



## **P R E S S   R E L E A S E**

Please see foot of release for contact details

IIFM/2007/01

Tuesday, January 30, 2007

release: immediate

### **IIFM, ICMA sign MoU to develop standardised market practices for sukuk industry**

(London and Manama, Bahrain)– 30 January 2007 – The International Capital Market Association (ICMA) and the International Islamic Financial Market (IIFM) have today signed a Memorandum of Understanding (MoU) to facilitate joint work in the development of international Islamic financial markets.

The London-based ICMA and Bahrain-based IIFM will focus their work on the sukuk (Islamic bonds) market, which has grown to over US\$40 billion in just a few years and is increasingly attracting non-Islamic financial institutions and firms.

ICMA and IIFM will collaborate to develop standardised contracts and documentation as well as market practices for sukuk.

The MoU was signed today in London, at the 6<sup>th</sup> Annual Islamic Finance Summit, being held on 30 & 31 January 2007. The agreement was signed by Mr. Hans-Joerg Rudloff, Chairman of ICMA, and Mr. Ijlal Alvi, Chief Executive Officer of the IIFM.

Present at the signing ceremony were Ed Balls, Member of Parliament and Economic Secretary to the UK Treasury and H.E. Rasheed Mohammed Al Maraj, Governor of the Central Bank of Bahrain.

"The signing of this MoU between the IIFM and ICMA is a significant step forward in the development of a key segment of the global Islamic financial services industry (IFSI)," said Khalid Hamad, Vice Chairman of the IIFM and Executive Director, Banking Supervision, at the Central Bank of Bahrain (CBB).

Standardisation and uniformity are critical to the further growth and advancement of the IFSI, in general, and to the Islamic capital and money markets, in particular.

"This MoU will enable the IIFM and ICMA to address critical market issues, through shared expertise and through consultation with industry. I am positive the exchange of ideas will result in much-needed innovative solutions for the long term benefit and growth of the Islamic finance industry," said Mr. Hamad.

Mr. Alvi said the Islamic finance industry has entered a new phase of dynamism, particularly in the area of product development.

"Sukuks were the first Islamic products to be launched in 2000. Since then, sovereign and corporate sukuk in excess of US\$47 billion have been issued, and sukuk issuance is expected to surpass the US\$150 billion mark by 2010," he said.

"As an organisation committed to the promotion and development of the global Islamic capital and money markets, the IIFM is delighted to partner with ICMA in laying a firm foundation for the future growth of the Islamic finance industry, in general, and the sukuk market, in particular."

René Karsenti, Executive President of ICMA, said: "As in the early days of the international debt market in Europe, the Eurobond market, there is now an immediate need for the formal establishment of best market practice in issuance, trading and regulation of sukuk, to enable the market to develop further." ICMA has, since the inception of the international capital market in Europe, provided and enforced the self-regulatory framework of rules for best practice in all areas, which has been a key factor in the market's successful growth. ICMA has also invested significantly in education via the ICMA Centre at the University of Reading.

“Facilitating the expansion of the fairly new sukuk market now in such an early stage of its development is both an exciting and an important project for our Association and its international membership. We are proud to have been chosen by such an influential organisation as the IIFM as their partner in this enterprise,” said Mr. Karsenti.

Under the terms of the MoU, ICMA and IIFM will develop best practices and common high standards, aimed at underpinning the efficiency and soundness of Islamic financial market activity.

The two institutions will establish a joint working group to develop standardised contracts, standardised language, standard practices for secondary market transactions and standardised practices in trading of sukuk and other Islamic financial instruments.

“We will be consulting with market players in prioritizing projects as the intention is primarily to focus on market needs. We will utilize IIFM’s market-based approach by including industry players in our working group,” said Mr. Alvi.

ENDS

## **Notes for editors**

### **International Islamic Financial Market**

The International Islamic Financial Market (IIFM) was established in Bahrain in 2002 by the Islamic Development Bank, the central banks of Bahrain, Malaysia, Sudan and Indonesia and the Brunei Finance Ministry.

The mission of the IIFM, a globally-focused non-profit institution, is to develop the primary Islamic and short term financial market and, subsequently, the creation of a secondary market for Islamic financial instruments. IIFM is also focused on the advancement and standardization of Islamic financial instrument structures and contracts, infrastructure development, Islamic management system, issuance of guidelines and enhancing cooperation among the world’s Islamic financial institutions. For more information about the IIFM, please visit the IIFM website at [www.iifm.net](http://www.iifm.net)

### **International Capital Market Association (ICMA)**

The International Capital Market Association (ICMA) is the self-regulatory organisation and trade association representing constituents and practitioners in the

international capital market worldwide. ICMA's members are located in 48 countries across the globe, including all of the world's main financial centres, and currently number some 400 firms in total. ICMA performs a crucial central role in the market by providing and enforcing a self-regulatory code of industry-driven rules and recommendations which regulate issuance, trading and settlement in international fixed income and related instruments. ICMA liaises closely with regulatory and governmental authorities, both at the national and supranational level, to ensure that financial regulation promotes the efficiency and cost effectiveness of the capital market.

[www.icma-group.org](http://www.icma-group.org)

For further information, please contact:

**International Capital Market Association (ICMA)**

Allan Malvar  
Communications  
Ph: +44 20 7510 2091

Margaret Wilkinson  
Communications  
Ph: +44 20 7538 5656

**International Islamic Financial Market**

Mansoor Haroon  
Ph: +973 17500161  
Fax: +973 17500171  
E-mail: [iifm@batelco.com.bh](mailto:iifm@batelco.com.bh)