

The IFSB bulletin

Volume 3 Issue 2 | Oct 2015



ISLAMIC FINANCIAL SERVICES BOARD

Welcome Message from the Secretary-General

The 12th IFSB Summit in May this year saw the IFSB's landmark annual event held for the first time in Central Asia. Hosted by National Bank of Kazakhstan, the 3-day event in Almaty, Kazakhstan began with Pre-Summits on 19 May, followed by the main Summit on 20 and 21 May 2015. The five Pre-Summit events saw the participation of key global multilateral organisations, which added a distinctive value to the main Summit proceedings.

The IFSB launched its 3rd Islamic Financial Services Industry (IFSI) Stability Report 2015 during the Summit. The Report was launched by H.E. Kairat Kelimbetov, Governor, National Bank of Kazakhstan (NBK). The events of the IFSB Summit are covered on pages 2-4.

The IFSB also renewed its Memorandum of Understanding (MoU) with INCEIF – The Global University of Islamic Finance, for collaboration on capacity building and awareness promotion for the global IFSI on 19 May 2015. A key initiative under the previous MoU was the joint organisation of the high-level

IFSB-INCEIF Executive Forums on pertinent industry-related issues. This and other capacity building initiatives will continue in the new MoU.

The Secretariat is now preparing for the 27th Meeting of the IFSB Council, which will be hosted by the Islamic Development Bank on 8 December 2015 in Jeddah, Saudi Arabia.

In the last quarter of the year, the IFSB has also lined-up three Facilitating the Implementation of the IFSB Standards (FIS) Workshops for Regulators scheduled on 19 October and 16 November 2015, and a joint programmes. The 8th IFSB-INCEIF Executive Forum on 1 December 2015. All the events will be held in Kuala Lumpur.

In a major milestone, the IFSB has also released the first set of PSIFIs data from 16 member countries in April this year, which are available for download at the IFSB website. Currently a new set of data for the four quarters of 2014 is being collected and reviewed by the IFSB and targeted for dissemination in the fourth quarter of 2015.

Do visit the IFSB website (www.ifsb.org) to see the details of the upcoming IFSB activities.

Jaseem Ahmed



A Visit by Their Excellencies

H.E. Mubarak Rashed Khamis Al Mansoori, Governor, Central Bank of the United Arab Emirates, H.E. Bilal San, Governor, Central Bank of the Turkish Republic of Northern Cyprus and Summit host, H.E. Kairat Kelimbetov, Governor, National Bank of Kazakhstan visiting the exhibition hall during the 12th IFSB Summit in Almaty, Kazakhstan.

The IFSB Launches the IFSI Stability Report 2015 in Kazakhstan

The Islamic Financial Services Industry Stability Report 2015 was launched by H.E. Kairat Kelimbetov, Governor of the National Bank of Kazakhstan and Mr. Jaseem Ahmed, Secretary General of the IFSB in the opening session of the 12th Summit on 20 May 2015.

The Secretary-General of the IFSB, Mr. Jaseem Ahmed said, "The issuance of the IFSB's third Islamic Financial Services Industry Stability Report takes place at a time of continuing concern over a fragile and uneven global economic recovery, and the potential for volatility in the financial sector. Against this backdrop, the regulatory changes to the capital and liquidity framework initiated by the Group of Twenty (G20) and the Financial Stability Board (FSB) has seen the issuance of a range of guiding principles by the IFSB, culminating in two standards in 2015, on liquidity management and on core principles."

These standards set the stage not only for the integration of the IFSI into the global economy, but also into the global surveillance mechanism for financial stability.

In essence, the IFSI Stability Report 2015 discusses the following topics:

- **An overview of the IFSI** as well as updates on trends and developments in the three sectors of the industry-Islamic banking, the Islamic capital market and *Takaful*. It also assesses the resilience of the Islamic financial system, which includes technical analysis of selected indicators as well as assessment of risks and vulnerabilities in the sectors
- **Initiatives undertaken by international standard-setting bodies** to further ensure the stability of the financial institutions and markets, as well as the implications of such reforms for institutions offering Islamic financial services (IIFS). It also reviews the progress of various projects and initiatives undertaken by the IFSB to enhance the supervisory framework so as to ensure stability and soundness of the IFSI
- **Surveillance framework for the global financial system** including identification of the gaps in the global surveillance framework in

the absence of a set of core principles for Islamic finance, which eventually led to the development of an advanced approach to the assessment of supervisory and stability regimes for Islamic finance. It also tracks the implementation mechanisms undertaken by the global standards-setters, which provide a valuable reference for strengthening implementation efforts in the IFSI

- **Emerging issues in Islamic finance** wherein the two issues discussed in the chapter are: (a) financial consumer protection in Islamic finance – in particular, in Islamic finance jurisdictions with growing systemic importance; and (b) the importance of having a global Islamic finance database for financial stability, focusing on the IFSB's initiative on the Prudential and Structural Islamic Finance Indicators (PSIFIs).

The IFSI Stability Report 2015 aims to contribute to a wider cross-border engagement on stability issues in Islamic finance, while helping to strengthen the building blocks needed for greater resilience.

The IFSI Stability Report 2015 is available for download from the IFSB website, www.ifsb.org.

Welcome Message from the Secretary-General	1
The Launching of the IFSB Stability Report 2015	1
Event Highlights	
• Facilitating the Implementation of the IFSB Standards (FIS) Workshops	2
• MoU Signing between the IFSB and INCEIF	2
Pre-Summit Events	3

12 th IFSB Summit	4
Technical Updates	5
IFSB in the International Arena	6
IFSB Membership Updates	7
Events Calendar	7
About the IFSB	8

Facilitating the Implementation of the IFSB Standards (FIS) Workshops



FIS Workshops in Jakarta, Indonesia



FIS Workshop in Istanbul, Turkey



FIS Workshop in Djibouti

The Secretariat conducted four "Facilitating the Implementation of the IFSB Standards (FIS)" Workshops in the period of May to August this year.

The IFSB conducted two three-day Workshops concurrently in Jakarta, Indonesia on 6 - 8 May 2015. These Workshops, hosted by Indonesia Financial Services Authority (OJK), focused on: a) banking and Islamic Capital Market (ICM), and b) *Takāful*. Besides participants from OJK, there were participants from the Indonesian Deposit Insurance Corporation, the Indonesian Association of Banks and numerous banking and *Takāful* institutions. In total, the Workshops were attended by 85 participants.

The Banking and ICM Workshop focused on IFSB-12: Liquidity Risk Management, IFSB-15: Revised Capital Adequacy and IFSB-6: Governance for Islamic Collective Investment Schemes; while the *Takāful* Workshop focused on IFSB-8: Governance for *Takāful* Undertakings, IFSB-11: Solvency Requirements for *Takāful* Undertakings and IFSB-14: Risk Management for *Takāful* Undertakings.

Another Workshop was held in Istanbul, Turkey on 25 and 26 May 2015 and was hosted by the country's three regulatory authorities - Central Bank of the Republic of Turkey, Capital Markets Board of Turkey and Banking Regulation and Supervision Agency of Turkey.

The Workshop mainly covered the topic of liquidity risk management with a specific focus on the recently issued GN-6: Guidance Note on Quantitative Measures for Liquidity Risk Management, as well as other standards for ICM and *Shari'ah* Governance. There were 45 participants in the Workshop from the three regulatory authorities and also market practitioners.

The fourth Workshop was hosted by Banque Centrale de Djibouti and took place from 17 - 20 August 2015 in Djibouti. This four-day Workshop was tailored for the regulatory and supervisory authorities for the banking sector, and the discussion covered an Introduction to Islamic Finance and Islamic Banking Operation, as well as the Standards IFSB-2: Capital Adequacy Standard for Institutions (other than Insurance Institutions) offering only Islamic Financial Services (IIFS), GN-4: Guidance Note in Connection with the IFSB Capital Adequacy Standard: The Determination of Alpha in the Capital Adequacy Ratio (CAR) for IIFS, IFSB-16: Revised Guidance on Key Elements In The Supervisory Review Process of IIFS and IFSB-10: Guiding Principles on *Shari'ah* Governance Systems for IIFS. In total, 31 participants attended the Workshop from the central bank as well as Islamic conventional banks.

MoU Signing between the IFSB and INCEIF



Mr. Jaseem Ahmed and Mr. Daud Vicary during the MoU signing ceremony

The IFSB and INCEIF renewed the Memorandum of Understanding (MoU) to facilitate international cooperation between the two organisations to provide relevant activities relating to capacity building and awareness promotion in Islamic finance.

Mr. Jaseem Ahmed, Secretary-General of the IFSB and Mr. Daud Vicary Abdullah, President and Chief Executive Officer of INCEIF signed the MoU on behalf of their institutions, on the sidelines of the 12th IFSB Summit, on 19 May 2015, in Almaty, Kazakhstan.

Under the first MoU, signed in 2012, the IFSB and INCEIF successfully held a series of six Executive Forums covering a wide range of pertinent topics on Islamic Finance. The IFSB-INCEIF Executive Forums on Islamic Finance aimed to provide a platform for industry's global leaders to discuss selected emerging issues facing the global Islamic financial services industry, emphasising on issues related to supervision and prudential regulation, both at the national and international levels, harnessing from the experiences of a distinguished pool of global experts, academics and practitioners.

The 8th Executive Forum on Islamic Finance will be held on 1-2 December 2015 in Kuala Lumpur, Malaysia.

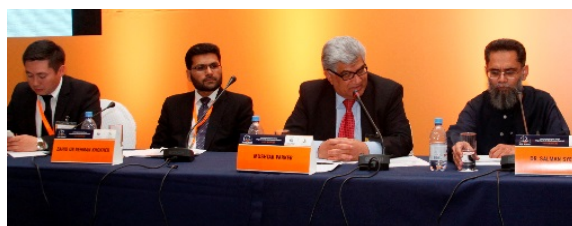
More information on the Executive Forums is available on both the IFSB and INCEIF websites, www.ifsb.org and www.inceif.org.

PRE-SUMMIT EVENTS, 19 MAY 2015



The pre-Summit events held in conjunction with the 12th IFSB Summit, saw a line-up of five sessions held on 19 May 2015. 110 participants attended the pre-Summit sessions including the IFSB members as well as members of the Kazakhstan financial and academic communities.

IFSB-IRTI Session on the Mid-term Review of the IFSI Development: Ten-Year Framework and Strategies



The IFSB-IRTI Session

The Mid-term Review of the Ten-Year Framework and Strategies Report, which was approved by the Council of the IFSB in 2013, provided updated recommendations – categorised as Enablement, Performance and Reach – to reflect the current status of the IFSI. The Report (published in May 2014), highlighted the importance of integration as one of the key success factors for supporting the development and stability of the industry moving forward.

In 12th IFSB Summit, the session themed “Fostering Integration of the Islamic Financial Services Industry for the Orderly Development of the Industry” aimed to (a) discuss the progress of initiatives to foster collaboration and integration of the industry, (b) identify the challenges faced by the industry, in particular new Islamic finance jurisdictions, in implementing such initiatives and (c) measures and initiatives to overcome these challenges.

Mr. Jaseem Ahmed delivered the opening remarks which was then followed by presentations by Mr. Zahid ur Rehman Khokher, Assistant Secretary-General, IFSB and Dr. Salman Syed Ali, Senior Economist, IRTI, IDB Group on “Fostering Integration of the IFSI: Progress of Initiatives and Challenges Faced by the Islamic Finance Jurisdictions”.

Mr. Linar Yakupov, President, Islamic Business and Finance Development (IBFD) Fund, Russia and Mr. Timur Omarov, Head, Islamic Finance Division, National Bank of Kazakhstan were invited as discussants to provide commentaries on the recommendations in the Midterm Review Report from their respective countries perspectives.

Country Showcases

The Country Showcase has been a feature of the IFSB Summit since 2007. This year's Country Showcase featured a Business Forum between INCEIF and Malaysia International Islamic Financial Centre (MIFC), as well as a Kazakhstan Country Showcase by the Association for Development of Islamic Finance (ADIF), Kazakhstan.

Themed, “Internationalisation of Islamic Finance”, the INCEIF-MIFC Business Forum was a thought leadership discourse which provided valuable insights into global fundraising and investment opportunities, with the aim to increase the level of cross border business transactions, explore potential business and create a platform for networking and business engagement amongst participants.

The Forum was chaired by Mr. Daud Vicary Abdullah, President and Chief Executive Officer, INCEIF. Among the panellists were Mr. Rafe Haneef, Chief Executive Officer, HSBC Amanah, Malaysia, Dr. Zamir Iqbal, Lead Financial Sector Specialist and Head of the World Bank Global Islamic Finance Development Centre, Turkey, Mr. Arshad Mohamed Ismail, Executive Vice President, Head, Corporate & Investment Banking, Maybank Islamic, Malaysia and Prof. Dr. Necdet Şensoy, Board Member, Central Bank of The Republic of Turkey. The Forum provided insightful presentations and discussions on Islamic finance opportunities in the CIS region.

The Kazakhstan Country Showcase was moderated by Mr. Timur Rustemov, Director of Education Committee, ADIF. Themed, “New Horizons for Islamic Finance in Kazakhstan”, the panellists include H.E. Nurlan Kussainov, Deputy Chairman, National Bank of Kazakhstan, Mr. Prasad Abraham, CEO, Al-Hilal Islamic Bank, Mr. Samir Taghiyev, Senior Regional Manager, CIS & Europe, ICD, Mr. Kuralay Yeldesbay, Founder & CEO, MIS, Mr. Timur Alim, Founder & CEO, New Finance, Mr. Zaratkazy Nurpiissov, Chairman, ADIF.

The Showcase also saw two MoUs being signed between ADIF and Shariyah Bureau Review, Bahrain and UniRazak, Malaysia and KazNU, Kazakhstan.



Amongst the panelists in INCEIF-MIFC Business Forum



Panelists in Kazakhstan Country Showcase



12th Summit Exhibition

The IFSB also organised an exhibition during the Summit. The exhibition was held from 19-21 May 2015. Among the exhibitors are:

1. Association of Development for Islamic Finance (ADIF), Kazakhstan
2. INCEIF, Malaysia
3. International Turnkey Systems - ITS, Kuwait
4. Jaiz Bank, Nigeria
5. KazAgro Bank, Kazakhstan
6. Maybank Islamic, Malaysia
7. Malaysia International Islamic Financial Centre (MIFC), Malaysia
8. National Bank of Kazakhstan (NBK)
9. Thomson Reuters
10. Tsesnabank JSC, Kazakhstan
11. Vizor Limited, Ireland

The IFSB took this opportunity to create more awareness of its work and activities by displaying the latest publications and standards to the Summit audience at the IFSB booth. The IFSI Stability Report 2015, which was launched during the Summit, and the IFSB-ADB joint publication were distributed at the booth.



The 12th IFSB Summit was held on 20 and 21 May 2015 in Almaty, Kazakhstan, hosted by National Bank of Kazakhstan (NBK). Themed, Core “Principles for Islamic Finance: Integrating with the Global Regulatory Framework”, among the highlights of the Summit were:

- 12th IFSB Summit was launched by the Prime Minister of Kazakhstan, The Right Honourable Karim Massimov. The Government of Kazakhstan and the NBK are making the Republic of Kazakhstan a gateway for the penetration of Islamic finance to the CIS region since 2009. The Republic of Kazakhstan has approved the Roadmap of Development of Islamic Finance which extends until 2020.
- H.E. Kairat Kelimbetov, Governor of the NBK, mentioned that financial system in Kazakhstan allows for the provision of services in the field of Islamic banking, *Takāful*, Islamic leasing and funds, as well as issuance of *Sukūk*.
- The first session, themed, “Global Overview of the Islamic Financial Services Industry (IFS): Trends and Policy Developments” was chaired by H.E. Mubarak Rashed Khamis Al Mansoori, Governor of the Central Bank of the United Arab Emirates. In the session, the speakers highlighted key steps and measures which are needed to support the growth of Islamic finance in CIS countries and other regions.
- The second session, themed, “New Regulatory Developments and the Impact on the Islamic Financial Services Industry”, was chaired by H.E. Dr. Abdulrahman Al Hamidy, Director General and Chairman of the Board, Arab Monetary Fund. The panelist highlighted the new developments in the regulatory landscape which seek to promote financial stability, with a special focus on the implementation of new IFSB standards on liquidity and capital adequacy that complement the global regulatory reforms in these areas.
- The third session, themed, “Role of the Core Principles for Islamic Finance in Enhancing Regulatory Consistency and Resilience of the Industry”, was chaired by H.E. Dr. Maher Sheikh Hasan, Deputy Governor, Central Bank of Jordan. The presenters in this session explicated the need of the industry to have a minimum international standard on the key principles of sound regulatory and supervisory practices to promote effective supervision of the institutions offering Islamic financial services.
- The fourth session, themed, “Enabling Framework for the Assessment of Regulatory and Supervisory Regimes” and was chaired by Prof. Dr. Necdet Şensoy, Board Member, Central Bank of the Republic of Turkey. In this session, the speakers stressed, amongst other issues, the importance of the enabling environment and the need to facilitate the development of a surveillance infrastructure for Islamic finance.
- The final session of the Summit was a Panel Discussion themed, “The New Silk Road: The Importance of Regulatory Cooperation for Cross-Border Integration” and was chaired by H.E. Nurlan Kussainov, Deputy Governor, NBK. The Panel deliberated on the challenges and opportunities offered by the new Silk Road and the emerging Islamic finance jurisdictions such as Kazakhstan and the CIS region, in general, as well as the importance of regulatory cooperation to grow and develop the industry in a manner that prospectively promotes cross-border integration.

1. The Prime Minister of Kazakhstan delivering the keynote speech
2. Mr. Jaseem Ahmed delivering the opening speech
3. Session 2: New Regulatory Developments and the Impact on the Islamic Financial Services Industry
4. Session 3: Role of the Core Principles for Islamic Finance in Enhancing Regulatory Consistency and Resilience of the Industry
5. Session 4: Enabling Framework for the Assessment of Regulatory and Supervisory Regimes
6. Session 5: “The New Silk Road: The Importance of Regulatory Cooperation for Cross-Border Integration”

Secretary-General of AAOIFI Delivers Keynote Address at the 12th IFSB Summit Gala Dinner



Dr. Merah delivering his keynote speech

Gala Dinner of the 12th IFSB Summit was held on 20 May 2015 in Ritz-Carlton Hotel, Almaty, Kazakhstan. The highlight of the Gala Dinner was keynote speech by Secretary-General of the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI), Dr. Hamed Hassan Merah. Dr. Merah illustrated the lessons from the old Silk Road experience especially in terms of economic relationships, societal developments and political will, which can benefit Islamic finance in many ways.

Technical Note on Stress Testing for Institutions offering Islamic Financial Services (IIFS)

The Council of the IFSB, in its 23rd meeting in Doha, Qatar in December 2013 approved the preparation of Technical Note on Stress Testing for institutions offering Islamic financial services (TN) and the setting up of a Task Force for this purpose to be part of IFSB's Work Plan 2014.

The TN is intended to develop detailed a guidance on the operationalization of IFSB-13 and to address the technical details of stress testing for IIFS. It would be used by IIFS and RSAs for developing, conducting and assessing stress testing framework. The key objectives of the TN are as follows:

- to facilitate the design and simulation of solvency and liquidity stress tests for IIFS, including providing guidance on establishing macro-financial links, running scenarios of various assumptions and stress parameters;
- to highlight the specificities of risk exposures in IIFS and how they need to be captured in stress testing exercise; and
- to provide stylised numerical examples of IIFS stress tests under different shock scenarios.

The Task Force for Stress Testing for IIFS (TFST) was established comprising 21 members from regulatory and supervisory authorities (RSAs) and international organisations.

The TFST held its first meeting on 19 December 2014 in Sasana Kijang, Kuala Lumpur. The Issues Paper was discussed in this meeting which provided an overview of the task at hand for the TFST for developing an appropriate and adequate technical note on stress testing for the IIFS and RSAs.

The second meeting was held on 21 April 2015 in Muscat, Oman and the TFST discussed the outline and initial preliminary exposure draft (PED) of the Technical Note on Stress Testing for IIFS. The third meeting was held on 3 August 2015 in Istanbul, Turkey in which TFST discussed a comprehensive PED including inputs from 2nd meeting.

The fourth meeting of the TFST was held in Kuala Lumpur on 29 September 2015 for finalising the PED with inputs from previous meetings. The revised PED will be presented in the 37th IFSB Technical Committee on 2 November 2015 for approval to submit to the *Shari'ah* Board for review.

Disclosure Requirements for Islamic Capital Market Products

In its 21st meeting on 12 December 2012 in Jeddah, Kingdom of Saudi Arabia, the Council approved the preparation of standard for disclosure requirements for Islamic capital market products.

Mr. Zainal Izlan, Executive Director, Securities Commission Malaysia as the Chairman of the WG, and Mr. Eser Sagar, Expert, Capital Markets Board of Turkey, were appointed the Deputy Chairman by the TC in their 35th and 36th meetings respectively.

The first meeting of the WG was held on 23 April 2015 in Oman where an Issues Paper was discussed. The second meeting was held on 3 August 2015 in Istanbul, Turkey in which the WG discussed the Initial Study Report and the draft survey questionnaire.

A Survey has been conducted and the results will be analysed and presented to the WG in its next meeting. The IFSB Secretariat wishes to thank all member respondents for the time and participation in this important Survey exercise.

Strategic Performance Plan (SPP) 2016-2018

The SPP 2016–2018 is now approaching its final stage of formulation before it will be finalised and submitted to the Council in December 2015 for approval. In general, the formulation of this second SPP was guided by four key drivers, namely, i) the review of the previous SPP 2012–2015, ii) global regulatory environment assessment, iii) industry and sector analysis, and iv) institutional assessment.

The formulation process was extensive and encompassing as the IFSB sought inputs from the Council, the Technical Committee, the IFSB's members as well as members of the IFSB's Secretariat. Despite the enormous task of formulating the SPP 2016–2018, the due process ensured the views, opinions, ideas, concerns, recommendations of all stakeholders have been taken into consideration, ensuring the SPP 2016-2018 is one which have taken due consideration of the needs of the Islamic financial services industry.

Task Force Meetings on Prudential and Structural Indicators for Islamic Financial Institutions (PSIFIs)

The new phase of IFSB's project to collect, compile and disseminate various soundness and structural indicators on Islamic financial services industry started in 2014. A total of 16 key Islamic finance jurisdictions are participating in this phase, which constitute about 90% of the global Islamic banking sector. These jurisdictions include Afghanistan, Bahrain, Bangladesh, Brunei Darussalam, Egypt, Indonesia, Iran, Jordan, Kuwait, Malaysia, Nigeria, Oman, Pakistan, Saudi Arabia, Sudan, and Turkey.

In order to coordinate the data collection exercise, the IFSB established a Task Force comprising two country coordinators from each participating banking sector regulator to finalise the set of indicators, conduct capacity building workshops and launch a Coordinated Compilation Exercise. Since the establishment of the Task Force in Q3 of 2014, the IFSB has conducted four meetings - in Kuala Lumpur (Sept 2014 and April 2015), Denpasar (Nov 2014) and Dhaka (Aug 2015).

The main objectives of the meetings were to: (i) familiarise the Task Force members on the proposed indicators; (ii) finalise the indicators and compilation methodologies; (iii) review the submitted data; (iv) improve the quality of submitted data; (v) enhance the completeness of data submission; and (vi) discuss key practical issues in terms of maintaining sustainability of the data collection.

The IFSB released the first set of PSIFIs data from 16 member countries on 27 April 2015, which are available for free download from the PSIFIs portal at the IFSB website <http://psifi.ifsb.org>.

Currently, new set of data for the four quarters of 2014 is being collected and reviewed by the IFSB. In order to deliberate on the quality, consistency and completeness of the submitted data by participating jurisdictions, the IFSB organised the 4th meeting of Task Force in Dhaka, Bangladesh on 25-26 August 2015. The Task Force members discussed and agreed on the improved compilation methodologies and reporting systems, data revision and approval policies and regular data submission mechanisms. New set of data for 2014 is being targeted for dissemination in Q4 of 2015.



The Editing Committee of the IFSB

The IFSB Editing Committee met 10-12 August 2015 in Kuala Lumpur to review the Arabic draft of an upcoming IFSB Standard – IFSB-18: Guiding Principles for Retaka'ful (Islamic Reinsurance).

The Editing Committee members attended were Mr. Elhadi Ennahoui, Senior Islamic Finance Specialist in Islamic Development Bank, Jeddah, Saudi Arabia, Dr. Wejdan Mohammad Salleh Kenali, Senior Arabic Editor in Islamic Research and Training Institute (IRTI), Saudi Arabia, Mr. Sayed Abdel Mawla Faisal, General Manager in Central Bank of Egypt, Mr. Faisal Saleh Al-Mannai, Expert, Banking Supervision Department, Qatar Central Bank, Mr. Mohammed Ali Alshehri, Economic Advisor in Saudi Arabian Monetary Agency, and Dr. Nagwa Shikh Eldein, Manager in Central Bank of Sudan.

The edited draft was reviewed by the *Shari'ah* Board of the Islamic Development Bank in their meeting in September 2015 in Kuala Lumpur before it is planned to be made available for Public Consultation towards the end of 2015. During that period, the Secretariat plans to hold two Public Hearings for the purpose of getting feedback from the industry stakeholders.





Collaboration with International Standard-Setting Bodies and Multilateral Organisations

As a part of global policy dialogue, the IFSB has been engaging with other international standard-setting bodies for conventional finance such as the Basel Committee on Banking Supervision (BCBS), the International Organisation of Securities Commissions (IOSCO) and the International Association of Insurance Supervisors (IAIS).

These interactions have resulted in better understanding and recognition of the issues faced by the Islamic financial services industry at the global level.

The IFSB participates formally in the Consultative Group of the BCBS as well as in the Consultative Advisory Groups of International Auditing and Assurance Standards Board (IAASB) and International Ethics Standards Board for Accountants (IESBA).

World Trade Organisation (WTO)

The SG spoke at a special session of the WTO's Trade in Services Committee focusing on financial stability and the standard-setting role of the IFSB in the prudential regulation and supervision of Islamic finance.

Governor Bank of Thailand Visits the IFSB

H.E. Dr. Veerathai Santiprabhob paid a visit to the IFSB during his consultations with the Malaysian authorities on 27 August 2015.

The World Bank Participation in the 12th IFSB Summit in Kazakhstan

The World Bank Group Global Islamic Finance Development Center made its debut participation in the IFSB's Pre-Summit event, which was held on 19 May 2015. Themed, "Islamic Finance and G20", Mr Zamir Iqbal, the Centre's Head presented the initiatives taken by the Global Islamic Finance Development Centre and Republic of Turkey as the G20 Chair to leverage Islamic finance for the G20 agenda.

Basel Consultative Group (BCG) Meeting

ASG Mr Zahid ur Rehman Khokher attended the BCG's 17th meeting which was held at Sasana Kijang on 12 - 13 October 2015. After the meeting, the Deputy Secretary-General of the Basel Committee on Banking Supervision, Dr Karl Cordewener visited the IFSB Secretariat and had a discussion with two ASGs on matters of mutual interests.

Joint collaboration with IAIS

The meeting of the joint IFSB-IAIS Working Group on Issues in Regulation and Supervision of Microtakaful was held in Manila, the Philippines on 10 September 2015, which discussed the revised Exposure Draft after the completion of public consultation period.

The International Federation of Accountants (IFAC)

The SG met with the CEO of IFAC, Mr. Fayezul Choudhury to discuss further collaboration on Islamic finance issues. The IFAC has launched an Islamic finance "Gateway" to which the IFSB has provided content and support.

International Auditing and Assurance Standards Board (IAASB) and International Ethics Standards Board for Accountants (IESBA)

The SG and ASG Dr Sherif Ayoub attended the Consultative Advisory Group meeting of two standard setting bodies on 14-16 September 2015 in New York.

IMF External Advisory Group on Islamic Finance

As a member of the IMF's External Advisory Group on Islamic Finance, the IFSB has reviewed printed comments a series of draft papers prepared by the IMF staff in recent months.

International Monetary Fund (IMF) Joins IFSB PSIFI Task Force

The SG met with Mr. Louis Marc Ducharme, Director of the IMF's Statistics Department in Washington DC on 18 September 2015 to discuss further collaboration with the IMF on parallel projects for financial stability indicators.

Meet the Members and Industry Engagement Session in Kazakhstan



The second Meet the Members and Industry Engagement (MTM&IE) in 2015 was held in Almaty, Kazakhstan on 19 May 2015, hosted by the National Bank of Kazakhstan. The Session was held as a pre-Summit programme, in conjunction with the 12th Annual Summit of the IFSB on 20 – 21 May 2015.

The MTM&IE Session saw the attendance of 70 guests, from member and non-member organisations. Mr. Jaseem Ahmed, Secretary-General of the IFSB, addressed the contributions that the IFSB is making to the soundness and stability of the Islamic financial services industry as a global standard setting organisation, in his Welcoming Remarks.

The session was followed by a presentation by Mr. Zahid Ur Rehman Khokher, Assistant Secretary-General of the IFSB who shared the IFSB Membership base, the Standard Implementation Survey and the IFSB Islamic Financial Services Industry Stability Report. An interactive session between the guests and the IFSB management team, was held after the presentation.

Upcoming IFSB Workshops & Awareness Programmes October – November 2015

19 – 21 October 2015 | Malaysia

IFSB-FIS WORKSHOPS ON IFSB STANDARDS FOR REGULATORY AND SUPERVISORY AUTHORITIES OF THE IFSB MEMBER COUNTRIES

- ISLAMIC CAPITAL MARKET SECTOR (IFSB-6, IFSB-10, IFSB-15)
- TAKAFUL SECTOR (IFSB-8, IFSB-10, IFSB-11, IFSB-14)

5 November 2015 | Malaysia

IFSB-ISRA *SHARI'AH* ROUNDTABLE

Financial Safety Nets: Striking a Balance between *Shari'ah* Requirements and the Soundness of the Islamic Financial System

Co-organised with



10 – 12 November 2015 | USA

IFSB-IMF SEMINAR ON ISLAMIC FINANCE

Co-organised with



16 – 20 November 2015 | Malaysia

IFSB-FIS WORKSHOPS ON IFSB STANDARDS FOR REGULATORY AND SUPERVISORY AUTHORITIES OF THE IFSB MEMBER COUNTRIES

- BANKING SECTOR (IFSB-10, IFSB-16 and GN-6)

26 November 2015 | Malaysia

THE IFSB MEET THE MEMBERS AND INDUSTRY ENGAGEMENT SESSION

1 - 2 December 2015 | Malaysia

IFSB-INCEIF EXECUTIVE FORUM ON ISLAMIC FINANCE

Resilience and Stability of the Islamic Financial Services Industry: Opportunities and Challenges Ahead

Co-organised with



نبذة عن المجلس

يعتبر مجلس الخدمات المالية الإسلامية هيئة دولية واضحة للمعايير التي تهدف إلى تطوير وتعزيز متانة واستقرار صناعة الخدمات المالية الإسلامية، وذلك بإصدار معايير احترازية ومبادئ إرشادية لهذه الصناعة التي تضم بصفة عامة قطاعات الصيرفة، وأسواق المال، والتكافل (التأمين الإسلامي). كما يقوم مجلس الخدمات المالية الإسلامية بأنشطة بحثية، وتنسيق المبادرات المتعلقة بهذه الصناعة. فضلاً عن تنظيم حلقات نقاشية، وندوات ومؤتمرات علمية، للسلطات الرقابية، والشركاء المهتمين بهذه الصناعة.

منذ إنشاء مجلس الخدمات المالية الإسلامية، تم إصدار اثنين وعشرين معياراً، ومبدأً إرشادياً، وملاحظة فنية، خاصة بصناعة الخدمات المالية الإسلامية. وقد غطت هذه الإصدارات المجالات التالية:

(المعيار رقم 1): المبادئ الإرشادية لإدارة المخاطر.

(المعيار رقم 2): معيار كفاية رأس المال.

(المعيار رقم 3): المبادئ الإرشادية لضوابط إدارة المؤسسات.

(المعيار رقم 4): معيار الإفصاحات لتعزيز الشفافية وانضباط السوق للمؤسسات.

(المعيار رقم 5): الإرشادات المتعلقة بالعناصر الرئيسية في إجراءات الرقابة الإشرافية للمؤسسات.

(المعيار رقم 6): المبادئ الإرشادية لضوابط برامج الاستثمار الجماعي.

(المعيار رقم 7): متطلبات كفاية رأس المال للصكوك، والتصكيك، والاستثمارات العقارية.

(المعيار رقم 8): المبادئ الإرشادية لضوابط التأمين التكافلي.

(المعيار رقم 9): المبادئ الإرشادية لسلوكيات العمل للمؤسسات التي تقدم خدمات مالية إسلامية.

(المعيار رقم 10): المبادئ الإرشادية لتنظيم الضوابط الشرعية للمؤسسات التي تقدم خدمات مالية إسلامية.

(المعيار رقم 11): معيار متطلبات الملاءة للتأمين التكافلي.

(المعيار رقم 12): المبادئ الإرشادية لإدارة مخاطر السيولة للمؤسسات.

(المعيار رقم 13): المبادئ الإرشادية لاختبارات الضغط للمؤسسات.

(المعيار رقم 14): معيار إدارة المخاطر لشركات التكافل (التأمين الإسلامي).

(المعيار رقم 15): المعيار المعدل لكفاية رأس المال للمؤسسات

(المعيار رقم 16): الإرشادات المعدلة للعناصر الأساسية لإجراءات الرقابة الإشرافية على المؤسسات

(المعيار رقم 17): المبادئ الأساسية للرقابة على التمويل الإسلامي.

(المبادئ الإرشادية رقم 1): الإرشادات المتعلقة بمعيار كفاية رأس المال: الاعتراف بالتصنيفات للأدوات المالية المتفقة مع أحكام الشريعة الإسلامية الصادرة من مؤسسات تصنيف ائتماني خارجية.

(المبادئ الإرشادية رقم 2): الإرشادات المتعلقة بإدارة المخاطر ومعيار كفاية رأس المال: معاملات المربحة في السلع.

(المبادئ الإرشادية رقم 3): الإرشادات المتعلقة بممارسات دعم دفع الأرباح لأصحاب حسابات الاستثمار.

(المبادئ الإرشادية رقم 4): الإرشادات المتعلقة بمعيار كفاية رأس المال: تحديد عامل "ألفا" في نسبة كفاية رأس المال.

(المبادئ الإرشادية رقم 5): الإرشادات المتعلقة بالاعتراف بالتصنيفات الصادرة عن مؤسسات تصنيف ائتماني خارجية للتأمين التكافلي وإعادة التكافل.

(المبادئ الإرشادية رقم 6): الإرشادات المتعلقة بالمعايير الكمية لإدارة مخاطر السيولة.

(ملاحظة فنية رقم 1): قضايا تعزيز إدارة السيولة للمؤسسات التي تقدم خدمات مالية إسلامية: تطوير أسواق المال الإسلامية.

الجدير بالذكر أن المجلس يضم في عضويته منظمات دولية، وإقليمية، ووطنية، والشركاء الذين تجمعهم به أهداف مشتركة. للمزيد من المعلومات حول مجلس الخدمات المالية الإسلامية وللحصول على المعايير والتقارير والأوراق البحثية أو أي إصدارات أخرى الرجاء زيارة الموقع الإلكتروني <http://arabic.ifsb.org>

About the IFSB

The IFSB is an international standard-setting organisation that promotes and enhances the soundness and stability of the Islamic financial services industry by issuing global prudential standards and guiding principles for the industry, broadly defined to include banking, capital markets and insurance sectors. The IFSB also conducts research and coordinates initiatives on industry-related issues, as well as organises roundtables, seminars and conferences for regulators and industry stakeholders. Towards this end, the IFSB works closely with relevant international, regional and national organisations, research/educational institutions and market players.

As of April 2015, the IFSB has published twenty-six Standards, Guiding Principles, Guidance and Technical Notes and Working Papers as follows:

IFSB-1 Guiding Principles of Risk Management for Institutions (other than Insurance Institutions) Offering Only Islamic Financial Services (IIFS)

IFSB-2 Capital Adequacy Standard for IIFS

IFSB-3 Guiding Principles on Corporate Governance for IIFS

IFSB-4 Disclosures to Promote Transparency and Market Discipline for IIFS

IFSB-5 Guidance on Key Elements in the Supervisory Review Process of IIFS

IFSB-6 Guiding Principles on Governance for Islamic Collective Investment Scheme

IFSB-7 Capital Adequacy Requirements: *Sukūk* Securitisations and Real Estate Investment

IFSB-8 Guiding Principles on Governance of Islamic Insurance (*Takāful*) Operations

IFSB-9 Guiding Principles on Conduct of Business for IIFS

IFSB-10 Guiding Principles on *Shari'ah* Governance System

IFSB-11 Standard on Solvency Requirements for *Takāful* (Islamic Insurance) Undertakings

IFSB-12 Guiding Principles on Liquidity Risk Management for IIFS

IFSB-13 Guiding Principles on Stress Testing for IIFS

IFSB-14 Standard on Risk Management for *Takāful* (Islamic Insurance) Undertakings

IFSB-15 Revised Capital Adequacy Standard for IIFS

IFSB-16 Revised Guidance on Key Elements in the Supervisory Review Process of IIFS

IFSB-17 Core Principles for Islamic Finance Regulation (Banking Segment)

GN-1 Guidance Note in Connection with the Capital Adequacy Standard: Recognition of Ratings by External Credit Assessment Institutions (ECAIs) on *Shari'ah*-Compliant Financial Instruments

GN-2 Guidance Note in Connection with the Risk Management and Capital Adequacy Standards: Commodity *Murābahah* Transactions

GN-3 Guidance Note on the Practice of Smoothing the Profits Payout to Investment Account Holders

GN-4 Guidance Note in Connection with the IFSB Capital Adequacy Standard: The Determination of the Alpha in the Capital Adequacy Ratio

GN-5 Guidance Note on the Recognition of Ratings by ECAIs on *Takāful* and *Retakāful* Undertakings

GN-6 Guidance Note on Quantitative Measures for Liquidity Risk Management in IIFS

TN-1 Technical Note on Issues in Strengthening Liquidity Management of Institutions Offering Islamic Financial Services: The Development of Islamic Money Market

The members of the IFSB comprise regulatory and supervisory authorities, international inter-governmental organisations and market players, professional firms and industry associations.

For more information about the IFSB and to download the IFSB Standards, reports, research papers and other publications, please visit www.ifsb.org.

Contact Information :

ISLAMIC FINANCIAL SERVICES BOARD

Level 5, Sasana Kijang, Bank Negara Malaysia, 2, Jalan Dato' Onn,
50480 Kuala Lumpur, Malaysia.

Telephone: +603 9195 1400 Facsimile: +603 9195 1405

Email: ifsb_sec@ifsb.org