

The IFSB bulletin

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ISLAMIC FINANCIAL SERVICES BOARD

Welcome Message

The first half of 2017 has been an eventful period for the IFSB. As we go into July, we also look forward to more activities in the coming six months.

In April, the IFSB concluded the 30th Meeting of the IFSB Council and 15th General Assembly on 6 April 2017 in Kuala Lumpur Malaysia, which was jointly hosted by the Central Bank of the Islamic Republic of Iran and Bank Negara Malaysia. During the Annual Meetings from 4-6 April 2017, several Side Events were held – 15th Islamic Financial Stability Forum, IFSB Seminar on Islamic Finance and Global Regulation, 9th Public Lecture on Financial Policy and Stability, and a Members & Industry Engagement Session. For the full report on the meetings and Side Events, kindly refer to pages 2, 3 and 6.

On the events and awareness programmes front, we are pleased to announce that the IFSB Summit 2017 will be held on 22-24 October 2017 in Abu Dhabi, UAE, and hosted by the Central Bank of the United Arab Emirates. For more information and details on IFSB Summit, please log in to the IFSB's website at www.ifsb.org.

We have also jointly organised the Seminar on Liquidity Generating Innovations in Islamic Finance with Dubai Financial Services Authority (DFSA) on 30 April 2017 in Dubai, UAE. The Seminar was held back to back with the IFSB Working Group meetings, which DFSA hosted. (see page 2).

For Facilitating the Implementation of the IFSB Standards (FIS) Workshops, the IFSB has successfully organised three Workshops; in Morocco (February), Tajikistan (March) and Zambia (April). Three more Workshops have been confirmed until end 2017; Kyrgyz Republic (July), Islamic Republic of Iran (August), Brunei Darussalam (September) as well as three sectoral (Banking, ICM, *Takaful*) Workshops for Regulatory and Supervisory Authorities scheduled in October and November 2017 in Kuala Lumpur.

The IFSB's landmark IFSI Stability Report 2017 was launched on 16 May 2017. The softcopy of the Report is available for download at the IFSB's website.

The IFSB will launch a new Task Force (TF) on Financial Inclusion and Islamic Finance in August 2017. The TF received tremendous interests from the regulatory and supervisory authorities as well as international organisations to join as members. The first meeting will kick-off on 2 August 2017 in Kuala Lumpur.

Do visit the IFSB website for further details on the IFSB's future programmes and activities and mark them in your 2017 calendar. We thank you for your continuous support to the IFSB and looking forward for more engagement with IFSB members in the future.

Zahid ur Rehman Khokher
Acting Secretary-General

30th Meeting of the IFSB Council

6 April 2017, Malaysia



IFSB Annual Meetings 2017

30th Meeting of the IFSB Council, 15th General Assembly and Side Events

4 - 6 April 2017

Kuala Lumpur, Malaysia

Front L to R: Jaseem Ahmed, Dr. Sugeng, Dr. Mundher Abdul Qader Al-Shaikhli, Shaik Abdul Rasheed Abdul Ghaffour, Dr. Akbar Komijani, H.E. Hazim Abdelgadir Ahmed, H.E. Fazle Kabir, H.E. Dr. Bandar Bin Mohamed Hamza Hajjar, H.E. Dr. Mohammad Y. Al-Hashel, H.E. Dr. Ahmed Alkholifey, Dr. Okwu Joseph Nnanna, Dr. Yakup Asarkaya, Murat Uysal

Back L to R: Sukarela Batunanggar, Dr. Jafar Jamali, Mardini Eddie, Zainal Izlan Zainal Abidin, Ian Johnston, Qasim Nawaz, Khalid Omar Al Kharji, Arafat Al-Fayoumi, Fahad Yateem

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IFSB Annual Meetings and Side Events 2017



The Seminar on Islamic Finance and Global Regulation, was held on 4 April 2017, in conjunction with the IFSB Annual Meetings and Side Events 2017 in Kuala Lumpur. Themed “*Moving Targets and New Horizons*”, the Seminar was designed to provide an interactive environment enabling speakers and participants to discuss and share ideas on the global developments; bringing together regulators, market players, academics, rating agencies and other stakeholders of the industry.

Mr. Jaseem Ahmed, Secretary-General of the IFSB delivered the opening remarks. The keynote address was delivered by Dr. Akbar Komijani, Deputy Governor, Central Bank of the Islamic Republic of Iran.

The Seminar saw over 140 delegates from 22 jurisdictions among the IFSB member and non-member jurisdictions, with 14 chairpersons and speakers. The session discussions were very engaging and interactive, and were centred around the following issues:

- The Roll Out of Regulatory Reforms – Progress so Far and What is Left to Do?
- Developing Liquid Islamic Money Markets: Challenges in Harmonisation and Local and International Issuances
- New Horizons – Wider Outreach for the IFSI and Structural Challenges
- Panel Discussion on What does a Future State Islamic Finance Industry Look Like?

The Seminar was followed by the 9th Public Lecture on Financial Policy and Stability which was held the next day. The first Lecture was on *Global Adoption of the Basel Framework: Enhancing Financial Stability Across Countries*, and was delivered by Mr. William Coen, Secretary-General, Basel Committee on Banking Supervision, Bank for International Settlements. The second Lecture was entitled *Capital Raising for Sovereigns in an Era of Deficits: Realising Aspirations through Sukūk*, delivered by Dr. Mohd Daud Bakar, Founder and Group Chairman, Amanie Advisors, Malaysia.

The Public Lecture was attended by 120 participants from the government, regulatory and supervisory bodies, legal sector and educational sectors.

It was then followed with the IFSB Members and Industry Engagement Session. The Session was attended by 55 participants including four central bank Governors and Deputy Governors of regulatory and supervisory authorities (RSAs) as well as senior representatives from among the IFSB members and the Malaysian local financial community.



Session 3: New Horizons – Wider Outreach for the IFSI and Structural Challenges



Participants listening to the Lecture by Mr. William Coen

Mr. Daud Vicary Abdullah, President and Chief Executive Officer of the International Centre for Education in Islamic Finance (INCEIF) delivered the opening remarks of the session and shared his involvement in the work of the IFSB since its establishment in 2003. He commended the IFSB's accomplishments and contributions towards the global Islamic finance industry.

Mr. Jaseem Ahmed in his presentation titled, “The Global Islamic Financial Industry and the IFSB” emphasised the significance of mutual collaboration among all stakeholders for sustained growth of the IFSI, highlighting the forward agenda of the industry, particularly in areas of capacity development, integration into the governments’ policy-making agenda, risk management issues as well as tax, legal and regulatory issues, among others. He also addressed the IFSB's role in the context of this forward agenda with respect to the implementation of the IFSB's Strategic Performance Plan 2016-2018 that helps to align the IFSB activities with the needs of IFSI and the post-crisis global regulatory architecture.

All IFSB Seminar presentations are available for download in the IFSB Member's Zone.

IFSB-DFSA Joint Seminar: Liquidity Generating Innovations in Islamic Finance

The IFSB and Dubai Financial Services Authority (DFSA) jointly organised a Seminar on Liquidity Generating Innovations in Islamic Finance on 30 April 2017 in Dubai, United Arab Emirates.

Themed, *The Role of Sukūk and Securitisation to Support New Financial Regulations*, the Seminar was designed to encourage broad interaction among the delegates in exploring Shari’ah-compliant Islamic capital market instruments, in particular *sukūk* and securitisation of assets, to generate liquidity in the Islamic finance industry.

At a time of tightened financial regulations, the Seminar also discussed the readiness of Islamic financial institutions to meet the new liquidity requirements, while also highlighting opportunities available to various bodies (e.g. regulatory authorities, capital market players, legal firms) to support the industry's liquidity management needs.

The opening and welcoming remarks were delivered by Mr. Ian Johnston, Chief Executive, DFSA and Mr. Zahid ur Rehman Khokher, Acting Secretary-General, IFSB.

Nine chairpersons and panelists from among regulators, market players and legal firms discussed topics on The Role of Shari’ah-Compliant Instruments in the Islamic Capital Market and Securitisation of Islamic Assets.

More than 40 delegates from among the IFSB member and non-member organisations – representatives from market players, regulatory bodies, and international agencies attended this Joint Seminar.

The Seminar was held back to back with the IFSB Working Group Meetings also hosted by DFSA.



Participants attending the Seminar

The AMF-IFSB-IMF Conference on Soundness Indicators for Conventional and Islamic Finance

The Arab Monetary Fund (AMF), the IFSB and International Monetary Fund (IMF) jointly organised a **Conference on Soundness Indicators for Conventional and Islamic Finance** on 1 – 2 March 2017 in Abu Dhabi, United Arab Emirates. The Conference aimed to serve as a platform to bring together mid-to-senior level officials from the central banks and other regulatory and supervisory authorities (RSAs) of Arab countries in member jurisdictions of the AMF, IFSB and IMF to discuss how the existing indicators for both conventional and Islamic financial systems can support financial stability through macroprudential policies, and to garner feedback from the authorities on their experiences and challenges in the compilation of these indicators. The conference was also intended to broaden countries' interest in compiling soundness indicators, encouraging non-reporting jurisdictions to participate and benefit from these projects.

80 delegates and speakers from among regulators, market players, international organisations and academic institutions sector discussed various issues at the Conference with opening remarks by H.E. Dr. Abdulrahman A. Al Hamidy, Director General Chairman of the Board, AMF, Mr. Saif Hadeef Al Shamsi, Assistant Governor, Central Bank of the United Arab Emirates (CBUAE), Mr. Jaseem Ahmed, Secretary-General, IFSB and Mr. Gabriel Quiros, Deputy Director, Statistics Department, IMF. The Keynote Address was delivered by Professor Mohamed Azmi Omar, Director General of the Islamic Research and Training Institute of the Islamic Development Bank Group. The closing remarks were delivered by Mr. Yisr Barnieh, Chief of Financial Markets Division at the AMF and Mr. Gabriel Quiros.



H.E. Dr. Abdulrahman A. Al Hamidy, delivering the opening remarks



Participants attending the Conference

مؤتمر صندوق النقد العربي ومجلس الخدمات المالية الإسلامية وصندوق النقد الدولي حول مؤشرات السلامة المالية للتمويل التقليدي والإسلامي

نظم كل من صندوق النقد العربي، ومجلس الخدمات المالية الإسلامية، وصندوق النقد الدولي، بنجاح مؤتمرًا مشتركًا بعنوان "مؤشرات السلامة المالية للتمويل التقليدي والإسلامي"، وذلك في الفترة ما بين 1-2 مارس 2017 في أبوظبي، الإمارات العربية المتحدة.

ركز المؤتمر بشكل أساسي على البلدان الناطقة باللغة العربية، حيث يهدف أن يكون بمثابة منصة لالتقاء مسؤولين يشغلون مراكز متوسطة ورفيعة لدى السلطات الرقابية والإشرافية في الدول الأعضاء في صندوق النقد الدولي، ومجلس الخدمات المالية الإسلامية، وصندوق النقد العربي، لمناقشة إمكانية قيام المؤشرات الحالية لكل من النظام المالي التقليدي والإسلامي بدعم قياس الاستقرار المالي للإشراف الاحترازي الكلي، وكذلك صياغة السياسات الاقتصادية الكلية. كما يهدف المؤتمر أيضًا إلى الحصول على تغذية راجعة من السلطات الرقابية والإشرافية حول تجاربها، وتوقعاتها، والتحديات التي تواجهها خلال عملية تجميع بيانات ذات جودة ذات صلة. ومن المأمول أن يساهم المؤتمر في زيادة الاهتمام لدى الدول بعملية تجميع مؤشرات السلامة، وتعزيز مشاركتها في مشاريع مؤشرات السلامة المالية لصندوق النقد الدولي، والمؤشرات المالية الإسلامية الاحترازية والهيكلية لمجلس الخدمات المالية الإسلامية والاستفادة منهما.

وقد ناقش الحضور الـ 80 من متحدثين ومشاركين مثلوا كل من السلطات الرقابية والإشرافية، والمؤسسات الفاعلة في السوق، وكذلك المنظمات الدولية، بالإضافة إلى المؤسسات الأكاديمية المواضيع الأتية: الرقابة ومؤشرات السلامة المالية لصندوق النقد الدولي، ومؤشرات السلامة المالية لصناعة الخدمات المالية الإسلامية، وكذلك تجارب الدول والتحديات التي تواجهها في تجميع مؤشرات السلامة المالية والمؤشرات المالية الإسلامية الاحترازية والهيكلية، واستخدام مؤشرات السلامة المالية والمؤشرات المالية الإسلامية الاحترازية والهيكلية، وتدوير التركيز والتوزيع، بالإضافة إلى حلقة نقاش حول مؤشرات السلامة العالمية: الوجهة المستقبلية.

Facilitating the Implementation of the IFSB Standards (FIS) Workshops in Morocco, Tajikistan and Zambia

Three "Facilitating the Implementation of the IFSB Standards (FIS)" Workshops have been held from February to April 2017.

The IFSB conducted 4-day Workshop for the Banking Sector from 28 February – 3 March 2017 in Morocco, hosted by Bank Al-Maghrib and supported by the Islamic Development Bank. This regional workshop was tailored for the RSAs and the market players for the banking sector. The Workshop focused on IFSB-15: Revised Capital Adequacy Standard (*Sukūk* and Securitisation), IFSB-16: Revised Guidance on Key Elements In The Supervisory Review Process of IIFS and GN-6: Guidance Note on Quantitative Measures for Liquidity Risk Management. Prior to the Workshop, technical assistance was conducted for Bank Al-Maghrib, focusing its efforts to further strengthen the regulation and supervision of the participation banking industry in Morocco as well as discussing in detail with their experts on the components of capital, Shari'ah governance, profit smoothing, alpha treatment, liquidity management and Islamic windows.

Another Workshop was held in Tajikistan, hosted by the National Bank of Tajikistan and supported by the Islamic Development Bank. The 4-day Workshop on 28 – 31 March 2017 was attended by 46 participants consisting of staff from the National Bank of Tajikistan as well as the industry participants from numerous banking institutions. The Workshop was essential for the ongoing development of the Islamic credit organisations' legal legislations.

The Workshop focused on IFSB-2: Capital Adequacy Standard, IFSB-16: Revised Guidance on Key Elements in the Supervisory Review Process of IIFS and GN-4: Guidance Note on Determination of Alpha in the Capital Adequacy Ratio.

The third Workshop was held in Zambia, hosted by Bank of Zambia from 18 - 20 April 2017. The 3-day Workshop was tailored for Bank of Zambia and the market players for the banking sector and attended by 37 participants.

The Workshop focused on IFSB-1: Guiding Principles of Risk Management, IFSB-3: Guiding Principles on Corporate Governance, IFSB-10: Guiding Principles on Shari'ah Governance Systems and IFSB-16: Revised Guidance on Key Elements In The Supervisory Review Process of IIFS. This was the first Workshop conducted in Zambia after Bank of Zambia joined the IFSB as an Associate Member in 2011.



FIS Workshop in Morocco



FIS Workshop in Tajikistan



FIS Workshop in Zambia

UPDATES FROM THE 30th MEETING OF THE IFSB COUNCIL 6 April 2017, Malaysia

The 30th meeting of the IFSB Council was attended by 13 Governors and Deputy Governors of RSAs, and 8 senior representatives from among the Council and Full members of the IFSB, representing 15 countries. The meeting was also attended by the H.E. Dr. Bandar Hajjar, President of the Islamic Development Bank, and was chaired by the H.E. Fazle Kabir, Deputy Chairman of the IFSB and Governor of Bangladesh Bank.

The 30th meeting of the IFSB Council was hosted by the Central Bank of the Islamic Republic of Iran and Bank Negara Malaysia in Kuala Lumpur, Malaysia.

The IFSB Secretary-General retires after 6 years at the helm of the IFSB

The IFSB announced the retirement of its Secretary-General, Mr. Jaseem Ahmed, effective 14 April 2017, after a six-year term at the helm of the international standard-setting organisation for the Islamic financial services industry (IFSI).

Mr. Ahmed, who assumed the position in May 2011, led the stewardship of the IFSB with the introduction of the second generation of the IFSB Standards and Guidelines (SAGs) in enhancing the soundness and stability of IFSI, within the mandate given to the IFSB. He also spearheaded the formulation of the IFSB's Strategic Performance Plans, the inaugural one was introduced for the term 2012 – 2015, followed by the second in 2016 – 2018. The Strategic Performance Plan framework provides for greater oversight by the Council, through the streamlining of all the organisation's activities and a sharpening of the focus of the mission, goals and objectives of the IFSB.

The IFSB also initiated during Mr. Ahmed's tenure as Secretary-General the IFSB's flagship publication, the annual Islamic Financial Services Industry Stability Report (from 2013); the IFSB's annual Standards Implementation Survey, and the preparation of Core Principles for Islamic Finance Regulation (CPIFR or IFSB-17) which aim to facilitate greater integration of Islamic finance into the international economy and global financial architecture. In addition, Mr. Ahmed oversaw the dissemination of the Prudential and Structural Islamic Financial Indicators (PSIFIs) (2015), a longstanding goal of the IFSB.

The Council of the IFSB in its 30th meeting on 6 April 2017, held in Kuala Lumpur, launched measures for the appointment of a new Secretary-General, while appointing the Assistant Secretary-General (Technical & Research) Mr. Zahid ur Rehman Khokher as the Acting Secretary-General of the IFSB effective 15 April 2017.

The IFSB Council Adopts the Guiding Principles on Disclosure Requirements for Islamic Capital Market Products (*Sukūk* and Islamic Collective Investment Schemes)

The Council of the IFSB resolved to approve the Guiding Principles on Disclosure Requirements for Islamic Capital Market Products (*Sukūk* and Islamic Collective Investment Schemes) (IFSB-19).

IFSB-19 outlines disclosure requirements for *sukūk* and Islamic Collective Investment Schemes (ICIS), covering the main stages of disclosure, i.e. initial, ongoing, (periodic and immediate) and point-of-sale disclosure. In addition, the document provides guidance on the disclosure requirements for private offerings, government and multilateral issuances, and cross-border issuances with regard to *sukūk*. It also suggests applications to legal and Sharī'ah-related disclosures, operations-related disclosures as well as disclosures for specialist ICIS. Further guidance has been provided on structure-related disclosures, as well as parties liable for such disclosures.

The softcopies of IFSB-19 are available on the IFSB website, www.ifsb.org in both English and Arabic languages.

Membership Satisfaction Survey 2016

Illustration 1: Overall Satisfaction with the IFSB

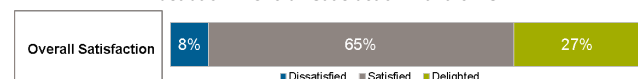
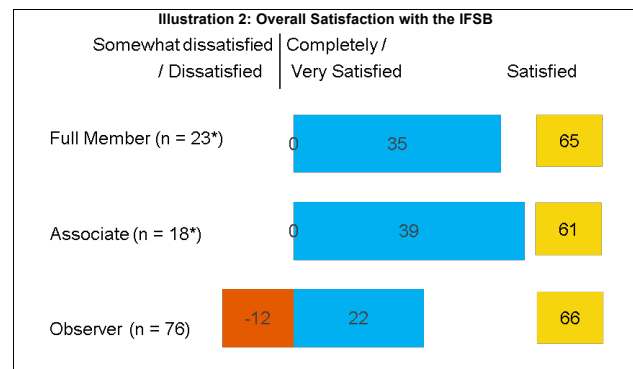


Illustration 2: Overall Satisfaction with the IFSB



The IFSB Membership Satisfaction Survey 2016 was launched in September 2016 to January 2017, and was conducted online. A total of 117 (out of 190) IFSB member organisations participated in the survey, which constituted of 23 Full Members, 18 Associate Members and 76 Observer Members.

The survey results showed that for overall satisfaction with the IFSB, 92% of the members who responded were Satisfied or Very Satisfied, and there was no dissatisfaction among Full Members and Associate Members. However, 12% from the Observer Members who responded, are Somewhat Dissatisfied or Dissatisfied with the IFSB. It also noted that members who have been a member for a longer period generally expressed a higher level of satisfaction.

The Communication aspect of the IFSB received the highest amount of Completely/Very Satisfied rating from the members who responded. Promptness and the overall clarity of communication was the main reason behind the indicated satisfaction. However, the membership fee was one of the aspects with the lowest Completely/Very Satisfied rating among the members, with a total of 25% of members who responded were either Somewhat Dissatisfied or Dissatisfied.

The Secretariat will be analysing the results of the Survey, and through consultation and focused group discussions among all the members of the Secretariat, will be formulating a revised membership strategy for 2018. The strategy will be presented to the Council in its meeting in December 2017, for implementation in the 2018 Work Plan. The IFSB would like to take this opportunity to thank its members for participating in this Survey. All the feedback given are valuable and constructive, and will assist the Secretariat to formulate the forward strategy for its engagement with member organisations.

The IFSB Admits the Association for Development of Islamic Finance, Kazakhstan into its Membership

The Council of the IFSB resolved to approve the admission of Association for Development of Islamic Finance (ADIF), Kazakhstan into the IFSB membership—an industry association as an Observer Member.

The membership of the IFSB is divided into three categories, namely Full Member, Associate Member and Observer Member. The Full Membership, which is the sole membership with voting rights, is available to the financial sector supervisory authorities of each sovereign country. To date, the 183 members of the IFSB consist of 70 supervisory and regulatory authorities from the banking, capital markets and Islamic insurance (*takaful*) sectors, as well as seven international inter-governmental organisations and 106 market players (financial institutions, professional firms, industry associations and stock exchanges) from 57 jurisdictions. The full list of the IFSB members is available on the IFSB website www.ifsb.org.

Revised Standard on Disclosures to Promote Transparency and Market Discipline for Institutions Offering Islamic Financial Services (Banking Sector)

The Council of the IFSB, in its 27th meeting in Jeddah, Kingdom of Saudi Arabia on 8 December 2015 approved the development of a revised standard named Disclosures to Promote Transparency and Market Discipline for IIFS (Banking Sector). In early 2016, the IFSB established a Working Group (WG) for the preparation of this standard comprising members from regulatory and supervisory authorities, international and multilateral organisations.

The 1st WG took place on 27th September 2016 in Kuala Lumpur, where the Secretariat presented an Issues Paper to the WG to highlight the updates from Basel and other jurisdictions with regards to Pillar III Disclosure, and assess the gaps which needed addressing in the current IFSB-4 Standard. Building upon discussions and resolutions of the 1st WG meeting, the Secretariat of the IFSB project team prepared the Initial Study Report and Survey Questionnaire which was deliberated and discussed in length in the 2nd meeting, held on 27 January 2017, also in Kuala Lumpur, Malaysia. The WG resolved to approve the dissemination of a Survey, after incorporation of some comments, to the target audience comprising banking regulatory and supervisory authorities (RSAs) and Islamic banks.

The IFSB disseminated the Survey in the 1st week of February and, in due course, received responses from the target audience. The responses were collated in the form of a survey report and were presented to the WG in its 3rd meeting held on 1 May 2017 in Dubai, United Arab Emirates. The survey report provided clarity on a number of issues being deliberated by the WG and accordingly, various resolutions were undertaken towards the preparation of this Standard's Preliminary Exposure Draft (PED).

The WG is now expected to convene for its 4th meeting tentatively in August 2017 in Kuala Lumpur, Malaysia for discussion on the first draft of the PED.

Supervisory Review Process of *Takāful* and *Retakāful* Undertakings

In its 27th meeting in Jeddah, Kingdom of Saudi Arabia on 8 December 2015 approved the development of a standard on Guidance on Key Elements in the Supervisory Review Process of *Takāful* / *Retakāful* Undertakings. In early 2016, the IFSB established a WG for the preparation of this standard comprising members from regulatory and supervisory authorities, international and multilateral organisations. In its 1st meeting on 18 July 2016, the WG discussed the Issues Paper.

In its 2nd meeting on 26 September 2016, the WG discussed the Initial Study Report and finalised the Survey Questionnaire. The WG agreed to distribute the questionnaire to the relevant regulatory and supervisory authorities for their input on supervisory review process of respective jurisdictions.

The Survey Questionnaire was sent to the industry on 30 September 2016 for a period of one month and extended till 9 December 2016. The Secretariat received feedback from a total of 18 institutions comprising *takāful* / insurance regulatory authorities only. In its 3rd meeting on 23 January 2017, the WG deliberated the Survey Report and Outline of the Standard.

In its 4th meeting held on 2 May 2017, the WG reviewed and amended the Preliminary Exposure Draft prepared by the Secretariat. The WG agreed for the draft to be revised and presented to them in the 5th meeting, scheduled in October 2017.

Core Principles for Islamic Finance Regulation (Islamic Capital Market Segment)

The Council of the IFSB, in its 27th meeting held on 8 December 2015 in Jeddah, Kingdom of Saudi Arabia approved the development of a new IFSB standard "Core Principles for Islamic Finance Regulation [Islamic Capital Market Segment]". In 2016, the IFSB established WG for the preparation of this standard, CPIFR [ICM], comprising over 20 members from various regulatory and supervisory authorities and two international organisations (IDB and IMF).

The 1st meeting of the CPIFR [ICM] WG was held on 29 September 2016 in Kuala Lumpur, Malaysia where the WG, as part of the due process, discussed the Issues Paper of CPIFR [ICM] and provided valuable inputs towards developing the Initial Study Report and draft survey.

Building upon discussions and resolutions of the 1st WG meeting, the project team prepared the Initial Study Report and draft Survey Questionnaire which was deliberated and discussed at length in the 2nd WG meeting, held on 25 January 2017, in Kuala Lumpur, Malaysia. The WG resolved to approve the dissemination of the Survey, with the target audience comprising RSAs and self-regulatory organisations (SROs), particularly within the capital markets sector (from both the IFSB members and non-members).

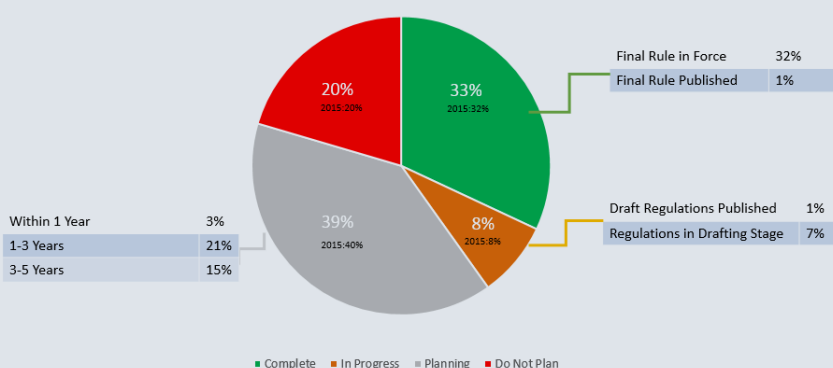
The IFSB disseminated the Survey in February 2017 and, received several responses from the target audience. The responses were collated in the form of a survey report and were presented to the WG in its 3rd meeting held on 3 May 2017 in Dubai, UAE. The survey report provided clarity on a number of issues being deliberated by the WG and accordingly, various resolutions were undertaken towards the preparation of this Standard's Preliminary Exposure Draft (PED). The WG is now expected to convene for its 4th meeting tentatively in August 2017 in Kuala Lumpur, Malaysia for discussion on the first draft of the PED.

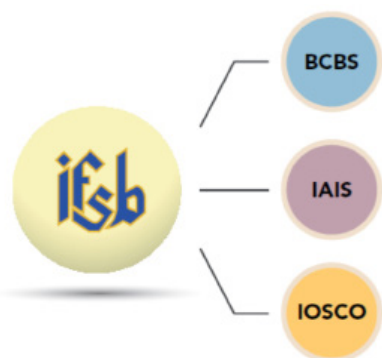
Updates on the Standards Implementation Survey

The IFSB launched its fifth Standards Implementation Survey in October 2016. The Survey was directed to the IFSB's RSAs to assess the progress made in the implementation of the IFSB's published standards over the past one-year period and identify strategies to assist the members in this process.

The Survey Questionnaire was sent to 53 IFSB member RSAs, out of which 36 responses were received. After conducting the data analysis, a comprehensive report was submitted to the management and findings were presented in the 41st Technical Committee Meeting (March) and 30th IFSB Council Meeting (April).

A summary of the Survey findings is also included in the IFSB's annual flagship publication, the Islamic Financial Services Industry Stability Report 2017 which was launched on 16 May 2017.





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).

International Monetary Fund Delegates Visit the Office of the IFSB



The Deputy Managing Director of the IMF, **Mr. Mitsuhiro Furusawa** paid a visit to the office of the IFSB on 2 March 2017, in conjunction with his visit to Sasana Kijang. The IFSB Secretariat briefed him on the IMF role in the establishment of IFSB, the ongoing project with Statistics department, Islamic finance surveillance and IFSB Core Principles and ongoing interaction with the Monetary and Capital Markets Department (MCM) of the IMF. They also presented the IFSI Stability Report 2016, IFSB's Coffee Table book, a copy of IFSB-17 (CPIFR) and the IFSB Bulletin to Mr. Furusawa.

The Secretary-General of The Basel Committee on Banking Supervision Speaks at the IFSB's 9th Public Lecture on Financial Policy and Stability and the 15th Islamic Financial Stability Forum (IFSF)



Mr. William Coen, the Secretary-General of the Basel Committee on the Banking Supervision participated in the IFSB Annual Meetings and Side Events 2017 which were held on 5 and 6 April 2017 in Kuala Lumpur, Malaysia.

On 5 April 2017, Mr. Coen gave an engaging lecture during the 9th Public Lecture on Financial Policy and Stability, themed, *Global Adoption of the Basel Framework: Enhancing Financial Stability Across Countries*. On 6th April, Mr Coen was the key presenter at the 15th Islamic Financial Stability Forum, themed *Global Regulatory Reforms: What More Needs to be Done and the Challenges for Emerging Economies and Islamic Finance*.

International Monetary Fund Workshop on Financial Soundness Indicators and FSI Reference Group Meeting

The Acting Secretary-General of the IFSB, **Mr. Zahid ur Rehman Khokher** represented the IFSB at the IMF Statistics Department Users' Workshop on Financial Soundness Indicators and FSI Reference Group Meeting on 26 – 28 April 2017 in Washington D.C. During the visit, he also held meetings with the management and senior staff of several IMF departments, including collaboration with the Legal Department on a joint paper on AML/CFT and Islamic finance.

Asian Development Bank 50th Annual Meeting 2017

The Acting Secretary-General of the IFSB, **Mr. Zahid ur Rehman Khokher** attended the ADB's 50th Annual Meeting on 4 – 7 May 2017 in Yokohama, Japan where he had meetings with the Vice President for Finance and Risk Management, VP (Operation 1) as well as Chief Economist and Director General of Southeast Asia Department. In these meetings, ongoing collaboration between both the organisations, including the progress on ongoing TA to the IFSB were discussed.

Islamic Development Bank 42nd Annual Meeting 2017

The Acting Secretary-General of the IFSB, **Mr. Zahid ur Rehman Khokher** and Assistant Secretary-General, **Dr. Nagwa Eldin Mohamed Hussein** attended the IDB's 42nd Annual Meeting on 14 – 18 May 2017 in Jeddah, Kingdom of Saudi Arabia. During these Meetings, they held meetings with several Council members, IFSB members from private sector and other Islamic finance stakeholders. Mr Zahid also discussed with Director General of IRTI the progress on ongoing TA to the IFSB and future collaboration.

Visit by the World Bank

Mr. Abayomi A. Alawode, Head of Islamic Finance, World Bank visited the IFSB Secretariat on 9 May 2017 and held meeting with the Acting SG on mutual collaboration on various projects.



Appreciation to Mr. Jaseem Ahmed

The Secretariat bid farewell and thank you to **Mr. Jaseem Ahmed**, who served as the Secretary-General of the IFSB from April 2011 – April 2017.

Mr. Jaseem Ahmed led the stewardship of the IFSB with the introduction of the second generation of the IFSB Standards and Guidelines in enhancing the soundness and stability of Islamic financial services industry, within the mandate given to the IFSB. He also spearheaded the formulation of the IFSB's Strategic Performance Plans, the inaugural one was introduced for the term 2012 – 2015, followed by the second in 2016 – 2018.

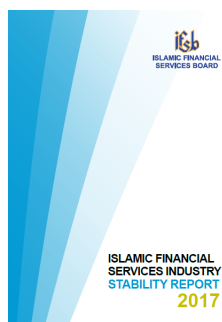
During Mr. Ahmed's tenure, the IFSB also initiated the flagship publication - the annual Islamic Financial Services Industry Stability Report (from 2013), the IFSB's annual Standards Implementation Survey, the preparation of Core Principles for Islamic Finance Regulation (CPIFR or IFSB-17), the dissemination of the Prudential and Structural Islamic Financial Indicators (PSIFIs) (2015) and publication of the IFSB bulletin (2013).

ISLAMIC FINANCIAL SERVICES INDUSTRY STABILITY REPORT 2017

ISSUANCE DATE: MAY 2017

The IFSI Stability Report 2017 covers a number of topics including:

- . An overview of the IFSI, providing updates on trends and developments in the three main sectors of the Islamic financial services industry – the Islamic banking, Islamic capital market and *takāful* sectors.
- . Assessment of the resilience of the Islamic financial system, providing technical analysis of selected soundness indicators for the three sectors, in order to identify the main risk factors and vulnerabilities facing the Islamic financial services industry in the context of current global economic conditions and highlighting the relevant issues for policy planning and remedial initiatives by the industry stakeholders.
- . Initiatives undertaken by international standard-setting bodies, highlights the initiatives and outcomes of work programmes undertaken by standard setters in the past year, as well as the implications of such reforms on the Islamic finance sector.
- . Emerging issues in Islamic finance: (a) Stress testing for Islamic Banks: Essential Perspectives and Preliminary Empirical Insights, and; (b) Fintech and Islamic Finance, which focus on two areas that have attracted much attention: cryptocurrencies and crowdfunding.
- . Box Article Contributions by (a) Bank Indonesia, on its financial sector development; (b) the IMF, on bank stress testing, evolving practices and work in progress; and (c) the World Bank, on Financial Inclusion and Fintech, providing insights on the potential of financial technology in achieving the goal of universal financial

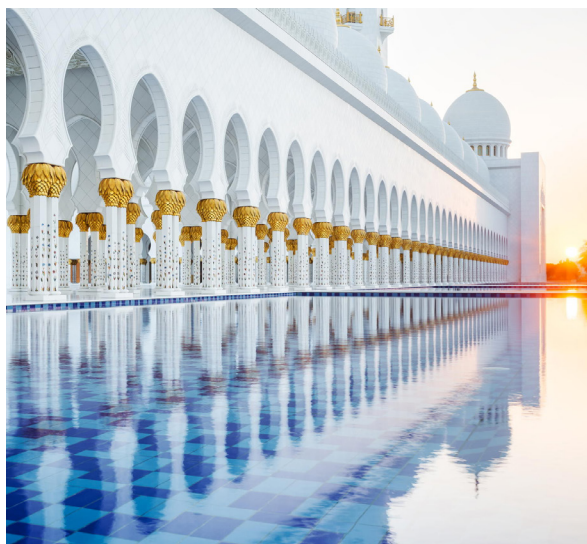
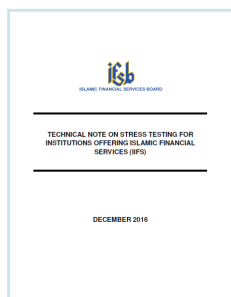


GUIDING PRINCIPLES ON DISCLOSURE REQUIREMENTS FOR ISLAMIC CAPITAL MARKET PRODUCTS (SUKŪK AND ISLAMIC COLLECTIVE INVESTMENT SCHEMES)

ISSUANCE DATE: APRIL 2017

IFSB-19 outlines disclosure requirements for Sukūk and Islamic Collective Investment Schemes (ICIS), covering the main stages of disclosure, i.e. initial, ongoing, (periodic and immediate) and point-of-sale disclosure. In addition, the document provides guidance on the disclosure requirements for private offerings, government and multilateral issuances, and cross-border issuances with regard to sukūk. It also suggests applications to legal and Sharī'ah-related disclosures, operations-related disclosures as well as disclosures for specialist ICIS. Further guidance has been provided on structure-related disclosures, as well as parties liable for such disclosures.

Both publications are available on the IFSB website, www.ifsb.org



IFSB SUMMIT 2017 22 - 24 OCTOBER 2017, ABU DHABI, UAE

The IFSB and CBUAE are pleased to invite the key players and stakeholders of the Islamic financial services industry to participate in the IFSB Summit 2017.

For more information, visit www.ifsbsummit2017.com

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 2017, the IFSB has published twenty-seven Standards, Guiding Principles, Guidance and Technical Notes 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)

IFSB-18 Guiding Principles for *Retakāful* (Islamic Reinsurance)

IFSB-19 Guiding Principles on Disclosure Requirements for Islamic Capital Market Product (*Sukūk* and Islamic Collective Investment Schemes)

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

TN-2 Technical Note on Stress Testing for Institutions Offering Islamic Financial Services

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 Standards, Guiding Principles, Guidance and Technical Notes, please visit www.ifsb.org.

UPCOMING IFSB WORKSHOPS & AWARENESS PROGRAMMES (July - November 2017)

17 – 20 July 2017 | Kyrgyz Republic

IFSB-FIS WORKSHOP

. Banking Sector

Hosted by



Supported by



7 – 10 August 2017 | Islamic Republic of Iran

IFSB-FIS WORKSHOP

. Banking Sector

Hosted by



Supported by



16 – 17 August 2017 | Malaysia

11th IFSB-INCEIF EXECUTIVE FORUM ON
ISLAMIC FINANCE

Creativity and Innovation in Islamic Financial
Products - Standardisation and
Competitiveness

Jointly organised with



10 - 12 October 2017 | Malaysia

IFSB-FIS WORKSHOP (FOR REGULATORY & SUPERVISORY
AUTHORITIES)

. Islamic Capital Market (ICM) Sector

. *Takāful* Sector

16 – 20 October 2017 | Brunei Darussalam

IFSB-FIS WORKSHOP

. Banking Sector

Hosted by



22 – 24 October 2017 | United Arab Emirates

ISLAMIC FINANCIAL SERVICES BOARD
SUMMIT 2017 & PRE-SUMMIT EVENTS
Reinvigorating the Momentum of Islamic
Finance : Solidifying Resilience and
Sustaining Growth

www.ifsbsummit2017.com

Hosted by



13 - 17 November 2017 | Malaysia

IFSB-FIS WORKSHOP (FOR REGULATORY & SUPERVISORY
AUTHORITIES)

. Banking Sector

November 2017 | Malaysia

12th IFSB-INCEIF EXECUTIVE FORUM ON
ISLAMIC FINANCE

Jointly organised with



Please visit www.ifsb.org
for more information and registration details