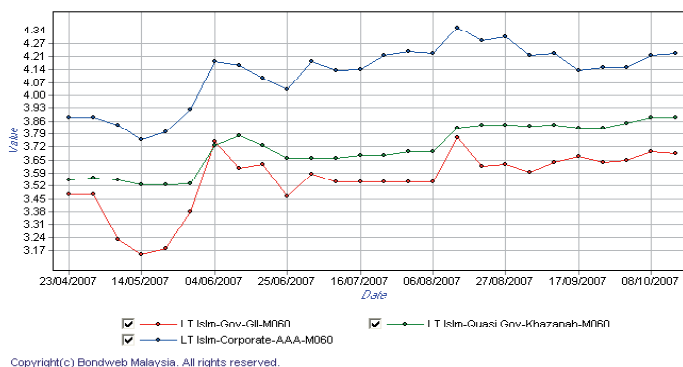
	TENURE					
	1Y	2Y	3Y	5Y	7Y	10Y
GII	3.53	3.57	3.61	3.69	3.73	3.77
Cagamas	0.11	0.16	0.22	0.29	0.41	0.54
Khazanah	0.07	0.11	0.14	0.19	0.24	0.30
AAA	0.21	0.29	0.37	0.53	0.73	0.92
AA1	0.34	0.43	0.51	0.67	0.87	1.08
A1	1.50	1.65	1.80	2.11	2.43	2.90

MYR ISLAMIC DEBT YIELD CURVES

YTM Curves



5 YEAR YTM Historical Charts (weekly closing, over last 6 months)



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TOP ISSUERS OF ISLAMIC BONDS							OCTOBER 2006 – OCTOBER 2007
Issuer or Group	Nationality	Instrument	Amt US\$ m	Iss.	%	Manager	
1 Malaysia	Malaysia	Sukuk	3,687	4	11.6	Manager Government bond	
2 Nakheel Development	UAE	Convertible Sukuk Ijarah	3,520	2	11.0	Barclays Capital, Dubai Islamic Bank	
3 Aldar Funding	Malaysia	Exchangeable Sukuk Mudarabah	2,530	1	7.9	Barclays Capital, Credit Suisse Securities (Europe), Abu Dhabi International Bank	
4 Saudi Basic Industries	Saudi Arabia	Sukuk Istithmar	2,133	1	6.7	HSBC Saudi Arabia, Riyad Bank	
5 Nucleus Avenue (M)	Malaysia	Sukuk Musharakah MTN	1,994	9	6.2	CIMB	
6 DP World Sukuk	UAE	Sukuk Mudarabah	1,496	1	4.7	Barclays Capital, Citigroup Global Markets, Deutsche Bank, Lehman Brothers	
7 Saudi Electricity	UAE	Sukuk	1,333	1	4.2	HSBC Saudi Arabia	
8 Dubai Sukuk Center	UAE	Sukuk Mudarabah	1,248	1	3.9	Deutsche Bank (London), Goldman Sachs International	
9 Dar Al-Arkan International Sukuk	Saudi Arabia	Sukuk Ijarah	1,000	1	3.1	ABC Islamic Bank, Arab National Bank, Deutsche Bank, Dubai Islamic Bank, Gulf International Bank, Kuwait Finance House, Unicorn Investment Bank	
10 Dana Gas Sukuk	UAE	Susuk Mudarabah	875	1	2.7	JP Morgan	
11 Cherating Capital	Malaysia	Exchangeable Sukuk	850	1	2.7	Deutsche Bank (Malaysia), JP Morgan, CIMB	
12 Hijrah Pertama	Malaysia	Sukuk Ijarah	847	2	2.7	Citigroup, CIMB	
13 ADIB Sukuk	UAE	Sukuk Ijarah	800	1	2.5	HSBC	
14 DIB Sukuk	UAE	Sukuk Musharakah	750	1	2.4	Barclays Capital, Citigroup Global Markets, Standard Chartered Bank	
15 Cagamas	Malaysia	Bithaman Ajil Islamic Securities/Mudarabah MTN	668	10	2.1	Cagamas, Aseambankers, HSBC, CIMB	
16 Golden Belt 1 Sukuk	Saudi Arabia	Sukuk Manafaa	650	1	2.0	BNP Paribas	
17 Cagamas MBS	Malaysia	Sukuk Musharakah Islamic Residential Mortgage Backed Securities	620	7	1.9	Standard Chartered Bank, National Bank of Pakistan	
18 DAAR International Sukuk	Saudi Arabia	Sukuk Ijarah	600	1	1.9	ABC Islamic Bank, Arab National Bank, Standard Bank, Unicorn Investment Bank, WestLB	
19 Rantau Abang Capital	Malaysia	Sukuk Musharakah MTN	570	1	1.8	CIMB	
20 Silterra Capital	Malaysia	Sukuk Ijarah	530	1	1.7	CIMB, HSBC, Citibank	
Total			31,913	277	100.0		



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TOP ISSUERS OF ISLAMIC BONDS

JULY 2007 – OCTOBER 2007

	Issuer or Group	Nationality	Instrument	Amt US\$ m	Iss.	%	Manager
1	Malaysia	Malaysia	Islamic Sukuk	1,001	1	26.8	Malaysia Government bond
2	Dana Gas Sukuk	UAE	Susuk Mudarabah	875	1	23.4	JP Morgan
3	NIG Sukuk	Kuwait	Sukuk Mudarabah	475	1	12.7	BNP Paribas, Citigroup, National Bank of Kuwait, Standard Chartered, WestLB
4	Cagamas	Malaysia	Bithaman Ajil Islamic Securities/Mudarabah MTN	451	3	12.1	Cagamas, Aseambankers, HSBC, CIMB
5	Qatar Alaqaria Sukuk	Qatar	Sukuk Mudarabah	300	1	8.0	HSBC
6	MISC	Malaysia	Sukuk Murabahah	201	1	5.4	CIMB, AmInvestment, HSBC
7	GFH Sukuk	Bahrain	Sukuk	200	1	5.4	Dresdner Kleinwort, HSBC
8	Century Paper & Board Mills	Pakistan	Sukuk	58	1	1.6	Standard Chartered Bank, National Bank of Pakistan
9	Engro Chemical Pakistan	Pakistan	Sukuk	50	1	1.3	Standard Chartered Bank, Meezan Bank, Dubai Islamic Bank
10	Total Mobile	Malaysia	Susuk Ijarah	20	6	0.5	Affin Investment Bank
11	DESB Marine Services	Malaysia	Sukuk Murabahah	18	3	0.5	CIMB Investment Bank
12	DRB-HICOM	Malaysia	Sukuk Murabahah	18	1	0.5	AmMerchant Bank, MIMB Investment Bank
13	Sunway City	Malaysia	Sukuk Murabahah	17	1	0.5	HSBC Bank Malaysia
14	Security Leasing	Pakistan	Sukuk	12	1	0.3	Standard Chartered Bank
15	Tamweel Residential ABS CI 1	UAE	Susuk Ijarah	10	1	0.3	Morgan Stanley, Standard Chartered Bank
16	New Allied Electronics Industries	Pakistan	Sukuk	10	1	0.3	Standard Chartered Bank
24	Intelbest	Malaysia	Bai Bithaman Ajil Islamic Sukuk	6	1	0.2	MIDF Amanah Investment Bank
18	Instacom SPV	Malaysia	Sukuk Murabahah	3	2	0.1	MIDF Amanah Investment Bank
19	Symphony House	Malaysia	Sukuk Murabahah	3	1	0.1	Affin Bank, CIMB
20	Dynamic Communication Link	Malaysia	Istisnah Islamic MTN	3	1	0.1	Utama Merchant Bank
	Total			3,731	31	100.0	

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ISLAMIC BONDS		OCTOBER 2006 – OCTOBER 2007		
Manager or Group	Amt US\$ m	Iss.	%	
1	HSBC	4,465	31	14.0
2	CIMB	3,709	51	11.6
3	Malaysia Government bond	3,687	4	11.6
4	Barclays Capital	3,353	6	10.5
5	Dubai Islamic Bank	2,271	7	7.1
6	Citigroup	1,668	6	5.2
7	Deutsche Bank	1,393	18	4.4
8	JP Morgan	1,158	2	3.6
9	Riyad Bank	1,066	1	3.3
10	BNP Paribas	845	3	2.6
11	Abu Dhabi Investment	843	1	2.6
12	Credit Suisse	843	1	2.6
13	AmInvestment	806	48	2.5
14	Standard Chartered	768	22	2.4
15	Goldman Sachs & Co	624	1	2.0
16	Aseambankers Malaysia	527	21	1.7
17	RHB Investment	383	69	1.2
18	Lehman Brothers	299	1	0.9
19	Arab Banking Corp	263	2	0.8
20	Arab National Bank	263	2	0.8
Total	31,913	277	100.0	

ISLAMIC BONDS BY COUNTRY		OCTOBER 2006 – OCTOBER 2007		
	Amt US\$ m	Iss.	%	
Malaysia	12,898	40.4	244	
UAE	11,579	36.3	10	
Saudi Arabia	5,716	17.9	5	
Kuwait	775	2.4	3	
Pakistan	330	1.0	9	
Qatar	300	0.9	1	
Total	31,913	100.0	277	

ISLAMIC BONDS BY CURRENCY		OCTOBER 2006 – OCTOBER 2007		
	Amt US\$ m	Iss.	%	
US dollar	16,254	50.9	20	
Malaysian ringgit	11,748	36.8	242	
Saudi Arabian Riyal	3,466	10.9	2	
Pakistan rupee	330	1.0	9	
Total	31,913	100.0	277	

ISLAMIC BONDS		JULY 2007 – OCTOBER 2007		
Manager or Group	Amt US\$ m	Iss.	%	
1	Malaysia Government bond	1,001	1	26.8
2	JP Morgan	875	1	23.4
3	HSBC	635	7	17.0
4	CIMB	236	8	6.3
5	Standard Chartered Bank	168	6	4.5
6	Aseambankers	150	3	4.0
7	Dresdner Kleinwort	100	1	2.7
8	BNP Paribas	95	1	2.5
9	Citigroup	95	1	2.5
10	National Bank of Kuwait	95	1	2.5
11	WestLB	95	1	2.5
12	AmInvestment	76	2	2.0
13	National Bank of Pakistan	29	1	0.8
14	Affin Investment Bank	21	7	0.6
15	Dubai Islamic Bank	17	1	0.4
16	Meezan Bank	17	1	0.4
17	MIDF	13	5	0.3
18	MIMB	9	1	0.2
19	Morgan Stanley	5	1	0.1
Total	3,731	31	100.0	

ISLAMIC BONDS BY COUNTRY		JULY 2007 – OCTOBER 2007		
	Amt US\$ m	Iss.	%	
Saudi Arabia	3,466	2	48.2	
Malaysia	1,722	18	23.9	
UAE	760	2	10.6	
Kuwait	475	1	6.6	
Qatar	300	1	4.2	
Pakistan	272	6	3.8	
Total	7,195	31	100.0	

ISLAMIC BONDS BY CURRENCY		JULY 2007 – OCTOBER 2007		
	Amt US\$ m	Iss.	%	
Saudi Arabian Riyal	3,466	2	48.2	
US dollar	1,735	5	24.1	
Malaysian ringgit	1,722	18	23.9	
Pakistan rupee	272	6	3.8	
Total	7,195	31	100.0	

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DATE	EVENT	VENUE	ORGANIZER
October			
29 th – 1 st	International Islamic Financial Forum	Zurich	IIR Middle East
30 th – 31 st	Africa Islamic Finance Conference	South Africa	IBC Gulf
31 st – 1 st	Islamic Financing Instruments Asia 2007	Kuala Lumpur	Asia Business Forum
31 st – 2 nd	International Association of Deposit Insurers 6 th Annual Conference & Annual General Meeting	Kuala Lumpur	PIDM
November			
1 st – 2 nd	International Takaful Summit 2007	London	IBFIM
4 th – 5 th	The World Islamic Infrastructure Finance Conference	Doha	Middle East Global Advisors
4 th – 7 th	Middle East Islamic Banking & Finance Summit 2007	Dubai	Association & Communications Events
6 th – 7 th	Islamic Real Estate Finance: A Two Phased Approach	London	ICG Events
7 th – 8 th	3 rd WorldAsia Islamic Capital Conference	Pakistan	WorldAsia
8 th	Islamic Finance 2007	London	Financial News
10 th – 14 th	2nd IPO Summit	Saudi Arabia	IIR Middle East
12 th – 14 th	3 rd Annual Achieving Operational Excellence in Banking Summit	Dubai	Fleming Gulf
12 th – 15 th	Islamic Funds World 2007	Dubai	Terrapinn
12 th – 15 th	Islamic Finance and Investment World Africa 2007	South Africa	Terrapinn
18 th – 21 st	Private Equity World MENA 2007	Dubai	Terrapinn
19 th – 22 nd	4 th Kuala Lumpur Islamic Finance Forum 2007	Kuala Lumpur	CERT
19 th – 22 nd	International Islamic Finance Congress	Abu Dhabi	Dome Exhibitions
26 th – 27 th	Asia Capital Markets Forum	Hong Kong	Euromoney
26 th – 28 th	Private Equity World Espana 2007	Spain	Terrapinn
27 th – 28 th	3 rd Seminar on the Regulation of Takaful	Cairo	IFSB
27 th – 28 th	National Conference in Islamic Finance 2007	Terengganu	University Darul Iman Malaysia
December			
5 th – 6 th	Islamic Financial Services Forum: The European Challenge	Germany	IFSB
8 th – 10 th	The 14 th World Islamic Banking Conference	Bahrain	Middle East Global Advisors
9 th – 11 th	Private Banking MENA 2007	Dubai	Terrapinn
9 th – 11 th	Global Halal & Islamic Business Forum	Abu Dhabi	IIR Middle East

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