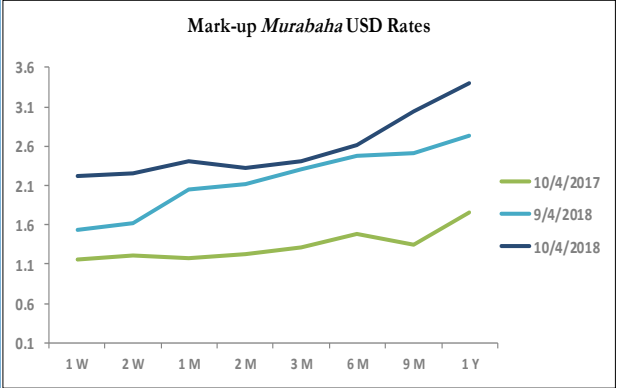
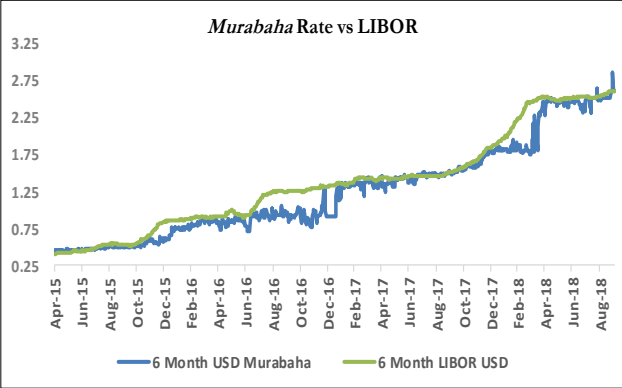
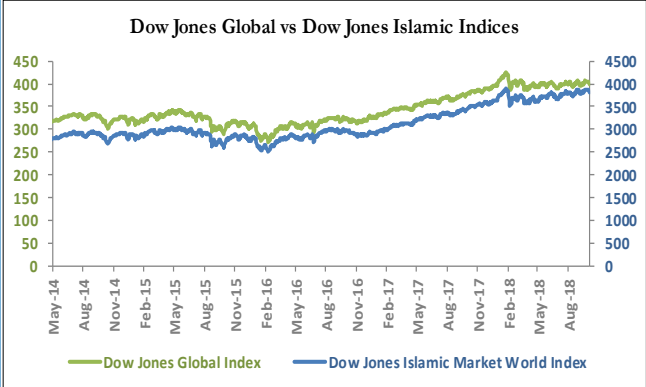
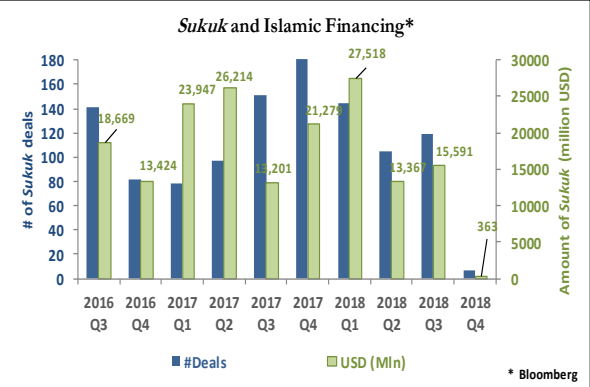


12th Meeting of the OIC Stock Exchanges Forum held in Istanbul	2		Value	MoM	QoQ	YoY
			10/4/18	9/4/18	7/4/18	10/4/17
		Equity				
IFN Turkey Forum 2018 Held in Partnership with Borsa Istanbul	2	Dow Jones Islamic Index	3808.79	▼-0.62%	▲3.91%	▲9.94%
		Dow Jones Global Index	399.89	▼-0.32%	▲2.70%	▲5.46%
		MSCI Islamic Index	1379.79	▲2.52%	▲4.67%	▲6.74%
		MSCI World Index	2183.63	▲0.96%	▲4.87%	▲8.59%
ADFIMI International Development Forum Held in Istanbul	3	MSCI Emerging Market Index	1035.04	▼-0.49%	▼-1.99%	▼-6.06%
		Fixed Income				
		LIBOR 6 Month	2.6089	▲0.070	▲0.103	▲1.095
BoE to Create Liquidity Facility for Islamic Finance	3	<i>Murabaha</i> USD 6 Month	2.6070	▲0.137	▲0.141	▲1.125
		Dow Jones <i>Sukuk</i> Index	99.28	▼-0.16%	▲0.08%	▼-3.84%
Islamic Finance is Gaining a Foothold Across Africa	3					
GCC <i>Sukuk</i> Issuance Drops 15% in 2018 on Rising Cost of Borrowings	4					
HSBC Amanah Issues World's First SDG <i>Sukuk</i>	4					
Partnership to Unleash Potential Islamic Finance Opportunities to Implement the 2030 Agenda	5					
CIBAFI and the World Bank Launched Their Second Joint Conference	5					
New Publication & Upcoming Events	6					
Glossary	7					

12th Meeting of the OIC Stock Exchanges Forum held in Istanbul

12th Meeting of the OIC Member States Stock Exchanges' Forum was held on September 11, 2018 in Istanbul with the participation of Member representatives and distinguished speakers. In order to provide a dedicated platform and communication channel for the representatives of the relevant OIC organizations and institutions, to discuss international cooperation activities, and to offer participants the opportunity to share their experiences, the Organization of Islamic Cooperation (OIC) Member States' Stock Exchanges Forum was initiated in 2005. The annual meetings of the Forum, which have been organized by Borsa Istanbul since then, brought senior executives of participating institutions and other related institutions such as IIFM, IFSB, SESRIC, AAOFI, ICDT, IsDB, AFE together in Istanbul.

Selçuk KOÇ, Director of COMCEC Office, delivered a welcoming speech, where he told that the Forum provides a platform where participating institutions can share their experiences with other members in order to contribute the development of markets. Moreover, he emphasized the importance of the research-

es which Forum conducts on the topics of gold exchange, *Shari'ah* Index and Index-based products among OIC Member States.

In his opening remarks, CEO of Borsa İstanbul Murat Çetinkaya said: "Well-known experts in Islamic Finance will touch upon various issues including Sharia compliance for Capital Market Infrastructure, using innovative Sukuk structures to finance development infrastructure and ways for a positive impact for empowerment of the Islamic Capital Markets. I believe that tangible plans will be discussed for the future during this 12th meeting of the Forum."

After welcoming speeches, "*Shari'ah* Compliance for Capital Markets Infrastructure Institutions" themed panel was organized. Secretary General of IFSB Dr. Bello Lawal Danbatta, CEO of IIFM Ijlal Ahmed Alvi and Senior Manager of AAOIFI Mohamad Majd Bakir attended as speakers. Besides, the presentations were delivered by INCEIF member Prof. Dr. Obiyathulla Ismath Bacha and Director of Durham Centre for Islamic Economics and Finance Prof. Dr. Mehmet Asutay at the Forum.

Source: Borsa Istanbul



Photo Credit: borsaistanbul.com

IFN Turkey Forum 2018 Held in Partnership with Borsa Istanbul

In partnership with Borsa İstanbul, IFN Turkey Forum was held on September, 10th 2018 at Conrad İstanbul Bosphorus Hotel.

Senior executives of leading institutions of Islamic Finance sector such as REDMoney Group, IFSB, World Bank, International Islamic Trade Finance Corporation, Asian Development Bank, IIFM, INCEIF participated in open public forum. Murat Çetinkaya, CEO and Board Member of Borsa İstanbul delivered a welcoming speech by emphasizing Borsa İstanbul's work for the development of Islamic Finance. He said "We focus on works to strengthen our country's regulation and the position of asset class among global Islamic capital markets and we support new projects."



Photo Credit: mondovisione.com

Four different sessions were held at the Forum with the participations of global and domestic speakers who have valuable works on Islamic Finance. During those sessions, significant subjects such as the development of capital markets in Turkey, participation banking, issuance of *Sukuk* and Islamic asset management were discussed.

Fatih Kazan, Financial Sector Specialist and Acting Supervisor at the World Bank Global Islamic Finance Development Center discussed innovation in capital markets and infrastructure financing in Turkey.

Source: Borsa Istanbul

ADFIMI International Development Forum Held in Istanbul

A flagship event organized by the Association of National Development Finance Institutions in Member Countries of the Islamic Development (ADFIMI) on the issue of “SME Finance and Development in the Age of Digitalization” was held in Istanbul.

Annually, the ADFIMI organizes a flagship event called “ADFIMI International Development Forum” for the benefit of National Development Finance Institutions (NDFIs).

The phenomenon of digitalization has opened new venues and opportunities to SMEs and SME Finance institutions. They should be recognized and utilized rapidly by the SMEs and NDFIs in order to avoid lagging behind digitalization.

The objective of this year’s International Development Forum was to analyze the current state of knowledge about contributions of SMEs to economic and social well-being globally and in OIC Countries.

The Forum attempted to examine the opportunities and challenges SMEs face in a global and digital economy, among others, finance, innovation, regulation, digitalization, employment, skills, trade, internationalization and global value chains and environment. The Forum was addressed by senior officials from the World Bank/IFC; IDB, OECD, East African Development Bank, IMF, SESRIC, and CEOs from over 15 countries.

Source: [ADFIMI](#)



Photo Credit: adfimi.org

BoE to Create Liquidity Facility for Islamic Finance

The Bank of England (BOE) plans shortly to open a liquidity facility to support the UK’s Islamic finance sector, according to Deputy Governor Dave Ramsden. A new BoE subsidiary will be established to house the Shari’ah Compliant Facility, Ramsden said.

This will offer a non-interest-based source of liquidity to comply with Islamic law – the first such facility of-

ferred by a major western central bank, he said. “We have been progressing work to enable Islamic banks to hold Bank of England reserves to meet their regulatory requirements for holdings of high quality liquid assets in a way consistent with Islamic commercial jurisprudence,” Ramsden said in a speech on September 28. A proposal for creating the facility was published last year.

Source: [Gulf Times](#)



Photo Credit: cnbc.com

Islamic Finance is Gaining a Foothold Across Africa

Islamic finance is rapidly growing across Africa, with investors, governments, and financial institutions increasingly leveraging its potential for both financing and development.

Since 2014, \$2.3 billion in sukuk, or *Shari’ab*-compliant bonds, have been issued in the continent, notes a briefing from ratings and financial agency Moody’s. There has also been an increase in the number of licensed Islamic financial institutions, rising to over 80 in the last five years. As more governments introduce plans to mainstream Islamic financing, conventional banks in Nigeria, Togo, Senegal, and beyond are also set-

ting up departments or “windows” to cater for clients seeking services in this sector.

The growing Muslim population in Africa forms part of the growing demand for Islamic finance as well as the resource diversification efforts of African governments, looking for funds to boost infrastructural and development projects. Despite the optimistic outlook, African countries still have a lot to catch up with the global trends. Islamic banking assets represent less than 5% of total African banking assets, Moody’s notes, while African *sukuk* makes up just 0.5% of global *sukuk* issuance.

Source: [Quartz Africa](#)



Photo Credit: qz.com

GCC *Sukuk* Issuance Drops 15% in 2018 on Rising Cost of Borrowings



Photo Credit: zawya.com

The issuance of *Shari'ah*-compliant bonds in the Arabian Gulf region have slowed by around 15 per cent in the first three quarters of this year and are likely to remain lower than \$95.9 billion in 2017 on the back of tightening international liquidity and rising borrowing costs as the US Federal Reserve hikes interest rates.

Sovereigns, financial institutions and the corporate issuers in the region are expected to sell about \$70bn to \$80bn worth of *Shari'ah*-compliant debt in 2018, said Mohammed Damak, senior director and global head of Islamic finance at S&P Global Ratings. The number may climb to as high as \$100bn if other *sukuk* deals are included as part of total sales in 2018, he added.

Issuers in the GCC, home to about a third of the proven global oil reserves, sold \$95.9bn worth of *sukuk* last year, a 41 per cent year-on-year rise. With re-openings of issues, the number at the end of last year climbed to \$118.9bn, a 37.2 per cent jump

from a year earlier. The drop in issuances this year is even greater, about 34 per cent, if only foreign currency *sukuk* transactions are taken into consideration, Mr Damak said. Lower financing needs of the issuers, especially sovereigns in the region, was cited among the reasons for a slowdown in *sukuk* sales by S&P.

Mr Damak expects the global and GCC *sukuk* markets to maintain the 2018 trends going forward into 2019. The growth of assets for Islamic banks in the GCC in 2018 has also slowed down considerably and is more or less on par with the conventional banks, he noted. "We expect that situation to continue in 2019, with around 4 per cent growth of total assets," he said, adding that an increase in the geo-political risk or a significant drop in the oil prices are the two factors that could result in much slower growth in Islamic banking assets in 2019 and beyond.

Source: [The National](#)

HSBC Amanah Issues World's First *SDG Sukuk*



Photo Credit: unstats.un.org

HSBC Amanah Malaysia Berhad (HSBC Amanah) has launched the world's first United Nations (UN) Sustainable Development Goals (SDG) *sukuk* reflecting the company's commitment to financing projects that benefit communities and the environment in line with HSBC Group's responsibility to help finance global sustainable development.

This is the second SDG issuance from an HSBC entity globally, following HSBC Group's USD1.0 billion SDG Bond in 2017 and is in line with the Group's commitment to provide USD100 billion in sustainable financing and investment by 2025. The goal is one of five new commitments that HSBC has made to tackle climate change and support sustainable growth in the communities where the organisation serves.

"This *sukuk* is the world's first ever benchmark sustainable *sukuk* issuance by a financial institution referencing the UN SDGs as use of proceeds. As such, it is a landmark in the MYR and global *sukuk* market," said Stuart Milne, Group General Manager and CEO HSBC

Bank Malaysia Berhad. "HSBC has always been at the forefront of innovation in Islamic financing, having structured and lead managed numerous award winning landmark *sukuk* transactions on behalf of our clients. This issuance by HSBC Amanah demonstrates our continued commitment to the Government of Malaysia's efforts to promote Malaysia as an Islamic finance hub and is a strong testament to HSBC's leadership in sustainable financing."

"This landmark issuance is in line with the newly developed Value-based Intermediation ("VBI") initiative championed by the BNM which seeks to shift the focus of the Islamic Finance industry to integrate environmental and social tenets into banking activities," added Arsalaan Ahmed, CEO, HSBC Amanah. "UNDP welcomes HSBC's commitment to using funds raised in the capital market to invest in the Sustainable Development Goals," said Achim Steiner, Administrator of the UNDP.

Source: [UNDP](#)

Partnership to Unleash Potential Islamic Finance Opportunities to Implement the 2030 Agenda



Photo Credit: undp.org

The Islamic Development Bank (IsDB), the United Nations Development Programme (UNDP) and Securities Commission Malaysia (SC) have partnered to advance the use of Islamic financing tools to fund the ambitious 2030 Agenda for Sustainable Development.

In joining hands to advocate leveraging the potentials of Islamic finance for the SDGs, IsDB's IRTI together with the UNDP and SC hosted a high-level forum entitled "Achieving the SDGs: Unleashing the Potential of Islamic Finance through Innovative Investors and Instruments", on the sidelines of the 73rd United Nations General Assembly at the UN Headquarters in New York on September 27, 2018.

The forum discussed the prospects for Islamic finance in the long-term financing of the SDGs from the perspectives of in-

vestors and instruments. The Prime Minister of Malaysia, H.E. Dr. Mahathir Mohamad, delivered the honorary keynote address, presenting Malaysia's global leadership in Islamic finance and in advocating for the convergence of Islamic instruments and green financing.

In his keynote address, Dr. Mohamed Jouini, IsDB Vice President for Partnerships Development, said the scale and ambition of the 2030 Agenda require substantial financial and technical resources, the value of which are far beyond the scope of individual governments and multilateral funding agencies. Mr. Tegegnetwork Gettu, the UN Under-Secretary-General and UNDP Associate Administrator, emphasized the UNDP's confidence in effectiveness of their partnership to increase engagement of Islamic financiers in development in his speech.

Source: [Salaam Gateway](#)

CIBAFI and the World Bank Launched Their Second Joint Conference

The General Council for Islamic Banks and Financial Institutions (CIBAFI) and the World Bank have successfully launched the 2nd CIBAFI – World Bank Conference on Corporate Governance of Islamic Financial Institutions: Overcoming Challenges and Implementing Best Practices that was held in Kuala Lumpur, Malaysia.

CIBAFI – World Bank Conference was organised in partnership with Bank Muamalat Malaysia Berhad and supported by Malaysia World's Islamic Finance Marketplace (Bank Negara Malaysia). It endeavoured to bring together leading Corporate Governance stakeholders from the Islamic finance industry, multilateral institutions, international and national regulatory bodies, policy-makers, and academia to discuss emerging issues and the best practices in light of recent Corporate Governance developments. The Conference was attended by more than 200 active delegates from 25 countries.

The welcoming remarks were presented by Mr. Abdelilah Belatik, Secretary General, CIBAFI; Mr. Abayomi Alawode, Head of Islamic Finance, the World Bank; Mr. Ab-

dulhameed M. Aboumoussa, CIBAFI Deputy Chairman and Governor, Faisal Islamic Bank of Egypt; and Dato' Haji Mohd Redza Shah Abdul Wahid, CIBAFI Board of Directors Member and CEO, Bank Muamalat Malaysia Berhad. The conference has also witnessed a special Keynote Address that was delivered by H.E. Wimboh Santoso, Chairman of the Board of Commissioners, Financial Services Authority (OJK), Indonesia.

The outlook of recent corporate governance practices of Islamic banks was discussed at the opening panel of the conference. The main themes of three consecutive sessions composing the conference were "Board Effectiveness as a Major Issue of Corporate Governance Practices of Islamic Banks", "Risk Management, Transparency and Reporting Requirements", and "*Shari'ah* Governance", respectively.

The conference was organised as part of the MOU signed between CIBAFI and the World Bank that aims to reinforce their commitment to help foster the development of Islamic finance globally including in the developing markets in the area of Corporate Governance.

Source: [Zawya](#)



Photo Credit: salaamgateway.com

New Publications

Risks in Islamic Banks: Challenges and Management	Download Publication
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Upcoming Events (Oct—Dec 2018)

AAOIFI-World Bank 13th Annual Conference	Manama, Bahrain	23 Oct 2018	Event Details
1st Global Conference on Islamic Economics and Finance 2018 (GCIEF 2018)	Kuala Lumpur, Malaysia	24-25 Oct 2018	Event Details
Global Islamic Economy Summit 2018	Dubai - United Arab Emirates	30-31 Oct 2018	Event Details
6th ASEAN Universities International Conference on Islamic Finance (AICIF 2018)	Manila, Philippines	14-15 Nov 2018	Event Details
World Islamic Banking Conference (WIBC) 2018	Amwaj Islands, Bahrain	26-28 Nov 2018	Event Details
IFSB Executive Forum - Effective Risk Management Oversight and Governance of Islamic Banks	Kuala Lumpur, Malaysia	29-30 Nov 2018	Event Details
4th Islamic Finance Conference (IFC 2018): Blockchain, Smart Contract and Islamic Financing	Jeddah, Saudi Arabia	5 Dec 2018	Event Details
6th International Conference on Islamic Banking and Finance	Rawalpindi - Punjab, Pakistan	5-7 Dec 2018	Event Details
International Islamic Entrepreneurship and Business Conference 2018 (IIEBC 2018)	Malacca, Malaysia	22 Dec 2018	Event Details

Description of Data:

Dow Jones Sukuk Index: The Dow Jones Sukuk Index is designed to measure the performance of global Islamic fixed-income securities—also known as sukuk. The index includes U.S. dollar-denominated investment-grade sukuk issued in the global market that have been screened for Shari'ah compliance according to the index methodology. The index was created as a benchmark for investors seeking exposure to Shari'ah-compliant fixed-income investments. The Dow Jones Sukuk Index follows the same consistent, quantitative methodology as the Dow Jones Islamic Market™ (DJIM) Indices, which are monitored to ensure their continued adherence to Shari'ah principles.

Bloomberg USD Emerging Market Composite Bond Index: The Bloomberg USD Emerging Market Composite Bond Index is a rules-based, market-value weighted index engineered to measure USD fixed-rate securities issued in emerging markets as identified by Bloomberg. Emerging market issuers can be found at function EMWH. The major components of the index are the Bloomberg USD Emerging Sovereign Bond Index, Bloomberg USD Emerging Market Corporate Bond Index, Bloomberg USD Investment Grade Emerging Market Bond Index and Bloomberg USD High Yield Emerging Market Bond Index. To be included in the index a security must have a minimum par amount of 100MM.

LIBOR USD 6 Month: London - Interbank Offered Rate - ICE Benchmark Administration Fixing for US Dollar. The fixing is conducted each day at 11am & released at 11.45am (London time). The rate is an average derived from the quotations provided by the banks determined by the ICE Benchmark Administration. The top and bottom quartile is eliminated and an average of the remaining quotations calculated to arrive at fixing. The fixing is rounded up to 5 decimal places where the sixth digit is five or more.

Dow Jones Islamic Market World Index: The Dow Jones Islamic Market World Index is a global index of companies that meet Islamic investment guidelines. The index is quoted in USD.

Dow Jones Global Index: The index measures the performance of stocks that trade globally, targeting 95% coverage of markets open to foreign investment. It is float market cap weighted. It is quoted in USD.

MSCI World Islamic Index: The MSCI World Islamic Index is a free-float weighted equity index. It was developed with a base value of 1000 as of May 31 2007.

MSCI World Index: The MSCI World Index is a free-float weighted equity index. It was developed with a base value of 100 as of December 31, 1969. MXWO includes developed world markets, and does not include emerging markets.

MSCI Emerging Markets Index: The MSCI Em (Emerging Markets) Index is a free-float weighted equity index.

Bloomberg Takaful Index: Bloomberg Takaful Index is a capitalization-weighted index of all globally listed Takaful-recognised companies. Takaful is an Islamic term meaning mutual support, which is the basis of the concept of insurance or solidarity among Muslims. This is a form of insurance based on mutual assistance. The index was developed with a base level of 100 as of April 15, 2009

Murabaha Deposit Rates: Murabaha Deposit An agreement that refers to the sale and purchase transaction for the financing of an asset or project whereby the costs and profit margin (mark-up) are made known and agreed by all parties involved. The settlement for the purchase, which can be done in cash or in installments, will be specified in the agreement. Use all prices available in the terminal and updated within the last three working days. Banks that do not price for more than 3 days are excluded from the daily calculation. Islamic Market Reference Rate is calculated by Bloomberg using contributed rates from several local and international banks. Reference rates are calculated by taking the average bid & ask of the contributing banks, after eliminating the 4 highest and 4 lowest values.

Glossary Of Key Terms

<i>Ijara</i>	This is a lease contract wherein the Bank (lessor) leases the property to the customer (lessee) in return for a rental payment for a specified financing period. The Bank promises to transfer the title of the property to the customer at the end of the
<i>Mudaraba</i>	Trustee finance contract: One party contributes capital while the other contributes effort or expertise; profits shared according to a predetermined ratio; investor not guaranteed a return and bears any financial loss; no fixed annual payment; financier has no control on how venture is managed.
<i>Murabaha</i>	Sale with agreed mark-up: Financing purchase of assets for a profit margin; asset purchased on behalf of client and resold at a pre-determined price; payment could be lump sum or in installments; ownership of asset remains with bank till full payments made
<i>Musharaka</i>	Partnership; equity participation contract: Both parties contribute capital; profits shared by a pre-determined ratio, not necessarily in relation to contributions; losses shared in proportion to capital contributions; both parties share and control how investment is managed; each partner liable for the actions of the other
<i>Shari'ah Board</i>	An independent body set up by an Islamic bank with the mandate of ensuring that the Islamic bank achieves and maintains the mandate of <i>Shari'ah</i> compliance.
<i>Sukuk</i>	An Islamic financial certificate, similar to a bond in Western finance, that complies with <i>Shari'ah</i> , Islamic religious law. Because the traditional Western interest paying bond structure is not permissible, the issuer of a <i>sukuk</i> sells an investor group the certificate, who then rents it back to the issuer for a predetermined rental fee. The issuer also makes a contractual promise to buy back the bonds at a future date at par value.
<i>Salam</i>	<i>Salam</i> is a sale whereby the seller undertakes to supply some specific goods to the buyer at a future date in exchange of an advanced price fully paid at spot. The contract of <i>Salam</i> creates a moral obligation on the <i>Salam</i> seller to deliver the goods. The <i>Salam</i> contract cannot be cancelled once signed.
<i>Takaful</i>	The term ' <i>takaful</i> ' is derived from an Arabic word which means solidarity, whereby a group of participants agree among themselves to support one another jointly against a defined loss. In a <i>takaful</i> arrangement, the participants contribute a sum of money as wholly or partially <i>tabarru'</i> (donation) into a common fund, which will be used for mutual assistance for the members against a defined loss or damage, according to the terms and conditions of the <i>takaful</i> .
<i>Istisna'</i>	<i>Istisna'</i> is the kind of sale where a commodity is transacted before it comes into existence. It means to order a manufacturer to manufacture a specific commodity for the purchaser. If the manufacturer undertakes to manufacture the goods for him with material from the manufacturer, the transaction of <i>istisna'</i> comes into existence. But it is necessary for the validity of <i>istisna'</i> that the price is fixed with the consent of the parties and that necessary specification of the commodity (intended to be manufactured) is fully settled between them.
<i>Wakala</i>	<i>Wakala</i> is the agency contract which is used widely in Islamic Finance. The applications ranging from brokerages services in permissible activities, like certain stocks, as well as to be the agent in a <i>Murabaha</i> transaction. The client, who wants to be financed, acts as agent of the bank to acquire the asset, then sold to him on credit installments. Agents can be compensated for their assignment with a fixed, variable or performance model, which is frequently used to influence pay outs and cash flows in financial engineering.

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