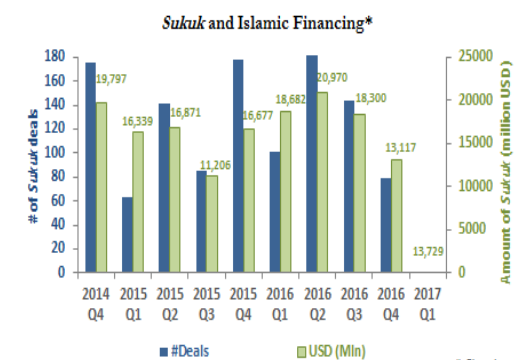
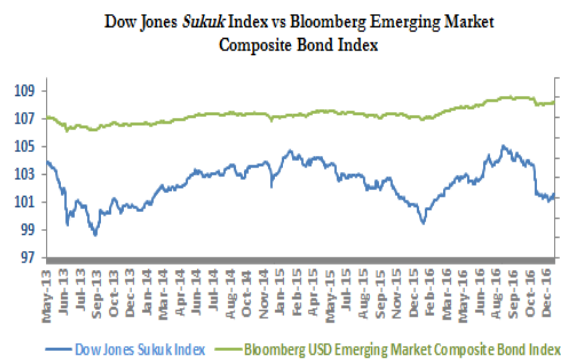
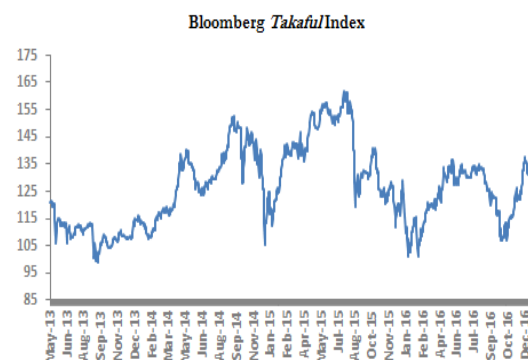
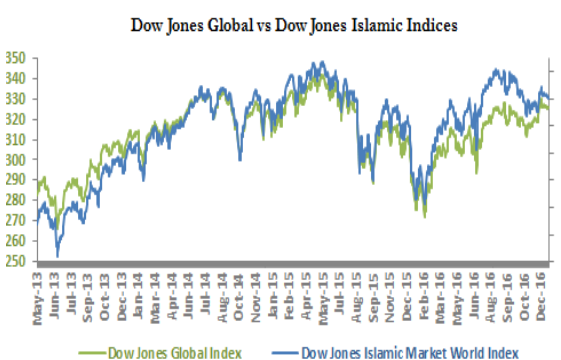
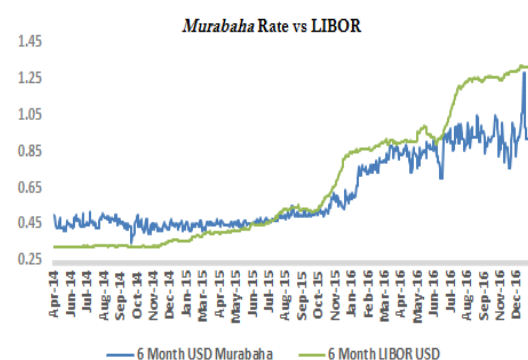
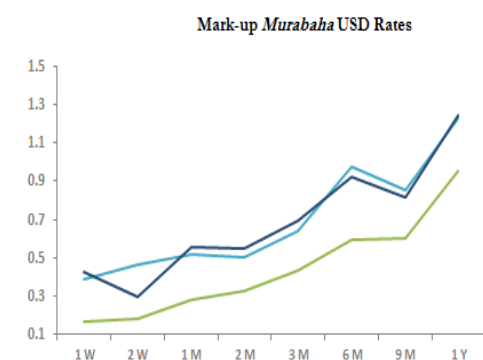


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	Value	MoM	QoQ	YoY
	1/2/17	12/2/16	10/2/16	1/2/16
<b>Equity</b>				
Dow Jones Islamic Index	2902.61	▲ 1.77%	▼ -2.58%	▲ 3.66%
Dow Jones Global Index	325.51	▲ 2.10%	▲ 0.61%	▲ 5.69%
MSCI Islamic Index	1141.71	▲ 2.48%	▼ -0.65%	▲ 5.49%
MSCI World Index	1751.22	▲ 2.47%	▲ 1.48%	▲ 5.32%
MSCI Emerging Market Index	862.27	▲ 1.08%	▼ -4.56%	▲ 8.57%
<b>Fixed Income</b>				
LIBOR 6 Month	1.3177	▲ 0.026	▲ 0.078	▲ 0.472
Murabaha USD 6 Month	0.9203	▼ -0.057	▼ -0.040	▲ 0.326
Dow Jones Sukuk Index	101.58	▲ 0.21%	▼ -2.60%	▲ 0.81%
Bloomberg Emerging Market Bond Index	155.54	▲ 1.65%	▼ -2.75%	▲ 10.80%
<b>Insurance</b>				
Bloomberg Takaful Index	136.27	▲ 2.67%	▲ 27.21%	▲ 8.72%



\* Bloomberg

## The World Bank Held its Second Annual Symposium on Islamic Economics and Finance

The World Bank held its second annual symposium entitled, "Developing Long-Term Financing and Islamic Capital Markets" on Dec. 8-9, 2016 in Rabat, Morocco. The symposium was co-sponsored by the Islamic Development Bank (IsDB), Guidance Financial, and Banque Populaire. The event was conducted under the auspices of the Kingdom of Morocco Ministry of Economy and Finance. The theme of the inaugural event was selected to enhance the knowledge and understanding of participants on the potential of developing long-term financing and Islamic capital markets.

The first day incorporated a special focus on the development of participative finance in the Kingdom of Morocco and was dedicated to high level policy discussions and practical aspects of the topics discussed by key stakeholders, policymakers and regulators.

The Moroccan Economic and Finance Minister, Mohammed Boussaid, announced at his opening speech that Morocco will issue its first *sukuk* in the domestic market in the first half of 2017.

These new financial instruments should contribute to the

development of participative banking, allowing the mobilization of funds as needed," Boussaid said.

"For the operationalization of the first participatory programs on the capital market and the support of participatory finance, our department is looking, firstly, to develop the regulatory framework necessary for the issuance of the *sukuk* in Moroccan financial markets, and on the other hand, and secondly, to structure the first sovereign *sukuk* issue, which will serve as a benchmark for other similar initiatives," the minister further added.

The second day of the symposium focused on presentations of academic papers selected from call for papers issued.



## The World Bank and CMA Held a Conference on “*Sukuk* market — Challenges and opportunities”

The *Sukuk* Conference, organized by the World Bank in collaboration with the Capital Market Authority (CMA), titled "*Sukuk* market — Challenges and opportunities," was held on December 6, 2016 in Riyadh, Saudi Arabia. The conference was well attended with more than 500 participants from the public and private sectors within and outside Saudi Arabia.

The conference focused on the challenges facing the Kingdom's *sukuk* markets in particular and in the GCC states in general as well as the mechanisms and ways to develop cap-

ital markets in the region, and to reflect the development of debt markets so that they are able to provide the necessary finance to both the public and private sectors.

The conference also discussed the incentives of demand for Islamic debt instruments and the most prominent international experiences and practices.

The conference, through its five sessions, had presentations by government officials and representatives from the World Bank as well as the private sector, economists and financial partners in the financial market.

## The World Bank, Central Bank of Turkey and SESRIC Jointly Organized a Workshop on “*Sukuk* and Liquidity Management ”

The World Bank, Central Bank of the Republic of Turkey-SESRIC jointly organized a workshop on “*Sukuk* and Liquidity Management ” on December 12-14, 2016, in Istanbul, Turkey. The workshop brought together more than 30 representatives from central banks and other regulatory institutions from 20 countries, including Sudan, Bahrain, United Arab Emirates, Indonesia, Suriname, Pakistan and Uganda.

The workshop aimed to give an overview of *sukuk* market current indicators, to build a knowledge of different *sukuk*

structures and securitization process as well as to depict the issues of regulatory and supervisory framework for different countries. Additionally, the role of IILM short-term *sukuk* in the liquidity management of Islamic banks were elaborated. The current investor base of *sukuk* and the strategies on how to diversify the *sukuk* market was also another concept that was touched upon.

The workshop concluded with a panel discussion on infrastructure financing and how to utilize *sukuk* in infrastructure financing, depicting different case studies.

## Pakistan's Ministry of Finance Establishes Four Subcommittees to Increase Islamic Finance's Reach

In a move to further increase the reach of Islamic finance in Pakistan, the country's Ministry of Finance has established four subcommittees comprising relevant stakeholders to suggest recommendations for the promotion and enhancement of *Shariah* compliant transactions. The four subcommittees on Islamic finance would focus on matters relating to the legal and regulatory framework; taxation; the capital market; and awareness, training and capacity-building.

The subcommittees recommended for the formation of a task force to undertake amendments to the legal and regulatory framework as well as fast-tracking the adoption of international Islamic finance standards, such as those by AAOIFI and the IFSB, for Pakistani Islamic

financial institutions.

Additionally, the subcommittees also called for the harmonization of the terms and conditions established by the Securities and Exchange Commission of Pakistan (SECP) for *Shariah* compliant instruments that are issued by the non-banking finance companies (NBFCs), notified entities and *Modarabas*. The SECP recently expressed its commitment to promote *Modarabas* as pure Islamic financial institutions, and the proposed amendments include the introduction of the concept of unlisted *Modarabas* to facilitate new entrants and to help the Islamic financial services industry grow.

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



Photo Credit: thenewstribe.com

## Tunisia: Islamic Banking Products Post Annual Increase of 23%

While Islamic banking products represented only 5% of banking assets in Tunisia by the end of 2015, they have significant growth potential, with an annual average growth rate of 23% from 2010 to 2015.

According to the Annual Report on Banking Supervision 2015, which has just been published by the Central Bank of Tunisia (BCT), total deposits in these banks amounted to 2,501 MTD at the end of December 2015, while total appropriations stood at 1,930 MTD at the end of 2015.

Governor of the BCT, Chedly Ayari, had recently announced that the Central Bank is studying a request for the creation of a new

Islamic bank.

Islamic finance, available in Tunisia since the 1970s, has been strengthened by the adoption of a new law organizing this financing mode (Law No. 48 of July 11, 2016).

The BCT is currently working on two circulars complementing Law No. 48. The first will define the operations of Islamic finance (*Murabaha*, *Itisna* and *Musharaka*), and will be promulgated before the end of the current year, while the second one presenting the conditions for the exercise of this finance, through the Islamic windows in conventional banks will be promulgated during the first half of 2017.

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



Photo Credit: africanmanager.com

## Indonesia Engineers Zakat Index to Serve as Global Benchmark

Indonesia is taking the lead in setting a global precedent for Islamic alms management with the launch of a first-of-its-kind index to measure the effectiveness of *Zakat* in alleviating and improving social welfare.

Until yesterday, the Islamic world lacked a standard benchmark to map the progress and efficacy of Islamic alms-giving; Badan Amil Zakat Nasional (BAZNAS), or the National Islamic Alms Management Agency of Indonesia intends to fill that gap with the National *Zakat* Index.

To be implemented in the first quarter of 2017, this systematic computation model utilizing both quantitative and qualitative

methods could be most useful in closing the data gap in the *Zakat* realm and assisting in the formulation of effective policies to reduce management inefficiency.

This is not the first step Indonesia has taken to better utilize *Zakat* as an asset class; Bank Indonesia is understood to be exploring ways to securitize *Sukuk* against the Republic's *Zakat* and *Waqf* assets and to utilize subsequent proceeds to finance Islamic economic activities. The central bank in May also issued an international set of core principles on *Zakat*, in collaboration with the IDB and BAZNAS.

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



## Singapore Launches World's First Islamic Gold Futures Contract



Singapore Exchange (SGX) has announced that its Singapore Kilobar Gold Contract has become the world's first *Shari'ah*-compliant gold futures.

SGX launched the world's first exchange-traded, physically delivered wholesale gold futures in October 2014, in partnership with the World Gold Council and the Singapore Bullion Market Association. The contract is now certified by Amanie Advisors to be in compliance with the *Shari'ah* Standard on Gold as set out by the Accounting and Auditing Organization for Islamic

Financial Institutions (AAOIFI).

"This unlocks a new investment and risk management option for the rapidly growing Islamic finance industry, estimated to hold about \$2 trillion in assets," William Chin, Head of Metals and Bulk Commodities at SGX, said. "It also strengthens Singapore's position as an international centre for Islamic finance, and builds on our vision to develop a global trading hub for gold."

**Source:** [CPI Financial](#)

## ITFC Pledges US\$875 Million to Support Burkina Faso 2016-2020 Development Plan



The International Islamic Trade Finance Corporation (ITFC), a member of the Islamic Development Bank (IDB) Group, announced a pledge of USD875 million to support Burkina Faso's National Program for Economic and Social Development (PNDES). The amount represents a significant portion of the IDB Group total pledge, which amounts to USD1.3 Billion.

In line with ITFC's mandate to improve lives and enhance the welfare of its member countries, ITFC was keen to express its full support to Burkina Faso's PNDES. The overall goal of the subject development plan is to achieve the required structural transformation of the Country's economy, leading to a strong, sustainable

and resilient growth that creates decent jobs and improves people's social welfare.

Following the Framework Agreement signed in June 2014 with the Government of Burkina Faso, ITFC has been able to build and grow a healthy portfolio of operations in the country, with a total financing of USD 699.75 Million since inception.

Over the last years, Burkina's diversified portfolio has reached the status of ITFC's first beneficiary country in Sub-Saharan Africa, ie. a model to be replicated in other member countries, with operations in all essential sectors.

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

## Iran to Chair Islamic Finance Body IFSB in 2017

The Islamic Financial Services Board (IFSB) says Iran will assume its chairmanship in 2017 – a move expected to help align practices in the country's banking system with peers across Asia and the Middle East.

Reuters in a report highlighted an announcement by the IFSB Council as saying that Valiollah Seif, the governor of the Central Bank of Iran (CBI) will assume the IFSB chairmanship from January 1, 2017 with Bangladesh Bank governor Fazle Kabir as the deputy chairman.

The IFSB is one of the main standard-setting bodies for Islamic finance, setting prudential guidelines covering areas including governance, capital adequacy and liquidity risk management.

Years of isolation have led Iran to develop practi-

es that can contrast with those in other Islamic financial centers, but a prominent role within the Kuala Lumpur-based IFSB could help narrow those differences, Reuters added in its report.

Since 1983, Iran's entire banking system has followed Islamic principles, which includes 34 Islamic banks that held total assets of Rials 14,451 trillion (\$448 billion) as of March.

This represents around a third of total Islamic banking assets globally, although Iran's version of Islamic finance can differ with what is observed in other Muslim-majority countries, Reuters further wrote in its report.

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



ISLAMIC FINANCIAL SERVICES BOARD

## Middle East *Sukuk* Issuance to Rebound in 2017 but Investors May Shun Long End

After slumping in 2016, issuance of Islamic bonds from the Middle East looks likely to rebound next year as Gulf states take advantage of unsatisfied demand, but investors may shun the long end of the curve.

As governments scrambled to cover budget deficits due to low oil prices this year, they overwhelmingly turned to conventional debt - a shift from the traditional pattern in which *sukuk* and conventional bonds had roughly equal shares of the region's international bond issuance.



Photo Credit: zawya.com

In the first half of 2016, governments in the six-nation Gulf Cooperation Council raised just \$1.1 billion or 5 percent of their total debt issuance through longer-term *sukuk*, against 38 percent a year earlier, Moody's estimated. Saudi Arabia's \$17.5 billion debut bond in October was entirely conventional.

Meanwhile, GCC corporate and project-related *sukuk* issuance totaled \$2.5 billion in the first eight months, up marginally from \$2.3 billion a year ago but down sharply from \$5 billion in 2013 and \$6.5 billion in 2014, Standard & Poor's estimated.

With cheap oil tightening liquidity in their banking systems, Gulf governments were forced to rely more on foreign investors rather than Islamic banks and funds, which pushed them towards conventional debt.

Also, as oil prices sagged, governments were in a hurry to raise money and did not want to spend extra time planning *sukuk* issues - which tend to be more complex than conventional bonds - or explaining their intricacies to investors.

Issuance may become more normal in 2017. With oil rebounding and austerity policies in place, GCC governments are somewhat less pressed for cash and have more time to plan *sukuk*.

Also, this year's dearth of new *sukuk* has left unsatisfied demand among Islamic investors, including banks that need high-grade sharia-compliant bonds to meet liquidity standards.

Saudi Arabia is believed to be considering an international *sukuk* issue in the first quarter of 2017. Bahrain could sell sovereign *sukuk* in that period, though the central bank told Reuters no decision had been made.

Conventional bonds look likely to retain one attraction for Gulf issuers, however, because long maturities above 10 years seem more feasible for conventional debt.

"The *sukuk* market still lacks a significant investor base for the long end of the curve. *Sukuk* buyers are traditionally more involved in five- and 10-year paper," said a Dubai banker.

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

## Islamic Development Bank Prices \$1.25 billion *Sukuk* Issuance

The Islamic Development Bank (IsDB) has successfully priced a US\$1.25 billion, five-year Trust Certificates (*Sukuk*) under its US \$25 billion Trust Certificate Issuance Programme.

The *Sukuk* was priced at par at 2.263%, to be payable on semi-annual basis. This issuance marked the Bank's second benchmark issuance in 2016.

IsDB continues to maintain ratings of Aaa/AAA/AAA by Moody's, S&P and Fitch (all stable outlook).

The deal was priced on November 30th at MS plus 45 bps, which resulted in a lower

spread on top of the five-year MS rate compared with IsDB's March 2016 issuance, which was priced at MS + 50 basis points.

In terms of the final allocation, the distribution was well diversified with 72% allocated to the Middle East and North Africa (MENA) region, 25% to Asia and 3% to Europe, respectively. Central banks and official agencies were allocated 90% followed by 10% to banks.

The Trust Certificates will be listed on the London Stock Exchange, NASDAQ Dubai and Bursa Malaysia (under the Exempt Regime).

**Source:** [CPI Financial](#)



## New Publications

Handbook of Islamic Finance 2017 Edition — Ethica	<a href="#">Download Publication</a>
Thomson Reuters Sukuk Perceptions & Forecast Study 2017: Poised for Growth	<a href="#">Download Report</a>
ICD-Thomson Reuters Islamic Finance Development Report 2016: Resilient Growth	<a href="#">Download Report</a>
Banking in Emerging Markets – GCC FinTech play 2017	<a href="#">Download Report</a>
Islamic Finance News 2017 – Annual Guide	<a href="#">Download Report</a>
2016 Women in Islamic Finance & Islamic Economy Report	<a href="#">Download Report</a>
Venture Capital: Building the next phase of economic development in Bahrain	<a href="#">Download Report</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.

### Contact Info:

Ayse Nur Aydin  
+90 212-385-3445  
aaydin@worldbank.org