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COVER STORY

11th November 2020 (Volume 17 Issue 45)

IFN Non-Banking Financial Institutions Poll 2020: Winners revealed!

Non-banking financial institutions (NBFIs) play a crucial role in fulfilling the financing demand that cannot be met by banking institutions. For their indispensable contribution to the global Islamic finance industry, IFN is honored to be recognizing the top Islamic NBFIs through the inaugural IFN Non-Banking Financial Institutions Poll 2020 as voted by the readers of IFN.

Best Islamic Financial Cooperative

The winner of the Best Islamic Financial Cooperative may not have a global stature but that certainly does not undermine its influence and significance within the community it serves, particularly in a country without any Islamic banks. Mauritius may have a fairly supportive Islamic finance legal infrastructure; however, the East African tourism haven's Islamic banking sector has struggled to take off in the tiny nation of over one million, and took a particularly crushing blow this year when its sole fully-fledged Islamic bank had its license revoked.

The chasm left in the banking sector has emphasized the important pillar that is

Al Barakah Multi-Purpose Co-operative Society in ensuring Muslims in Mauritius are still able to access Riba-free financial products in line with their faith. With small humble beginnings in 1998 when several Mauritian Muslims pooled together their resources to form the country's first Islamic credit cooperative, Al Barakah Multi-Purpose Co-operative Society has grown over the last two decades expanding its operations to nine branches throughout the island and serving over 2,000 members, about 10% of the local Muslim population.

It has developed a slew of Islamic financial products, including home financing, motor vehicle financing, real estate financing, trade financing, general financing as well as a Hajj savings account. As a community-driven institution, Al Barakah Multi-Purpose Co-operative Society also provides Qard Hasan financing for medical and educational purposes. It is also worth noting that the cooperative introduced an internal Social Takaful Fund to cover debts of debtors. The institution has also been active in promoting and educating the public about Islamic finance and sharing its successful co-op model with international peers. Commanding



22% of the votes, Al Barakah Multi-Purpose Cooperative Society took home the title of Best Islamic Financial Cooperative, followed by California's Ameen Housing Co-operative with 10% of the votes and Bank Kerjasama Rakyat Malaysia with 9%.

Best Islamic Leasing Provider

Winning by the largest margin across all categories with 60% of the votes, Sri Lanka's largest non-banking financial group LOLC's Al-Falaah brand was crowned Best Islamic Leasing Provider. The diversified conglomerate with an impressive international footprint including across South Asia, Southeast Asia and Africa built over 34 years, ventured into Shariah compliant financing under Al-Falaah in 2007.

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DEALS

Autoriti Monetari Brunei Darussalam auctions AMBD Islamic Bills worth a total of BN\$100 million (US\$74.14 million)

Bank Negara Malaysia prints Shariah papers totaling RM88.43 billion (US\$21.49 billion)

Islamic Corporation for the Development of the Private Sector’s US\$600 million Sukuk listed on **NASDAQ Dubai**

Central Bank of Bahrain’s Sukuk Ijarah oversubscribed, with BHD130.24 million (US\$343.57 million) in subscriptions

Central Bank of Kuwait places KWD240 million (US\$781.93 million)-worth of bonds and related Tawarruq papers

Central Bank of Gambia concludes Sukuk Salam auction

Indonesian government to conduct Sukuk auction with an indicative target of IDR10 trillion (US\$687.39 million)

Evyap Sabun Malaysia to establish RM500 million (US\$120.26 million) Sukuk Wakalah program

NEWS

SSC Capital to launch Shariah compliant robo-advisory app **Shirkah Invest** in first quarter of 2021

Malaysia’s first Islamic supply chain finance

fintech to be established by **CapBay** and **Kenanga Investment Bank**

Malaysian Cooperative Commission and **Koperasi Muafakat Makmur** organize E-Rahn workshop for Ar-Rahnu system development

Mutual Trust Bank signs agreement with **Millennium Information Solution** to implement Core Islamic Banking System

Bank of Khyber to set up Islamic and conventional operations in special economic zones

Otoritas Jasa Keuangan further extends relaxation policy on bank credit restructuring starting from March 2021 to March 2022

National Committee for Islamic Economy and Finance is now under Indonesia’s **Ministry of Finance**

RESULT

Abu Dhabi Islamic Bank reports net profit decrease at AED533.8 million (US\$145.3 million) for third quarter of 2020 compared with previous year

ASSET MANAGEMENT

Wealthsimple set to launch Wealthsimple Shariah World Equity Index exchange-traded fund

Financial Markets Tribunal upholds **Dubai Financial Services Authority’s** enforcement

action against **Al Masah Capital** and its executives

TAKAFUL

Islamic Corporation for the Insurance of Investment and Export Credit and **IsDB** jointly launch US\$2 billion COVID-19 Guarantee Facility

Al-Ahlia Insurance Company approves merger offer from **Gulf Union Cooperative Insurance Company**

Saudi regulator fines **Salama Cooperative Insurance Company** for late disclosure of interim financial statements

RATINGS

Fitch assigns ‘A’ long-term issuer default rating to **Dukhan Bank**

RAM assigns ‘P1’ and ‘AA3/Stable’ ratings to **Bermaz Auto’s** proposed Islamic programs

RAM reaffirms ‘AA2’ rating on **Edra Solar’s** RM245 million (US\$58.77 million) ASEAN Sustainability SRI Sukuk

MOVES

Saudi Enaya Cooperative Insurance Company appoints new board member as two others resign

Talal Ahmed Alkhereiji appointed as new acting CEO of **National Commercial Bank**

Alinma Tokio Marine Co appoints Khalid Abdullah Al Rumaih as new member of board of directors

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Al Waseelah
ISLAMIC TAWARRUQ SUKUK

IFN Non-Banking Financial Institutions Poll 2020: Winners revealed!

Continued from page 1

LOLC Al-Falaah offers a wide range of products from savings and investments and business financing to leasing. As one of its first products launched, LOLC Al-Falaah's Ijarah portfolio is one of its best-performing asset classes, supporting the Islamic finance unit position as one of the top-performing divisions of LOLC Finance in terms of non-performing financing performance, profitability and return on equity. Competitive rentals and diversity in types of leasable assets as well as solid branding equity anchored LOLC Finance's position in the space of Islamic leasing.

Thailand's Amanah Leasing Public Company and Ijara Community Development Corporation in North America came in second and third respectively.

Best Islamic Microfinance Institution

Along with Islamic social philanthropic instruments such as Zakat, Waqf and Sadaqah, Shariah compliant microfinance is at the heart of financial inclusion and the democratization of financial access.

Staying true to its mandate of poverty eradication and promoting financial freedom among the financially vulnerable, Amanah Ikhtiar Malaysia (AIM) secured 38% of the votes to become the first to be honored as Best Islamic Microfinance Institution in a tightly contested race. AIM, established in 1987 as a private trust, grew to become Malaysia's largest microcredit institution. For over 30 years, the Islamic microfinance organization has disbursed hundreds of millions of dollars-worth of financing to Malaysia's poorest as well as MSMEs.

This year alone, AIM has allocated RM2.7 billion (US\$656.28 million) to assist entrepreneurs in the low-income group to expand their business. With almost 380,000 borrowers, AIM expects to lift over 56,000 of them out of poverty in 2020.

Grameen Bank and Palestine for Credit and Development came in second and third respectively with 23% and 13% of the votes.

Best Islamic Private Equity/Venture Capital Firm

Private equity (PE) and venture capital (VC) financing are forces to be reckoned with. Widely acknowledged as a major driver of economic growth, PE and VC activities are also critical in the Islamic finance narrative.

The Best Islamic Private Equity/Venture Capital Firm goes to Gulf Islamic Investments (GII), a familiar name in the space with a strong track record. To date, the UAE-based firm manages over US\$2.5 billion in assets, securing US\$5.5 billion in debt and in excess of US\$1.3 billion in equity. GII inherits the track record of Union National Financial Consultancy (renamed GII) and Allied Investment Partners which managed and advised the private assets of some members of the Abu Dhabi royal family; the firm decided to focus solely on Shariah investments in 2014.

As its name implies, GII hunts for yield in various investment opportunities

in the GCC across multiple sectors including industrial, manufacturing, transportation and logistics, technology, healthcare, education, energy, tourism and financial services. Despite the depressed investment climate due to the COVID-19 pandemic, GII continues to search for the alpha in opportune asset classes including in India's US\$200 billion healthcare sector with the acquisition of a significant minority stake in a portfolio of healthcare companies including a virus test manufacturing company this year.

Doha Venture Capital and Taqwa Tech were runner-up and second runner-up respectively.

Best Islamic Real Estate Financier

In a clear race to the top, Michigan-based UIF Corporation flexed its Islamic finance capabilities, winning 57% of the votes to be awarded the Best Islamic Real Estate Financier.

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IFN Non-Banking Financial Institutions Poll 2020: Winners revealed!

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The US Islamic financial institution beat the odds amid an economic recession, heightening political tension and market uncertainty. Finding a silver lining during the COVID-19 storm, UIF Corporation generated record profits – about US\$1 million a week – in July and originated US\$90 million in home financing every month. The firm is working on expanding its network and presence through new partnership home financing across the 26 states it is operating in.

Australia's Amanah Islamic Finance came in second while another US contender, Guidance Residential, was third.

Best Takaful Company

In the fiercest competition of the IFN Non-Banking Financial Institutions Poll 2020, Etiqa (General and Family Takaful) was neck and neck with its closest rivals but managed to pip its competitors to the post by a hair's breadth to grab the Best Takaful Company title.

Part of Malaysia's largest banking group, Maybank, and a joint venture with international insurance company Ageas, Etiqa leverages its deep local expertise and global experience to offer General and Family Takaful services to the Malaysian people and consistently maintain its lead ranking in the Takaful sphere. With over 10,000 agents, 46 branches, 17 offices and over 490

bancassurance networks nationwide, Etiqa is the country's largest Takaful and insurance provider.

While the COVID-19 pandemic is expected to dent its financial performance for the 2020 financial year, as the whole industry takes a hit, Etiqa is in a solid position to weather the storm bolstered by its robust fundamentals and equally important, its investments into its digital architecture which has prepped the group well to navigate a pandemic environment. Etiqa continues to win customers with its hassle-free purchase and claim experiences, groundbreaking products (it was the first in the country to introduce mental health Takaful coverage early this year) and service to the community with millions channeled toward various relief efforts including for cancer prevention/awareness and COVID-19 this year alone.

Takaful Malaysia and Pak-Qatar Family Takaful were in a deadlock for second place.

Best Re-Takaful Company

Best Re-Takaful Company is awarded to Malaysian Reinsurance (Malaysian Re). The largest national reinsurer by asset in Southeast Asia entered the re-Takaful market in 2016, extending the Halal supply chain to both local and international Takaful operators.

By utilizing a leveraged model, the firm's re-Takaful division harnesses Malaysian Re's underwriting best practices including sound rating disciplines, appropriate pricing models and accessibility to readily available actuarial assessments. Rated 'A' by Fitch Ratings, Malaysian Re maintains a "very strong" capital buffer and consistently profitable financial performance which would support the reinsurer in coping with the adverse impact of the coronavirus pandemic.

Having started with General re-Takaful solutions, the company continues to steadily expand its Islamic business with new products and collaborations: at the end of last year, it forayed into the Family re-Takaful segment via a strategic partnership with Pacific Life Re to begin servicing Family Takaful operators.

Africa Re and Emirates Re tied for second place.

Congratulations!

IFN would like to congratulate all winners of the inaugural IFN Non-Banking Financial Institutions Poll! Your diligence, adaptability and perseverance in an exceptionally difficult year fraught with unprecedented challenges distinguish you from the rest. Congratulations again on a very well-deserved win. ☺

Category	Winner	First runner-up	Second runner-up
Best Islamic Financial Cooperative	Al Barakah Multi-Purpose Co-operative Society	Ameen Housing Co-operative	Bank Kerjasama Rakyat Malaysia
Best Islamic Leasing Provider	LOLC Al-Falaah	Amanah Leasing Public Company	Ijara Community Development Corporation (IjaraCDC)
Best Islamic Microfinance Institution	Amanah Ikhtiar Malaysia	Grameen Bank	Palestine for Credit and Development - FATEN
Best Islamic Private Equity/Venture Capital Firm	Gulf Islamic Investments	Doha Venture Capital	Taqwa Tech
Best Islamic Real Estate Financier	UIF Corporation	Amanah Islamic Finance	Guidance Residential
Best Takaful Company	Etiqa (General and Family Takaful)	Takaful Malaysia; Pak-Qatar Family Takaful	NA
Best Re-Takaful Company	Malaysian Reinsurance	Africa Re; Emirates Re	NA

Uzbekistan finalizes draft regulations on Sukuk in preparation for first issuance in 2021

The Capital Market Development Agency (CMDA) of Uzbekistan has finalized its draft regulations for the issuance of Sukuk and aims to issue its first Islamic paper next year, IFN has learned. NESSREEN TAMANO has the details.

The draft outlines detailed information on Sukuk issuances, including different structures and concepts, legal procedures and requirements and tax treatments.

Hondamir Nusrathujaev, who has a special focus on Uzbekistan as the manager of financial control at the IsDB, confirmed with IFN that the draft regulations, which have been in the works for a while but were slightly delayed by the coronavirus crisis, have been published for discussion and

feedback from industry players. The document is also signed by President Shavkat Mirziyoyev.

The draft regulations, once approved, could be the nudge the CMDA needs to finally tap the Islamic capital market with a green Sukuk facility, as well as allow corporates to issue their own Sukuk, as per its plan in 2019.

The Sukuk regulations are also a much-needed boost to kick-start Islamic finance in the Central Asian nation in earnest. IFN **previously reported** on the IsDB working with the CMDA and the United Nations Development Programme on the development of a legal and institutional framework for Islamic financial instruments.



In the banking sector, eight commercial banks are in the process of launching their Islamic banking windows and units, with hopes of accelerating the issuance of a dedicated Islamic finance network. ⁽²⁾

Turkey aims for Islamic banking efficiency with new banking infrastructure

The main goal of Turkey's new legal infrastructure is to provide a safe base for participation banks to act in accordance with Islamic principles, JEVITHA MUTHUSAMY learns.

Turkey recently completed a legal infrastructure for participation banks in collaboration with the Ministry of Treasury and Finance, the Banking Regulation and Supervision Agency and the Participation Banks Association of Turkey (TKBB) to help participation banks in providing interest-free services to customers.

"In Turkey, all banks, namely conventional banks, participation banks and development banks are subjected to the sole Banking Code which has been revised from time to time. However, participation banks must act in accordance with Islamic principles, therefore separate Acts and regulations are needed for the participation banking industry," Murat Caglar, the chief legal officer of TKBB, tells IFN.

Through the new infrastructure, the compliance processes with the interest-

free principles are now put into legislation in a governance framework.

"The current banking Act as well as other legislations do not define all the activities of the participation banks as they are supposed to. Thus, the new infrastructure will directly impact participation banks and enable them to do business much more efficiently," Murat says.

The new framework covers areas such as the establishment of the Central Advisory Board, the determination of binding standards, the formation of an advisory committee at each bank and the establishment of control and audit mechanisms to ensure compliance with the decisions taken.

Murat explained that there was always an intention to revise the current legislation; efforts were carried out much more intensively in the past year.

The main task of the Central Advisory Board is to eliminate the different implementations of the participation banks. As such, in the event of a dispute between the banks and their customers,

the board has the authority to change the decisions taken.

Meanwhile, the formation of an advisory committee is mandatory in every participation bank to ensure that the banks abide by the principles and standards set.

"TKBB is keen on cooperating with all parties related to the industry in order to achieve an ideal legislation for the participation banking industry. Apart from being in charge of drafting standard agreements to be used for Islamic financial instruments, the Shariah board is also running under TKBB to set unique practices among the participation banks in compliance with the Islamic principles," Murat shares.

Other requirements under the new framework include: banks having to report their quarterly control and audit activities to the top management of the institution and staff that are taking part in compliance and audit processes must have a postgraduate degree in interest-free finance or alternatively, they should receive certified training. ⁽²⁾

UK Islamic fintech companies collaborate to drive growth in commodity Murabahah sector

Islamic interbroker Eiger Trading Advisors has adopted a new digital solution by Connectif Technologies to optimize efficiency as part of its growth strategy. VINEETA TAN reports.

Eiger, regulated by the UK's Financial Conduct Authority, will be utilizing Connectif's iWAVE platform which unifies processes across the entire transaction life cycle, improving efficiencies in areas such as agreement negotiation, Know-Your-Customer (KYC) management, trade execution and post-trade processing. All Islamic deposits and financing products will be transacted in real-time without compromising Shariah integrity.

It is understood that Eiger, which specializes in brokerage and trade facilitation services for the Islamic financial market, will begin by using the Master Agreements and KYC Management module of iWAVE.

"We believe our iWAVE solution enables banks to benefit from the efficiencies it

brings across both the whole transaction life cycle and across multiple financial products including Wakalah and Murabahah both locally within an organization and across the market as a whole.

These benefits range from price transparency on transactions, STP [straight-through-processing] across the transaction life cycle, through to secure communication and exchange of documentation which all lead to more simplified and timely processes whilst ensuring Shariah compliance, reduced costs and enhanced profitability," explains David Potter, the managing director of Connectif.

The UK is home to at least 27 fintech companies offering Shariah compliant solutions, more than any other country in the world, according to the IFN Islamic Fintech Landscape as at the end of October 2020. Its thriving start-up environment and progress made in the Islamic fintech segment are seen as key to the UK's next chapter of Islamic finance growth.

"Given that the UK has a large existing fintech sector already, it was inevitable that we would start to see growth in the UK Islamic fintech sector as we are now, and therefore it was natural for Connectif to work with a local firm that we already know well," Potter shares.

"However, I think any cooperation between firms regardless of where they are based should be seen as a positive, as it can only help to help drive the fintech agenda across the Islamic finance industry as a whole. I hope and believe other firms will begin to collaborate and I am sure they already are in many areas."

The adoption of iWAVE is the start of a relationship between Eiger and Connectif which will likely culminate in other initiatives. Both the Islamic fintech companies have confirmed that they are examining other areas of collaboration, particularly initiatives designed to add value to the commodity Murabahah market. ⁽²⁾

Egypt one step closer to issuing debut sovereign Sukuk with approval of draft law

Egypt is preparing to enter the Islamic capital market with the debut issuance of its long-awaited sovereign Sukuk, with the Council of Ministers's approval of the new draft law for sovereign Sukuk issuances. NESSREEN TAMANO reports.

Dr Mohamed Maait, the Egyptian minister of finance, said that the country will issue its first sovereign Sukuk as soon as the House of Representatives approves and President Abdel Fattah El-Sisi ratifies the new law.

The proposed law is part of a series of measures the Ministry of Finance is taking to diversify the investor base in government securities, with a particular focus on Shariah compliant issuances. "The sovereign Sukuk issuance will attract a new segment of investors — those interested in Shariah compliant

investments — and will result in additional financing and liquidity to the government," Dr Mohamed noted, adding that it would also help plug the state's budget deficit and extend the average life of the debt portfolio.

Under the new law, Sukuk will be issued by the Ministry of Finance in any of the structures outlined, including Mudarabah, Murabahah, Ijarah, Istisnah and Wakalah.

The council's approval was issued after consultations with all other ministries and regulators, as well as Islamic banks that have experience in sovereign Sukuk issuances and the Al Azhar Al Sharif Islamic Research Academy, to ensure that the articles of the draft law are in line with best practices in the Islamic finance industry.

As at the end of June 2020, the volume of Islamic finance transactions in Egypt amounted to approximately US\$2.7 trillion, Dr Mohamed said, implying the readiness of Egypt to be an active participant in the Islamic capital market.

Egypt has been working on its Sukuk issuances in the past year. In September 2020, Capital Market Law No 95 of 1992 **was updated** with provisions to facilitate the introduction of new Sukuk structures into the market.

The country saw its first-ever corporate Sukuk issuance earlier this year with the long-awaited facility from Talaat Mustafa Group, **taking the lead** from four other corporates looking to issue Islamic papers as well. More recently, Sarwa Capital confirmed it will be issuing Sukuk in the coming few weeks. ⁽³⁾

IsDB and BAZNAS to pilot Zakat project in Indonesia to support national development programs

Looking to optimize the potential of Islamic alms-giving, estimated to be worth some IDR462 trillion (US\$32.45 billion) or 3.4% of its total GDP, Indonesia has partnered with the IsDB to develop a mechanism to improve Zakat collection and distribution to support national programs. VINEETA TAN has the story.

The partnership will see Indonesia's National Board of Zakat (BAZNAS) and the IsDB pioneer a US\$745,000 pilot technical assistance project to integrate Zakat with several of the Republic's Community Driven Development programs. The IsDB via its Islamic Finance Advisory and Technical Assistance Division, Islamic Financial Sector Development Department and Islamic Solidarity Fund for Development

(ISFD), will be funding the majority of the initiative with a US\$515,000 grant while BAZNAS will cover US\$250,000 as well as manage the implementation of the project.

A portion of the grant funds from the ISFD will be channeled toward COVID-19 response activities. Approximately 19,000 students will benefit from the handwashing drive under this program which will cover 78 schools, and livelihood recovery support will be provided to 35 microentrepreneurs operating Zmart retail stores.

"The project seeks to leverage crowdsourcing's enormous potential, motivating the crowds to become an active network of developers. This

is in line with IsDB President's Five-Year Program (P5P) and the new business model to create partnerships and transform the IsDB into a bank of developers. In particular, the P5P's aim is to make the IsDB more competitive and responsive to the needs of its member countries," Dr Bandar Hajjar, the president of the IsDB Group, explained.

BAZNAS has identified six testbed locations for the pilot initiative: Bogor City in West Java Province, Pariaman City in West Sumatra Province, Tana Toraja Regency in South Sulawesi Province, Kendal Regency in Central Java, Sarolangun Regency in Jambi Province and Lombok Island in West Nusa Tenggara. (📍)

Indonesia Stock Exchange supports Sukuk market with new electronic trading platform

The Indonesia Stock Exchange (IDX) has launched the Indonesia Alternative Market Trading System (SPPA), a new electronic trading platform that allows the trading of Sukuk and bonds on the secondary market. NESSREEN TAMANO has the details.

"SPPA has been designed in such a way as to accommodate the needs of the bond and Sukuk market players in Indonesia, with the hope of increasing liquidity and efficiency in the market," Hasan Fawzi, the business development director at the IDX, said.

Leading up to the finalization of the program and its official launch, the exchange held discussions with focus groups and the Inter-Dealer Market Association to identify the business needs of market players.

The IDX also partnered with global bond trading solution provider AxeTrading to fully develop the system and design it according to best practices.

"To increase the size and number of market participants, drive interest from new debt issuers and to better meet growing local funding requirements,

exchanges have to innovate their bond trading offering and effectively embrace both voice and electronic trading," said AxeTrading, whose AxeChange software powers the execution of SPPA.

The AxeTrader Quoting and Execution Management System supporting SPPA also gives fixed-income dealers the tools they need to boost their trading with automated workflows, as well as access to voice and electronic trading in the Indonesian, Asian and global markets. It interacts across 23 execution venues (including the IDX SPPA) and connects 11 market data sources to provide dealers with market aggregation and trading workflows in a single desktop.

SPPA is the second iteration of the platform, which was first developed in 2019 following approvals from Otoritas Jasa Keuangan or the Financial Services Authority. According to the IDX, the first version of the electronic trading platform was "very simple and had limited facilities", leading to its further development over the span of one year.

There are currently 21 dealers who have become SPPA users after having participated in the SPPA piloting



program, which includes training and a market simulation.

Along with the SPPA launch, the IDX also issued four regulations on trading that support the system. (📍)

IFN Monthly Review: October — Consolidation and expansion amid regulatory developments

There were healthy activities across the board including in the sectors of banking, capital markets, fintech and Takaful amid new regulations. Pioneering Sukuk offerings and new Islamic funds point to a favorable start to the third quarter while consolidation in the banking and Takaful segments indicate a concerted effort toward more robust positions in the industry. VINEETA TAN reports.

Deals

Sukuk volumes may have dropped or tapered down — dropping 14.2% quarter-on-quarter in the third quarter but Fitch Ratings expect 2020 volumes to match those in 2019. Activities in the month of October seem to support that projection as both sovereigns and corporates tapped the Islamic capital market for the funding needs.

Notable October deals include Etihad Airways' US\$600 million 'transition' Sukuk, an industry's first as the **proceeds from which** will be used to assist the airlines in switching to more environmentally sustainable operations. Non-bank structuring firm Bedford Row Capital launched a US\$150 million inflation-linked **Sukuk** facility denominated in four different currencies. The **Sukuk could very well be the first** of its kind, hedged as it is against rising price levels to protect investors from exposure to inflation.

The Islamic Corporation for the Development of the Private Sector **also raised** US\$600 million via an Islamic paper that received over US\$1 billion in orders. A few banks made it to the dollar market including Qatar Islamic Bank with a **five-year** US\$750 million Sukuk facility that received over US\$2.2 billion in orders and Arab National Bank with its US\$750 million 10-year **Tier 2 capital** Sukuk facility. Egypt, which in November paved the way for its sovereign Sukuk debut with new regulatory changes, **might see its next corporate** Sukuk coming from either financial services provider Sarwa Capital or real estate developer Amer Group, both of which have announced plans to issue before the end of the year.

Bangladesh in October finally **issued long-awaited** Sukuk guidelines in



preparation for an Islamic facility that is expected to be launched in December 2020 while Pakistan also greenlit the **issuance of an international Sukuk** facility and a **forthcoming** domestic Sukuk Ijarah facility. Brunei's financial regulator **launched a new program** with banks in the country that would support them with liquidity management and also widen the list of available money market instruments.

IFN also learned from CEO Matthew Martin about the micro smart Sukuk to be issued by four Indonesian Islamic microfinance cooperatives. The issuances are worth IDR2 billion (US\$135,839) with a 12-month tenor each.

Banking and finance

There were major shifts in the Islamic banking landscape in October with mega mergers gaining momentum, the entrance of new players and legal actions which could further paralyze the Islamic banking sector of Iran.

The merger between three of Indonesia's Islamic banks — Bank Syariah Mandiri, BNI Syariah and BRI Syariah — is closer to being finalized, with **the signing of a conditional** merger agreement by the Ministry of State-Owned Enterprises. Saudi Arabia's National Commercial Bank **has offered to acquire** its rival Samba Financial Group for SAR55.7 billion (US\$14.83 billion) in a merger that

could result in the Kingdom's largest financial institution and the world's largest Islamic bank.

New faces made their appearance in the industry: Bangladesh-based United Commercial Bank **launched** UCB Taqwa, its Islamic banking window. The country's banking sector had recently seen some local banks converting into fully-fledged Islamic banks, of which Bangladesh now has 10. Qatar's Barwa Bank **rebranded** into Dukhan Bank effective this month, with a plan for a fully digital infrastructure. In Libya, two **banks established special units** to offer Shariah compliant financing to SMEs, with at least four others planning to do the same. The move is one of the measures taken by the country's financial institutions, which have been instructed to convert all transactions into Islamic. In Saudi Arabia, food and beverage tech start-up Foodics launched a US\$100 million Shariah compliant **micro financing fund**, to be managed by its lending arm Foodics Capital.

In an unsurprising move, the US government sanctioned 18 Iranian banks over alleged terrorism activities, a move the Iranian central bank **has responded to** saying that the move by the US is political and gets in the way of the banks transferring resources to Iranians for the purchase of medicine and food.

Takaful

The banking sector is not the only

one showing signs of consolidation as COVID-19-induced economic pressures have also weighed heavily on insurers looking to stop the tightening of margins. In Bahrain, Solidarity Bahrain **issued a letter of intent** for a possible merger with Tazur Bahrain; in Saudi Arabia, **Saudi Enaya Cooperative Insurance Company has begun discussions** on a possible merger with **Amana Cooperative Insurance Company**, while **Gulf Union Cooperative Insurance Company is also merging** with **Al-Ahlia Cooperative Insurance Company** under a new brand.

Expansion is another parallel theme: Etihad Credit Insurance expanded its product suite with **Shariah compliant export credit insurance** and guarantee solutions under its Islamic unit to support the UAE's **Halal** export sector. Africa Reinsurance Corporation is **expanding outside of its** home market of Africa, where it has focused its Islamic insurance business over the last four decades with an office in Dubai, its first one in the Middle East.

Asset management

Numerous new Islamic funds and investment vehicles were revealed in October: SHUAA Capital launched four Islamic funds; Jadwa Investment unveiled a Waqf fund; the **Social Insurance Organization of Bahrain is collaborating** with the Military Retirement Fund to introduce a **Shariah compliant pension scheme**; Dubai Financial Market **debuted its** Futures Trading Platform; and the State Bank of Pakistan started issuing Islamic Naya Pakistan Certificates, a new **Shariah compliant investment option** available to both resident and non-resident Pakistanis holding Roshan digital accounts.

Regulations and standardization

There were significant regulatory developments particularly in the fintech sector: the Central Bank of Bahrain issued the Bahrain Open Banking Framework to **implement open banking** and the Iranian government officially **permits the use** of digital currencies to fund imports.

In the UAE, the Cabinet issued a **decree merging** the central bank and the **Insurance Authority**, while the **Securities and Commodities Authority** transferred its operational and executive powers to the local stock exchanges.

The **Indonesia Stock Exchange has finalized its** Master Plan 2021–25, which

includes a focus on developing the Islamic capital market as a growth area. The *International Islamic Financial Market* released documentation templates for **Sukuk Ijarah** issuances while confirming **that a template** for Tier 1 **Sukuk Mudarabah** issuances is forthcoming.

Fintech

Bahrain continues to make promising advances in the fintech segment with the launch of FinHub 973, a **fintech-focused platform** that connects start-ups with financial institutions in the Kingdom.

In neighboring Saudi Arabia, two new fintech start-ups **have joined the Saudi Arabian Monetary Authority's** regulatory sandbox to test their interest-free finance solutions, bumping the total number of participants in the sandbox to 32.

Meanwhile in Asia, RootAnt launched a **new blockchain** multitier finance platform based on R3's Corda blockchain, also targeting the Islamic financial market.

Moves

There have been significant reshufflings

at the top echelons of the Islamic finance industry: Abdulwahab Issa Abdulwahab Al Rushood has been named as **acting group CEO** of Kuwait Finance House; Andrew Ball has **stepped in** as new CEO of the UK's BLME Holdings following the resignation of Giles Cunningham; Bank Syariah Mandiri appointed Hery Gunardi as **new CEO**; Tehran Stock Exchange elected Amir Taghikhhan Tajrishi as **the new chairman** of the board of directors and Javad Eshghinejad as the deputy chairman; Bank AlJazira **saw the resignation** of Nabil Dawood Al Hoshan as the managing director and CEO, and appointed Ahmed Sufyan Al Hassan as CEO in the interim; while the **Central Bank of Kuwait** established its Higher Committee of Shari'ah Supervision, **appointing four** Islamic banking experts, **including two of Warba Bank's** Shariah scholars, as members.

Passing away

the industry **mourns the passing** of Sheikh Dr Abdul Sattar Abu Ghuddah, a prominent figure in the global Islamic finance industry. The influential industry veteran was on several **Shariah advisory boards.** (👉)

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Sovereign Securities: Malaysia mulls second digital Sukuk; Pakistani energy ministry turns to Sukuk to generate liquidity

The Malaysian government might consider a second Sukuk Prihatin while Pakistan's Petroleum Division mulls Sukuk to cope with rising circular debt. JEVITHA MUTHUSAMY rounds up Shariah sovereign securities developments over the week.

Malaysia

The Malaysian government may consider issuing a **second digital** Sukuk facility following the success of its Sukuk Prihatin which received RM666 million (US\$161.88 million) in orders, exceeding its RM500 million (US\$121.53 million) target, according to the News Straits Times.

Separately, at the tabling of **Budget 2021** on the 6th November 2020, Malaysia's Finance Minister Tengku Zafrul Aziz announced that the existing income tax exemption for sustainable and responsible investment (SRI) green Sukuk grant will be extended to all types of Sukuk and bonds until 2025 while the government looks to continue the Green Technology Finance Scheme 3.0 with a fund size of RM2 billion (US\$483.81 million) for two years until 2022 to encourage the issuance of SRI Sukuk.

Meanwhile, proceeds from Sukuk Prihatin amounting to RM100 million (US\$24.19 million) will be channeled for research relating to infectious diseases covering vaccine development as well as treatment research and diagnostics.

Pengurusan Air Selangor is planning to establish a RM10 billion (US\$2.43 billion) Islamic medium-term note

program and an Islamic commercial paper program of the same value structured under the Murbahah concept. IFN **previously reported** that the Selangor administration is looking to issue the Air Selangor Sustainability Sukuk worth RM10 billion under Pengurusan Air Selangor. Separately, Bank Negara Malaysia printed 10 Islamic liquidity management tools amounting to RM88.43 billion (US\$21.49 billion).

Pakistan

The Pakistani Ministry of Energy's Petroleum Division has proposed the issuance of Sukuk to the Economic Coordination Committee of the Pakistani cabinet in a bid to generate liquidity to cope with the circular debt that has risen to PKR1.6 trillion (US\$10.01 billion), The News International reported citing an official document.

Indonesia

The Indonesian government's **two sovereign** Shariah securities issued in February and November 2020 with a total issuance value of IDR2.55 trillion (US\$177.8 million) have been listed on the Indonesia Stock Exchange (IDX) effective the 6th November 2020. The one reopening and one new listing will mature on the 5th February 2021 and the 4th November 2021 respectively.

In a separate statement, the Indonesian government's five sovereign Shariah securities issued in May 2019, October 2019, May 2020, July 2020 and October 2020 totaling IDR12.35 trillion (US\$848.92 million) have been listed on the IDX on the 4th November 2020.

The five reopenings will mature in May 2033, October 2024, May 2023, October 2046 and April 2021 respectively.

Meanwhile, the Indonesian government is looking to raise IDR10 trillion (US\$687.39 million) from a Sukuk **auction** on the 10th November 2020 featuring one new issuance and four reopenings with maturity dates ranging from May 2021 to October 2046.

Brunei

Autoriti Monetari Brunei Darussalam (AMBD) **priced** its 187th short-term Sukuk Ijarah at BN\$100 million (US\$74.35 million) which offers a rental rate of 0.13% and has a maturity date set on the 4th February 2021.

In separate press releases, AMDB announced the second and third issuances of its AMBD Islamic Bills valued at BN\$50 million (US\$36.71 million) each.

The Islamic bills in the **second issuance** matured on the 2nd November 2020 and carried a rental rate of 0.12% while the Islamic bills for the **third issuance** will mature on the 19th November 2020 and carries a rental rate of 0.12%

The UAE

The Sharjah government's US\$250 million trust certificates with a coupon rate of 3.23% due 2029 issued by Sharjah Sukuk Programme under its trust certificate issuance program have been listed on NASDAQ Dubai and admitted to the official list of securities of the Dubai Financial Services Authority.

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Iran

The Iranian Ministry of Economic Affairs and Finance has announced the results of its 23rd bond auction held on the 2nd November 2020. Four banks placed orders worth IRR12 trillion (US\$285 million) while the ministry also agreed to sell IRR469 billion (US\$11.14 million)-worth of Arad 49 bonds with a yield-to-maturity (YTM) of 21% and IRR11.5 trillion (US\$273.13 million)-worth of Arad 54 bonds with a YTM of 20%.

Meanwhile, the central bank will conduct the 24th stage of the government bond auction on the 10th November 2020 to banks, non-bank credit institutions, investment funds, insurance companies and financing companies. The bonds structured under the Murabahah concept will have interest payments with a frequency of six months.

Bahrain

The Central Bank of Bahrain (CBB)'s monthly Sukuk Ijarah offering worth BHD26 million (US\$68.59 million) has been oversubscribed, receiving BHD130.24 million (US\$343.57 million) in subscriptions.

The Sukuk facility issued by the CBB on behalf of the government has a tenor of 182 days and a maturity date set on the 6th May 2021. The issuance has an expected return of 2.6%.

Kuwait

The Central Bank of Kuwait's most recent issuance of bonds and related Tawarruq facilities totaled KWD240 million (US\$781.93 million), with a tenor of three months and a rate of return of 1.13%.

Gambia

The Central Bank of Gambia's auction featuring three-month, six-month and one-year Sukuk Salam facilities worth GMD5 million (US\$96,110.8) each was concluded on the 3rd November 2020. The three-month facility was fully subscribed while the six-month and one-year facilities were oversubscribed, receiving GMD5.4 million (US\$103,800) and GMD15 million (US\$288,332) in bids respectively. ☺

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Sukuk fintech start-up receives greenlight to test investment platform in Saudi

A fintech start-up has gained a license from the Saudi regulator to design, launch and operate a digital platform facilitating offering and investment in debt instruments in a controlled environment.

With a Financial Technology Experimental Permit (FinTech ExPermit) by the Capital Market Authority (CMA), Sukuk Capital Company would be allowed to test its platform in Saudi Arabia. The start-up is targeting SMEs with its solution which would enable businesses in the Kingdom to raise capital through the offering of Sukuk while serving as an avenue to attract collective investments.

“ The start-up is targeting SMEs with its solution which would enable businesses in the Kingdom to raise capital through the offering of Sukuk ”

Sukuk Capital Company is one of several start-ups which have received the greenlight from the regulator to operate similar business models. Wethaq Capital Markets earlier this year also received a FinTech ExPermit to launch a platform which would support the issuance, administration and distribution of Sukuk. Wethaq **expects to float** its first Sukuk on the blockchain platform this year.

Concurrently, the CMA also extended a FinTech ExPermit to Osool & Bakheet Investment Company to establish an equity crowdfunding platform. While it is not immediately clear if



the platform would be Shariah compliant, it is understood that most if not all of the fintech solutions to be approved by the CMA would meet the needs of Muslim investors and clients.

These two licenses are part of the third batch for the FinTech ExPermit announced late last year. The regulator opened applications for the fourth cohort on the 1st October 2020. (📌)



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ADGM amends regulations to support fintech solutions

The Financial Services Regulatory Authority (FSRA) of Abu Dhabi Global Market (ADGM) has amended its regulatory framework governing the provision of money services in its bid to promote fintech solutions in the financial zone.

Under the revised framework, the regulated activity of providing money services has been fine-tuned with greater details on activities related to providing payment accounts and the issuance of stored value, which are often related activities of currency exchange and money transmission. The enhancements also introduced a new set of rules in the FSRA's Conduct of Business Rulebook covering payment accounts and stored value services as well as more risk-sensitive capital requirements for such services.

"The FSRA is excited to implement the framework on money services to promote an efficient payments system and innovation in a safe and well-regulated environment. The ability of financial institutions to collaborate with multiple

“ The FSRA is excited to implement the framework on money services to promote an efficient payments system and innovation in a safe and well-regulated environment ”

parties securely and efficiently to deploy modern fintech solutions has immense potential to improve financial inclusion in the region," said Richard Teng, CEO of the FSRA. (📌)

Pakistan's digital account initiative creating new opportunities for tech companies

The Pakistani government's endeavor to attract investments into Shariah compliant sovereign instruments through its newly introduced digital platform is also creating new opportunities for technology providers.

Codebase Technologies has unveiled its Digibanc Digital Roshan solution, designed specifically to facilitate Islamic and conventional banks in their mandate to onboard the Pakistani diaspora onto the government's Roshan Digital Account initiative. The Roshan Digital Account enables citizens abroad to invest in Shariah compliant sovereign investment papers remotely, a nation's first, as part of the regulator's efforts to attract Islamic investments from non-resident Pakistanis (NRPs) into the local economy amid precarious market confidence.

"Factors such as disruptive internet and smartphone penetration in the country, consumer preferences for social media and growing e-commerce are driving digital payments and processes in Pakistan. The government of Pakistan is also putting in place strong regulatory frameworks and laws for digital financial services, pushing the growth of fintech-led

initiatives," explained Raheel Iqbal, the managing partner and global product head at Codebase Technologies.

Through the new service, NRPs will be able to undertake banking services including transferring funds and making payments as well as investment activities, including investing into Naya Pakistan Certificates, which are sovereign investment papers reserved for the qualified diaspora. The government last month introduced a Shariah compliant version of the Naya Pakistan Certificates. Eight banks including Bank Alfalah, Faysal Bank, Habib Bank, Meezan Bank and Standard Chartered have been selected to provide the Roshan Digital Account.

A most welcome initiative to bolster Islamic investments, it has also opened the doors for tech companies to provide the necessary infrastructure. Codebase Technologies's Digibanc Digital Roshan, which can be integrated within 45 days, allows banks to manage their Know-Your-Customer processes remotely, facilitate digital customer onboarding, automate regulatory reporting as well as perform payments and transfers. (📌)

UK fintech eyes Q1 2021 launch date for Islamic platform

Fintech company Supply@ME Capital (SYME) is working on rolling out a Shariah compliant version of its Inventory Monetisation service with a view of completing its first Islamic transaction in the first quarter of 2021 (Q1 2021).

SYME, which provides working capital to businesses through the monetization of their inventory, has partnered with iMass Investments and Shari'a Funding Specialist to launch the upcoming platform. The three entities are in the process of completing the Shariah authorization process for the platform.

Through the partnership, SYME will capitalize on Shari'a Funding Specialist's network as well as that of Khaled Abdulla Almass, the owner of iMass, to build and manage its initial portfolio of clients. Once ready, Shari'a Funding Specialist, whose clients comprise professional and qualified investors from the Gulf, will raise capital through the distribution of Islamic certificates through the platform which is scheduled to receive the necessary Shariah approvals before the end of the year.

Identities of the participants and platform mechanics remain undisclosed. (📌)

The Maldives: A strong contender

The Maldivian government's vision of making the country an international finance center and hub for Islamic finance has made some progress, and being the only 100% Muslim country in South Asia means that this can well be realized. NESSREEN TAMANO writes an overview of the industry in the tropical nation.

Regulatory landscape

The Islamic Banking Regulation 2011 was implemented under the Maldives Banking Act 2010 and covers the Shariah banking industry, which is regulated, along with its conventional counterpart, by the Maldives Monetary Authority (MMA).

The MMA has a Shariah Council comprising the regulator's deputy governor and Islamic scholars from the private sector, who ensure that all services delivered by financial institutions permitted to offer Islamic products are Shariah compliant.

“ As relatively new as it is to the Islamic finance industry, the Maldives is a strong contender for its South Asian neighbors Pakistan and Bangladesh ”

A Shariah Governance Framework has been drafted, and the MMA has released the Strategic Plan 2018–22, which has provisions for establishing a comprehensive legislative framework for Islamic finance. Under the framework, the apex bank is also currently working on new Islamic liquidity management mechanisms whereby Islamic financial institutions can invest their excess liquidity and obtain liquidity in case of a liquidity crunch.

Meanwhile, the Capital Market Development Authority (CMDA), which regulates the Islamic capital



market, established in 2011 the Capital Market Shariah Advisory Council and adopted a screening process for listing Shariah compliant companies on the Maldives Stock Exchange (MSE). In 2013, regulations for the Islamic capital market were gazetted.

Banking and finance

There are 13 Islamic financial institutions in the country, including its only fully-fledged Maldives Islamic Bank (MIB) and Bank of Maldives (BML) Islamic, the Shariah compliant unit of BML. MIB launched its IPO in 2019, inviting locals to have ownership of the Islamic bank while also developing the Islamic equity market, which currently only lists three Shariah compliant stocks on the MSE.

Some notable Islamic financial institutions are Maldives Hajj Corporation and the Housing Development Finance Corporation (HDFC), whose Islamic window HDFC Amna provides Islamic home financing facilities.

Capital market

The country's inaugural Sukuk issuance was a corporate facility issued in 2014 by HDFC Amna, which later issued two more Sukuk papers. There has been talk of a Maldivian sovereign Sukuk issuance since 2016, but this has yet to materialize. In the meantime, the MMA

issues short-term Islamic securities structured under the concepts of Mudarabah, Murabahah and Wakalah Bi Istithmar.

In May 2020, the Ministry of Finance announced its plans to issue a US\$300 million facility that could be Sukuk to help cover the country's financing requirements.

The three entities listed as Shariah compliant on the MSE are Amana Takaful Maldives listed in 2011, Ooredoo Maldives in 2017 and MIB.

Takaful

Islamic finance was first introduced in the Maldives in 2003 with the establishment of Amana Takaful Maldives, which is also the first Takaful operator in the country. Local insurer Allied Insurance Maldives's Islamic window Ayady Takaful is the only other provider of Islamic insurance.

Outlook

As relatively new as it is to the Islamic finance industry, the Maldives is a strong contender for its South Asian neighbors Pakistan and Bangladesh. Government support in particular is a helpful prop for the industry. However, market players have expressed the urgent need for skilled and qualified talent as well as a diverse and innovative pool of Islamic financial products to service the industry. ⁽²⁾

Takaful and re-Takaful: Slow growth amid uncertainties

The COVID-19 pandemic has posed unprecedented challenges to businesses across the Takaful industry. JEVITHA MUTHUSAMY takes a look.

Overview

Globally, total Takaful contributions grew by 3.2% in 2018 to reach US\$27.07 billion, a decrease compared with the 4.3% reported in 2017 while over the eight-year period (2011–18), the industry's global contributions grew at an average growth rate of 8.5%, according to the IFSB's Islamic Financial Services Industry Stability Report 2020. Only five countries accounted for about 91% of total contributions in 2018, namely Iran (US\$10.88 billion), Saudi Arabia (US\$9.46 billion), Malaysia (US\$1.86 billion), the UAE (US\$1.21 billion) and Indonesia (US\$1.06 billion), while General Takaful claimed the lion's share (82.6%) of total contributions in 2018 estimated at US\$22.4 billion.

The total number of Takaful operators reached 353 in 33 countries as of 2019. By region, the Middle East and South Asia have the largest number of Takaful institutions at 114, followed by Southeast Asia and the GCC at 106 and 79 respectively. Existing fully-fledged Takaful and re-Takaful operators were recorded at 222 and 15 respectively while Takaful and re-Takful windows totaled 88 and 28 respectively.

Regulations

A range of regulatory measures have been introduced in several countries over the past 12 months to address important issues. In March, the IFSB issued two **exposure drafts** for public consultation including the exposure draft for Takaful/re-Takaful undertakings.

The Securities and Exchange Commission of Pakistan in July proposed to **amend** the Insurance Ordinance 2000 to include provisions for Takaful and re-Takaful, among others.

Autoriti Monetari Brunei Darussalam issued **three notices and guidelines** in the first quarter of 2020 to improve the supervisory regime for the protection of Takaful and insurance policyholders.

Bank Negara Malaysia in January **issued an exposure draft** on the valuation of insurance and Takaful liabilities.

Meanwhile, the Capital Market Authority of Oman issued a **finalized regulation** for the Takaful industry giving Takaful operators six months to comply with the new framework.

New players

Algeria in September revealed plans to **launch** its first Takaful product, which will be available at state-owned companies.

Kenya Re is looking to **enter** the Egyptian Islamic reinsurance market following feasibility studies which included Sudan and Nigeria.

Egypt's state-run Misr Insurance Holding signed a joint venture agreement with the National Bank of Egypt and Banque Misr to **establish** a life Takaful insurance firm called Misr Life Takaful Insurance.

Mergers and acquisitions

Over the past few months, a handful of mergers and acquisitions have taken place in order to further strengthen the Takaful company's capital base.

Saudi Arabia

Chubb Arabia Cooperative Insurance Company and Al-Ahli Takaful Company in November have ended their **initial** discussions on a potential merger.

In October, Saudi Enaya Cooperative Insurance Company **decided** to start initial discussions with Amana Cooperative Insurance Company regarding a merger between the two companies.

Aljazira Takaful Taawuni Company signed an agreement with Solidarity Saudi Takaful Company in August to assess the feasibility of a **merger**.

The UAE

Over in the UAE, Eshraq Investments **dismissed** rumors about it being in discussions with Methaq Takaful Insurance Company to acquire the shares of the latter. In a bourse filing, Dubai Islamic Insurance and Reinsurance Company declared that there are **no negotiations** or confirmations with regards to any acquisition.

Dar Al Takaful confirmed in July that the **share transfer** of Noor Takaful General and Noor Takaful Family to Dar Al Takaful has been completed. Meanwhile in July, Siraj Holding **completed** the acquisition of Al Hilal Bank's Al Hilal Takaful following regulatory approvals. National Takaful Company in May acquired a **4.9% stake** in Dar Al Takaful for AED5.88 million (US\$1.6 million).

Egypt

In Egypt, EFG Hermes and GB Auto have completed the **acquisition** of a 75% stake in Tokio Marine Egypt Family Takaful in a deal worth EGP84.75 million (US\$5.39 million).

Global

Bahrain National Holding Company (BNH) is in a **non-binding negotiation** to acquire a 25% stake or 12.5 million shares of Qatar's Al Khaleej Takaful Insurance Company through BNH subsidiary Bahrain National Life Assurance Company.

In December 2019, Zurich Insurance Group disclosed that it has **completed** the acquisition of 80% of Asuransi Adira Dinamika from Bank Danamon Indonesia and a minority stakeholder.

Latest developments

Pakistan's IGI Life and Faysal Bank have **formed** a bancaTakaful partnership to launch new life and health Takaful products. Meanwhile, Pak-Qatar Family Takaful signed an agreement with **digital healthcare** platform Oladoc to make healthcare easily accessible in Pakistan.

SABB Takaful Company in August received **regulatory approval** to offer new insurance products for critical illnesses. The government of Medina entered into a **partnership** with Takaful Saudi Arabia and Taiba Women's Association to establish 10 new primary healthcare centers at a cost of SAR34 million (US\$9.05 million). Malaysian Reinsurance and the Singaporean branch of Pacific Life Re inked an **MoU** to provide sustainable re-Takaful solutions to Family Takaful operators. (F)

Al Waseelah’s Sukuk: An innovative issuance

The latest Sukuk launched by Al Waseelah, an Islamic issuance platform that provides a way to fund global trade, is an inflation-linked facility – the first of its kind – worth GBP150 million (US\$197.21 million). Lead manager of the deal Bedford Row Capital (BRC) speaks to IFN about the unique issuance; NESSREEN TAMANO writes.

The Shariah compliant insured money market certificates are uniquely structured to protect investors from exposure to inflation, hedging against rising price levels – particularly useful in the current global climate.

The first-ever inflation-linked Sukuk paper works as an active liquidity management tool, and the profit rate is calculated by taking the average monthly annualized returns of the three months preceding each quarter.

“The Sukuk is structured as a Murabahah liquidity product based on self-liquidating, physical assets on an instant transaction that allows for an advanced liquidity management in the money market space,” BRC explained.

The Islamic notes were well-received by institutional investors at issuance, in a market where there is a huge supply shortage. The inflation-linked Sukuk provides them with benchmark-beating returns in an unpredictable market.

Proceeds from the Sukuk will be used to fund eligible counterparties’ shipment of grain, cocoa and other agricultural projects, to be provided by Al Waseelah.

“*The first-ever inflation-linked Sukuk paper works as an active liquidity management tool, and the profit rate is calculated by taking the average monthly annualized returns of the three months preceding each quarter*”

When it comes to challenges, BRC noted that one of the biggest problems faced in the wider market is the lack of knowledge around the process and how to manage it.

“There is a fundamental knowledge gap in the market. The problem is not so much the issuance process, but that the market doesn’t know who to go to for support and advice. BRC was established to resolve this.” ☺

Al Waseelah’s Sukuk
 GBP150 million



BEDFORD ROW CAPITAL

14th October 2020

Issuer	Al Waseelah
Structure	Murabahah
Type	Senior secured
Mode of issue	Public
Tenor	18 months
Profit rate	Inflation index + 75bps
Payment terms	Quarterly distribution
Lead manager	Bedford Row Capital
Legal advisor	Greenwoods GRM
Currency	GBP; EUR; US\$; CHF
Governing law	English law
Shariah advisor	Khalij Law Business Consultancy
Minimum investment	GBP100,000 (US\$131,474)
Listing	Frankfurt Stock Exchange
Rating	Not rated
Tradability	Yes



Diminishing partnership or Musharakah Mutanaqisah



Sohail Zubairi is the senior advisor with the Dubai Islamic Economy Development Centre. He can be contacted at sazubairi1979@gmail.com.

Another interesting offshoot of the Musharakah genre is the retreating or fading partnership where one partner's equity stake rises at the cost of the other. This is the Shariah acquiescent innovation in Islamic finance and is mostly applied where Ijarah cannot be used owing to a tax-unfriendly environment, in order to support the acquisition of an immovable asset, largely for home finance purposes, in line with Shariah principles.

Let me explain. A majority of the jurisdictions in the world are supportive of the conventional lending environment where the borrower pays interest on the loan. Then there is the tax rebate granted by the state based on the amount of interest paid by the borrower during a fiscal year. So, by default, the interest-based lending and borrowing practice gets promoted at the state level.

Imagine doing Ijarah Muntahiya Bil Tamleek (Islamic financial leasing) in such an environment. What shall be the outcome? Firstly, the rent paid by the lessee shall be considered taxable on the landlord who will obviously pass it on to the lessee, and on top of that, the lessee shall not be eligible for any tax rebate which is granted on the basis of interest paid by the borrower. Who will want to opt for such a double-dented solution when the conventional interest-bearing mortgage shall provide benefits which are totally opposite to applying an Ijarah transaction?

As such, the diminishing partnership or Musharakah Mutanaqisah is the most suitable solution for such dominions until such time that the country amends its laws to exempt all Islamic financing transactions from the different kinds of taxes so as to provide a level-playing field to Islamic

financial institutions and their customers. This is the reason that the UK has legislated it under 'diminishing shared ownership' in terms of the alternative financing arrangement.

In a diminishing partnership transaction, the partners enter into a Musharakah agreement to jointly own an asset or a project or commercial entity. This type of Musharakah is recognized as the co-ownership (Shariah term Sharikat Melk) arrangement. In other words, each partner owns an undivided prorated ownership in the asset. At the same time, one of the partners (usually the minor partner) provides an irrevocable unilateral undertaking (promise to purchase) favoring the other partner to the effect that it will buy in piecemeal the counterparty's undivided ownership in the asset over a period of time based on a payment schedule attached to the undertaking.

“ The beauty of Islamic financing contracts is that they provide risk mitigation from within the structure of the contracts ”

Kindly note that such a pledge cannot be made part of the Musharakah agreement due to the following reasons:

- a. Shariah principles do not permit combining two or more contracts into one, and
- b. The undertaking talks about a recurring future event where both considerations, ie the transfer of part ownership of the asset in question and the payment of the relevant price, are deferred to a future date. This is the reason that such promises are always unilaterally signed in the Islamic financial transactions. If the promise is made part of the Musharakah agreement, this will turn the agreement into a bilaterally signed forward document and hence null and void from a Shariah perspective.

The partner who has provided the undertaking shall, on each scheduled date, make payment to the other partner whose ownership shall diminish or fade to the extent on each such date in favor of the partner paying the amount.

Assumption: Party A approaches party B which is an Islamic bank operating in the UK and both agree to jointly purchase a residential property in London. Party A provides 25% of the purchase price and the rest is contributed by party B, thereby arriving at the ownership equation as 25:75 in favor of party B. Party A furnishes a unilaterally signed undertaking to purchase party B's ownership over a period of time, say 10 years.

Party A continues to make regular payments and each time it pays the amount, a part of the property ownership gets transferred from party B to party A. The time comes that party A has made full payment to party B at which time the ownership equation stands at 100:0 in favor of party A. The amounts paid by party A on the agreed dates were comprised of party B's cost in buying the asset jointly with party A, together with the profit for party B on the sale of the part ownership. At the end of the diminishing Musharakah period, party B would have recovered the entire actual investment made by it in the property along with the profit. At this juncture, party B shall transfer the registered title to party A.

If you recall, I have mentioned on several occasions in past articles that the beauty of Islamic financing contracts is that they provide risk mitigation from within the structure of the contracts. I would like to invite you to spot how this aspect is strongly present in a diminishing Musharakah paradigm.

The views and opinions expressed in this article are those of the author and do not necessarily reflect the opinions of the Dubai Islamic Economy Development Centre, nor the official policy or position of the government of the UAE or any of its entities. The purpose of this article is not to hurt any religious sentiments either consciously or even unwittingly. ☺

Next Week: Explanation on diminishing Musharakah shall continue.

Populism and Islamic leaders

By Kurt Lieberman, CEO of Magni Global Asset Management. He can be contacted at kliberman@magniglobal.com.

Our firm has completed a database on populism using the definition discussed in my prior columns. In addition to summarizing key findings, this column explores populism in Muslim-majority countries.

Currently, seven of the countries, among the 49 countries defined as part of the emerging and developed markets, have populist leaders. Most, if not all, of those leaders will not be surprises:

- Scott Morrison of Australia
- Jair Bolsonaro of Brazil
- Viktor Orban of Hungary
- Andrés Manuel López Obrador of Mexico
- Rodrigo Duterte of the Philippines, and
- Andrzej Duda of Poland.

These leaders are viewed as populists by their opposing parties, the media *and* often people within their own party. Over and above perceptions, the actions of these leaders are populist.

None of the populists are Muslim, and none of the countries have Muslim majorities. To a certain extent the opposite is true, with varying levels of Islamophobic comments attributable to the populists. To be clear, however, Islamophobia is not a factor in the model to assess populism.

The research split the leaders into three categories: populists, semi-populists and non-populists. More than two-

thirds of current leaders fall into the third category. Only five leaders were considered semi-populists; three are leaders in Muslim-majority countries:

- Joko Widodo of Indonesia
- Imran Khan of Pakistan, and
- Recep Tayyip Erdogan of Turkey.

Five Muslim-majority countries have non-populist leaders. That said, three of these five are not democracies:

- Saudi Arabia
- Qatar, and
- the UAE.

Assessing whether royal leaders in kingdoms are populists is somewhat rhetorical. Almost by definition, it is hard for such a leader to be a populist. The other two Muslim-majority countries with non-populist leaders are Egypt and Malaysia.

Remember that this process only measures populism. Leaders who are not populists can still be autocratic. A separate analysis would be required to assess the impact of autocrats on governance.

The current research is testing the proposition that the version of populism we see *now* is harmful to governance. With the database complete, the efforts shift to comparing

governance under each leader and correlating the governance changes under that leadership with the populism assessment.

The lack of a full populist leader in any Muslim-majority country appears to be the only clear conclusion so far. More work will be required to determine if there is a causal relationship. Of the Muslim-majority countries with democracies, 60% have a leader espousing some form of populism, even if the leaders are less than complete populists, whereas less than a quarter of the countries that are not Muslim-majority have some form of populist leader. The limited number of data points means that any comparison needs to be taken with a grain of salt.

As you know, Islamic guidance is inconsistent with populism. Muslims should take care of everyone, instead of being divisive. Muslims should be good stewards of everything in their direct or indirect possession, instead of serving a small portion of the citizens. Basically, the **current definition** of the term populism is inconsistent with the Maqasid Shariah. Additional research may provide insight into whether leaders who are Muslims demonstrate leadership consistent with their duty of care. ☺



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China: Shenzhen SEZ plays a crucial role in Islamic finance



CHINA

By Wafee Yeung

Shenzhen has just celebrated its 40th birthday as a Special Economic Zone (SEZ) of China since its reform and opening-up policy in 1978. Chinese President Xi Jinping gives full support to Shenzhen SEZ's leading role in the sustainable development of the Guangdong Greater Bay Area and the National 14th Five-Year Plan.

Shenzhen has been playing an experimental field role to first strengthen ties with Islamic finance institutions. As Shenzhen borders the Hong Kong Special Administrative Region, the international financial center, this has given Shenzhen a niche in financial personnel exchanges and international capital and financial markets to cultivate docking with other cities on the irreplaceable advantages, and it has gradually grown as China's fund management center.

It is believed by market players that Shenzhen, being an SEZ, has its local legislative powers, therefore it can improve the local legislation in support of Islamic finance development to take the lead in the introduction of Islamic finance institutions and promotion of Shariah

compliant financial products to match the pressing needs of domestic enterprises and Middle Eastern investors.

Indeed, back in 2015, Malaysia's Maybank and Hong Kong-based Bosera International collaborated to market an Islamic fund in mainland China. The fund was launched in the first quarter of 2015. Bosera International, a wholly-owned subsidiary of Shenzhen-based Bosera Asset Management, one of the country's largest asset managers, promoted the fund to retail clients that included 25 million Muslims predominantly based in the Ningxia Hui Autonomous Region.

Nowadays, apart from Ningxia's Islamic banking services, Islamic financial products and services to mainland China are mostly in the form of capital market instruments traded through the Hong Kong financial market. However, given the rising role of Shenzhen, it is advisable for the China Banking Regulatory Commission to consider the creation of an Islamic banking framework for Shenzhen SEZ to facilitate the establishment of Islamic banks in the SEZ, which would not actually be competition for Hong Kong but rather to complement it.

Until a few years ago, there was little Islamic finance activity in China.

However, the general view is that China's focus on building good trade relationships with Muslim-dominated Middle Eastern countries under its Belt and Road Initiative (BRI) will make Beijing move closer to Islamic finance. The adoption of Islamic banking and finance can assist China attract investment from wealthy Middle Eastern nations, which have already been targeted by the west.

Furthermore, Islamic banking can help the internationalization process of the renminbi as the growth of Islamic finance can definitely facilitate the rapid rise of the renminbi as a dominant international currency, especially with the BRI nations.

In addition to the aforementioned, China also enjoys an increasing trade and commerce volume with major Islamic banking and finance countries in Southeast Asia like Malaysia, Indonesia and Brunei. Similar to what will be going on under the BRI, having Islamic banking and finance facilities in China would surely build up closer trade and commerce ties between China and Southeast Asia. ☺

Wafee Yeung is the managing director of Allalah Consulting. He can be contacted at wafee@allalah.com.

Kuwait: In the transition phase



KUWAIT

By Issam Altawari

October in Kuwait signals a cooler weather transition and people tend to spend more time outdoors. However, with the COVID-19 rate of infections on the rise, more precautionary measures are required. The numbers have the authorities keeping a close eye on the situation.

The general business feeling is in transition with the new emir taking over, the coming parliamentary elections on the 5th December and the installing of a new cabinet of ministers with a 50% expected change on both sides. Most notably, the minister of finance has little chance of being reappointed due to the mediocre financial performance during the COVID-19 pandemic

Third-quarter results are being published, and according to Aljoman Centre, Kuwaiti

banks' profits are expected to decrease by 42% year-on-year (YoY) in the third quarter of 2020 to reach about KWD150 million (US\$489.03 million). First-half results suffered a 56% drop YoY due to the impact of the COVID-19 lockdown.

After the public debt law failed to gain the required approval vote, the government's KWD3 billion (US\$9.78 billion) bank finance guarantee law faced the same fate this month in parliament; this reflect negatively on SME bank financing and puts this sector at a disadvantage.

Still in search of a new CEO, in the interim, Kuwait Finance House (KFH) has announced a changeover at the helm of the acting CEO position and named Abdelwahab Alrushoud, who is in charge of the bank's treasury, to replace Ahmad Aalkharji.

KFH has jointly led the local credit facility worth KWD1 billion (US\$3.26

billion) in favor of Kuwait Petroleum Corporation (KPC) to fund KPC's capital expenditure. KFH led the Islamic tranche worth KWD400 million (US\$1.3 billion) in syndication, undertaking KWD304 million (US\$991.09 million) in financing, while Boubyan Bank subscribed to KWD60 million (US\$195.61 million).

Meanwhile, the National Bank of Kuwait led the KWD600 million (US\$1.96 billion) conventional part, undertaking KWD370 million (US\$1.21 billion) of the financing, with Al Ahli Bank of Kuwait and Gulf Bank contributing KWD60 million each.

Rumors of Warba Bank's takeover by Gulf Bank have subsided and this could be due to the power transition period in Kuwait. Stay tuned for further updates. ☺

Dr Issam Altawari is the managing partner of Newbury Economic Consulting. He can be contacted at issam@newburyconsultancy.com.

Value-based intermediation amid Malaysia’s Islamic banking landscape



MALAYSIA

By Ruslena Ramli

As at the end of August 2020, financing by Islamic financial institutions had risen 9.2% to RM655.6 billion (US\$157.68 billion) (end of August 2019: RM600.3 billion (US\$144.38 billion)). Shariah compliant financing as a proportion of the overall banking sector’s loans increased from 35.5% to 37.2% year-on-year. This brings us closer to Bank Negara Malaysia (BNM)’s targeted mix of 40% Islamic financing by the end of 2020. BNM is prepping the domestic financial industry as a catalyst in promoting heightened awareness of environmental, social and governance (ESG) business consciousness.

Initiatives had kick-started with the release of the strategy paper ‘Value-based Intermediation (VBI): Strengthening the Roles and Impact of Islamic Finance’ on the 12th March 2018, followed by the launch of the paper ‘Implementation Guide for Value-Based Intermediation’ on the 3rd October the same year. Collaboration between industry stakeholders had been key to the achievement of these milestones (see Figure 1). The VBI Community of Practitioners (CoP) has expanded from the original nine Islamic banks to 12:

Table 1: VBI Community of Practitioners

1.	Maybank Islamic
2.	CIMB Islamic Bank
3.	HSBC Amanah Malaysia
4.	Bank Islam Malaysia
5.	Standard Chartered Saadiq
6.	OCBC Al-Amin Bank
7.	AmBank Islamic Bank
8.	Alliance Islamic Bank
9.	Bank Muamalat Malaysia
10.	RHB Islamic Bank
11.	Public Islamic Bank
12.	Agrobank

Source: BNM

Essentially, VBI aims to deliver the intended outcomes of Shariah through practices, conduct and offerings that generate a positive and sustainable impact on the economy, community and environment while preserving shareholders’ returns and long-term interest. Figure 2 depicts solutions proposed by BNM, some of which showcase the CoP’s VBI initiatives, eg CIMB Islamic Bank and its parent’s preferential financing rates for the purchase of new hybrid vehicles and Green Building Index-certified residential properties.

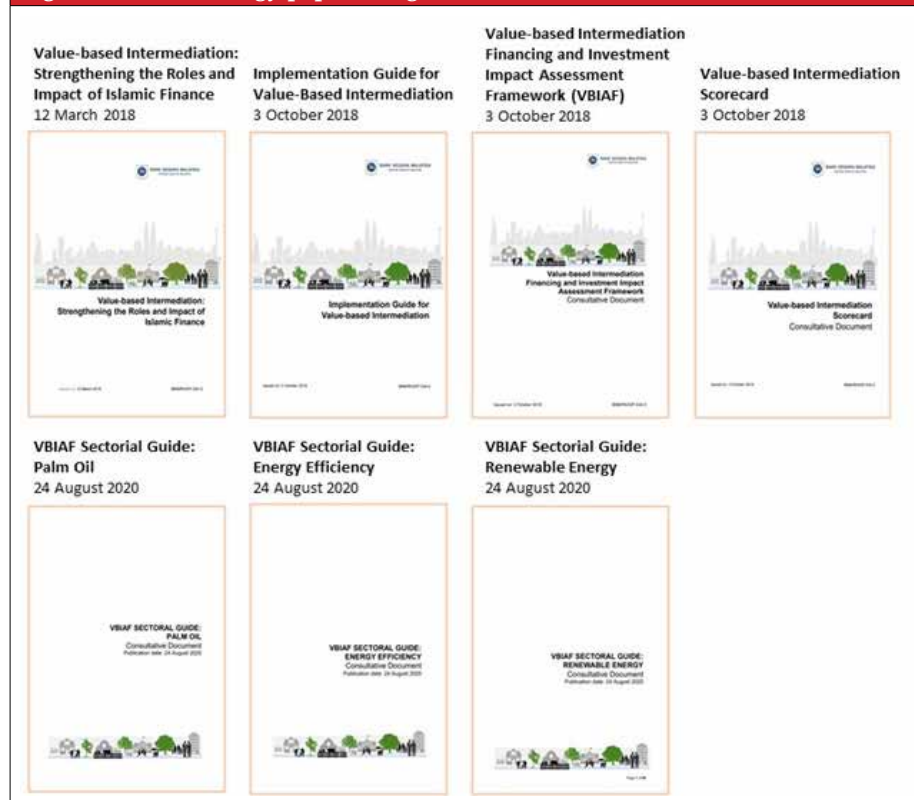
In May 2020, Axiata Group raised its inaugural US\$800 million syndicated multicurrency Islamic sustainability-linked financing — a first-of-its-kind Islamic financing in Malaysia, sourced from a group of banks led by OCBC Al-Amin. Several CoP members have

also made global commitments to sustainable financing through their participation in international networks such as the Global Reporting Initiative, the Global Alliance for Banking on Values and Principles for Responsible Banking.

In August 2020, BNM released three VBIAF Sectoral Guides for the oil palm, efficient energy and renewable energy sectors. Additional guides will include manufacturing, oil and gas, infrastructure and construction, which are targeted for release in 2021.

These guides act as stepping stones toward facilitating financial institutions’ readiness to realize the government’s aspirations and commitment as a signatory to the 2015 Paris Agreement, ensuring the sustainability of the entire palm oil supply chain and production

Figure 1: VBI’s strategy paper and guidelines



Source: BNM

Note: The VBIAF Sectoral Guides serve as an in-depth, impact-based risk management tool to guide financial institutions in the implementation of VBIAF in selected sectors. This is done on a more granular and transactional level and has been jointly developed by members of the working group, comprising the CoP and relevant stakeholders.

“Essentially, VBI aims to deliver the intended outcomes of Shariah through practices, conduct and offerings that generate a positive and sustainable impact on the economy, community and environment while preserving shareholders’ returns and long-term interest”

as per Malaysian Sustainable Palm Oil standards, and the country’s commitment to renewable energy (RE) and efficient energy use.

Approximately 7% of Malaysia’s energy currently stems from RE sources. The target is to reach 20% of RE in the generation mix by 2025, according to PowerTechnology. Sustainable Energy Development Authority Malaysia projects that an estimated RM33.5 billion (US\$8.06 billion) will be needed for this initiative. Collectively, these efforts should pave the way toward the orderly transition of the economy to low-carbon status.

Capacity-building by BNM and industry players is vital, as is embracing broad guidelines that include ESG considerations to influence future financing and investment. In this regard, the VBI initiatives resonate with the government’s Shared Prosperity Vision 2030, and reportedly contribute to the 12th Malaysia Plan (2021–25). (2)

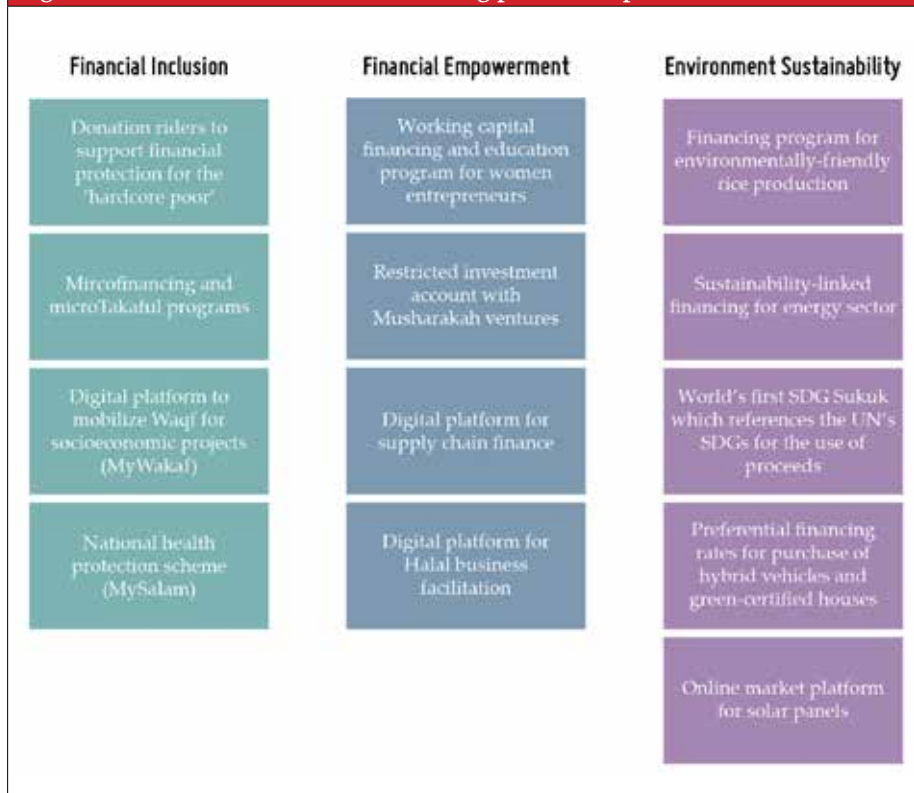
Ruslena Ramli is the head of Islamic finance at RAM Ratings. She can be contacted at ruslena@ram.com.my.

IFN Country Correspondents

AFGHANISTAN: Manezha Sukhanyar former head of Islamic banking, Maiwand Bank
ALGERIA: Dr Ahmed Tahiri Jouti COO, Al Maali Consultancy Group
AUSTRALIA: Dr Pasquale Franzese responsible manager, Professional Fund Manager
BAHRAIN: Dr Hatim El-Tahir, director of Islamic Finance Knowledge Center, Deloitte & Touche
BANGLADESH: Md Touhidul Alam Khan deputy managing director, Prime Bank
BRAZIL: Fábio Amaral Figueira partner, Catão & Tocantins Advogados
CANADA: Mohamad Sawwaf co-founder and CEO, Manzil
CENTRAL AFRICA: Marvin R R Cole CEO, Ovamba Solutions
CHINA: Wafee Yeung managing director, Allalah Consulting
EGYPT: Dr Walid Hegazy managing partner, Hegazy & Associates
FRANCE: Anass Patel, CEO, Conexcap
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INDIA: Dr Syed Salman Shariah finance expert at Eco-Ethics Consultancy
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KAZAKHSTAN: Shaimerden Chikanayev partner, Grata Law Firm
KENYA: Tego Wolasa retail and product development manager, KCB SAHL Bank
KUWAIT: Issam Al Tawari managing partner, Newbury Economic Consultancy
LUXEMBOURG: Nida Khan doctoral researcher, SEDAN Research Group
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MOROCCO: Dr Ahmed Tahiri Jouti COO, Al Maali Consultancy Group
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QATAR: Amjad Hussain, partner, K&L Gates
RUSSIA: Dr Ilyas Zaripov member, Partnership Banking Working Group, Central Bank of the Russian Federation
SAUDI ARABIA: Nabil Issa partner, King & Spalding
SENEGAL: Pierre Alexandre Lette guarantees service lawyer, Banque Islamique Du Senegal
SRI LANKA: Shazuli Raheem senior banker and Shariah expert, Amana Bank
TUNISIA: Mohamed Araar General directorate of External Financing and Settlements, deputy director of Private Financing and International Relations Department, Central Bank of Tunisia
TURKEY: Fatma Cinar head, international relations, Participation Banks Association of Turkey
UAE: Anita Yadav, CEO, Global Credit Advisory
UK: Scott Levy, director and founder, Bedford Row Capital Advisers
UZBEKISTAN: Hondamir Nusrathujjev manager, Financial Control Department of IsDB and board member of AAOIFI

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Figure 2: Value-based solutions delivering positive impact



Source: BNM Annual Report 2019

Russian university promotes Sukuk structures in Islamic project financing



RUSSIA

By Dr Ilyas Zaripov

The Institute of Law and Development of the High School of Economics-Skolkovo (Moscow) has organized a seminar titled 'Profit contracts and Sukuk structures in Islamic project financing' with M Kabir Hassan, a professor of finance at the Department of Economics and Finance at the University of New Orleans (US) as a special guest and key speaker.

Professor Kabir is a consultant to many international and national financial institutions such as IMF, World Bank, IsDB, African Development Bank, USAID, government of Bangladesh, OIC and the Federal Reserve System.

“ In the process of structuring a Sukuk deal, one important aspect that should be taken into account is the choice of applicable law ”

During the seminar, issues related to the structuring of Islamic project financing and Sukuk, as well as the possibility of participation of state structures and international organizations such as the IsDB were taken into consideration. The necessary prerequisites for improving access to funds for Islamic projects were discussed and examples of certain Sukuk models were analyzed in detail.

In his keynote, Professor Kabir mentioned that project financing was becoming an increasingly important mode to finance large-scale capital-intensive projects such as power plants, oil pipelines, automated steel mills, roads, ports and tunnels. Islamic financial institutions still focus mainly on debt financing and not equity financing, due to the high risks of equity financing transactions.

The modern structure of Islamic finance provides a number of contracts that can be successfully implemented in project financing. These models can be used by state and other sovereign borrowers to promote projects related to poverty reduction and economic transformation. This can be done by providing financial guarantees in order to increase the creditworthiness and capital intensity of the project, where investments are attracted on the principles of Mudarabah (in project financing).

According to Professor Kabir, one of the possibilities to attract financing for infrastructure development is the use of certain Sukuk structures. The crystallization of Islamic capital markets in the current decade has led to increased recognition of Islamic financial products in the global market.

In the process of structuring a Sukuk deal, one important aspect that should be taken into account is the choice of applicable law (governing law clause). Due to the growing popularity of English

law in contracts, a question arises as to the possibility of choosing an alternative applicable law while retaining the choice of jurisdiction clause.

Since 2019, the Institute of Law and Development of the High School of Economics-Skolkovo (Moscow) has been implementing the Agrofinmost project, aimed at creating legal and organizational mechanisms for direct cooperation with investors in the Middle East and Africa in order to increase exports of Russian agricultural products. Within this project, the High School of Economics-Skolkovo (Moscow) plans to organize other events in Russia promoting the Islamic financial model in international transactions among Russian businessmen and invite global experts in Islamic finance for that aim. ☺

Dr Ilyas Zaripov is a member of the Participating Banking Working Group of the Central Bank of the Russian Federation and the head of the Islamic Finance Educational Program of the Plekhanov Russian University of Economics. He can be contacted at iliyas888@yandex.ru.

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How Islamic financial institutions can help achieve food security



NIGERIA

By Hajara Adeola

Food prices the world over have jumped of late. The FAO Food Price Index, which monitors the monthly change in the international prices of a basket of food commodities, touched a six-month high in August. Nigeria has not been an exception as food inflation reached its highest in 30 months in September.

Furthermore, in the wake of the COVID-19 pandemic and the clampdown in export of goods deemed essential by some countries, the Nigerian authorities have sought to ramp up local food production by restricting imports of certain food items. They believe this move will incentivize higher production by local farmers.

However, in the short term, food prices have spiked in response to the supply shock. Alongside the threat of food security, the country is grappling with high levels of youth unemployment which was recently brought to the global consciousness following nationwide protests requesting for social reforms.

I believe that the Islamic finance industry can intervene positively in this situation. This is because inadequate

financing has been identified as a major hindrance to the development of the agricultural sector. It has been a key impediment to farmers in improving the efficiency of their production and in adopting better technologies for processing.

This is reflected in the relatively low level of financing to the sector. Despite contributing 25% to the overall GDP in the second quarter of 2020, the National Bureau of Statistics (NBS) reported that the agricultural sector accounted for only 5% of total outstanding banking credit.

Islamic financial institutions can step into this funding gap. For example, modern farm inputs (eg fertilizers, improved seeds, feeds and plant protection chemicals) are required over traditional methods in order to improve agricultural production. Murabahah and Salam contracts can come in handy as a means of financing the supply of these inputs.

Besides credit facilities, licensed Islamic fund managers can also provide equity funding to operators at the secondary level of the sector value chain. Processors and millers, for example, who may need capital to scale, can benefit from Mudarabah and other equity-based contracts

Of course, deploying Islamic finance contracts to agricultural financing does not automatically de-risk the process.

Despite the widespread notion about the heightened risk in agricultural lending, data from the NBS shows a lower level of non-performing credit in the agricultural sector than in oil and gas or commerce, both of which are the typical darlings of lenders.

Notwithstanding this, Islamic financial institutions can lower the credit risk by dealing with farmers' clubs or aggregators rather than individuals.

This also dovetails with my belief that Islamic financial institutions need to enhance staff competence in the agricultural sector. A better understanding of the value chain will aid the creation of performing risk assets.

In the fight to improve the social economic landscape, all hands must be (and remain) on deck.

Nigerian Islamic financial institutions need to stand up to be counted in the battle against food insecurity. ☺

Hajara Adeola is CEO/managing director of Lotus Capital. She can be contacted at hajara.adeola@lotuscapitallimited.com.

New SME stock market to increase appetite for P2P



CROWDFUNDING

By Craig Moore

Demand for Islamic peer-to-peer (P2P) lending from SMEs is back up to pre-COVID-19 levels, which is great news for P2P lenders and for investors using the platforms. The credit assessment process has adjusted to align with the dynamic SME economy to protect investors' money, but as the world reshapes and reconfigures SMEs are set to return to strength as the backbone of the economy.

It was announced in October 2020 that Dubai, currently one of the leading Islamic fintech pioneers, will be launching a new stock market for SMEs in early 2021, the NASDAQ Growth

Market. It will enable fast-growing SMEs to achieve a cost-effective listing as part of the Dubai Future District project.

The new entity, which was launched as per a directive from Crown Prince of Dubai Sheikh Hamdan Mohammed Rashid Al Maktoum, will host SMEs from the UAE and those outside who plan to expand in the region.

Sheikh Hamdan said: "The launch of NASDAQ Dubai Growth Market is a strategic step that will support this vital sector by opening new horizons for its companies and providing them with investment resources to expand their business and enhance their attractiveness in global markets."

This new development spells more hope for the recovery of the SME market, and will provide much-needed support at this time of uncertainty.

This in turn is great news for the Islamic P2P lending space, especially with the encouragement for global SMEs to expand or relocate to the region to take advantage of the SME stock market.

This new support for SMEs should enable the demand for Islamic P2P lending in 2021 to not only be back up to pre-COVID-19 levels, but beyond it. ☺

Craig Moore is the founder and CEO of Beehive. He can be contacted at craig@beehive.ae.

Islamic start-up ecosystem includes conventional funds



PRIVATE EQUITY &
VENTURE CAPITAL

By Dr Vladimir Malenko

Which came first – the chicken or the egg? Islamic venture capital (VC) or Islamic tech projects? Can the lack of both cause the sort of mutual investment deceleration? Breaking this circular logical flaw may have a significant impact on the development of the Islamic economy.

The present Islamic fintech leadership of Kuala Lumpur (KL) is undisputed. The initiatives that gave KL the early lead – the Sukuk listing advantages, the Shared Prosperity Vision 2030 – which largely relies on the development of Islamic finance – and the sound government policies on tech can be easily matched by Dubai, Abu Dhabi, Manama or even London. But the secret ingredient that can fuel future tech leadership is seed capital.

“Alami, an Indonesian leader in Shariah compliant peer-to-peer lending, was seed-funded by conventional entities Golden Gate, RHL and Agaeti Ventures”

Friends, family and fools launch businesses across the globe. But the fools are becoming a rare breed, and the number of solvent friends and family members is finite. Business angels aside, seed capital turns start-ups into real companies. At least two-thirds of the ventures that reach the seed round are already in revenue. The average global seed investment in 2019 was US\$3.3 million, while starting at US\$50,000.

Very few seed funds exclusively target Shariah compliant projects – their investment universe would then be too small. And so, many Islamic fintech projects start to fall behind at this stage, and are forced to grow organically. But are they, really? I took a poll of eight of Southeast Asia’s seed funds, and none held adverse views of Islamic fintech.

Among the seed funds polled were Singapore-based SEEDS Capital, whose only maritime tech budget is over SG\$50 million (US\$36.92 million); 500 Durians, also out of Singapore and which had financed over 200 companies in eight countries; Japan-based Incubate Fund that put on average US\$1 million in 140 companies; and, of course, KL-based Cradle Fund that had already invested over RM1.3 billion (US\$313.09 million) in over 900 companies. Any commercially viable Shariah compliant start-up has a chance to do well in the conventional funding environment.

Still, future Islamic fintech capital must develop its own seed investment pool:

- Government VC initiatives, such as Malaysia Venture Capital Management or ADQ, should be convinced to contribute capital to locally-run small seed funds, instead of setting up foreign-based joint ventures, with players such as Axiata, LuneX or Softbank
- With proper tax incentives, the captive VCs of corporates and banks should be able to allocate some of the tax-exempt capital to seed up their future acquisition targets, and
- Tech Waqfs, within the context of Islamic charity, can use their investment income to provide seed grants to select Islamic tech projects.

By growing the number of healthy and profitable Islamic tech projects (even with conventional seed capital) we would grow the Islamic investment universe. Islamic VCs will follow in droves.

In the meantime, Alami, an Indonesian leader in Shariah compliant peer-to-peer lending, was seed-funded by conventional entities Golden Gate, RHL and Agaeti Ventures. ☺

Dr Vladimir Malenko is the director of FairFinance. He can be contacted at vm@fairfn.com.

IFN Sector Correspondents

CROWDFUNDING:

Craig Moore
CEO, Beehive

DEBT CAPITAL MARKETS:

Imran Mufti
partner, Hogan Lovells

EDUCATION:

Dr Kamola Bayram
project director for training and research at the International Council of Islamic Finance Educators

HALAL INDUSTRY:

Dr Sutan Emir Hidayat
director, Islamic Financial Education and Research, National Islamic Finance Committee

ISLAMIC LEASING:

Shoeb Sharieff
president, iJara CDC, iJara Community Development Corp

LAW:

Dr Nicolas Bremer
partner, Alexander & Partner

LIQUIDITY MANAGEMENT:

Hichem Bouquiss
executive director, International Islamic Liquidity Management Corporation

MERGERS & ACQUISITIONS:

Burak Gencoglu
partner, Gencoglu & Ergun Law Firm

MICROFINANCE:

Mohammed R Kroessin
head of Islamic microfinance, Islamic Relief Worldwide

PRIVATE EQUITY & VENTURE CAPITAL:

Dr Vladimir Malenko
director, FairFinance

PROJECT FINANCE:

Siraj Al Islam
partner and head of Transactional Practice at Law Firm of Mohammed Abdulaziz Al-Aqeel in association with One 2 One Legal, Saudi Arabia

RATINGS:

Muhammad Owais Atta Siddiqui
the country manager and sovereign analyst at the Islamic International Rating Agency

REAL ESTATE:

Philip Churchill
founder partner, 90 North Real Estate Partners

RETAIL ASSET MANAGEMENT:

Muzzammil Dhedhy
chief operating officer, Hejaz Financial Services

RISK MANAGEMENT:

Mohamed Afzal
head of credit and secretary to the credit and risk committee, Tamweel AlOula

SHARIAH & CORPORATE GOVERNANCE:

Prof Dr Mohamad Akram Laldin
executive director, International Shariah Research Academy for Islamic Finance

SRI ETHICAL & GREEN:

Dr Mohamed Wail Aaminou
general manager, Al Maali Consulting Group

TAKAFUL & RE-TAKAFUL (ASIA):

Marcel Omar Papp
head of Retakaful, Swiss Re Retakaful

TAKAFUL & RE-TAKAFUL (EUROPE):

Ezzedine Ghlamallah
director, Solutions Insurance and Islamic Finance (SAAFI)

TAX:

Roustam Vakhitov
international tax partner, Crowe Expertiza

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Putting the 'real' back into real estate



REAL ESTATE

By Philip Churchill

I wrote last month on how sheds remain flavor of the month, or perhaps that should be flavor of the year, with most having in mind a shiny Amazon fulfillment center filled with automated activity. But I want to burst that bubble and make the case for good honest industrial properties that have been swept up in what is verging on a buying frenzy.

That bubble needs bursting as any notion that you can buy a modern long-leased logistics property and request a 'COVID discount' needs to be dispelled. These assets are hugely in demand, with prices being driven up and so purchase yields are down based simply on the growth in e-commerce and a positive differential to bond or Sukuk yields.

Thinking back on my Islamic finance qualification, I recall that Shariah compliant investing should be into something tangible and real, with few endeavors shouting that clearer than

industrial properties, where value is being added through a manufacturing process. Real activity is being conducted in real estate.

One of our own 90 North's first acquisitions, with a Kuwaiti investment partner back in 2012, was a gas turbine maintenance facility let to Siemens outside Lincoln in the UK. From across the globe, gas turbines in need of repair or servicing were shipped into Hull and driven by truck down to Lincoln to be tended to.

Aside from the bricks and mortar we purchased, Siemens had invested heavily into the equipment required for such tasks, with a high chance of lease renewal given the cost of 'lifting and shifting' such equipment elsewhere.

Coming back up to date, last month Investcorp announced the purchase of a significant portfolio of 32 industrial properties for US\$280 million across the US Midwest.

With the tenants identified as being from the healthcare, logistics, e-commerce,

industrials, telecommunications and food service businesses, this acquisition is a major statement in support of the economies of the states of Illinois and Ohio.

Meanwhile, over the summer we advised a Middle Eastern client on the purchase of a more modest but not dissimilar portfolio of industrial properties.

Being slightly older properties and with varying lease lengths there was a material yield premium, but tenants still included the recognizable names of Tesla, AT&T and Walmart.

So, while these assets require increased due diligence to fully understand the nature of the tenant's business, with record low yields being recorded on logistics, real industrial properties may offer a tangible solution. ☺

Philip Churchill is the founder and managing partner of 90 North Real Estate Partners. He can be contacted at pchurchill@90northgroup.com.

Shariah compliant e-wallets (Part 1)



SHARIAH & CORPORATE GOVERNANCE

By Prof Dr Mohamad Akram Laldin

One of the themes discussed at the AAOIFI conference held on the 25th-26th October 2020 was the topic of fintech as it relates to the future of the Islamic financial industry. Particular attention was paid to the electronic payment system known as e-wallet and the applicable Shariah rules that can be used to ensure the Shariah compliance of its use. This topic was discussed briefly in my article published by IFN on the 4th March 2020. Having said that, this article will highlight the main points and arguments that were discussed at the recent AAOIFI conference.

An electronic payment system is a way of paying for goods and services electronically instead of using cash or checks.

One of the popular payment systems that is gaining momentum nowadays is electronic money (e-money). E-money is defined differently in different jurisdictions, but all definitions imply that e-money is an electronic value made available to users by the issuer.

This electronic value, once issued, may be redeemed for cash, transferred between users, or used to pay merchants.

E-money is often confused with e-wallet. While e-money is a digital token issued by someone who guarantees a certain monetary value for it, e-wallet is the mobile app that enables individuals to pay using their mobile phones.

An e-wallet may or may not involve e-money. For instance, an e-wallet could be an app which stores the details of a credit card, debit card or loyalty card on the cloud to make transactions easier for the user. In such cases, the e-wallet does not involve the issuance of e-money.

There are, however, some types of e-wallets that do involve e-money issuance. These can be classified as either closed e-wallets or semi-closed e-wallets.

A semi-closed e-wallet is one which involves the issuance of e-money that is accepted by merchants other than the issuer. Closed e-wallets, on the other hand, are only used to pay for products offered by the issuer or its affiliates.

While several Shariah contracts might be applicable to govern the relationship between the user and the issuer and between the issuer and the merchant, each one implies different conditions that need to be adhered to during the process. ☺

Prof Dr Mohamad Akram Laldin is the executive director of the International Shari'ah Research Academy for Islamic Finance (ISRA). He can be contacted at akram@isra.my.

Islamic fintech: Foundations for dynamic innovation

In this article, GARETH LEWIS tackles some pertinent questions regarding the fintech space and Islamic finance.



Gareth Lewis is the associate director of product at Eiger Trading Advisors. He can be contacted at gareth.lewis@eigertrading.com.

What are some of the biggest innovations or developments?

At Eiger, we have seen a notable increase in the rate of digital transformation in this space, particularly since the start of the global lockdown. We are seeing incumbents react to the presence of new all-digital entrants, keen to create process efficiencies and reduce tech maintenance costs, while at the same time broadening their offerings with new digital propositions. The new entrants have the upper hand, unencumbered by decades of legacy technology, but lack market penetration. This is only a matter of time, as the next generation of millennial users, notoriously non-committal to long-standing institutions, will quickly shift to new entrants if the product and service better satisfies their needs.

How fast are players in the space adopting new tech?

The question should be, 'how well do players know their consumers?' We should be careful not to let the tail wag the dog and adopt tech for the sake of adopting tech. In today's service economy, it is crucial that we begin by first deeply understanding the needs and motivations of the consumer. By doing this, it invites lateral thinking and leads to more innovative solutions, generating new ideas to solve old problems. From there, we can design our digital products and services, and the tech innovation and adoption will be driven by that process.

There are many digital-ready players in this space, but still many behind the curve. As a starting point, I would want to urge all players — if they are

not already doing so — to adopt a thoughtful, methodical plan for the adoption of cloud technology as the foundation of all further innovation.

What fintech trends do you want to see taken up?

The regulators in some jurisdictions are not enabling players to take advantage of service providers outside of that specific jurisdiction, in particular cloud infrastructure service providers who may offer geographically dispersed data centers. This has to change. Governments and regulators need to create an environment which is competitive and allows for players to offer services globally. As soon as those barriers are removed, choices and agility will be increased, which will help create the conditions necessary to both scale and push forward digital transformation initiatives such as the adoption of open API [application programming interface]-based banking, an area which we are heavily involved in through our API-based commodity Murabahah service. So long as there is an astute, aligned and aggressive top-down strategy, your organization will then be in a great position.

Are new entrants a good thing or bad thing?

New entrants are an essential and wholly positive element of our industry. By spurring innovation through healthy competition, it will lead to more choice and better services for the consumer, which is all that matters.

What role does technology play in the execution of Shariah compliance principles?

The Shariah compliance of everything we do is baked into the business application from the beginning. The tech does not add or take away from that fact. The responsibility of ensuring Shariah compliance still sits with those

who define, maintain and implement the governance procedures within the financial institutions. And because the tech moves so quickly, there is always a risk that these internal governance processes get left behind. So I think what is really important is that the teams which manage these procedures stay at the forefront and keep up to speed, always ensuring that they are enabling tech development and ensuring that their institution is agile.

What is the advice for new talent to prepare for a career in Islamic fintech?

In a general sense, in any aspect of tech, it is going to be a hard slog and won't happen overnight. You have to simply roll your sleeves up, get your hands dirty and jump in the deep end, in order to learn all the tech concepts through practice. It is also great if you have a firm understanding of Shariah economics principles and are keeping abreast of trends like cloud and open API banking.

A good way to get started would be through some paid or free online courses to learn some of the relevant tech concepts which you are interested in. Also, it is important to surround yourself with other people in the industry by attending events and conferences, and to start building your network. If you do those things and work hard, then opportunities will arise and one day you will get there.

What do we need to move forward as an industry?

The most important thing is education. In the UK for example, London is being positioned as a global fintech hub, but you can be sure that the vast majority of the UK Muslim population do not know that. There has to be a more consistent and consolidated approach from the UK government in terms of Islamic finance and fintech education, in order to push forward the development of the market here. 😊

Index basket futures contracts in Iran capital market

The approval of the Securities Market Law in 2005 and the Law on Development of Financial Instruments and Institutions in 2009 as its amendment has paved the way for the setting-up of a specialized jurisprudential committee to design and develop new Shariah compliant financial instruments, including derivatives contracts, in the Iranian capital market. Index basket futures contracts are one of these instruments. MOJTABA KAVAND writes.



Mojtaba Kavand is the head of the Islamic Finance Group at the Securities & Exchange Organization of Iran. He can be contacted at

Kavand.m@seo.ir.

Due to the inconsistency of the conventional futures contracts on the index with Shariah principles, including Akl Al-Mal Bi Al-Batol, gambling, Gharar (uncertainty) and such, or the impossibility of its physical delivery, the specialized jurisprudential committee (Shariah board) in the Securities & Exchange Organization (SEO) of Iran has approved a strategy for using index basket futures contracts in Iran.

Nevertheless, the index basket futures contracts must be such that at maturity, if the purchaser intends to receive the base basket, the seller must have the power to deliver it, and this shall be authenticated and verified by market experts.

The mechanism of an index basket futures contract is as follows. Assume A enters into a long position of the futures contract of the top 30 companies and B enters into a short position. To send a buy or sell order, the initial margin, which is a percentage of the transaction value, must first be blocked in the customer's account with the same broker. In case of insufficient funds in the mentioned account, the order will not be accepted. The percentage of the initial margin will be determined by the clearing house as follows:

Initial margin = Transaction value × percentage of initial margin

Transaction value = Contract size × Order value × Order volume

To send the order, both A and B must choose the symbol of the futures contract, order volume and futures contract price,

and then select either buy or sell orders. The price must be recorded for each basket and volume based on the contract. After the transaction, A will have an open long position and B will have an open short position. Each side can offset their positions freely any time.

Currently, index basket futures contracts are available for the following industries on the Tehran Stock Exchange:

1. Index basket futures on the index basket of petroleum products, coke and nuclear fuel
2. Index basket futures on the index basket of banks, financial institutions and other monetary institutions
3. Index basket futures contracts on the automotive industry index and spare parts manufacturing
4. Index basket futures contracts on the chemical industry
5. Index basket futures contracts on the index basket of the cement, lime and gypsum industry
6. Index basket futures on the base metals industry, and
7. Index basket futures on the index basket of 30 large companies.

According to the Shariah board committee of Iran, the index basket futures are valid by observing the following conditions:

1. The base basket can be considered the underlying asset of the futures contract. In this case, there is no option for either party. In fact, one side is obliged to sell while the other person is obliged to buy.
2. An index basket futures contract is a type of futures contract that is based on the exchange and trading of two commitments. Therefore, the principle of legal relations between the sides involves the same issues and criteria that have been raised in the previous approvals of the Shariah board regarding stock futures contracts.

3. Index basket futures contracts, like other futures contracts, can be settled in cash at maturity subject to both parties' agreement.
4. In a stock index basket futures contract, the underlying basket must be deliverable at maturity, meaning that if the purchaser intends to receive the underlying basket, the seller must have the power to deliver it. This shall be verified by market experts.
5. The agreement of the parties of the index basket futures contract to modify the traded basket, in case of corporate actions such as a capital raise and dividend distribution in accordance with the regulations of the SEO, for the reference basket of that base basket, is a valid and effective condition in the contract.
6. The agreement of the parties of the index basket futures contract to modify the base basket traded, assuming a change in the composition of the reference basket, according to the regulations of the SEO, is a valid and effective condition in the contract.
7. The agreement of the parties of the index basket futures contract to suspend the ticker symbol of some of the stocks of the basket will be settled in cash and, in accordance with the regulations of the SEO, is a valid and effective condition in the contract.
8. The parties of the index basket futures agree on the first day of the contract until maturity that if there are decimals in the base basket calculations (for example, 6.26 of stocks), cash settlement in the amount of decimals at maturity is a valid and effective condition in the contract. (۲)

International Sukuk programs to bolster finances

International press reports have suggested that a growing list of corporates and sovereigns, particularly in the GCC region, are turning to international debt markets to bolster finance amid COVID-19. GAVIN WILKINS explores the impact of the coronavirus on global Sukuk markets, the potential for UK markets to play a role in meeting emerging funding requirements and the optimum structuring considerations.



Gavin Wilkins is the global head of client and intermediary relationships at Hawksford. He can be contacted at Gavin.wilkins@hawksford.com.

The key role of Sukuk in the funding mix

2020 has certainly heralded unprecedented challenges, affecting us all in different ways. From a purely financial perspective, the upheaval and uncertainty caused by reduced customer demand, supply chain disruption and reduced employee productivity have been stark. As has the resultant impact in widening fiscal deficits and significantly increased funding requirements.

Over the last decade, global Sukuk markets have become an increasingly prominent source of funding for corporates, financial institutions and governments. So, it should come as no surprise that they are expected to play a key role in meeting the emerging funding requirements. According to Fitch Ratings, Sukuk are now expected to represent a considerable proportion of the funding mix — up to 25% across the GCC, Malaysia, Indonesia, Turkey and Pakistan.

Sovereigns and corporates turning to debt markets

Despite the unprecedented headwinds, market conditions do appear to have improved. Fitch now predicts volumes for the full year of 2020 to match those of 2019. Given the dearth of activity earlier in the year, this suggests plenty to come as 2020 draws to a close.

It is anticipated that sovereign demand will continue to lead the charge. Last month, Dubai successfully completed a US\$2 billion issuance of Sukuk bonds — reportedly five times oversubscribed and at the lowest profit rate in government

history. That could indicate high investor confidence from a sovereign credit perspective and the overall resilience of the economy in the face of the pandemic.

In recent weeks, international press reports cite a growing list of sovereigns and corporates looking to follow suit and take full advantage of the lower funding costs available — particularly in the GCC. Among those are Dubai's listed National Central Cooling Company (Tabreed), Abu Dhabi's Etihad Airways, Oman's state oil company OQ and Saudi-based Arab National Bank, to name but a few.

UK markets to support funding requirements

Significant capital will be required from both private and public markets across the globe.

London is undeniably blessed with access to deep capital pools and it is well known that Islamic finance is one of the fastest-growing sectors of the UK financial marketplace. London's continued aspirations to become a global Islamic finance center mean that it has both the appetite and the means to play a key role in supporting funding requirements.

The London Stock Exchange (LSE) remains a key venue for Sukuk listings. In February, Riyadh Bank of Saudi Arabia issued US\$1.5 billion-worth of Sukuk on the International Securities Market of the LSE. According to Reuters, the issue was five times oversubscribed with an orderbook of over US\$7.5 billion.

Over US\$50 billion has been raised through Sukuk on the LSE and the wider ecosystem in the UK has evolved to include Shariah index solutions which are Fatwa-certified, school-neutral and AAOIFI-accredited.

Sukuk for issuance on UK public markets

Typically, Sukuk will be structured as an orphan arrangement in a suitable international finance center (IFC), requiring a third-party professional trustee to maintain the appropriate level of independence between the originator and the issuer.

Which international finance center is most suitable will depend on factors specific to the issuance. Jersey and Cayman Islands have proven popular primarily due to their stability, tax neutrality, investor-friendly laws and strong integration with global financial markets.

Jersey has a particularly strong nexus and track record in relation to London markets — a position which is only expected to strengthen further in a post-Brexit UK. There are more Jersey companies within the FTSE 100 and the Alternative Investment Market than any other international jurisdiction outside the UK.

Sukuk offerings utilizing Jersey include those listed on the LSE, Bursa Malaysia, NASDAQ Dubai and Kuwait Stock Exchange. It is also noteworthy that important players such as the IsDB have utilized Jersey.

And what of the future?

As funding requirements remain high and costs remain low, it is likely that Sukuk will continue to be an obvious choice. London's deep pools of capital and its aspirations to become a global Islamic finance center mean that it is likely to play an increasingly important role. And Jersey as a leading international finance center and conduit for UK capital also has a key structuring role to play. ☺

DEALS

AMBD auctions AMBD I-Bills

BRUNEI: Autoriti Monetari Brunei Darussalam (AMBD) has priced the second issuance of its AMBD Islamic Bills (AMBD I-Bills) at BN\$50 million (US\$36.71 million), according to a press release. The Islamic bills will mature on the 2nd November 2020, carrying a rental rate of 0.12%.

AMBD also priced the third issuance of its AMBD I-Bills at BN\$50 million. The Islamic bills will mature on the 19th November 2020, carrying the same rental rate of 0.12%.

Separately, AMBD has announced the successful pricing of its 187th short-term Sukuk Ijarah at BN\$100 million (US\$74.35 million). The Sukuk facility will mature on the 4th February 2021 and carries a rental rate of 0.13%.

With this issuance, the Brunei government has thus far issued over BN\$14.22 billion (US\$10.57 billion)-worth of short-term Sukuk Ijarah securities since the first offering on the 6th April 2006. The total holdings of the Brunei government Sukuk outstanding as at the 5th November 2020 stood at BN\$373.5 million (US\$277.69 million). ⁽²⁾

BNM prints Shariah papers

MALAYSIA: Bank Negara Malaysia (BNM) has issued five Money Market Tender Murabahah Overnight Borrowing Acceptance Islamic facilities worth a total of RM75.43 billion (US\$18.33 billion) and five Qard papers worth a total of RM13

billion (US\$3.16 billion), according to separate tender results.

Separately, the Malaysian government may consider tapping the Sukuk market again with a second digital Sukuk following the success of its Sukuk Prihatin which received RM666 million (US\$161.88 million) in orders, exceeding its RM500 million (US\$121.53 million) target, according to the New Straits Times. Launched as part of its COVID-19 relief measures, Sukuk Prihatin was Malaysia's first retail sovereign Sukuk facility to be sold via online banking channels. ⁽²⁾

ICD's Sukuk listed on NASDAQ Dubai

GLOBAL: NASDAQ Dubai has welcomed the listing of the Islamic Corporation for the Development of the Private Sector (ICD)'s **five-year** Sukuk worth US\$600 million, a statement confirmed. ⁽²⁾

CBB's Sukuk Ijarah oversubscribed

BAHRAIN: The Central Bank of Bahrain (CBB)'s monthly Sukuk Ijarah offering worth BHD26 million (US\$68.59 million) has been oversubscribed, receiving BHD130.24 million (US\$343.57 million) in subscriptions, according to a press release.

The Sukuk facility issued by the CBB on behalf of the government has a tenor of 182 days and a maturity date set on the 6th May 2021. The issuance has an expected return of 2.6%. ⁽²⁾

CBK places bonds and related Tawarruq papers

KUWAIT: The Central Bank of Kuwait (CBK) has announced in a statement that the most recent issues of its bonds and related Tawarruq facilities totaled KWD240 million (US\$781.93 million), with a tenor of three months and a rate of return of 1.13%. ⁽²⁾

CBG concludes Sukuk Salam auction

GAMBIA: The Central Bank of Gambia (CBG)'s auction featuring three-month, six-month and one-year Sukuk Salam facilities worth GMD5 million (US\$96,110.8) each was concluded on the 3rd November 2020.

According to a statement, the three-month facility was fully subscribed while the six-month and one-year facilities were oversubscribed, receiving GMD5.4 million (US\$103,800) and GMD15 million (US\$288,332) in bids respectively. ⁽²⁾

Indonesia to conduct Sukuk auction

INDONESIA: The Indonesian government is looking to raise IDR10 trillion (US\$687.39 million) from a Sukuk auction on the 10th November 2020, according to a statement. The auction will feature one new issuance and four reopenings with maturity dates ranging from May 2021 to October 2046. The outcome of the auction has yet to be announced at the time of publication.

Separately, the Indonesian government's five sovereign Shariah securities issued in

DEAL TRACKER

Full Deal Tracker on page 39

EXPECTED DATE	COMPANY / COUNTRY	SIZE	STRUCTURE	ANNOUNCEMENT DATE
TBA	Ministry of Energy (Pakistan)	TBA	Sukuk	5 th November 2020
TBA	Evyap Sabun Malaysia	RM500 million	Sukuk Wakalah program	4 th November 2020
TBA	Federal Land Development Authority (FELDA)	RM9.9 billion	Sukuk	30 th October 2020
TBA	Ghotki Kandhkot Road & Bridge Company	PKR10 billion	Sukuk	26 th October 2020
December 2020	Amer Group	TBA	Sukuk	21 st October 2020
End of 2020	Sarwa Capital	EGP2.5 billion	Sukuk	21 st October 2020
TBA	Hub Power Holdings	PKR6 billion	Sukuk	20 th October 2020

May 2019, October 2019, May 2020, July 2020 and October 2020 have been listed on the Indonesia Stock Exchange (IDX), effective the 4th November 2020. The five reopenings carry a total issuance value of IDR12.35 trillion (US\$848.92 million) and will mature in May 2033, October 2024, May 2023, October 2046 and April 2021 respectively.

The Indonesian government's two sovereign Shariah securities issued in February and November 2020 have also been listed on the IDX effective the 6th November 2020. According to a statement, the one reopening and one new listing carry a total issuance value of IDR2.55 trillion (US\$177.8 million) and will mature on the 5th February 2021 and the 4th November 2021 respectively. (f)

Evyap Malaysia to establish Sukuk Wakalah program

MALAYSIA: Evyap Sabun Malaysia (Evyap Malaysia), a subsidiary of Turkey-based Evyap Group, is planning to establish a RM500 million (US\$120.26 million) Sukuk Wakalah program, according to the Malaysian Rating Corporation.

The rating agency has assigned a preliminary rating of 'AA-IS' to the proposed Sukuk Wakalah program with a stable outlook. The rating is premised on Evyap Malaysia's strong domestic market position in oleochemicals and its healthy earnings underpinned by an improved capital structure. (f)

Sarwa Capital to issue Sukuk

EGYPT: Financial services provider Sarwa Capital is planning to issue a seven-year Sukuk facility worth EGP2.5 billion (US\$158.65 million) within the next two weeks once it has obtained approval from the Financial Regulatory Authority of Egypt, Daily News Egypt reported citing unnamed sources.

The company has signed a cooperation agreement with Banque Misr and Misr Capital Company to guarantee, promote and cover the financing instruments. Sarwa Capital has appointed Meris Company to prepare the credit rating for the issuance while Alieldan Weshahi and Partners will act as the legal advisor. (f)

BSF completes Sukuk issuance

SAUDI ARABIA: Banque Saudi Fransi (BSF) has completed a SAR5 billion

(US\$1.33 billion) additional Tier 1 Sukuk issuance with a return rate of 4.5% per annum, according to a bourse filing. (f)

Iran concludes bond auction

IRAN: The Iranian Ministry of Economic Affairs and Finance has announced the results of its 23rd bond auction held on the 2nd November 2020. According to a statement, four banks placed orders worth IRR12 trillion (US\$285 million) while the ministry also agreed to sell IRR469 billion (US\$11.14 million)-worth of Arad 49 bonds with a yield-to-maturity (YTM) of 21% and IRR11.5 trillion (US\$273.13 million)-worth of Arad 54 bonds with a YTM of 20%.

The central bank was due to conduct the 24th stage of the government bond auction on the 10th November 2020 to banks, non-bank credit institutions, investment funds, insurance companies and financing companies. The bonds structured under the Murabahah concept will have interest payments with a frequency of six months. (f)

Pakistan's Petroleum Division proposes Sukuk issuance

PAKISTAN: The Pakistani Ministry of Energy's Petroleum Division has proposed the issuance of Sukuk to the Economic Coordination Committee of the Pakistani cabinet in a bid to generate liquidity to cope with the circular debt that has risen to PKR1.6 trillion (US\$10.01 billion), The News International reported citing an official document. (f)

PASB sells IMTNs

MALAYSIA: Pengurusan Air SPV (PASB) has on the 5th November 2020 issued three Islamic medium-term notes (IMTNs) totaling RM555 million (US\$133.13 million) structured under the Musharakah and Ijarah concepts, according to separate filings.

The papers have tenors of five, 10 and 15 years and carry profit rates of 2.69%, 3.14% and 1% respectively. (f)

STSSB auctions ICPs

MALAYSIA: Sunway Treasury Sukuk (STSSB) has issued two three-month Islamic commercial papers (ICPs) structured under the Mudarabah concept worth RM50 million (US\$11.99 million) each, according to separate filings on the Bond and Sukuk Information Exchange. The Sukuk facilities arranged by Kenanga Investment Bank are rated

'MARC-1 IS(cg)' by Malaysian Rating Corporation.

STSSB also on the 9th November 2020 issued a one-month ICP worth RM250 million (US\$60.47 million). The Sukuk paper arranged by Kenanga Investment Bank was also structured under the Mudarabah concept and rated 'MARC-1 IS(cg)' by Malaysian Rating Corporation. (f)

UMW Holdings floats IMTN

MALAYSIA: UMW Holdings has on the 5th November 2020 issued a RM400 million (US\$95.95 million) Islamic medium-term note (IMTN) with a profit rate of 3.03%, according to information on the Bond and Sukuk Information Exchange.

The Sukuk facility structured under the Musharakah concept has a five-year tenor and is rated 'AA2' by RAM Ratings. (f)

TF Varlik Kiralama makes payment

TURKEY: TF Varlik Kiralama in a filing confirmed it has made its fourth payment to the holders of its TRY450 million (US\$53.19 million) 210-day lease certificate issued on the 12th June 2020. The next payments will be made in December 2020 and January 2021.

Separately, TF Varlik Kiralama on the 6th November 2020 confirmed the return payment to the holders of its TRY150 million (US\$18.26 million) 179-day lease certificates issued on the 11th May 2020 following its maturity. (f)

Hub Power Company to pay Sukukholders

PAKISTAN: Hub Power Company has announced in a bourse filing its book closure from the 16th November to the 22nd November 2020 to facilitate the fifth profit payment of its third Sukuk issuance to Sukukholders. (f)

LPPSA auctions IMTNs

MALAYSIA: Lembaga Pembiayaan Perumahan Sektor Awam (LPPSA) has on the 6th November 2020 issued six Islamic medium-term notes (IMTNs) totaling RM5.75 billion (US\$1.38 billion) structured under the Murabahah concept, according to separate filings.

The government-guaranteed Sukuk facilities have three-year, five-year,

seven-year, 21-year, 22-year and 23-year tenors with profit rates of 2.02%, 2.35%, 2.66%, 3.82%, 3.87% and 3.91% respectively. (📄)

MAHB floats IMTNs

MALAYSIA: Malaysia Airports Holdings (MAHB) has on the 6th November 2020 issued two Islamic medium-term notes (IMTNs) worth a total of RM700 million (US\$168.58 million) structured under the Musharakah concept, according to separate filings on the Bond and Sukuk Information Exchange.

The Sukuk papers have seven-year and 10-year tenors and profit rates of 3.3% and 3.6% respectively. Both papers are rated 'AAA' by RAM Ratings. (📄)

Albaraka Turks sells domestic lease certificates

TURKEY: Albaraka Turk Katilim Bankasi via its subsidiary Bereket Varlik Kiralama Sirketi has issued domestic lease certificates worth a total of TRY15 billion (US\$1.77 billion) each on the 5th November 2020 and the 10th November 2020 respectively, according to separate bourse filings. The certificates have tenors of 46 days and 84 days and maturity dates of the 21st December 2020 and the 2nd February 2021 respectively.

Separately, Albaraka Turk has confirmed the first coupon payment to holders of its TRY150 million (US\$17.75 million) 45-day lease certificates issued on the 21st September 2020 and the return payment to holders of its TRY310 million (US\$37.74 million) 94-day lease certificates issued on the 4th August 2020. (📄)

SOP Capital issues IMTNs

MALAYSIA: SOP Capital has on the 6th November 2020 issued RM20 million (US\$4.82 million)-worth of Islamic medium-term notes (IMTNs) structured under the Murabahah concept, according to information on the Bond and Sukuk Information Exchange.

The five unrated Sukuk facilities arranged by OCBC Al Amin Bank have six-year, seven-year, eight-year, nine-year and 10-year tenors. (📄)

Sharjah Sukuk listed

UAE: The US\$250 million trust certificates with a coupon rate of 3.23% due 2029 issued by Sharjah Sukuk Programme under its trust certificate issuance program have been listed on

NASDAQ Dubai and admitted to the official list of securities of the Dubai Financial Services Authority, according to separate bourse filings.

The final terms state that the securities will be consolidated to form a single series with the existing US\$750 million certificates due 2029 issued on the 23rd October 2019 by the Sharjah government. (📄)

Vakif Katilim conducts two auctions

TURKEY: Vakif Katilim Bankasi has issued lease certificates amounting to TRY24 billion (US\$2.84 billion) on the 5th November 2020, according to separate bourse filings.

The two separate issuances conducted via its subsidiary Vakif Varlik Kiralama have 43-day and 64-day tenors with maturity dates set on the 18th December 2020 and the 8th January 2021 respectively. (📄)

Two companies to pay Sukukholders

PAKISTAN: Fatima Fertilizer Company has announced in a bourse filing its book closure from the 18th November to the 28th November 2020 to facilitate the eighth profit/redemption payment to Sukukholders.

Separately, the trading of Dawood Hercules Corporation's DAWHSC1 Sukuk facility will be suspended effective the 9th November 2020 until the 16th November 2020 in view of the issuer's book closure from the 10th November to the 16th November 2020 for the 12th profit payment for the Sukuk. (📄)

Gas Malaysia floats ICP

MALAYSIA: Gas Malaysia Distribution has issued a RM230 million (US\$55.64 million) Islamic commercial paper (ICP) on the 6th November 2020, according to information on the Bond and Sukuk Information Exchange.

The Sukuk facility structured under the Murabahah concept has a one-month tenor and is rated 'MARC-1 IS' by Malaysian Rating Corporation. (📄)

Maybank Islamic auctions ICPs

MALAYSIA: Maybank Islamic has on the 9th November 2020 issued three Islamic

commercial papers (ICPs) totaling RM1.5 billion (US\$362.85 million) structured under the Murabahah and Wakalah concepts, according to separate filings.

The Sukuk papers arranged by Maybank Investment have seven-month tenors each and are rated 'P1' by RAM Ratings. (📄)

IDX delists Indosat's Sukuk Ijarah

INDONESIA: The Indonesia Stock Exchange (IDX) has delisted Indosat's IDR260 billion (US\$18.26 million) Sukuk Ijarah Berkelanjutan II Indosat Tahap II Tahun 2017 Seri B effective the 9th November 2020 which is the day of its maturity, according to a bourse filing. (📄)

Ziraat Participation Bank prints lease certificates

TURKEY: Ziraat Participation Bank has issued TRY12 billion (US\$1.41 billion)-worth of domestic lease certificates on the 5th November 2020 with a maturity date set on the 12th February 2021, according to a bourse filing. (📄)

Subscription for blockchain Sukuk opens

INDONESIA: The private subscription for Indonesia's **sophomore blockchain** Sukuk issued using Blossom Finance's SmartSukuk platform has been opened, IFN has learned.

The Sukuk will first be offered to retail investors that have preregistered to invest, Matthew Martin, CEO of Blossom Finance, confirmed. (📄)

Pengurusan Air Selangor to issue Islamic papers

MALAYSIA: Pengurusan Air Selangor is planning to establish a RM10 billion (US\$2.43 billion) Islamic medium-term note (IMTN) program and an Islamic commercial paper (ICP) program of the same value structured under the Murabahah concept, according to RAM Ratings. Both programs have a combined limit of RM10 billion in nominal value.

The rating agency has assigned the long- and short-term preliminary ratings of 'AAA/Stable' and 'P1' to the respective programs.

The company's Sustainable Development Sukuk Kelestarian Framework has also been reviewed by the rating agency. (📄)

AFRICA

SSC Capital to launch Shirkah Invest

TANZANIA: Corporate and investment management firm SSC Capital is looking to launch Shirkah Invest, a Shariah compliant robo-advisory app, IFN has learned.

Salum Awadh, CEO of SSC Capital, confirmed that the company recently completed the Shariah index for Shirkah Invest and is looking to launch the product in the first quarter of 2021. (📌)

ASIA

CapBay and KIBB to form supply chain finance fintech

MALAYSIA: Peer-to-peer financing platform CapBay has partnered with Kenanga Investment Bank (KIBB) to establish Malaysia's first Islamic supply chain finance fintech, The Edge reported.

The partnership, which was established after CapBay acquired a 49% stake in KIBB's subsidiary, Kenanga Capital Islamic, aims to enable SMEs to obtain financing through a digital platform. (📌)

SKM and Ko-Makmur collaborate

MALAYSIA: The Malaysian Cooperative Commission (SKM) (Pahang branch) has collaborated with Koperasi Muafakat Makmur (Ko-Makmur) to organize the E-Rahn workshop batch 1/2020 which was held on the 5th November 2020.

According to a statement, the purpose of the workshop was to gather input for the development of the Ar-Rahnu system and also Tawarruq conceptual financing for Ar-Rahnu activities and Shariah credit activities. The workshop attracted 60 participants from various states. (📌)

Mutual Trust Bank to implement Islamic banking

BANGLADESH: Mutual Trust Bank has signed an agreement with Millennium Information Solution to implement Ababil, the latter's Shariah compliant Core Islamic Banking System and agent banking solution, Mahmud Hossain, CEO and co-founder of Millennium, said in a social media post. (📌)

BOK to set up in special economic zones

PAKISTAN: Bank of Khyber (BOK) has signed an MoU with Khyber Pakhtunkhwa Economic Zones Development and Management Company (KPEZDMC) to set up Islamic and conventional banking branches in special economic zones as well as to provide financing facilities to industrialists in the economic zones of KPEZDMC. (📌)

OJK further extends restructuring policy

INDONESIA: Otoritas Jasa Keuangan (OJK) in a press conference has confirmed that it would extend the relaxation policy on bank credit restructuring for a year starting from March 2021 to March 2022.

As of the 5th October 2020, a total of IDR914.65 trillion (US\$62.87 billion)-worth of debt has been restructured from 7.53 million debtors while the restructuring of financing for 13 micro Waqf banks up to the 31st August 2020 reached IDR4.52 billion (US\$310,699).

Separately, the OJK has decided on six 2021 strategic initiatives: developing direction and supervision for the financial services sector; sharpening information technology-based integrated financial services supervision; accelerating and optimizing digitalization; expanding MSME access to finance; strengthening the resilience and competitiveness of financial services; and developing sustainable finance. These policies will be outlined in the 2020–24 Financial Services Sector Master Plan to be launched at the end of 2020. (📌)

Ministry of Finance takes control of KNEKS

INDONESIA: The Indonesian Ministry of National Development Planning (Bappenas) has handed over equipment, assets, employees, financing and documents related to the National Committee for Islamic Economy and Finance (KNEKS) to the Indonesian Ministry of Finance on the 3rd November 2020, according to a statement by Suharso Monoarfa, the head of Bappenas.

The change in command is in line with Indonesia's vision to become a global Islamic economic and financial hub by 2024. (📌)

Al Rajhi Bank Malaysia–MIDF merger canceled

MALAYSIA: The merger between Al Rajhi Bank Malaysia and Malaysian Industrial Development Finance (MIDF) has been terminated, Al Rajhi Bank confirmed in a bourse filing on Tadawul. According to the bank, it has decided to end negotiations and not proceed with the merger as no agreement between the two parties has been reached.

The merger was first approved by both Saudi and Malaysian regulators in January 2019. (📌)

Bank Sulselbar reopens Hajj savings services

INDONESIA: Bank Sulselbar has reopened its Hajj savings services through its Shariah business unit after being designated as one of the recipient banks for Hajj deposits in February, Bisnis.com reported.

The bank is targeting 1,000 customers until the end of 2020. New customers and prospective pilgrims can deposit an initial fund of IDR25 million (US\$1,756.11) while the bank also offers savings products for those who do not have sufficient funds to make an initial deposit. (📌)

Brite-Tech Corporation obtains financing

MALAYSIA: Hong Leong Islamic Bank has granted additional term financing facilities worth RM16.4 million (US\$3.97 million) to Brite-Tech Corporation, according to a bourse filing.

The facilities will part-finance the construction of two units of single-storey factories with a three-storey office building to be erected on two pieces of industrial land at Mukim Kapar, Klang in Selangor and also to part-finance the purchase of the two said industrial lands. (📌)

Budget 2021 for Islamic affairs

MALAYSIA: Malaysia's Finance Minister Tengku Zafrul Aziz has on the 6th November 2020 tabled Budget 2021 amounting to RM322.5 billion (US\$78.01 billion).

According to his speech, RM1.4 billion (US\$338.67 million) will be allocated for

Islamic affairs and development under the Prime Minister's Department while the government will also allocate RM50 million (US\$12.1 million) to the Islamic Economic Development Foundation to support Islamic pawnbroking through Ar-Rahnu BizNita.

Furthermore, RM29 million (US\$7.02 million) will be allocated to implement technical and vocational education and training programs under the Ministry of Higher Education which includes Islamic education.

The existing income tax exemption for sustainable and responsible investment (SRI) green Sukuk grant will be extended to all types of Sukuk and bonds until 2025 while the government looks to continue the Green Technology Finance Scheme 3.0 with a fund size of RM2 billion (US\$483.81 million) for two years until 2022 which will be guaranteed by Danajamin to encourage the issuance of SRI Sukuk.

Proceeds from Sukuk Prihatin amounting to RM100 million (US\$24.19 million) will be channeled for research relating to infectious diseases covering vaccine development as well as treatment research and diagnostics.

Meanwhile, the government plans to expand social protection for the B40 (bottom 40% or low-income earners) group by providing B40 recipients with a RM50 (US\$12.1) voucher as financial aid to purchase Perlindungan Tenang products such as life Takaful and personal accident. (📌)

OJK inaugurates new office

INDONESIA: Otoritas Jasa Keuangan (OJK), or the Financial Services Authority, has inaugurated a new OJK

office in Mataram City of West Nusa Tenggara, according to a press release. (📌)

BSM and Dompot Dhuafa sign collaboration

INDONESIA: Bank Syariah Mandiri (BSM) has signed an agreement with non-profit organization Dompot Dhuafa to provide Zakat, Infaq, alms and Waqf products and services to the bank's customers, Republika reported. (📌)

Malaysian Islamic bank assets grow

MALAYSIA: The Malaysian Islamic banking industry's assets have expanded to a value of RM1.04 trillion (US\$251.58 billion) and a market share of 33% as at the end of July 2020, according to a report by the Ministry of Finance.

The total Islamic financing outstanding has also increased by 10% to RM787.8 billion (US\$190.57 billion), attributed to an increase in household sector financing mainly for the purchase of residential properties. (📌)

BNI Syariah raises funds through Waqf platform

INDONESIA: BNI Syariah has raised a total of IDR8.25 billion (US\$585,130) from 61 Waqf projects through its Hasanah Waqf digital platform.

According to Ida Triana Widowati, the head of the funds and retail division of BNI Syariah, during the Islamic Financial Education and Literacy live webinar held on the 6th November 2020, a total of 27 Waqf managers joined the program with a total of 7,198 Waqf benefactors.

The cash collected from the benefactors through Hasanah Waqf will be

distributed to the Waqf managers with projects that have already selected a Waqf. (📌)

BPJS to offer Shariah compliant services

INDONESIA: Badan Penyelenggara Jaminan Sosial (BPJS) in the Aceh province has become a pilot project for the Shariah financial system in Indonesia, Serambinews.com reported.

BPJS has prepared a blueprint for the establishment of Shariah-based services in the province and is looking to start offering its products in February 2021. (📌)

BI launches chatbot

INDONESIA: Bank Indonesia (BI) has launched its chatbot named LISA which can be contacted through the WhatsApp, Line Messenger and Facebook Messenger applications, according to a statement.

The chatbot will provide customers with information on BI's exchange rate and the Indonesian Standard QR Code licensing, as well as debtor information and more. (📌)

Codebase launches new product

PAKISTAN: Codebase Technologies has launched the Digibanc Digital Roshan solution, designed to assist Islamic and conventional banks to manage customers opening a Roshan Digital Account.

Codebase in a media statement explained that the solution operates with and alongside any legacy core banking system, leveraging on an open architecture and modern API [application programming interface]-driven solution, allowing banks increased flexibility and scalability. (📌)

EUROPE

AIC seeks partnerships with Shariah compliant start-ups

UK: Bristol-headquartered Angel Investors Club (AIC) is looking to connect Shariah compliant start-ups and SMEs to investors on its two new programs, the Seed Enterprise Investment Scheme and the Enterprise Investment Scheme, Salaam Gateway reported. (📌)

GLOBAL

CIBAFI submits comments to BCBS

GLOBAL: The General Council for Islamic Banks and Financial Institutions (CIBAFI) has submitted its comments to the Basel Committee on Banking Supervision (BCBS) on consultative documents focused on revisions to the principles for the sound management of operational risk and the principles for

operational resilience. According to a statement, the comments comprise collective feedback from CIBAFI member banks from over 34 jurisdictions. (📌)

BHB and Tadawul elected as board members of AFE

GLOBAL: The Bahrain Bourse (BHB) and the Saudi Stock Exchange (Tadawul) have been elected by consensus of the members of the Arab Federation of Exchanges (AFE) to be members of the

federation's board of directors, representing the Arab Gulf region, according to a statement. (📌)

Supply@ME Capital to launch Islamic platform

GLOBAL: UK-based fintech company Supply@ME Capital will be launching the Shariah compliant version of its inventory monetization platform at the end of December 2020, it said in a statement. The project is in collaboration with banking group Shari'a Funding Specialist and iMass Investments. The first Shariah compliant transaction can be settled in the first quarter of 2021, the company said. (📌)

CBI denies validity of Bahraini ruling on Iranian banks

GLOBAL: The Central Bank of Iran (CBI) has commented on Bahrain's verdict of issuing fines to Future Bank and Bank Saderat on the charge that both banks have been involved in money laundering. In a press release, Morteza Etebari, the director of the CBI's legal department, said that the rulings "have no legal basis and are politically driven". (📌)

African growth expected

GLOBAL: Moody's Investors Service in a report noted that the vast financing needs of African countries and their

governments' growing interest will drive Islamic finance growth, especially a noticeable increase in banking assets, across the continent.

"Egypt and Morocco will lead growth in North Africa, while Sudan, South Africa, Nigeria and Senegal will lead in sub-Saharan Africa, as most have large Muslim populations, along with existing and rapidly evolving regulatory and supervisory structures in place to support growth," the rating agency said. Moody's noted that average annual Sukuk issuance for Africa was negligible until 2012 but during 2013–19 it averaged US\$433 million per year. (📌)

MIDDLE EAST

JIB to offer financing to ministry employees

JORDAN: The Jordanian Ministry of Education and Jordan Islamic Bank (JIB) have signed an agreement for the bank to provide financing at reduced profit rates to the employees of the ministry, Almadenah News reported. (📌)

CBUAE supports digital payment services

UAE: The Central Bank of UAE (CBUAE) has issued a new regulation that includes licensing, supervision and enforcement provisions applicable to companies licensed to provide stored value facilities, it said in a statement. The new rule, for which a one-year transitional period will commence on the date it comes into force, aims to facilitate easier access to the UAE market for fintech firms and non-bank payment service providers while safeguarding customers. (📌)

Libyan banks get support from government

LIBYA: The Tripoli-based Libyan government's Electronic Banking Services Committee has held a meeting to discuss technical problems faced by Jumhouria Bank, including power outage on its sources of communication and data centers, Libya Herald reported. During the meeting, teams were assigned to prepare technical specifications as an alternative to the power lines and generators required to supply the data center and the main connection point with the current backup batteries system.

Separately, the Misrata Chamber of Commerce has opened a discussion with National Commercial Bank on the problems the bank faces with point-of-sale and mobile e-payments, Libya Herald reported. The chamber had been encouraging the increased use of e-payment services in the country, but power outages have resulted in poor internet service, reducing the effect of the drive. (📌)

QCB studies electronic checks system

QATAR: The Qatar Central Bank (QCB) is studying a new system to issue electronic checks as a substitute for paper checks, to bring down the number of bounced checks due to technical or financial reasons, Gulf Times reported, citing Sheikh Abdulla Saoud Al Thani, the central bank governor. (📌)

Bank Saderat Iran pays mortgage loans

IRAN: Bank Saderat Iran has paid IRR4 billion (US\$95,000) in loans from August 2020 to the 31st October 2020 to 4,400 tenants in a bid to ease their mortgage loan payments amid the COVID-19 pandemic, Iran Labour News Agency reported. During the same period, the largest number of mortgage loans amounting to more than IRR2 billion (US\$47,500.3) was allocated to the Fars province. (📌)

CMA extends ExPermits

SAUDI ARABIA: The Capital Market Authority (CMA) has granted Sukuk Capital Company a Financial Technology Experimental Permit (ExPermit) to

establish a platform to offer and invest in debt instruments, confirmed a statement. Concurrently, the regulator also extended an ExPermit to Osool & Bakheet Investment Company to establish an equity crowdfunding platform targeting SMEs. (📌)

ADIB partners with Market IQ

UAE: Seven firms — Uqudo (UAE), Market IQ (Canada), Taiger (Singapore), modefinance (Italy), FutureFlow (UK), Elucidate (Germany) and Finverity (UK) — have been selected as winners of the FinTech Abu Dhabi 2020 Innovation Challenge organized by the Central Bank of the UAE and Abu Dhabi Global Market (ADGM). Market IQ has been assigned to work with Abu Dhabi Islamic Bank to test an innovative credit analytics model for its SME banking business. The winners will be working with one of five corporates including First Abu Dhabi Bank, Anglo Gulf Trade Bank, Etihad Credit Insurance and the ADGM Financial Services Regulatory Authority.

Separately, ADIB launched ADIB Chat Banking, a chatbot service available in Arabic, English and the Emirati Arabic dialect. The service is accessible through WhatsApp to support customers with general requests. (📌)

Waqf bylaw reviewed

SAUDI ARABIA: The General Authority of Islamic Affairs & Endowments has reviewed the draft bylaw governing the establishment of endowments through donation collection.

According to a statement, the draft covers controls and criteria approvals for

Waqf. The authority also discussed the formation of committees. [📄](#)

Iranian bond issuance increases by 466%

IRAN: The Iranian government has issued over IRR888.4 trillion (US\$21 billion) during the first half of the Iranian financial year ended the 30th September 2020, reported state-owned news agency ILNA citing the Monetary and Banking Research Institute. This is an increase of 466% when compared with the same period last year. The issuances include Islamic treasury documents and Murabahah bonds. [📄](#)

CMA instructs issuers to post disclosures in English

SAUDI ARABIA: The Saudi Capital Market Authority (CMA) has instructed all issuers of listed securities in the main market to make disclosures and notifications on the exchange in both English and Arabic. The regulator said in a statement that this would bring fairness and accurate information to both local and foreign investors, as well as raise the level of research, studies and evaluations conducted on the Saudi financial market. [📄](#)

MEPCO renews Islamic facility

SAUDI ARABIA: Middle East Paper Company (MEPCO) has renewed a Shariah compliant financing facility worth SAR200 million (US\$53.3 million) with Bank Albilad, a bourse filing said. The revolving facility is renewable in August every year, and will be used to finance the company's working capital and capital expansions. [📄](#)

NBM secures Islamic facility from Alinma Bank

SAUDI ARABIA: National Building and Marketing Co (NBM), which manufactures and trades building materials, has secured an Islamic financing facility worth SAR15 million (US\$4 million) from Alinma Bank, a bourse filing confirmed. The facility, which matures on the 31st May 2021, will be used to finance the company's working capital as necessary. [📄](#)

DFSA opens applications for regulatory sandbox

UAE: The Dubai Financial Services Authority (DFSA) has opened applications for local and international firms wishing to join the winter 2021 cohort of its regulatory sandbox, Innovation Testing Licence Programme, a statement confirmed. The application period is from the 1st to the 30th November 2020, and accepted applicants will be announced on the 16th December 2020. [📄](#)

FSRA amends rules

UAE: The Abu Dhabi Global Market (ADGM)'s Financial Services Regulatory Authority (FSRA) has enhanced its regulations and rules for the regulated activity of providing money services within the ADGM.

The ADGM noted in a statement that this exercise is part of its commitment to encourage fintech solutions. Notable enhancements include amending the scope of providing money services to encompass the activities of providing payment accounts and the issuance of

stored value and the introduction of new rules in the FSRA's Conduct of Business Rulebook. [📄](#)

Ripple opens office in DIFC

UAE: Ripple, a US-based fintech firm with Islamic solutions, has opened a regional office at the Dubai International Financial Centre (DIFC), a press release said. [📄](#)

Alinma partners with JCB

SAUDI ARABIA: Alinma Bank has partnered with JCB International Co, the international operations subsidiary of Japan's only international payment brand JCB Co, to enable the acceptance of JCB cards through its point-of-sale and ATM network devices deployed in the Kingdom. [📄](#)

Aman Bank launches virtual assistant

LIBYA: Aman Bank has launched its virtual assistant and chatbot customer service driven by Oracle Financial Services's artificial intelligence, a LinkedIn post said. The bank also partnered with JMR Infotech to launch the online service, which is available in both English and Arabic. [📄](#)

Emirates NBD boosts CIE team

UAE: Emirates NBD has invested in the SAS Multiplier Effect framework to support its Customer Intelligence & Engagement (CIE) team tasked with integrating data across all systems and applications to create a cohesive and predictive customer experience across corporate, retail, investment and private banking, confirmed a statement. [📄](#)

RESULTS

Abu Dhabi Islamic Bank

UAE: Abu Dhabi Islamic Bank (ADIB) has recorded a net profit of AED533.8

million (US\$145.3 million) for the third quarter of 2020, down 14% compared with the same period last year, it said in a statement. The decrease is due to an increase in impairment charges and

lower revenues, predominantly driven by net profit margin compression that was partially mitigated by a cost reduction of 9%, said the bank. [📄](#)

TAKAFUL

ICIEC and IsDB collaborate

GLOBAL: The Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC) has partnered with the IsDB to jointly launch the COVID-19 Guarantee Facility which provides US\$2 billion in support of the private sector, a press release read.

The facility will be implemented by the two entities to support industries in OIC member countries that are hit by the COVID-19 pandemic and to attract cross-border investments. [📄](#)

Al-Ahlia accepts offer from Gulf Union

SAUDI ARABIA: Al-Ahlia Insurance Company has approved the merger offer

from Gulf Union Cooperative Insurance Company to issue 7.95 million shares of the latter in exchange for the entire issued capital shares of the former, and the termination of Al-Ahlia, a bourse filing confirmed.

The merger will result in a new entity called Gulf Union – Al-Ahlia Cooperative Insurance Company. [📄](#)

Salama fined

SAUDI ARABIA: The Capital Market Authority has imposed a SAR20,000 (US\$5,330.33) fine on Salama Cooperative Insurance Company for violating rules: the insurer did not disclose its interim financial statements on time for the period ending the 30th June 2020. (📌)

Mixed impact from BOD 49

UAE: The UAE Insurance Authorities' Board of Directors Decision 49 (BOD 49), a new set of regulations effective the 15th October 2020, is expected to make term-life insurance more attractive for expatriates, which may boost life insurance penetration in the UAE, which currently stands at 0.7%, according to LPH Financial Services.

"From 15th October, when the BOD 49 regulations came into effect, the term-life insurance products might become 15–30% cheaper — which is good for the insured person — as he or she will be able to insure his life for the same coverage with 15–30% less premium," Leena Parwani, the founder and CEO of LPH Financial Services, said in a statement, adding: "However, the

downside of the new regulation is that it will drastically reduce the brokers' income and due to this, many brokers might go out of business within a few years."

BOD 49 reduces brokers' commission from 40-70% in the first year to 10%. (📌)

Iran to set up joint insurance committee

IRAN: Central Insurance of Iran and the Iran Central Chamber of Cooperatives have agreed to establish a joint insurance committee to facilitate greater collaboration between the insurance and cooperatives sector, according to news agency Shada. (📌)

Oman unveils Dhamani Platform

OMAN: The Omani Capital Market Authority in a virtual meeting with industry stakeholders has unveiled the Dhamani Platform which would facilitate the exchange of medical records of patients of private health institutions. The regulator said in a statement this platform will be integrated with the

Ministry of Health's Shifa system to consolidate patient records in the future. This would help expedite insurance claim settlements and validation of insurance coverage, among others.

The Dhamani Platform is a national project in line with the government's digital transformation initiative. (📌)

QIIG to increase Wakalah fees

QATAR: Qatar Islamic Insurance Group (QIIG) has secured the approval of its Shariah board to increase the Wakalah fees from the policyholder account to the shareholder account to 27.5% from 25% for the period from the 8th November 2020 until the 31st December 2020, according to a statement. The group expects this exercise to reflect positively on the profits of the shareholder account. (📌)

SALAMA revises products

UAE: Islamic Arab Insurance Company (SALAMA) has revised its life, protection, savings and investment offerings comprising seven solutions in total in line with Regulation 49, also known as BOD-49, confirmed a statement. (📌)

ASSET MANAGEMENT

Wealthsimple to launch

Islamic ETF

CANADA: Wealthsimple is planning to launch the Wealthsimple Shariah World Equity Index exchange-traded fund (ETF) which seeks to offer investors access to a diversified index of Shariah compliant stocks, according to information from a preliminary prospectus.

Mackenzie Financial Corporation will serve as the fund's trustee, ETF manager and portfolio manager. (📌)

FMT upholds DFSA's action

UAE: Specialist independent tribunal Financial Markets Tribunal (FMT) has affirmed the decision by the Dubai Financial Services Authority (DFSFA) to take action against Al Masah Capital (AMC) and Al Masah Capital Management (AMCML) as well as Shailesh Dash, Nrupaditya Singhdeo and Don Lim Jung Chiat for unauthorized financial services activities and making

misleading and deceptive statements. This was concluded following an eight-day hearing earlier this year. According to a statement, the FMT imposed financial penalties of US\$3 million on AMC, US\$1.5 million on AMCML, US\$225,000 on Dash, US\$175,000 on Singhdeo and US\$150,000 on Lim. Both the companies are in liquidation.

"The FMT found that the two companies and three individuals had concealed from potential investors the payment of placement fees to AMC. In particular, annual reports and audited financial statements had been altered to remove the full extent of fees that had been paid.

The FMT noted that the misrepresentation of fees was intentional and deceptive, and the altered documents were used as marketing materials to persuade potential investors to invest, and so any misleading statement therein would be a breach of the prohibition on misleading and deceptive conduct," DFSFA explained in a statement.

The tribunal also upheld the DFSA's decision to prohibit all three individuals

and concluded they are not fit and proper to perform any function in connection with financial services in or from the Dubai International Financial Centre. (📌)

CMA announces companies unauthorized to operate

SAUDI ARABIA: The Saudi Capital Market Authority (CMA) has announced in separate statements that SAMA-TRADE and First Broker FX are not authorized to operate their securities business in the Kingdom. (📌)

Tharwa Arab Fund investment license renewed

KUWAIT: The Capital Markets Authority of Kuwait has renewed the collective investment scheme license of Tharwa Arab Fund for three years beginning the 5th February 2021, a statement said. The renewal is subject to the fund's payment of the prescribed fees. (📌)

Arzan Wealth advises on Islamic transaction in US

GLOBAL: UAE-based advisory firm Arzan Wealth has advised on a Shariah compliant mezzanine lending transaction

in the US, a press release said. The investment utilizes the Real Estate Index Linked Securities instrument, which is an amortizing mezzanine loan, and finances the acquisition of a portfolio of two properties located in Ohio and California. The deal is structured with a net 9%

coupon, payable quarterly, and with an escalating quarterly amortization schedule. (f)

Investcorp invests in Kindstar Globalgene

GLOBAL: Investcorp, which offers

Shariah compliant solutions, has made an investment in independent medical testing services group Kindstar Globalgene located in Wuhan, China.

According to a bourse filing, terms of the transaction were not disclosed. (f)

RATINGS

Dukhan Bank's ratings affirmed

QATAR: Fitch has affirmed Dukhan Bank's long-term issuer default rating at 'A' with a stable outlook and concurrently affirmed the Islamic bank's viability rating at 'bb+'.

The ratings are based on Fitch's expectation of an extremely high probability of support from the Qatari authorities for domestic banks in case of need, it said in a statement. Dukhan Bank was previously known as Barwa Bank. (f)

'P1' and 'AA3/Stable' for Bermaz

MALAYSIA: RAM has assigned the respective ratings of 'P1' and 'AA3/Stable' to Bermaz Auto's proposed RM500 million (US\$119.94 million) Islamic commercial paper program (2020/2027) and RM500 million Islamic medium-term note program, according to a press release.

Bermaz has been the sole distributor and retailer of Mazda vehicles in

Malaysia and the Philippines since 2008. The ratings are backed by Bermaz's established niche in the affordable premium segment, asset-light business model and superior financial profile.

Since Bermaz took over the franchise in 2008, Mazda vehicle sales in the last three fiscal years have averaged 15,743 units per annum, generating an average annual turnover of RM2 billion (US\$479.75 million) for Bermaz. (f)

Edra Solar maintains Sukuk rating

MALAYSIA: RAM has reaffirmed the 'AA2/Stable' rating on Edra Solar's RM245 million (US\$58.77 million) ASEAN Sustainability SRI Sukuk based on the robust operational performance of Edra Solar's 50 MWac solar photovoltaic plant in Kuala Ketil, Kedah.

The rating agency said in a statement that this underpins the company's sturdy debt coverage, which is in turn backed by a 25-year power purchase agreement with 'AAA'-rated Tenaga Nasional. (f)

QIB maintains 'A' rating

QATAR: Fitch has affirmed Qatar Islamic

Bank (QIB)'s long-term issuer default rating at 'A' with a stable outlook and also reaffirmed QIB's viability rating (VR) at 'bbb'.

According to an official statement, QIB's VR reflects the bank's strong company profile, which is underpinned by its leading domestic Islamic banking franchise.

QIB is the oldest and largest Islamic bank in Qatar, accounting for about half of total Islamic banking assets. (f)

Saudi Re maintains 'AA+' rating

SAUDI ARABIA: Saudi Re for Cooperative Reinsurance Co has maintained an 'AA+' insurance financial strength rating with a stable outlook issued by SIMAH Rating Agency, a bourse filing said.

According to the agency, the rating is a reflection of Saudi Re's "strong brand strength, risk profile and competitive advantage" in the Saudi market, as well as the improved level of diversification for its international business. (f)

MOVES

Saudi Enaya Cooperative Insurance Company

SAUDI ARABIA: Saudi Enaya Cooperative Insurance Company has appointed **Hamad Al-Mahyas Al Ali** as a new non-executive member of the board of directors, representing National Health Insurance Company, to take the place of **Khaled Abdullah Al-Mass** who has resigned from his post. According to a bourse filing, the appointment is effective the 7th April 2020.

In a separate filing, the insurer announced the resignation of **Dr Mazen**

Soliman Fakeeh on the 21st October 2020 from his post as a board member, the chairman of the nomination and remuneration committee and a risk committee member, due to personal reasons. (f)

National Commercial Bank

SAUDI ARABIA: **Talal Ahmed Alkhereiji** has been appointed as the new acting CEO of National Commercial Bank following the retirement of **Faisal Omar Alsakkaf** from his position as CEO of the bank.

According to a bourse filing, Faisal's last working day is on the 31st December

2020, and Talal's appointment is effective the 1st January 2021. (f)

Alinma Tokio Marine Co

SAUDI ARABIA: Alinma Tokio Marine Co has appointed **Khalid Abdullah Al Rumaih** as a new independent member of its board of directors, a bourse filing said. The membership is effective starting the 3rd November 2020. (f)

Squire Patton Boggs

SAUDI ARABIA: Squire Patton Boggs has appointed **Ahmed Butt** as a partner in its financial services practice based in its Riyadh office, according to a statement.

Ahmed, whose expertise covers both Islamic and conventional banking, was previously attached to Simmons and Simmons where he established the firm's Riyadh presence, headed its Middle East banking practice and led its Saudi Arabia practice. (📞)

BRI Syariah

INDONESIA: The board of directors of BRI Syariah has decided to end the terms of office of **Parman Nataatmadja**, the president commissioner, and **Ernie Tisnawati Sule**, the independent commissioner of the bank, during the extraordinary general meeting of shareholders held on the 5th November 2020, *Bisnis.com* reported. (📞)

Albaraka Turk Participation Bank

TURKEY: Albaraka Turk Participation Bank has decided to appoint **Yousef Hassan Khalawi** as a member of its advisory committee to take the place of the late **Dr Abdul Sattar Abu Ghuddah**, a bourse filing said.

The appointment is pending approval from the bank's general assembly and the country's regulators. (📞)

Central Bank of the Republic of Turkey

TURKEY: **Naci Agbal** has been appointed as the governor of the Central Bank of the Republic of Turkey to replace **Murat Uysal** according to a decree published in Official Gazette No 31297 dated the 7th November 2020, a press release read. (📞)

Al Mashaar REIT

SAUDI ARABIA: Muscat Capital has announced in a bourse filing a change in the board of directors of Shariah compliant Al Mashaar REIT due to the resignation of **Khalifa Abdullah Muhammad Al Hatami**, the chairman and a non-independent member of the board on the 8th November 2020.

The company has appointed a new chairman to succeed Khalifa and an announcement will be made once it has obtained approval from the Capital Market Authority of Saudi Arabia. (📞)

RHB Banking Group

MALAYSIA: RHB Banking Group in a press release has announced the appointment of **Dr Sailesh Kumar Jha** as

the group chief economist effective the 5th November 2020.

Dr Sailesh will be leading RHB's economic and market research team which also includes foreign exchange and fixed income strategy. (📞)

Al-Rajhi REIT Fund

SAUDI ARABIA: **Abdulaziz Al Sabt** has resigned as a non-independent board member of the Al-Rajhi REIT Fund effective the 8th November 2020, fund manager Al-Rajhi Capital said in a bourse filing. (📞)

Wataniya Insurance Co

SAUDI ARABIA: Wataniya Insurance Co has appointed **Tahir Mohammed Al-Dabbagh** as a new non-executive member of its board of directors effective the 5th November 2020, a bourse filing confirmed. (📞)

Bank of Bahrain and Kuwait

GLOBAL: Bank of Bahrain and Kuwait has appointed **Ewan Sterling** as the general manager of international banking effective the 6th October 2020, according to a bourse filing. (📞)

Bahrain Islamic Bank

BAHRAIN: Bahrain Islamic Bank in a bourse filing has announced the resignation of **Mahmood AbdulRedha Qannati** as the chief corporate communications and marketing officer due to personal reasons, effective the 15th November 2020. (📞)

Kuwait International Bank

KUWAIT: Kuwait International Bank has appointed **Manal Adnan AlRubaian**, who currently serves as the deputy general manager of the internal audit department, as the acting general internal auditor effective the 9th November 2020 until further notice, according to a statement. (📞)

Turkey's Ministry of Treasury and Finance

TURKEY: The resignation of **Berat Albayrak**, the minister of treasury and finance of Turkey, has been accepted by the authority following an assessment by President **Recep Tayyip Erdogan**, who is also the father-in-law of Berat.

Berat announced his resignation in a social media posting, citing health reasons for his resignation. (📞)



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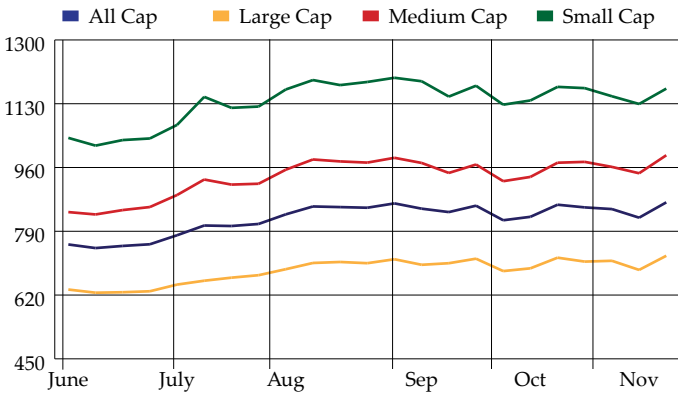
andrew.tebbutt@redmoneygroup.com

DEAL TRACKER

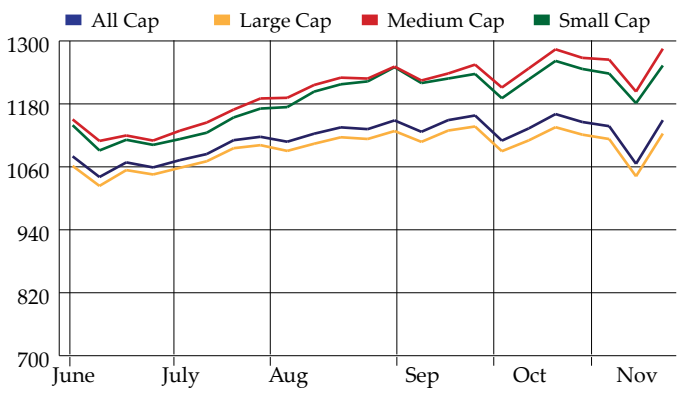
Expected date	Company/country	Size	Structure	Announcement Date
TBA	Ministry of Energy (Pakistan)	TBA	Sukuk	5 th November 2020
TBA	Evyap Sabun Malaysia	RM500 million	Sukuk Wakalah program	4 th November 2020
TBA	Federal Land Development Authority (FELDA)	RM9.9 billion	Sukuk	30 th October 2020
TBA	Ghotki Kandhkot Road & Bridge Company	PKR10 billion	Sukuk	26 th October 2020
December 2020	Amer Group	TBA	Sukuk	21 st October 2020
End of 2020	Sarwa Capital	EGP2.5 billion	Sukuk	21 st October 2020
TBA	Hub Power Holdings	PKR6 billion	Sukuk	20 th October 2020
TBA	Sparks Energy 1	RM220 million	Green Sukuk	13 th October 2020
TBA	Kuwait International Bank (KIB)	US\$300 million	Tier 2 Capital Sukuk	12 th October 2020
TBA	Sunsuriah	Up to RM500 million	Sukuk Wakalah program	8 th October 2020
End of 2020	State Bank of Pakistan	PKR150 billion	Sukuk Ijarah	7 th October 2020
TBA	Guan Chong	Up to RM800 million	Sukuk Wakalah program	6 th October 2020
TBA	Ministry of Finance (Pakistan)	TBA	Sukuk	5 th October 2020
December 2020 .	Bangladesh	TBA	Sovereign Sukuk	1 st October 2020
TBA	Khaleeji Commercial Bank	BHD60 million	Sukuk	1 st October 2020
TBA	OSK Rated Bond	RM2 billion	Sukuk Murabahah program	30 th September 2020
TBA	Mah Sing Group	Up to RM100 million	Sukuk Murabahah	25 th September 2020
November 2020 .	Ministry of Finance (Indonesia)	TBA	Green Sukuk	25 th September 2020
TBA	Mora Telematika Indonesia (Moratelindo)	IDR723 billion	Sukuk Ijarah	22 nd September 2020
TBA	Bank Rakyat Malaysia	RM500 million	Sukuk Wakalah	21 st September 2020
TBA	Pengerang LNG (Two)	RM3 billion	Sukuk Murabahah	18 th September 2020
TBA	Aneka Gas Industri	IDR205 billion	Sukuk Ijarah	16 th September 2020
TBA	Dialog Group	RM3 billion	Sukuk Wakalah	14 th September 2020
TBA	RHB Bank	Up to RM10 billion	Sukuk Murabahah	14 th September 2020
TBA	IsDB; International Organization for Migration; Nigerians in Diaspora Commission	TBA	Sukuk	11 th September 2020
TBA	Mellat Investment Bank	TBA	Sukuk	10 th September 2020
TBA	Pegadaian	IDR835 billion	Sukuk Mudarabah	10 th September 2020
TBA	Solar Management	RM260 million	ASEAN Green SRI Sukuk	4 th September 2020
TBA	Sarawak Oil Palms	Up to RM1 billion	Islamic medium-term notes	25 th August 2020
TBA	National Iranian Oil Company	TBA	Sukuk	19 th August 2020
TBA	Polytama Propindo	IDR300 billion	Sukuk Ijarah	17 th August 2020
TBA	Ministry of Finance (Indonesia)	IDR100 billion	Cash Waqf-Linked Sukuk	13 th August 2020
2020 .	Saudi Real Estate Refinance Company (SRC)	SAR5 billion	Sukuk	27 th July 2020
2020 .	Egypt	TBA	Sovereign Sukuk	22 nd July 2020
TBA	Selangor	RM10 billion	Sukuk	14 th July 2020
TBA	Pestech International	RM1 billion	Perpetual Sukuk	8 th July 2020
TBA	Kuwait International Bank (KIB)	KWD750 million	Sukuk	3 rd July 2020
2020 .	Uzbekistan	TBA	Green Sukuk	30 th June 2020
2020 .	Azizi Developments	US\$300 million	Sukuk	29 th June 2020
2020 .	Maldives	US\$300 million	Sovereign Sukuk	24 th June 2020
TBA	Eskom	ZAR1 billion	Rand Sukuk	10 th July 2019
TBA	Manazel	TBA	TBA	8 th June 2020
TBA	Utico	US\$500 million	Sukuk	20 th May 2020
2020 or 2021	South Africa	TBA	Sukuk	11 th May 2020
TBA	Ajman Bank	US\$150 million	Tier 1 Sukuk	3 rd April 2020

REDMONEY SHARIAH INDEXES

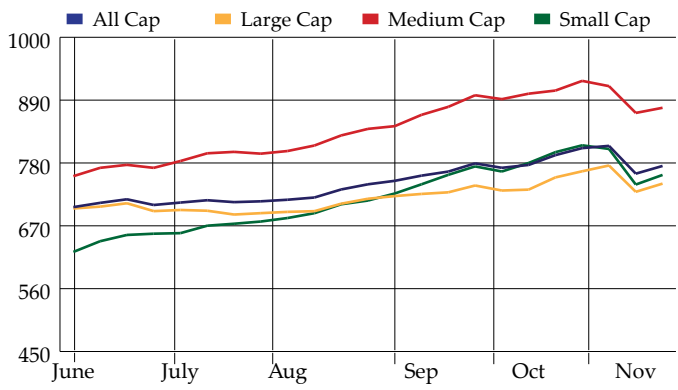
REDmoney Asia ex. Japan 6 Months



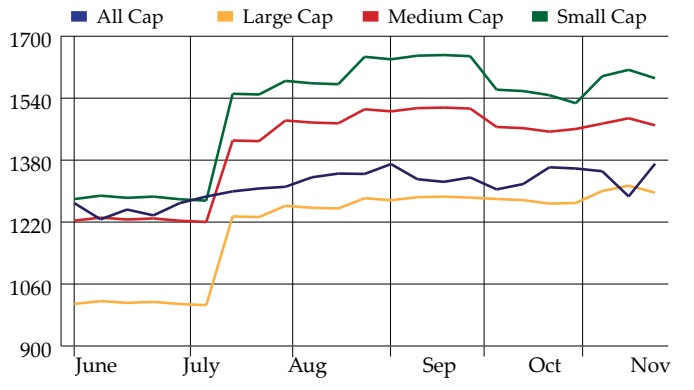
REDmoney Europe 6 Months



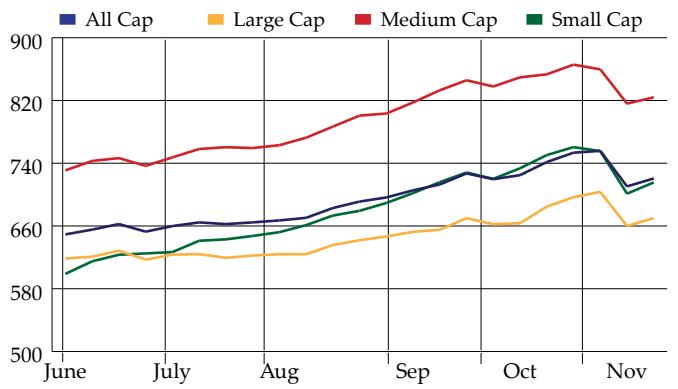
REDmoney GCC 6 Months



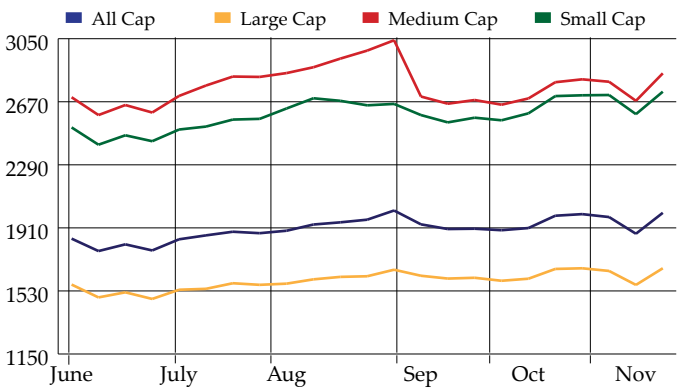
REDmoney Global 6 Months



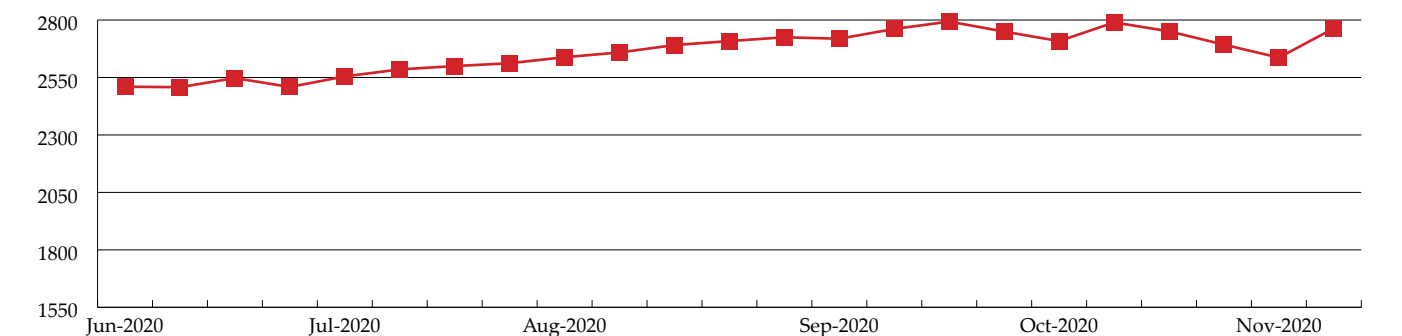
REDmoney MENA 6 Months



REDmoney US 6 Months

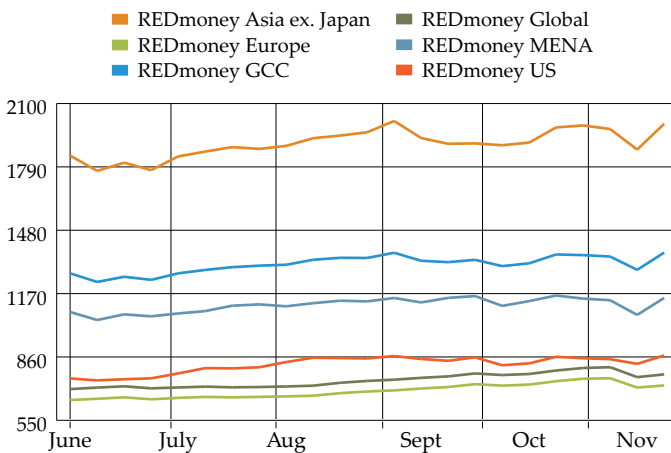


SAMI Halal Food Participation (All Cap) 6 months

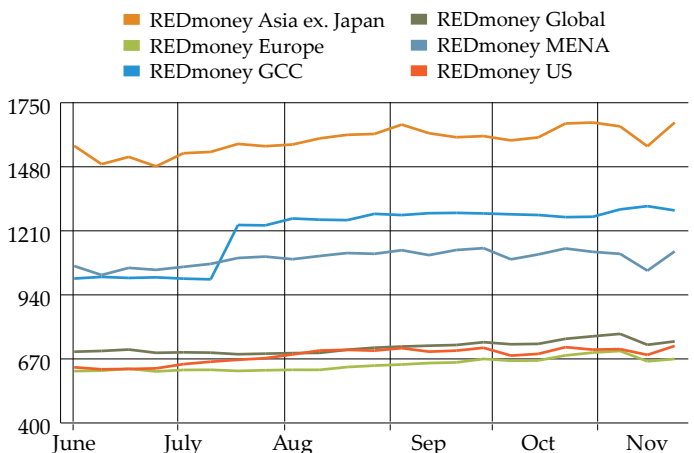


REDMONEY SHARIAH INDEXES

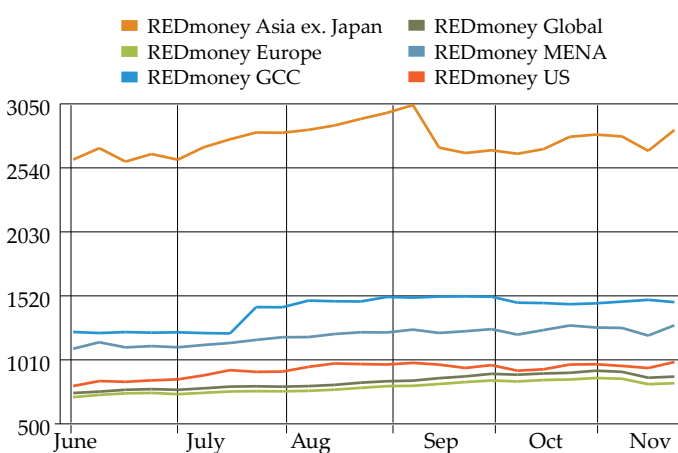
REDmoney Global Shariah Index Series (All Cap) 6 Months



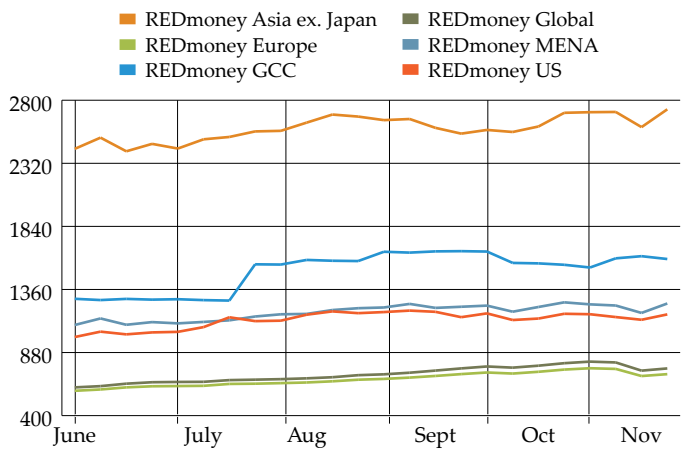
REDmoney Global Shariah Index Series (Large Cap) 6 Months



REDmoney Global Shariah Index Series (Medium Cap) 6 Months



REDmoney Global Shariah Index Series (Small Cap) 6 Months



REDmoney Global Shariah

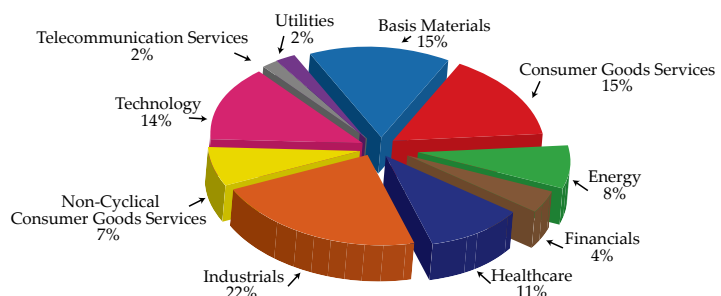
Equities are considered eligible for inclusion into the REDmoney Global Shariah Index Series only if they pass a series of market related guidelines related to minimum market capitalization and liquidity as well as country restrictions.

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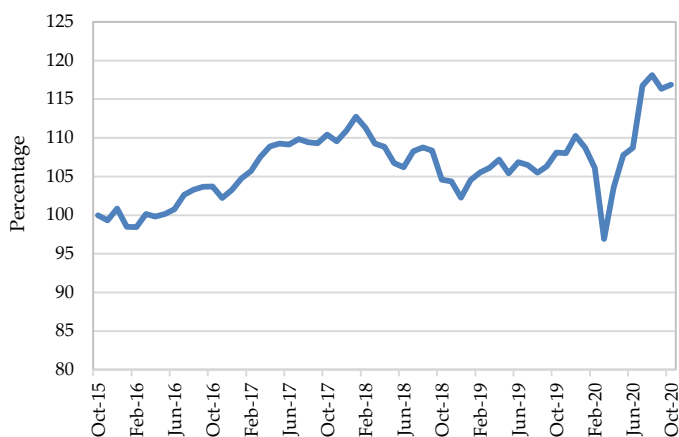
For further information regarding REDmoney Indexes contact:

Andrew Morgan
Managing Director, REDmoney Group

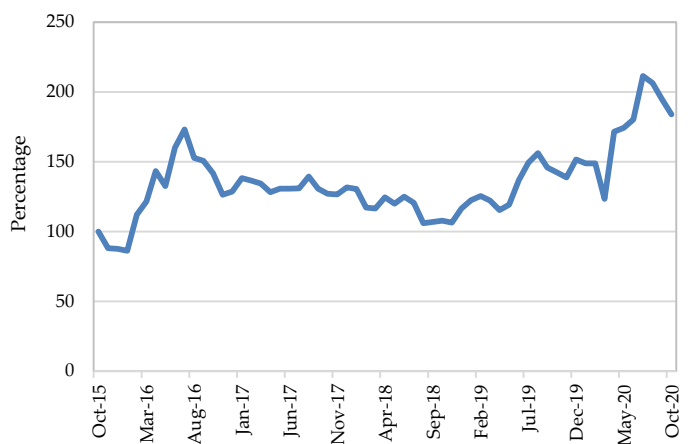
Email: Andrew.Morgan@REDmoneygroup.com
Tel +603 2162 7800

EUREKAHEDGE FUNDS TABLES

Eurekahedge Asia Pacific Islamic Fund Index



Eurekahedge Islamic Fund Gold Index



Top Monthly Returns for All Islamic Funds

Fund	Fund Manager	Performance Measure	Fund Domicile
1 InterPac Dana Safi	Inter-Pacific Asset Management	7.64	Malaysia
2 BIMB i-Growth	BIMB UNIT Trust Management (BUTM)	6.36	Malaysia
3 BIMB Dana Al-Falah	BIMB UNIT Trust Management (BUTM)	3.08	Malaysia
4 BIMB Dana Al-Munsif	BIMB UNIT Trust Management (BUTM)	2.59	Malaysia
5 AlBaraka	Hermes Fund Management	2.14	Egypt
6 Amana Developing World Fund Institutional Shares	Saturna Capital	2.03	US
7 Principal Islamic Asia Pacific Dynamic Equity - MYR	Principal Asset Management	1.57	Malaysia
8 Emirates Global Sukuk Fund Limited USD Institutional Share Class (Acc)	Emirates NBD Asset Management	1.09	Jersey
9 Faisal Islamic Bank of Egypt Mutual	Hermes Fund Management	1.06	Egypt
10 Amana Participation Fund Institutional Shares	Saturna Capital	0.37	US
Eurekahedge Islamic Fund Index		-0.36	

Based on 15.93% of funds which have reported October 2020 returns as at the 9th November 2020

Top Monthly Returns for Global Islamic Funds

Fund	Fund Manager	Performance Measure	Fund Domicile
1 Emirates Global Sukuk Fund Limited USD Institutional Share Class (Acc)	Emirates NBD Asset Management	1.09	Jersey
2 Amana Participation Fund Institutional Shares	Saturna Capital	0.37	US
3 Emirates Islamic Global Balanced - Class A USD	Emirates NBD Asset Management	-0.30	Jersey
4 Amana Income Fund Investor	Saturna Capital	-2.57	US
5 Amana Growth Fund Investor	Saturna Capital	-4.05	US
6 DWS Noor Precious Metal Securities - Class A	DWS Noor Islamic Funds	-5.66	Ireland
Eurekahedge Islamic Fund Index		-2.44	

Based on 25% of funds which have reported October 2020 returns as at the 9th November 2020

Top Annualized Returns for Islamic Gold Funds

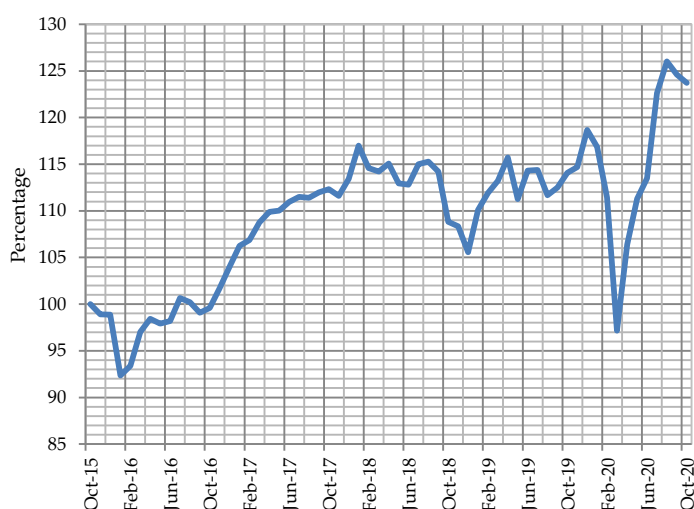
Fund	Fund Manager	Performance Measure	Fund Domicile
1 DWS Noor Precious Metal Securities - Class A	DWS Noor Islamic Funds	-1.71	Ireland
Eurekahedge Islamic Fund Index		12.96	

Based on 33.33% of funds which have reported September 2020 returns as at the 19th October 2020

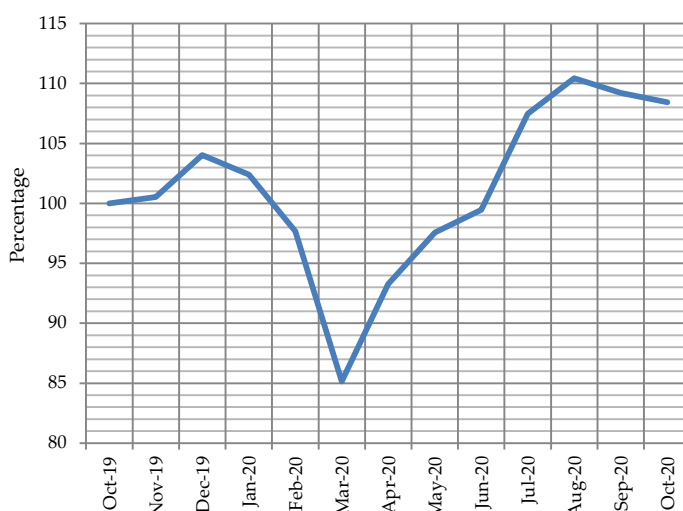
Comprehensive data from Eurekahedge will now feature the overall top 10 global and regional funds based on a specific duration (yield to date, annualized returns, monthly returns), Sharpe ratio as well as delve into specific asset classes in the global arena – equity, fixed income, money market, commodity, global investing (which would focus on funds investing with global mandate instead of a specific country or geographical region), fund of funds, real estate as well as the Sortino ratio. Each table covering the duration, region, asset class and ratio will be featured on a five-week rotational basis.

EUREKAHEDGE FUNDS TABLES

Eurekahedge Islamic Fund Equity Index over the last 5 years



Eurekahedge Islamic Fund Equity Index over the last 1 year



Top Islamic Equity Funds by 3 Months Returns

Fund	Fund Manager	Performance Measure	Fund Domicile
1 InterPac Dana Safi	Inter-Pacific Asset Management	11.54	Malaysia
2 NBAD Islamic MENA Growth	First Abu Dhabi Bank	6.97	UAE
3 BIMB i-Growth	BIMB UNIT Trust Management (BUTM)	5.22	Malaysia
4 Principal Islamic Small Cap Opportunities	Principal Asset Management	4.29	Malaysia
5 Iman - Class B	Allied Asset Advisors	2.39	US
6 Al Baraka	Hermes Fund Management	1.94	Egypt
7 Faisal Islamic Bank of Egypt Mutual	Hermes Fund Management	1.12	Egypt
8 Amana Income Fund Investor	Saturna Capital	0.11	US
9 Amana Growth Fund Investor	Saturna Capital	-0.16	US
10 BIMB Dana Al-Falah	BIMB UNIT Trust Management (BUTM)	-2.09	Malaysia
Eurekahedge Islamic Fund Index		0.91	

Based on 17.82% of funds which have reported October 2020 returns as at the 9th November 2020

Top Yield-to-Date Returns for All Islamic Funds

Fund	Fund Manager	Performance Measure	Fund Domicile
1 InterPac Dana Safi	Inter-Pacific Asset Management	64.53	Malaysia
2 BIMB i-Growth	BIMB UNIT Trust Management (BUTM)	53.78	Malaysia
3 DWS Noor Precious Metal Securities - Class A	DWS Noor Islamic Funds	21.70	Ireland
4 Principal Islamic Asia Pacific Dynamic Equity - MYR	Principal Asset Management	15.43	Malaysia
5 Amana Growth Fund Investor	Saturna Capital	13.00	US
6 BIMB Dana Al-Munsif	BIMB UNIT Trust Management (BUTM)	12.59	Malaysia
7 Principal DALI Asia Pacific Equity Growth	Principal Asset Management	9.78	Malaysia
8 Principal Islamic Small Cap Opportunities	Principal Asset Management	6.41	Malaysia
9 Amana Participation Fund Institutional Shares	Saturna Capital	4.42	US
10 Principal Islamic Lifetime Enhanced Sukuk	Principal Asset Management	4.24	Malaysia
Eurekahedge Islamic Fund Index		0.15	

Based on 15.93% of funds which have reported October 2020 returns as at the 9th November 2020

Contact Eurekahedge

To list your fund or update your fund information: islamicfunds@eurekahedge.com
For further details on Eurekahedge: information@eurekahedge.com Tel: +65 6212 0900

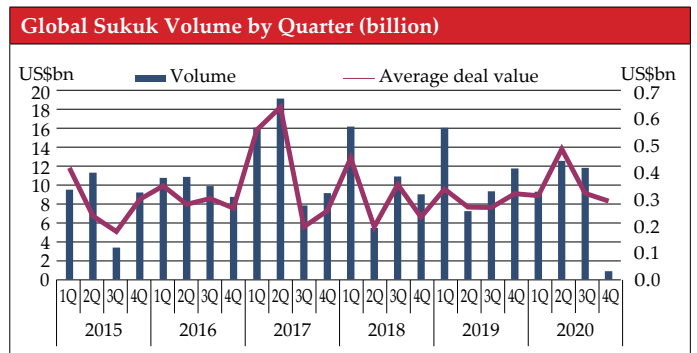
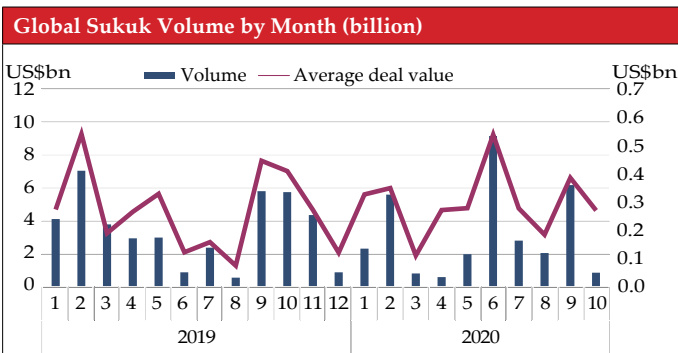
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DEALOGIC LEAGUE TABLES

Most Recent Global Sukuk						
Priced	Issuer	Nationality	Instrument	Market	US\$ (mln)	Managers
2-Nov-20	Pengurusan Aset Air - PAAB	Malaysia	Sukuk	Domestic market public issue	134	AmInvestment Bank, CIMB Group
28-Oct-20	Sharjah	UAE	Sukuk	Euro market public issue	250	Dubai Islamic Bank, HSBC, Sharjah Islamic Bank, Standard Chartered Bank
28-Oct-20	Etihad Airways	UAE	Sukuk	Euro market public issue	600	Abu Dhabi Commercial Bank, Abu Dhabi Islamic Bank, Dubai Islamic Bank, Emirates NBD, First Abu Dhabi Bank, HSBC, Standard Chartered Bank
27-Oct-20	Malaysia Airports Holdings	Malaysia	Sukuk	Domestic market public issue	168	HSBC, Maybank
27-Oct-20	Lembaga Pembiayaan Perumahan Sektor Awam	Malaysia	Sukuk	Domestic market public issue	1,381	Bank Islam Malaysia, CIMB Group, Maybank, OCBC
22-Oct-20	Arab National Bank	Saudi Arabia	Sukuk	Euro market public issue	750	Arab National Investment, HSBC, JPMorgan
20-Oct-20	Qatar Islamic Bank	Qatar	Sukuk	Euro market public issue	750	Citigroup, Credit Agricole, HSBC, QInvest, QNB Capital, Standard Chartered Bank
15-Oct-20	Tabreed	UAE	Sukuk	Euro market public issue	500	Commercial Bank of Dubai, HSBC, JPMorgan
15-Oct-20	Cagamas	Malaysia	Sukuk	Domestic market public issue	109	RHB Bank
15-Oct-20	Perbadanan Tabung Pendidikan Tinggi Nasional	Malaysia	Sukuk	Domestic market public issue	314	Affin Hwang Capital, AmInvestment Bank, Bank Islam Malaysia, CIMB Group, Kenanga Investment Bank, Maybank, RHB Bank
12-Oct-20	Petronas	Malaysia	Sukuk	Domestic market public issue	410	AmInvestment Bank, CIMB Group, Maybank, RHB Bank
8-Oct-20	Islamic Development Bank	Saudi Arabia	Sukuk	Euro market public issue	600	Dubai Islamic Bank, Emirates NBD, First Abu Dhabi Bank, Goldman Sachs, Gulf International Bank, HSBC, Islamic Development Bank, Kuwait Finance House, LBBW, Mizuho, National Bank of Kuwait, Samba Capital, Standard Chartered Bank, Sumitomo Mitsui Financial Group, Warba Bank
7-Oct-20	Prasarana Malaysia	Malaysia	Sukuk	Domestic market public issue	241	Affin Hwang Capital, AmInvestment Bank, CIMB Group, Kenanga Investment Bank, Maybank
1-Oct-20	Bank Pembangunan Malaysia	Malaysia	Sukuk	Domestic market public issue	240	CIMB Group, Maybank
24-Sep-20	Bank Kerjasama Rakyat Malaysia	Malaysia	Sukuk	Domestic market public issue	169	Bank Muamalat Malaysia, CIMB Group, Maybank, RHB Bank
22-Sep-20	Pengurusan Aset Air - PAAB	Malaysia	Sukuk	Domestic market public issue	186	AmInvestment Bank, CIMB Group
16-Sep-20	Emirates NBD	UAE	Sukuk	Euro market public issue	500	ABC Banking Corporation, Citigroup, Dubai Islamic Bank, Emirates NBD, HSBC, Islamic Development Bank, Standard Chartered Bank
15-Sep-20	Malaysia	Malaysia	Sukuk	Domestic market public issue	193	Affin Hwang Capital, CIMB Group, Kenanga Investment Bank, Maybank, RHB Bank
11-Sep-20	DanaInfra Nasional	Malaysia	Sukuk	Domestic market public issue	959	AmInvestment Bank, CIMB Group, HSBC, Maybank, RHB Bank
10-Sep-20	Saudi Electricity	Saudi Arabia	Sukuk	Euro market public issue	1,300	First Abu Dhabi Bank, HSBC, JPMorgan, MUFG, Standard Chartered Bank



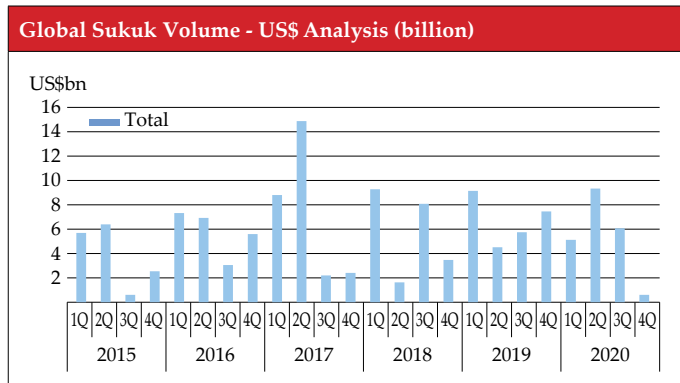
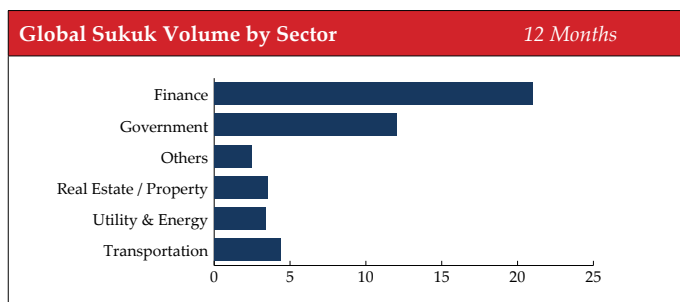
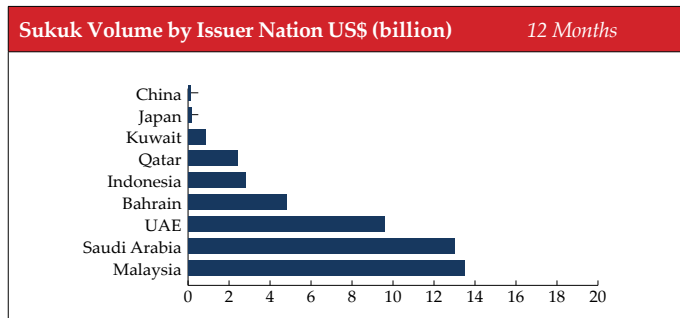
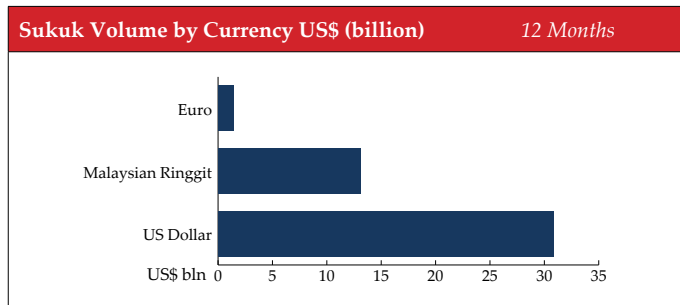
DEALOGIC LEAGUE TABLES

Top 30 Issuers of Global Sukuk					12 Months
Issuer	Nationality	Market	US\$ (mln)	Tranches	Managers
Indonesia	Indonesia	Euro market public issue	2,500	3	BNP Paribas, Dubai Islamic Bank, HSBC, Maybank, Standard Chartered Bank
Islamic Development Bank	Saudi Arabia	Euro market public issue	2,000	1	Citigroup, Dubai Islamic Bank, HSBC, Islamic Development Bank, LBBW, Natixis, Standard Chartered Bank
Bahrain	Bahrain	Euro market public issue	2,000	2	Arab Banking Corporation, Citigroup, Gulf International Bank, HSBC, National Bank of Bahrain, Standard Chartered Bank
Islamic Development Bank	Saudi Arabia	Euro market public issue	1,500	1	Citigroup, Credit Agricole, Emirates NBD, Gulf International Bank, HSBC, Islamic Development Bank, Natixis, SG Corporate & Investment Banking, Standard Chartered Bank
Dubai World	UAE	Euro market public issue	1,500	1	Citigroup, Credit Agricole, Deutsche Bank, Dubai Islamic Bank, Emirates NBD, First Abu Dhabi Bank, HSBC, JPMorgan, Samba Capital, Scotiabank, Standard Chartered Bank
Lembaga Pembiayaan Perumahan Sektor Awam SABB	Malaysia	Domestic market public issue	1,381	6	Bank Islam Malaysia, CIMB Group, Maybank, OCBC
	Saudi Arabia	Domestic market private placement	1,333	1	HSBC
Saudi Electricity	Saudi Arabia	Euro market public issue	1,300	2	First Abu Dhabi Bank, HSBC, JPMorgan, MUFG, Standard Chartered Bank
Islamic Development Bank	Saudi Arabia	Euro market public issue	1,102	1	Citigroup, First Abu Dhabi Bank, HSBC, LBBW, Natixis, SG Corporate & Investment Banking, Standard Chartered Bank, Warba Bank
Bahrain	Bahrain	Euro market public issue	1,000	1	Arab Banking Corporation, Gulf International Bank, HSBC, JPMorgan, National Bank of Bahrain, Standard Chartered Bank
Sharjah	UAE	Euro market public issue	1,000	1	Arab Banking Corporation, Bank of Sharjah, Dubai Islamic Bank, Gulf International Bank, HSBC, Mashreqbank, Sharjah Islamic Bank
Dubai Islamic Bank	UAE	Euro market public issue	1,000	1	Arab Banking Corporation, Dubai Islamic Bank, Emirates NBD, First Abu Dhabi Bank, HSBC, Industrial & Commercial Bank of China, Islamic Development Bank, KFH, Sharjah Islamic Bank, Standard Chartered Bank
Dubai	UAE	Euro market public issue	1,000	1	Dubai Islamic Bank, Emirates NBD, First Abu Dhabi Bank, HSBC, Standard Chartered Bank
DanaInfra Nasional	Malaysia	Domestic market public issue	959	6	AmInvestment Bank, CIMB Group, HSBC, Maybank, RHB Bank
Prasarana Malaysia	Malaysia	Domestic market public issue	845	5	AmInvestment Bank, CIMB Group, Kenanga Investment Bank, RHB Bank
Dubai Islamic Bank	UAE	Euro market public issue	750	1	Arab Banking Corporation, Dubai Islamic Bank, Emirates NBD, First Abu Dhabi Bank, HSBC, Islamic Development Bank, Maybank, Sharjah Islamic Bank, Standard Chartered Bank, Warba Bank
National Bank of Kuwait	Kuwait	Euro market public issue	750	1	Arab Banking Corporation, First Abu Dhabi Bank, HSBC, Islamic Development Bank, KFH, Kuwait International Bank, National Bank of Kuwait, Standard Chartered Bank, Warba Bank
Masraf Al Rayan	Qatar	Euro market public issue	750	1	Credit Agricole, HSBC, Masraf Al Rayan, Mizuho, MUFG, QNB Capital, SG Corporate & Investment Banking, Standard Chartered Bank
Qatar Islamic Bank	Qatar	Euro market public issue	750	1	Citigroup, Credit Agricole, HSBC, QInvest, QNB Capital, Standard Chartered Bank
Arab National Bank	Saudi Arabia	Euro market public issue	750	1	Arab National Investment, HSBC, JPMorgan
Tenaga Nasional	Malaysia	Domestic market public issue	705	3	CIMB Group, Maybank
DanaInfra Nasional	Malaysia	Domestic market public issue	671	6	Affin Hwang Capital, AmInvestment Bank, CIMB Group, Maybank, RHB Bank
Qatar Islamic Bank	Qatar	Euro market public issue	650	1	Standard Chartered Bank
DanaInfra Nasional	Malaysia	Domestic market public issue	644	5	CIMB Group, Maybank
Islamic Development Bank	Saudi Arabia	Euro market public issue	600	1	Dubai Islamic Bank, Emirates NBD, First Abu Dhabi Bank, Goldman Sachs, Gulf International Bank, HSBC, Islamic Development Bank, Kuwait Finance House, LBBW, Mizuho, National Bank of Kuwait, Samba Capital, Standard Chartered Bank, Sumitomo Mitsui Financial Group, Warba Bank
Ethihad Airways	UAE	Euro market public issue	600	1	Abu Dhabi Commercial Bank, Abu Dhabi Islamic Bank, Dubai Islamic Bank, Emirates NBD, First Abu Dhabi Bank, HSBC, Standard Chartered Bank
Lembaga Pembiayaan Perumahan Sektor Awam Arabian Centres	Malaysia	Domestic market public issue	547	4	AmInvestment Bank, CIMB Group, Maybank, RHB Bank
	Saudi Arabia	Euro market public issue	500	1	Credit Suisse, Emirates NBD, Goldman Sachs, HSBC, Mashreqbank, Samba Capital, Warba Bank
First Abu Dhabi Bank	UAE	Euro market public issue	500	1	Dubai Islamic Bank, Emirates NBD, First Abu Dhabi Bank, Islamic Development Bank, Kuwait Finance House, Kuwait Projects, Saudi National Commercial Bank, Sharjah Islamic Bank, Standard Chartered Bank
Bahrain Mumtalakat Holding	Bahrain	Euro market public issue	500	1	Citigroup, Gulf International Bank, HSBC, Kuwait Finance House, National Bank of Bahrain, Standard Chartered Bank

DEALOGIC LEAGUE TABLES

Top Global Islamic Bookrunners				12 Months	
Rank	Bookrunner Parents	US\$ (mln)	Iss	%	
1	HSBC	5,610	34	12.55	
2	Maybank	4,378	45	9.79	
3	CIMB Group	4,370	42	9.77	
4	Standard Chartered Bank	4,337	32	9.70	
5	RHB Bank	2,857	40	6.39	
6	AmInvestment Bank	2,225	30	4.98	
7	Dubai Islamic Bank	1,906	15	4.26	
8	Citigroup	1,563	11	3.49	
9	First Abu Dhabi Bank	1,421	13	3.18	
10	Emirates NBD	1,194	14	2.67	
11	Islamic Development Bank	983	10	2.20	
12	JPMorgan	977	5	2.19	
13	Arab Banking Corporation	957	7	2.14	
14	Gulf International Bank	932	6	2.08	
15	Natixis	924	4	2.07	
16	Kenanga Investment Bank	670	9	1.50	
17	National Bank of Bahrain	583	3	1.30	
18	Credit Agricole	521	4	1.17	
19	Affin Hwang Capital	500	8	1.12	
20	BNP Paribas	500	1	1.12	
21	Warba Bank	494	7	1.11	
22	LBBW	463	3	1.04	
23	Hong Leong Financial Group	454	8	1.01	
24	SG Corporate & Investment Banking	441	4	0.99	
25	Sharjah Islamic Bank	438	5	0.98	
26	Kuwait Finance House	417	6	0.93	
27	MUFG	370	3	0.83	
28	Mashreqbank	357	5	0.80	
29	QNB Capital	269	3	0.60	
30	Arab National Investment	250	1	0.56	

Top Islamic Finance Related Project Financing Legal Advisors				12 Months	
Rank	Legal Advisor	US\$ (million)	No	%	
1	Allen & Overy	748	1	33.33	
1	Linklaters	748	1	33.33	
1	White & Case	748	1	33.33	



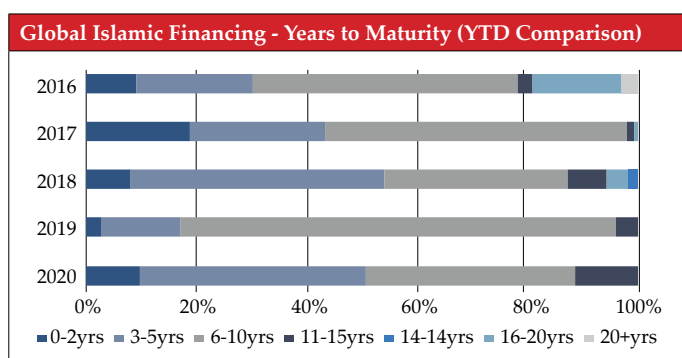
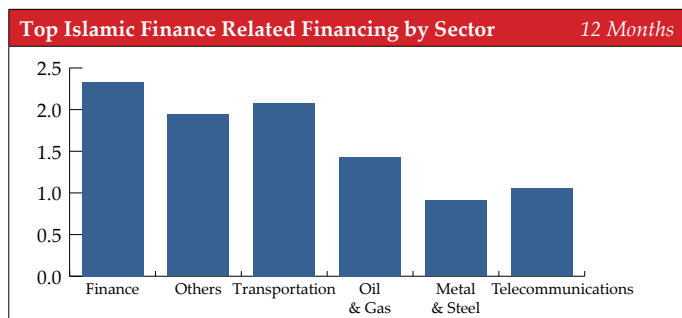
Top Islamic Finance Related Project Finance Mandated Lead Arrangers				12 Months	
Rank	Mandated Lead Arranger	US\$ (million)	No	%	
1	HSBC	223	1	9.92	
1	Saudi Fransi Capital	223	1	9.92	
3	Bank of China	120	1	5.37	
3	BofA Securities	120	1	5.37	
3	Citigroup	120	1	5.37	
3	Credit Agricole Corporate & Investment Bank	120	1	5.37	
3	First Abu Dhabi Bank	120	1	5.37	
3	Mizuho Financial Group	120	1	5.37	
3	NATIXIS	120	1	5.37	
3	Riyad Bank	120	1	5.37	
3	Sumitomo Mitsui Financial Group	120	1	5.37	

DEALOGIC LEAGUE TABLES

Top Islamic Finance Related Financing Mandated Lead Arrangers 12 Months				
	Mandated Lead Arranger	US\$ (mln)	No	%
1	Emirates NBD	700	9	9
2	Dubai Islamic Bank	691	6	9
3	Abu Dhabi Islamic Bank	613	6	8
4	First Abu Dhabi Bank	479	6	6
5	Standard Chartered Bank	465	8	6
6	HSBC	437	8	5
7	Deutsche Bank	433	2	5
8	Citigroup	406	3	5
9	Samba Capital	323	5	4
10	OCBC	296	2	4
11	Al Rajhi Capital	276	4	3
12	Maybank	267	1	3
12	MUFG	267	1	3
14	Saudi National Commercial Bank	236	2	3
15	Arab Banking Corporation	230	3	3
16	Sumitomo Mitsui Financial Group	213	3	3
17	Ahli United Bank	180	3	2
18	Abu Dhabi Commercial Bank	170	2	2
19	Mashreqbank	167	2	2
20	JPMorgan	150	1	2
20	Mizuho	150	1	2
22	Arab National Bank	133	1	2
23	Alinma Bank	102	1	1
23	SABB	102	1	1
23	Saudi Fransi Capital	102	1	1
26	Albilad Capital	102	1	1
26	Bank Al-Jazira	102	1	1
28	Sharjah Islamic Bank	60	2	1
29	Warba Bank	40	2	0
30	National Bank of Kuwait	37	1	0

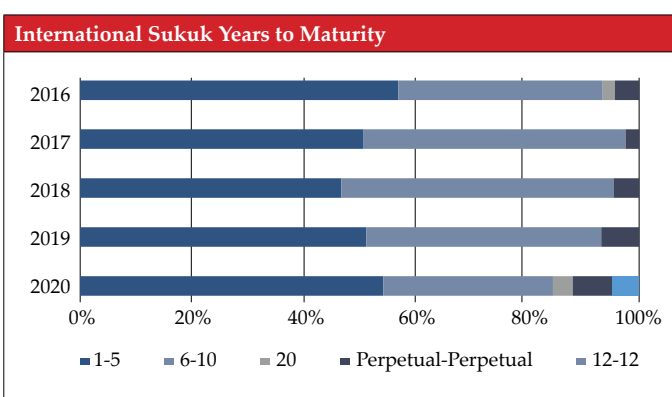
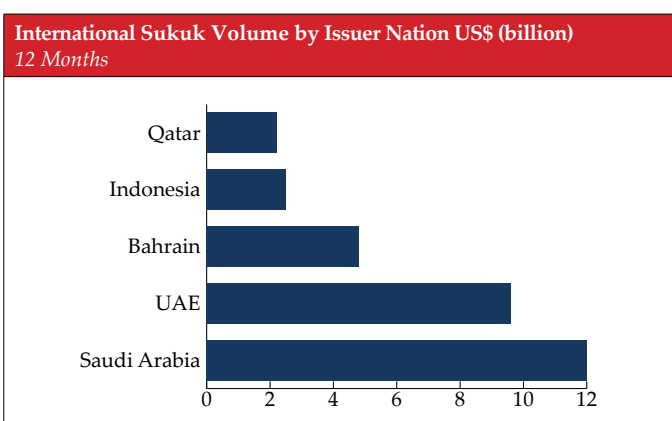
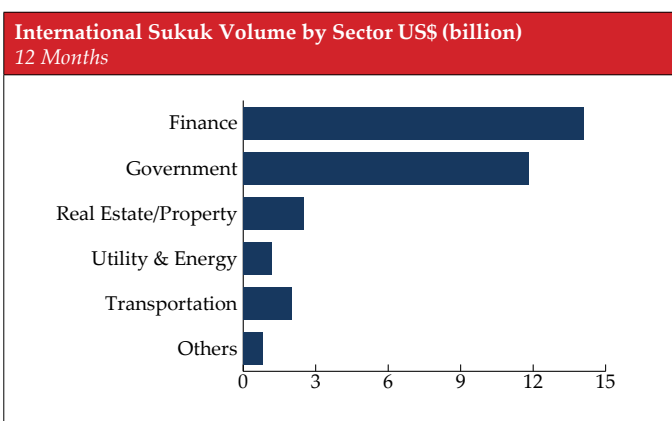
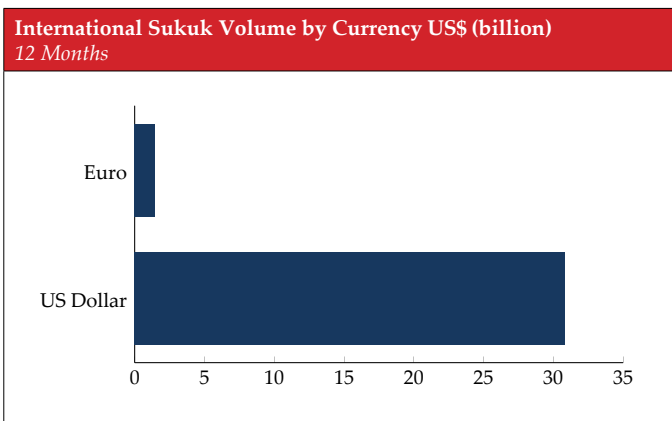
Top Islamic Finance Related Financing Bookrunners 12 Months				
	Bookrunner	US\$ (mln)	No	%
1	HSBC	575	6	14
2	First Abu Dhabi Bank	513	3	13
3	Standard Chartered Bank	504	5	12
4	Arab Banking Corporation	253	2	6
4	Citigroup	253	2	6
6	Sumitomo Mitsui Financial Group	239	2	6
7	Abu Dhabi Islamic Bank	219	2	5
8	Emirates NBD	184	3	5
9	JPMorgan	175	1	4
9	Mizuho	175	1	4

Top Islamic Finance Related Financing Deal List 12 Months			
Credit Date	Borrower	Nationality	US\$ (mln)
17-Feb-20	Port & Free Zone World	UAE	9,000
5-Dec-19	SATORP	Saudi Arabia	2,245
20-Jul-20	Egypt Ministry of Finance	Egypt	2,000
31-Mar-20	Saudi National Commercial Bank	Saudi Arabia	1,050
5-May-20	Axiata Group	Malaysia	802
3-Jan-20	Fawaz Abdulaziz Alhokair	Saudi Arabia	800
30-Jul-20	Tabreed	UAE	692
9-Dec-19	Merex Investment Group	UAE	660
25-Mar-20	Network International	UAE	525
14-Nov-19	Flydubai	UAE	500



DEALOGIC LEAGUE TABLES

Top Global International Sukuk Managers		12 Months		
Bookrunner	US\$ (mln)	No	%	
1	Standard Chartered Bank	4,147	28	15.18
2	HSBC	3,853	26	14.11
3	Dubai Islamic Bank	1,906	15	6.98
4	Citigroup	1,563	11	5.72
5	First Abu Dhabi Bank	1,421	13	5.20
6	Emirates NBD	1,194	14	4.37
7	Islamic Development Bank	983	10	3.60
8	JPMorgan	977	5	3.58
9	Arab Banking Corporation	957	7	3.50
10	Gulf International Bank	932	6	3.41
11	Natixis	924	4	3.38
12	National Bank of Bahrain	583	3	2.13
13	Maybank	575	2	2.10
14	Credit Agricole	521	4	1.91
15	BNP Paribas	500	1	1.83
16	Warba Bank	494	7	1.81
17	LBBW	463	3	1.70
18	SG Corporate & Investment Banking	441	4	1.61
19	Sharjah Islamic Bank	438	5	1.60
20	Kuwait Finance House	417	6	1.53
21	Mashreqbank	357	5	1.31
22	MUFG	354	2	1.30
23	QNB Capital	269	3	0.98
24	Arab National Investment	250	1	0.92
25	Samba Capital	247	3	0.90
26	Deutsche Bank	180	2	0.66
27	QInvest	175	2	0.64
28	Commercial Bank of Dubai	165	1	0.60
29	Bank of Sharjah	143	1	0.52
30	Credit Suisse	138	2	0.51



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If you feel that the information within these tables is inaccurate, you may contact the following directly:

Mimi Lee (Media Relations)
Email: mimi.lee@dealogic.com

Tel: +852 3698 4715



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Chitra Kunchiraman
Subscriptions Development Manager / Head
- Legal (Global)
Tel: +603 2162 7800 (ext 59)
Email: Chitra.kunchiraman@redmoneygroup.com

Karthik Thivan
Subscriptions Manager
Tel: +603 2162 7800 (ext 24)
Email: Karthik.thivan@redmoneygroup.com

Dharani Eswaran
Subscriptions Manager
Tel: +603 2162 7800 (ext 14)
Email: Dharani.eswaran@redmoneygroup.com

Sunitapreet Kaur
Subscriptions Development Manager
Tel: +603 2162 7800 (ext 38)
Email: Sunita.kaur@redmoneygroup.com

Islamic Finance news

Managing Editor Vineeta Tan
vineeta.tan@REDmoneygroup.com

Contributing Editor Lauren McAughtry
lauren.mcaughtry@REDmoneygroup.com

Senior Contributions Editor Sasikala Thiagaraja
sasikala.thiagaraja@REDmoneygroup.com

Senior Copy Editor Kenny Ng
kenny.ng@REDmoneygroup.com

News Editor Nessreen Tamano
nessreen.tamano@REDmoneygroup.com

Journalist Jevitha Muthusamy
jevitha.muthusamy@redmoneygroup.com

Head of Production Hasnani Aspari
hasnani.aspari@REDmoneygroup.com

Senior Production Manager Norzabidi Abdullah
zabidi.abdullah@REDmoneygroup.com

Senior Graphic Designer Eumir Shazwan Kamal Bahrin
eumir.shazwan@REDmoneygroup.com

Head of Finance & Administration Hamiza Hamzah
hamiza.hamzah@REDmoneygroup.com

Managing Director & Publisher Andrew Tebbutt
andrew.tebbutt@REDmoneygroup.com

Managing Director Andrew Morgan
andrew.morgan@REDmoneygroup.com

Published By: REDmoney

MALAYSIA
Suite 22-06, 22nd Floor
Menara Tan & Tan
207, Jalan Tun Razak
50400 Kuala Lumpur, Malaysia
Tel: +603 2162 7800
Fax: +603 2162 7810

UAE
PO Box 126732, 3rd Floor,
X2 Tower, Jumeirah Lake
Tower (JLT), Jumeirah Bay,
Dubai, UAE

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