

ISLAMIC CAPITAL MARKET SEMINAR 22 JANUARY 2008

Organized By



Hosted By



As part of the first initiative of the CMDA to implement its long term goal of developing an Islamic Capital Market in the Maldives, CMDA and IFSB jointly conducted the inaugural seminar on Islamic capital markets in the Maldives held on the 24th January 2008.

Introduction

The Islamic Financial Services Board and the Capital Market Development Authority jointly organized a seminar on Islamic Capital Market. The seminar was held at Nassandhura Palace Hotel on the 24th of January 2008.

This inaugural seminar was the first initiative of the CMDA to implement its long term goal of an islamic capital market in the Maldives. The areas which were covered in the seminar include:

- An overview of the Islamic Capital Market and Issues in the development of islamic capital markets
- Islamic Capital Market Products
- Shari'ah Screening Process
- Regulation of Islamic Capital Market.

A total of sixty individuals participated in the seminar. The Chief Guest of the seminar was the newly apointed Auditor General of Maldives, Honorable Ibrahim Naeem. In his speech, honorable Naeem highlighted the importance of islamic capital markets in the world of finance. He also stressed the need for introducing islamic capital market products to the Maldives and also mentioned about the efforts made to introduce Islamic Banking to the Maldives.

The welcoming remark was given by the Chairman of Capital Market Development Authority, Mr. Abdul Ghafoor Abdul Latheef. Mr. Latheef also highlighted the importance of introducing islamic capital market products such as Sukuk bonds to the Maldives Stock Exchange and also stressed the importance of developing an islamic capital market as a subset of the Maldives capital market.

Following the opening remarks, the Chairperson of the Seminar, Chief Executive Officer of CMDA, Ms. Fathimath Shafeega invited the Speakers to start their presentations and continued with the sessions.

Agenda

TIME	PROGRAMME
8:30	Registration
9:00 - 9:30	<p data-bbox="451 359 850 390"><i>Recitation of the Holy Quran</i></p> <p data-bbox="451 432 743 464"><i>Welcoming Remarks</i></p> <ul data-bbox="500 506 1354 573" style="list-style-type: none"> <li data-bbox="500 506 1321 537">• Mr. Abdul Ghafoor Abdul Latheef, Chairman of CMDA <li data-bbox="500 541 1354 573">• Mr. Abdullah Haron, Assistant Secretary General, IFSB
	<p data-bbox="451 657 623 688"><i>Chairperson</i></p> <ul data-bbox="500 730 1380 762" style="list-style-type: none"> <li data-bbox="500 730 1380 762">• Ms. Fathimath Shafeega, Chief Executive Officer of CMDA.
9:30 – 10:30	<p data-bbox="451 877 1380 945"><i>Session 1: An Overview of the Islamic Capital Markets and Issues in their Development</i></p> <ul data-bbox="500 987 1338 1241" style="list-style-type: none"> <li data-bbox="500 987 1338 1054">• General characteristics of ICM and its role in Islamic Financial Services Industry <li data-bbox="500 1058 867 1089">• Intermediaries of ICM <li data-bbox="500 1094 964 1125">• Legal infrastructure for ICM <li data-bbox="500 1129 1127 1161">• Islamic asset securitization framework <li data-bbox="500 1165 964 1197">• Recent development in ICM <li data-bbox="500 1201 753 1232">• Q&A Session <p data-bbox="451 1283 607 1314"><u>Speakers:</u></p> <p data-bbox="451 1318 1338 1386">Idjarmizuan Ibrahim, Assistant Project Manager, IFSB (MCWG APM)</p> <p data-bbox="451 1428 1380 1459">Professor Simon Archer, University of Surrey (MCWG Consultant)</p> <p data-bbox="451 1501 1101 1533"><i>Photo Session (Participants and Speakers)</i></p>
10:30–11:00	Coffee Break
11:00–12.00	<p data-bbox="451 1656 1062 1688"><i>Session 2: Islamic Capital Market Products</i></p> <ul data-bbox="500 1730 1127 1829" style="list-style-type: none"> <li data-bbox="500 1730 1127 1761">• Challenges in developing ICM product <li data-bbox="500 1766 850 1797">• Rating issues in ICM <li data-bbox="500 1801 1078 1829">• Overview on selected ICM products

	<ul style="list-style-type: none"> • Securities • Real Estate Investment Trust • Derivatives • Islamic stock index • Sukuk • Overview on selected ICM products • Q&A Session <p><u>Speakers:</u> Mr. Mark St. Giles, Managing Director, The FIRST Initiatives</p> <p>Dr. Md. Nurdin Ngadimon, Senior Shari’ah Specialist, Islamic Capital Market, Securities Commission Malaysia (SGWG Member)</p>
12.00–13:30	Lunch hosted by CMDA in honor of the ISB members.
13:30–15:00	<p><i>Session 3: Shari’ah Screening Process</i></p> <ul style="list-style-type: none"> • General overview of the process in determining compliance of financial/investment products to Shari’ah principles • Role of Shari’ah Advisory Board • Shari’ah Governance standard • Q&A Session <p><u>Speakers:</u> Dr. Mousa Adam Eisa, Manager, Shariah Compliance Officer and Secretary to Shariah Committee Board, The National Commercial Bank, Kingdom of Saudi Arabia (SGWG Member)</p> <p>Dr. Md. Nurdin Ngadimon, Senior Shari’ah Specialist, Islamic Capital Market, Securities Commission Malaysia (SGWG Member)</p>
15:00–15:30	Coffee Break
15:30–17:00	<p><i>Session 4: Regulation of Islamic Capital Market</i></p> <ul style="list-style-type: none"> • Objectives of Securities Regulation in ICM • Issues/challenges identified by regulators in regulating Islamic Capital Market (risks, disclosure, investor

protection, frauds)

- **Cross-sectoral regulatory approach**
- **Standards required in areas of the Islamic capital segment**
- **Role of IFSB and IOSCO**
- **Q&A Session**

Speakers:

Simon Gray, Director Of Supervision, Dubai Financial Services Authority, UAE (MCWG)

Jamal Abbas Zaidi, Chief Executive Officer, Islamic International Rating Agency, Bahrain

End of Seminar

Opening Remarks

Opening Remarks by the Chairman of the Capital Market Development Authority - Mr. Abdul Ghafoor Abdul Latheef

The Auditor General Honorable Ibrahim Naeem, distinguished members of the International Financial Services Board, International Experts, Ladies and Gentlemen...

Assalaamu Alaikum and a very good morning!

I would like to extend a very warm welcome to all our distinguished participants to the Seminar on Islamic Capital Markets. It gives me great pleasure to give the opening remarks of this seminar which is jointly organized by the Capital Market Development Authority and the Islamic Financial Services Board. I am pleased to be with you, this morning, at this important seminar, which I believe is a critical initiative in promoting capital market in our country.

Ladies and Gentlemen!

This is a historical day as we have started a new chapter in our capital market. The government stock exchange operations which were started 6 years ago in 2002 were transferred to a licensed private sector stock exchange effective from today. We are proud of the fact that we have maintained our small exchange as a best practice exchange. Currently we have a market capitalization of more than 200 million dollars which is relatively higher than some of the regional markets. Today, our market capitalization accounts for nearly 8% of our GDP. Evidently Maldives, with the highest per capita in the region, has strong potential for a thriving capital market. Islamic capital market products are one of the means which we can use to realize this potential. Thus, a thriving stock exchange needs new products and services.

This seminar is a learning ground for our newly licensed stock exchange and other market participants to improve on the standards that the CMDA has strived to maintain within the past years of capital market development.

Ladies and Gentlemen!

We are having discussions with IFSB in relation to areas where we can collaborate to pave the way for the Islamic market products as a subset of our overall capital market development initiatives. In order to facilitate this development, we hope to become a member of IFSB by March this year. We are confident that, with the help and guidance of Professor Rifath, we will be able to establish a good network with international regulators and tap into their expertise.

Ladies and Gentlemen!

CMDA is also in the forefront paving the way for good corporate governance in the Maldives. We are taking initiatives to promote good corporate governance in Maldives as part of our regulatory mandate to maintain market confidence. Definitely, good governance principles started with Islam. As such, we believe this seminar will also further enhance a better understanding of good governance principles in Islamic capital market regulation.

I would like to again thank our distinguished panel of speakers of this seminar

I trust that IFSB and other international agencies supporting this cause and all the participants will make this seminar a success. I would also like to thank the Government of Maldives, private sector and all other stakeholders who have contributed to the development of capital market in Maldives.

Thank you

24th January 2008

Speaker's Profile

PROFESSOR SIMON ARCHER

IFSB Consultant

Simon Archer is a Professor at the University of Surrey, Guildford, UK. After studies in Philosophy, Politics and Economics at Oxford University, he qualified as a Chartered Accountant and joined Price Waterhouse in Paris, where he became a Partner in charge of Management Consultancy Services. His main areas of research are international accounting and Islamic financial Institutions.

IDJARMIZUAN IBRAHIM

Assistant Project Manager, IFSB

Idjarmizuan Ibrahim is Assistant Project Manager at the Islamic Financial Services Board. He has 11 years of working experience ranging from corporate finance, investment research, fund management, capital market regulations and is now managing a working group on Guiding Principles on Conduct of Business at the IFSB.

MARK ST.GILES

Managing Director, the FIRST Initiatives (IFSB Consultant)

Mark St. Giles is one of the two principals of Cadogan Financial, the leading consulting firm in the development of asset management in emerging markets worldwide. Mr. St. Giles has extensive experience of asset management, both as an investment manager and as managing director of asset management companies managing substantial sums for institutional and private clients.

DR. MD. NURDIN NGADIMON

Senior Specialist (Shariah), Islamic Capital Market Department, Securities Commission (SC), Malaysia

Dr. Md. Nurdin Ngadimon is the Senior Specialist (Shariah) attached to the Islamic Capital Market Department, Securities Commission (SC), Malaysia. His main responsibilities include supervising research and development activities related to Shariah issues pertaining to Islamic capital market products. He is also involved in coordinating and supervising the development of national policies and guidelines for the Islamic capital market in Malaysia.

DR. MOUSA ADAM EISSA

Advisor and Shari'ah Compliance Manager, The National Commercial Bank,

Saudi Arabia

Doctorate Degree in Islamic Economics with distinction 1990 – 1991 from the College of Shariah and Islamic Studies at Um Al Qura University, Makkah Al Mukaramah (the subject of the thesis; Monetary & Real Equilibrium in Islamic Economics, Theoretical Comparative Study with Capitalist Economics) and a Master Degree in Islamic Economics with distinction.

SIMON GRAY

Director of Supervision, Dubai Financial Services Authority, UAE

Simon joined the DFSA in 2006 as Director, Supervision covering asset management, banking and insurance and his remit includes the supervision of Islamic Financial Institutions as well as conventional Firms offering Islamic Windows. Simon has spent much of his working life in the private sector with senior roles including Baring Asset Management.

JAMAL ABBAS ZAIDI

Chief Executive Officer, Islamic International Rating Agency, Bahrain

Mr. Jamal Abbas Zaidi is the Chief Executive Officer of Islamic International Rating Agency (IIRA). Mr. Zaidi has over 30 years experience in financial and general management in different countries. He has worked for a number of financial institutions including the World Bank. Prior to his appointment in IIRA, Mr. Zaidi was Executive Vice President and member of rating committee of JCR-VIS Credit Rating Company.

Closing Remarks

By: Fathimath Shafeega

CMDA is very proud to hold the first inaugural seminar on Islamic Capital Markets in the Maldives. This seminar is the start of a series of seminars that we intend to conduct in future.

I believe that the distinguished speakers have given us a very clear insight of the development of Islamic capital markets and its products. I am certain that what we have learnt here today is going to be utmost importance in our efforts to further strengthen the capital market in the Maldives. Today we opened the doors of a private sector exchange. A private sector stock exchange comes with lots of hopes and challenges. One of the key challenges ahead would be bringing new investment opportunities to the investors and increase the liquidity in the market. I believe that what we have learnt today could be a gateway to achieve this objective.

On behalf of the CMDA and all the participants, I would like to thank Islamic Financial Services Board for collaborating with us to organize this seminar in the Maldives. I would also like to extend my sincere thanks to Professor Rifath Ahmed Abdel Karim for his dedicated assistance, cooperation and advice. We are hopeful that by the assistance of IFSB we would be able to get the expertise that we lack in our country to develop and strengthen much needed Islamic capital market products here in Maldives. I would also like to express my heartiest thanks to all the distinguished speakers for sharing their knowledge and expertise with us today.

Indeed, the developments in the capital market in the Maldives have come with the assistance and cooperation from many stakeholders, particularly the Government of the Maldives, the public companies, the media and generally the private sector. We appreciate and thank for their contribution.

Finally, I am grateful to all of you for your participation, and hope that you have derived good knowledge and insights to Islamic Capital Markets from this seminar. With this few words I conclude the seminar on Islamic Capital Market.

24 January 2008

Thank you,

Attendance

Panel of Speakers & Chairperson

Professor Simon Archer	MCWG Consultant	University Of Surrey
Idjarmizuan Ibrahim	Project Manager	IFSB
Mark St.Giles	Former Managing Director of FIRST Initiative	Cadogan Financial (consulting firm)
Dr.Md Nurdin Ngadimon	Senior Sharia'ah Specialist	Securities Commission Malaysia
Dr. Mousa Adam Eisa	Sharia'ah Compliance officer & secretary to Sharia;ah Committee Bard	National Commercial Bank/Saudi Arabia
Simon Gray	Director of Supervision	Dubai Financial Services Authority
Jamal Abbas Zaidi	CEO	Islamic International Rating Agency, Bahrain
Abdullah Haron	IFSB	Assistant Secretary General
Fathimath Shafeeqa	CEO	CMDA

Participants

Abdulla Saeed	Operation Director	First Option
Ali Hashim	Managing Director	Maldives Stock Exchange Company
Ibrahim Waheed	Business Development Officer	First Option
Aishath Rizna	Registrar	Civil Court/ Min Of Justice
Hassan Manik	Director	VICRA company
Abdul Majeed Ali	J. Executive Officer	Bank of Cylon
Aishath Nuga Abdul Gadeer	Deputy Manager	Bank of Maldives
Aishath Nalini	Asst Senior Officer	Bank of Maldives
Usamath Ismail	Director	Amin Construction
Aishath Samah	Legal Officer	Bank of Maldives
Ms. Ho Oi Khuen	CEO	Bank of Maldives
Ms. Aishath Noordeen	Assistant General Manager	Bank of Maldives
Ms. Fathimath Manike	Assistant General Manager	Bank of Maldives
Ahmed Ifthikhar	Registrar of Companies	Min of Economic Development & Trade

Khadeeja Hassan	Adviser to the Governor	Maldives Monetary Authority
Sheeza Ahmed	Deputy Council	Maldives Monetary Authority
Mahjoob Shujau	Managing Director	Hulhumale Development Corporation
Raeefa Abdul Wahhaab	State Attorney	Attorney General Office
Shaukath Ibrahim	Deputy Commissioner	Commissioner of Elections
Aishath Asna Hamdi	Asst. Undersecretary	Min of Finance & treasury
Ibrahim Firushan	Director	Min of Finance & Treasury
Shareefa Mossa	Secretary	Min of Gender & Family
Hawwa Yumna	Asst Manager/ Accounts	Male' Water & Sewerage Company Pvt Ltd
Raheema Saleem	Managing Director	Housing Development Finance Corporation Plc
Ahmed Inaz	Assistant Director	Min of Planning & national Development
Ibrahim Rafiu	Senior Accountant	Maldives Transport & contracting Company
Moosa Rasheed	Supervisor	Island Aviation Services Ltd
Ahmed Siddeeq	S. Accounts Officer	Ministry of Education
Ahmed Yoosuf	Deputy Director	Ministry of Education
Yoosuf Saeed Moosa	Ass. Director	High Court of Maldives
Ibrahim Rasheed	CEO	Aariya Securities Pvt Ltd
Ahmed Hassan Didi	Broker	Aariya Securities Pvt Ltd
Aishath Nahidha	Senior Officer	State Trading Organization Plc
Sana Mansoor	Deputy Director	State Trading Organization Plc
Mohamed Abdul Sattar	Ass. Director	State Trading Organization Plc
Adnan Ibrahim	Dept. Director	State Electric Company
Ibrahim Athif	Dept. Director	State Electric Company
Mohamed Amir	Management Analyst	Maldives Industrial Fisheries Company
Muhammad Azam	Finance Manger	ICIEC (Islamic Development Bank)

Khaleel Masoodh	-	Financial Market Consultant
Salbiah Amran	Manager	Bank Negara, Malaysia

CMDA Officials

Azleema Ahmed	Manger - Investor Education & Market Development	CMDA
Shabab Rasheed	Manger Legal Affairs	CMDA
Aiminath Mohamed Didi	Manger - Corporate Affairs	CMDA
Ibrahim Saleem	Internal Auditor	CMDA
Makhzoom Saleem	Manger - Market Regulation, Supervision & Enforcement	CMDA
Raheema Abdul Gadir	Deputy Manager - Corporate Affairs	CMDA
Mariyam Visam	Deputy Manager	CMDA
Idrees Ismail	Deputy Manager - Investor Education & Market Development	CMDA