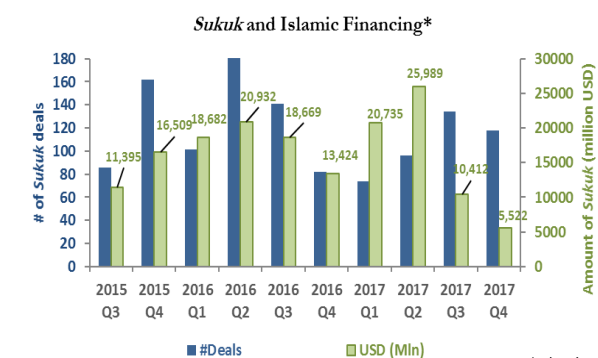
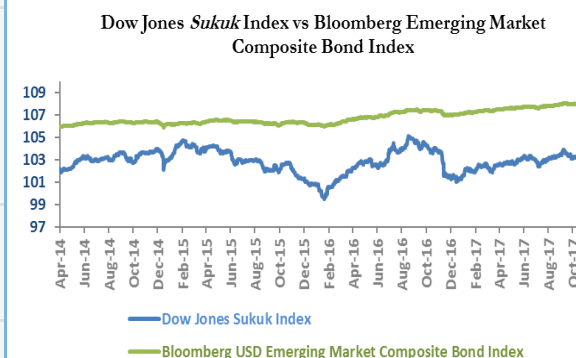
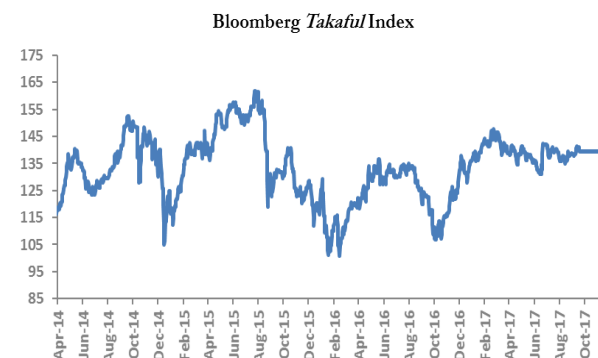
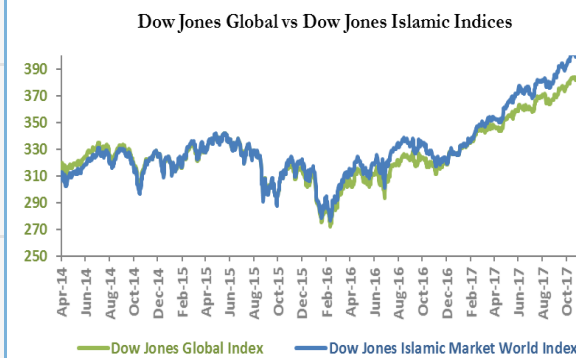
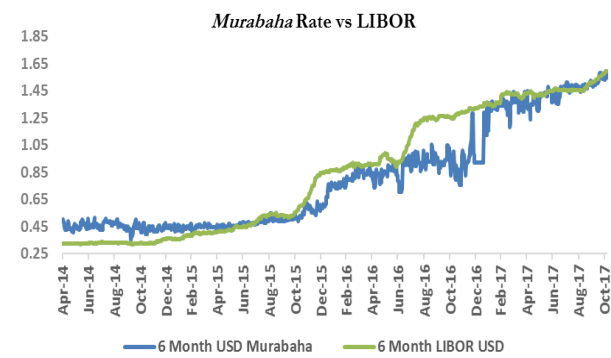
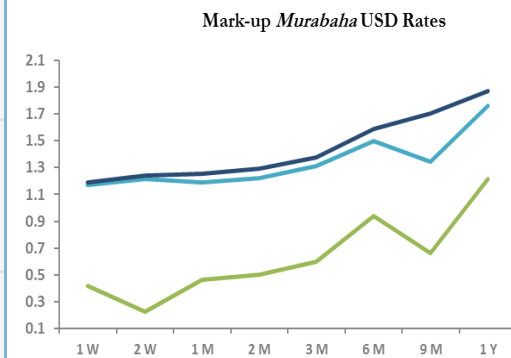


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	Value	MoM	QoQ	YoY
	11/7/17	10/7/17	8/7/17	11/7/16
<b>Equity</b>				
Dow Jones Islamic Index	3566.93	▲2.79%	▲6.05%	▲23.78%
Dow Jones Global Index	387.36	▲2.02%	▲4.35%	▲22.52%
MSCI Islamic Index	1307.92	▲1.41%	▲4.34%	▲17.63%
MSCI World Index	2046.80	▲1.63%	▲3.81%	▲21.43%
MSCI Emerging Market Index	1131.03	▲2.53%	▲5.18%	▲26.40%
<b>Fixed Income</b>				
LIBOR 6 Month	1.5902	▲0.071	▲0.138	▲0.339
<i>Murabaha</i> USD 6 Month	1.5865	▲0.087	▲0.112	▲0.648
Dow Jones <i>Sukuk</i> Index	103.03	▼-0.25%	▼-0.10%	▼-0.60%
Bloomberg Emerging Market Bond Index	169.11	▲0.28%	▲1.64%	▲6.33%
<b>Insurance</b>				
Bloomberg <i>Takaful</i> Index	139.39	▲0.00%	▲1.89%	▲16.86%



\* Bloomberg

## The World Bank, BRSA and Istanbul University jointly organized a symposium on “Regulatory Framework For Interest-Free Finance in Turkey”

The World Bank, Banking Regulation and Supervision Agency of Turkey (BRSA) and Istanbul University organized a two-day event, the Symposium on Regulatory Framework For Interest-Free Finance in Turkey, on September 29-30 in Istanbul.

Even though the importance and necessity of interest-free finance has been recognized in Muslim majority countries and has been promoted by the governments for more than a decade, the total share of interest-free banking, or ‘participation banking’ as called in Turkey, has remained around 5-6 percent for a long time.

One of the main reasons behind the constrained development of participation finance in Turkey is the absence of a special regulatory infrastructure for the industry. At present, there is no special regulatory framework for participation finance in Turkey and there are very limited articles, guidelines, and procedures related to the sector. Therefore, a serious proportion of prospective domestic and international funds cannot be conveyed to the economy. The Turkish Government has set a target to in-

crease the share of participation banking to 15 percent by 2025. Introducing the regulatory framework for interest-free finance is essential to achieve the target and further develop the sector.

The symposium primarily unveiled the draft regulation prepared by the Banking Regulation and Supervision Agency of Turkey. This draft is considered as the most comprehensive and tangible study in Turkey so far. The speakers and participants of the symposium discussed the opinions on the regulatory framework for interest-free finance in Turkey through lectures and discussion panels.



## 11th Meeting of the OIC Member States Stock Exchanges’ Forum Held in Istanbul

11th Meeting of the OIC Member States Stock Exchanges’ Forum was held on October 31, 2017 at Le Meridien Hotel, Istanbul with the participation of Member representatives and distinguished speakers. The annual meetings of the Forum have been organized by Borsa İstanbul since 2005 to foster cooperation among the exchanges of the Organization of the Islamic Conference (OIC) Member States.

During his opening remarks, Selçuk KOÇ, Director of COMCEC Cooperation Office said: “We attach particular importance to the efforts of this Forum for the promotion of Islamic finance in the Member States. The Forum also has a particular importance for the realization of the COMCEC projects in finance domain and for accomplishing COMCEC Financial Cooperation Working Group Recommendations.”

In his opening remarks, Borsa İstanbul Chairman Himmet Karadağ said: “As the management of Borsa İstanbul, we have always been committed to promoting Islamic finance and we believe that the Forum is a precious channel for reaching out to and collaborating with other stakeholders of Islamic finance.”

This year, as the Coordinator of the Forum, Borsa İstanbul hosted two adjacent workshops on October

30, 2017—the day before the 11th Meeting of the Forum. The Workshops provided a platform for the delegations of the Member institutions to discuss and elaborate on the topics of gold trading, Shariah Index and Index-based products among OIC Member States. The report of the Workshops with policy recommendations, their rationale, and the draft decisions were presented to the Members on the following day.

Abayomi Alawode, Head of Islamic Finance at the World Bank delivered a presentation on the role of Islamic capital markets in growth and development.

**Source:** [Borsa İstanbul](#)



## AAOIFI Introduces its 100th Standard as Governance Standard No. 8 Central Shari'ah Board has been Officially Issued



AAOIFI's Governance and Ethics Board (AGEB) has issued its Governance Standard for Islamic Financial Institutions (GSIFI) No. 8 'Central Shari'ah Board', which also marks the issuance of 100 standards so far in areas of accounting, auditing, governance, ethics as well as Shari'ah over a span of 27 years since inception, characterized by landmark achievements and extensive efforts.

The objective of this standard is to provide guidance and comprehensive foundations that would define key terms of reference and principles when establishing such boards. Although the standard encourages the creation of Central Shari'ah Boards (CSB) at national levels, the guid-

ance provided would standardize the global regulatory practices in this respect. The standard also presents a country-level approach for regulating the Islamic Finance Industry within borders, including products, practices, operations, etc. It is expected that such CSBs shall adopt globally acclaimed AAOIFI's Shari'ah standards to standardize the practices.

The standard provides detailed and comprehensive guidance on the definition, scope of work, responsibilities, appointment, composition, independence, terms of reference of a Central Shari'ah Board and other relevant issues.

**Source:** [AAOIFI](#)

## Saudi Arabia Joins Islamic Finance Body, Could Boost Cross-border Deals

Saudi Arabia's central bank has joined an international standard-setting body for Islamic finance, a move that could help standardize industry practices and ease cross-border transactions in the Kingdom.

The Bahrain-based Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) said in a statement it had admitted the Saudi Arabian Monetary Agency (SAMA) as an institutional member.

Islamic products represent around half of banking system assets in the Kingdom, but the regulator doesn't distinguish between Islamic or conventional banks and

applies the same prudential standards to all of them.

SAMA confirmed the move in a separate statement, without specifying whether it planned to make AAOIFI standards enforceable or if it would adopt all or some of them.

Saudi lenders remain domestically focused, but adopting AAOIFI standards could help them venture into other majority-Muslim countries.

The Saudi government has also taken steps to tap into Islamic finance, issuing debut Islamic bonds earlier this year denominated in both riyals and U.S. dollars.

**Source:** [Reuters](#)

## Three Public Banks in Algeria to Start Offering Islamic Finance Services

In Algeria, three public lending institutions, namely the Banque de l'agriculture et du développement Rural (BADR), the Caisse Nationale d'Épargne et de Prévoyance (CNEP) and the Banque de Développement Local (BDL) will start offering Islamic finance services before the end of 2017.

By deciding to enter the Islamic finance market, these institutions wish to respond to the needs of a group of customers that have been left out for too long in the country. They also aim to tap into a sector with a great, yet underexploited, potential in terms of savings.

**Source:** [Ecofin Agency](#)



Photo Credit: sama.gov.sa



Photo Credit: algerieinfo.org

## Islamic Development Bank Plans Blockchain-based Financial Inclusion Product

The research arm of the Islamic Development Bank plans to use blockchain technology to develop sharia-compliant products, aiming to support financial inclusion efforts across its member countries.



Photo Credit: [zawya.com](http://zawya.com)

The Jeddah-based Islamic Research and Training Institute said it had signed an agreement with local firm Ateon and Belgium-based SettleMint, with the first stage to focus on a technical feasibility study.

The agreement is the latest effort to combine blockchain technology to tap demand from Muslim investors, with firms from Indonesia to Canada having already received sharia-compliant certification for their products.

Involvement of the IDB, a multilateral

development institution, could also encourage other fintech firms to incorporate Islamic finance to tap markets across the Middle East, Asia and Africa.

Islamic finance follows religious principles such as a ban on gambling and outright speculation, but until now the sector has focused on traditional retail banking services.

Blockchain involves a shared electronic ledger that allows all parties to track information through a secure network, removing the need for third-party verification.

The IDB said such features would allow for instantaneous clearing and settlement of transactions and asset exchanges, while helping eliminate counterparty risk.

**Source:** [Zawya](http://Zawya)

## Indonesia Tops Up Islamic Microfinance Sector with Ten New Institutions

Indonesia, the world's most populous Muslim country, in its intention to improve the financial inclusion of the large number of unbanked citizens is expanding the network of official microfinance institutions across the country.



Photo Credit: [zawya.com](http://zawya.com)

The Financial Services Authority of Indonesia, or OJK, has granted operating licenses to ten new Islamic microfinance institutions, which are expected to empower communities and small businesses and generally improve public welfare in its target areas. According to the OJK, the establishment of these new Islamic microfinance institutions was part of its financial inclusion programmes that involved community figures such as clerics who run Islamic boarding schools. Through that channel, the microfinance institutions are expected to provide wider financial access to low-income communities living in the vicinity of those boarding schools.

Each of the new micro lenders received a license and is being supervised by the OJK.

Customers will get basic training before receiving any financing, as well as regular assistance for business set-up or expansion as an additional service. The money for the lending programme comes from donors who want to support community empowerment programmes and contribute to initiatives to create more community institutions, including Islamic boarding schools and other social infrastructure.

Islamic microfinance has a long tradition in Indonesia, mostly in rural areas. The country is believed to have the largest Islamic microfinance sector in the world as part of its cooperative banking ecosystem which comprises around 5,500 mostly rural financial entities with assets of about \$590mn. The cooperative banking sector is institutionalized within the country's financial industry, alongside banking, the insurance sector and capital markets.

**Source:** [Gulf Times](http://GulfTimes)

## Malaysia's Green Islamic *Sukuk* Funds Green Tech Projects

Malaysia has the potential for green financing 130 potential projects comprising 111 renewable energy (RE) projects and 19 energy efficiency (EE) projects that are worth about RM1.9 billion and RM248 million, respectively.



Photo Credit: Aisyaqlumar/bigstock

Energy, Green Technology and Water Minister Datuk Seri Dr Maximus Ongkili said the country is moving towards the right path to be the world leader in green investment.

“We are also looking at Large Scale Solar Photovoltaic Plants, involving 18 companies for the next two years (2017 and 2018) with a capacity awarded 402MW,” he said.

In a statement, the minister said Malaysia is leading the world in green investment through the introduction of Green Islamic SRI (Sustainable and Responsible Investment) *Sukuk*, a Shari’ah compliant financial assistance, which gained the World Bank Group’s recognition.

As at end 2016, Malaysia is seen to be the global leader in the *sukuk* market, with 53 per cent of the US\$349 billion *sukuk* out-

standing globally and 46 per cent of the US\$75 billion *sukuk* issuance during the same year.

The issuance of Green Islamic SRI *Sukuk* amounting RM250 million for solar project to Tadau Energy and RM1 billion for Quantum Solar Park Malaysia, the world's largest green *sukuk* issuance to construct the largest solar power project of its kind in Southeast Asia, has placed Malaysia in the world map as leader in green investments.

The recently launched Green Technology Master Plan 2017 (GTMP), which outlined the country’s green technology strategic plans, is aimed to create a low carbon economy.

The energy sector in Malaysia has matured considerably from relying on fossil fuels to diversifying into renewable sources, he said.

The minister also said Malaysia is committed to reducing its greenhouse gas emission intensity of its Gross Domestic Product or GDP by up to 45 per cent by year 2030 in accordance with the Paris Agreement.

**Source:** [New Straits Times](#)

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## International Islamic Liquidity Management Corporation Increases *Sukuk* Issuance to \$3bln

The International Islamic Liquidity Management Corporation (IILM) has conducted an auction for a 3-month USD 550 million *Sukuk* priced at a 1.67742% profit rate, increasing its *Sukuk* issuance to USD 3 billion from USD 2.45 billion.

Acting Chief Executive Officer of the IILM, Abdoul Aziz Ba said: “We have been carefully monitoring the dynamics of the market and listening to our investors. The IILM *Sukuk* have been consistently well received by institutions offering Islamic financial services (IIFS), with comfortable subscriptions charting an average of circa 250 percent for every issuance.

The IILM has indeed shown progressive growth in its *Sukuk* issuance in the last four years to face the increasing demand of its *Sukuk* from IIFS.”

As a pioneering institution, IILM plays a unique role by supplying IIFS with additional tools to manage their liquidity. Since its inaugural issuance the IILM *Sukuk* has been a regular issuer, offering benchmark size *Sukuk* with various tenors ranging between two to six months to cater to the different needs of the market.

**Source:** [Zawya](#)



Photo Credit: themalaymailonline.com

## New Publications

Diversification of Islamic Financial Instruments	<a href="#">Download Publication</a>
Islamic Commercial Law Report 2018	<a href="#">Download Publication</a>

## Upcoming Events (Nov—Dec 2017)

International Islamic Banking Summit Africa	Djibouti	8-9 Nov 2017	<a href="#">Event Details</a>
1st International Conference on Islamic Economics, Business, and Philanthropy (ICIEBP)	Bandung, Indonesia	15 Nov 2017	<a href="#">Event Details</a>
KFUPM Islamic Banking and Finance Research Conference	Saudi Arabia	19-20 Nov 2017	<a href="#">Event Details</a>
The 3rd Islamic Finance Conference 2017	Jeddah, Saudi Arabia	22 Nov 2017	<a href="#">Event Details</a>
24th World Islamic Banking Conference	Amwaj Islands, Kingdom of Bahrain	4-6 Dec 2017	<a href="#">Event Details</a>
4th International Conference on Masjid, Zakat & Waqf Management	Selangor, Malaysia	4-5 Dec 2017	<a href="#">Event Details</a>
1st International Forum On Islamic Commercial Arbitration	Sharjah, United Arab Emirates	7 Dec 2017	<a href="#">Event Details</a>
The World Bank, Islamic Research and Training Institute (IRTI) and Guidance Financial Group: 3rd Annual Symposium on Islamic Finance 2017 (IDBWBS 2017)	Kuala Lumpur, Malaysia	12-13 Dec 2017	<a href="#">Event Details</a>
7th Islamic Economic System Conference (iECONS) 2017	Muscat, Oman	12-13 Dec 2017	<a href="#">Event Details</a>

## 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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