

ISLAMIC CAPITAL MARKET QUARTERLY BULLETIN

2ND QUARTER 2013

This bulletin focuses on the Islamic Capital Market (ICM) news and developments in the Maldives during the second quarter of 2013.

OVERVIEW OF THE QUARTER :

During the quarter, CMDA celebrated the second anniversary of the Capital Market Shariáh Advisory Committee (CMSAC). After two years of operations, CMSAC was renamed as Capital Market Shariáh Advisory Council (CMSAC) on its anniversary date, 5th May 2013. The objective of this change is to strengthen the operations of the Council under the CMSAC Regulation. The composition and the members of the Council remains the same after the name change.

The main focus of the quarter was the development of a Sukuk Market in light of the Sukuk Market Development Project conducted with assistance from IDB. Furthermore, ICM education and awareness programs were conducted in anticipation that the number of ICM players and products will increase in the market along the process.

Another important focus of the quarter was the COMCEC Islamic Finance Task Force Report. As the Co-Chair, CMDA was involved in the Task Force research on ICM infrastructures.

It is hoped that the work undertaken during the quarter will assist the orderly development of ICM in the Maldives.

All queries with regard to the content of this report should be addressed to the Research & Publication Section (RPS) of the CMDA via email to mail@cmda.gov.mv or contact the Information Officer on (960) [3014121](tel:3014121).



MEETING OF CMSAC

The CMSAC met two times during the quarter and the following matters were discussed.

Shariáh Screening of Amāna Takaful (Maldives) PLC.

CMDA conducted a Shariáh review of Amāna Takaful (Maldives) PLC. (ATM) upon receipt of their Audited Financial Statements (2012) under the Guidelines on Shariáh Compliance Review for Pre IPO Securities.

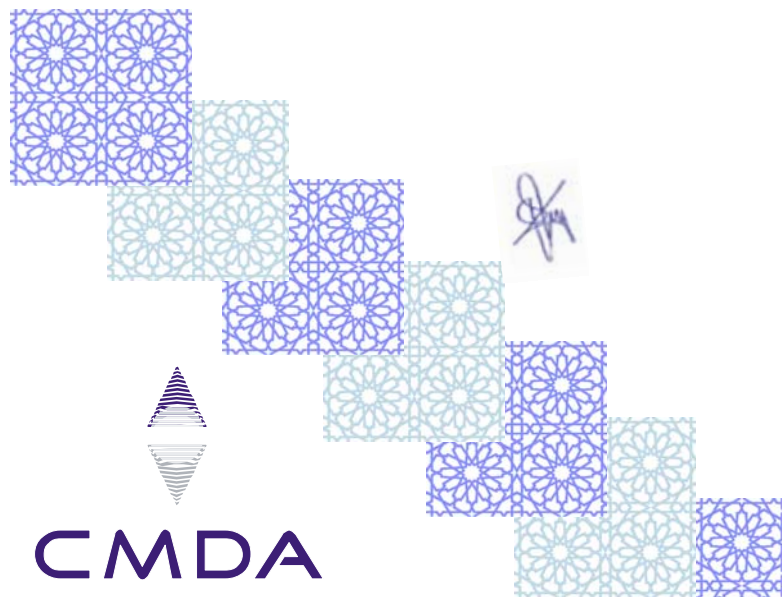
The observations from the review were discussed in the Council and it was concluded that ATM has complied with the Shariáh standards stipulated in the Shariáh Screening Guidelines.

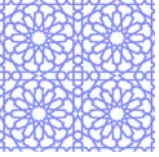
The revised Shariáh Screening Regulation requires bi-annual screening of all Shariáh compliant companies listed on the Maldives Stock Exchange. This regulation has been passed by the CMDA Board of Directors on recommendation by CMSAC and will come into effect when gazetted.

ICM Development

Discussions related to ICM development during the quarter focused on Sukuk Market development.

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CMDA has been working with Housing Development Finance Corporation Plc. (HDFC) for issuing a Sukuk. The Sukuk structure of HDFC was endorsed by the CMSAC & CMDA Board of Directors. Furthermore, the Sukuk prospectus of HDFC is under discussion by CMSAC. It is hoped that a Sukuk will be issued in the Maldives Capital Market in the near future.



Courtesy visit by Dr. Asyraf Wajdi Dusuki, CMSAC consultant

HDFC SUKUK ISSUANCE

Housing Development Finance Corporation (HDFC) Plc. is the first public listed company in the Maldives that has submitted information memorandum to issue a listed Sukuk in the Maldives Stock Exchange. Below is an interview with HDFC on proposed Mudharabah Sukuk.

What is the nature of Sukuk that you are going to introduce?

We are issuing a Sukuk based on Mudharabah contract. The amount we are hoping to raise is MVR 50 Million. We will be utilizing the funds from Sukuk issue to disburse Islamic financing facilities via HDFC "Amna", our Islamic wing. Sukuk profits would be bi-annually distributed.

When is the date scheduled for the issuance?

We are hoping to issue the Sukuk during Ramadan.

What is the face value of the Sukuk?

We set MVR 500 as the face value of Sukuk. We will not only target institutional investors, but individual investors also to benefit from our issue.

Is it difficult to structure a Sukuk?

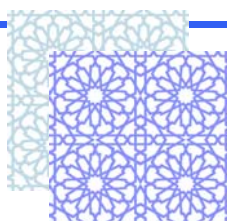
The structuring of Sukuk is not difficult as we had used experts in doing so. Our Islamic Finance Consultant who is also the Shari'ah adviser for our Sukuk structured it, and our Shari'ah advisory body endorsed it.

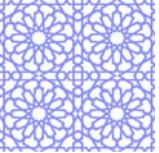
Do you think there will be demand for Sukuk in the Maldives?

Our Sukuk will be a benchmark Sukuk in terms of documentation and pricing, which would lay the foundation of Sukuk market in the Maldives. Sukuk is important to Maldives due to the existence of Islamic financial institutions in the Maldives. The National Pension Fund, Maldives Islamic Bank Pvt. Ltd, Amāna Takaful (Maldives) PLC. and Islamic Trust Funds managed by Ministry of Islamic Affairs like Zakat and Mosque Waqf funds are searching for Shari'ah compliant avenues to manage their liquidity. As such, HDFC Mudharabah Sukuk would be the first corporate Sukuk in the country to facilitate these entities that need Islamic liquidity management solutions.

EXPRESSION OF INTEREST FOR SUKUK ISSUANCE

During the quarter, Maldives Transport and Contracting Company Plc. (MTCC), company expressed interest to issue a Sukuk to raise Finance for some projects. It was identified that the first step would be to create awareness on ICM among the company staff. As such, two ICM awareness workshops were conducted for staff of MTCC.





COMCEC ISLAMIC FINANCE TASK FORCE REPORT

SC Malaysia (Chair) & CMDA (Co-Chair) decided that the research of the Islamic Finance Task Force would be “Enhancing Infrastructure for ICM”. The surveys for the research were formulated and sent to all member countries for which eleven countries responded.

SC Malaysia and & CMDA worked on the first draft of the research report during the quarter. CMDA attended conference calls with SC Malaysia to discuss various observations related to legal, tax & regulatory framework, Shari’ah governance, talent development and products and services for ICM development.

It is hoped that the report can be finalized in the next quarter and the presentation will be carried out in the annual meeting of COMCEC Capital Market Regulators Forum which is tentatively schedule for 19th September 2013 in Turkey.

EDUCATION & AWARENESS

- ◇ Two Awareness workshops on Islamic Capital Market was conducted for MTCC staff.



- ◇ Islamic Capital Market Awareness Workshop on the theme “Responsibilities of Ulama’ in Islamic Finance & Introduction to Takaful” in collaboration with Ministry of Islamic Affairs & Amāna Takaful (Maldives) PLC held on 11th May 2013.
- ◇ Dissemination of ICM information in the

Islamic fair conducted by the Ministry of Islamic Affairs on 5th May 2013.

- ◇ Media interview on Islamic Finance with MBC Kurimagu Program.
- ◇ Islamic Capital Market Training Workshop on basics of Islamic Finance in collaboration with Ministry of Islamic Affairs & Amāna Takaful (Maldives) PLC held on 11th April 2013.



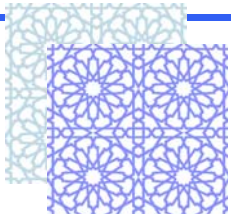
- ◇ ICM awareness through the National Finance Literacy Initiative of CMDA (NFLI) to the staff of Ministry of Home Affairs on 15th June 2013.

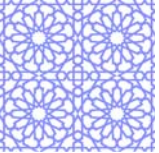


TRAINING COURSE ON OPERATIONS OF ISLAMIC CAPITAL MARKET

IRTI, the research arm of IDB has agreed to host the annual event “Training Course on Operations of Islamic Capital Market” for the year 2013 which has been conducted every year since 2011. This year, the event will be held from 25th to 29th August 2013.

The objective of this course is to enhance the operational knowledge about Islamic Capital Market and supplementary components among stakeholders and fuse a stronger understanding of Islamic Finance principles in Maldives financial sector.





INTERNATIONAL EVENTS

Head of Islamic Finance of CMDA and the Chairperson of CMSAC, Uza. Aishath Muneeza participated as a lecturer/ panelist/ speaker in the following international forums and discussed ICM development in the Maldives with regard to the respective Forum titles.

- ◇ Islamic Finance News Forum Singapore, an event organized by REDmoney on 3rd April 2013.
- ◇ International Islamic Finance Conference in Park Hyatt Abu Dhabi Hotel, Abu Dhabi, UAE held from 14th to 16th April 2013.
- ◇ Fifth International Course on Islamic Capital Market organized by Securities Exchange Organization (SEO) Iran and IRTI on 28th to 30th April 2013, Tehran, Iran.
- ◇ International Conference on Islamic Finance held from 25th to 26th June 2013 in Abuja, Nigeria.

INCEIF CIFP

Under the MoU signed with International Center for Education in Islamic Finance (INCEIF), CMDA is in the process of introducing Chartered Islamic Finance Professional (CIFP) programs to the Maldives. With the growing interest in Islamic Finance Industry, it is our objective to build institutional capacity by providing an opportunity for various individuals and institutions to participate in an internationally recognized program.

The objective of the initiative to conduct CIFP in the Maldives is to provide the opportunity to the Maldivians to participate in an Islamic Finance professional program at the best affordable price with greater convenience.

Negotiations are ongoing with INCEIF to finalize the Memorandum of Agreement (MoA) for the CIFP initiative. It is hoped that the program will commence in the near future.

ISLAMIC FINANCE NEWS/DEVELOPMENTS

- ◇ The 10th Islamic Financial Services Board Summit 2013 was held in Kuala Lumpur, Malaysia from 16th to 17th May 2013 to mark the 10th IFSB Anniversary, since it started operations in 2003. The Governor of the Central Bank of Maldives, MMA participated in this event. The key leaders in the Islamic Financial services industry shared their thoughts on the industry's developments following the global financial crisis, namely in the areas of regulatory reforms, cross-sectorial approach to the regulation of Islamic Finance and prospects and challenges for new jurisdictions.
- ◇ The 38th Annual Meeting of the Islamic Development Bank Group was held in Dushanbe, Tajikistan from 18th to 22nd May 2013. The IDB Governor of Maldives participated in this event. The meeting provided a unique opportunity to meet leading business experts and decision makers from Islamic world and establish sustainable relationships.

Upcoming Events

- *Training course on Islamic Capital Market in collaboration in collaboration with IRTI/IDB, from 25th to 29th August 2013.*

"Wish you a blessed Ramadan!"

