

SUKUK WORKSHOP

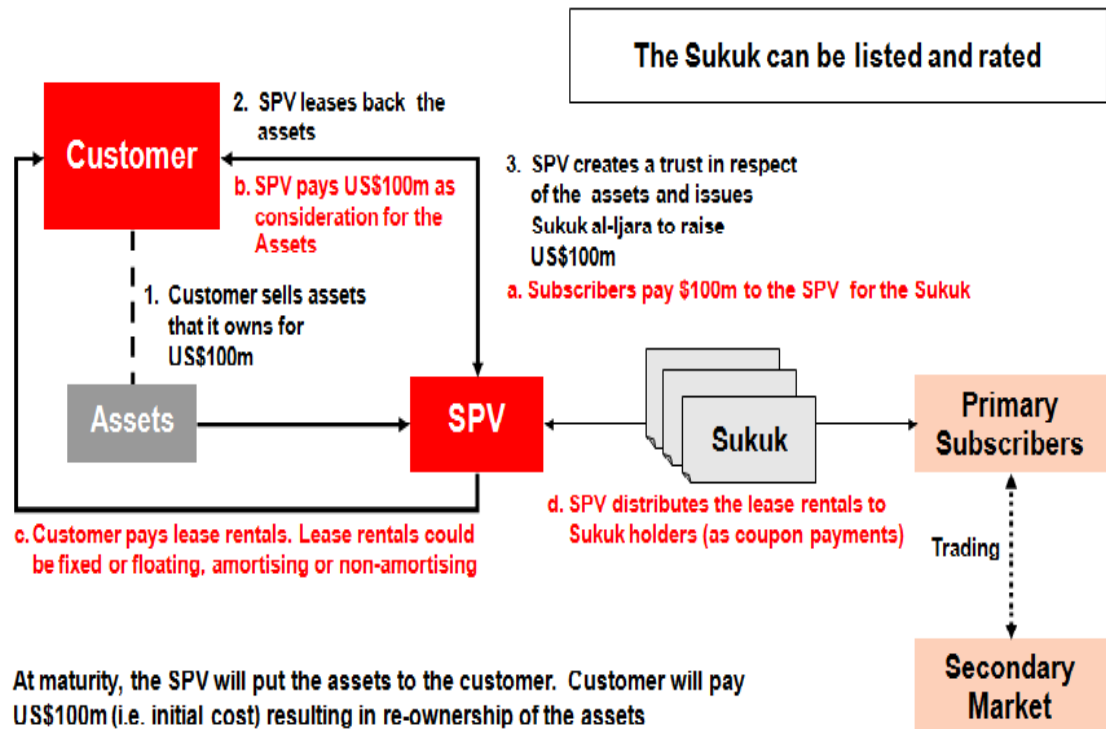
Project Financing Model in Islamic Finance

15 September 2009

Istanbul



**Event Partner:
Bağatur Law Office**



“Outstanding Sukuk issued is estimated to be in excess of \$90bn. British officials have stressed that Islamic bonds are one of the fastest rising markets and this move will cement London’s position as the leading Western center for Islamic Finance. Various governments are already lined up to issue Sukuk, including those of the UK, China and Japan.”

• **Some Examples of Sukuk issued around the world;**

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- Germany 2004 August: Anhalt-Saxony 100 million Euro
- USA 2006 June: East Cameron Partners (Teksas) 265 million \$ Sukuk
- Japon 2006 August: JBIC 300-500 million \$ Sukuk
- Chine 2006 September: For Power Plant Financing 250 million \$ sukuk

SUKUK WORKSHOP
Project Financing Model in Islamic Finance
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- 09.00-09.15 Registration
Khalid YOUSAF
- 9.15-10.00 **Islamic Finance Instruments**
- Sukuk
 - Ljara (lease)
 - Istisna'a (construction)
 - Musharaka (joint venture and partnership) & Sukuk al-Musharaka
- 10.15-10.30 Coffee Break
- 10.30-12.00 **Islamic Finance Instruments**
- Mudaraba (service capital and partnership) & Sukuk al-Mudaraba
 - Murabaha (sale at mark-up) & Sukuk & Other Financing Structures
 - Asset Securitization Sukuk
 - Current Case Studies
- 12.00-13.00 Lunch
- 13.00-15.00 **Project Financing & the Use of Sukuk**
- Definition & Types of Sukuk
 - Comparison of Sukuk & Conventional Bonds
 - Parties Involved in Sukuk Transaction
 - Flow of Payments
- 15.00-15.15 Coffee Break
- 15.15-17.15 **Sukuk Issuance Process**
- Sukuk Issuance
 - Documentation Requirement
 - Structuring Considerations
 - Legal and Ratings Impediments
 - **CASE STUDY:** Bahreyn Financial Harbour Sukuk

DETAILED INFORMATION ABOUT THE WORKSHOP

By Khalid YOUSAF

Sukuk is the fastest growing area of Islamic finance. It enables access to wholesale financing and provides the backbone for the development of Islamic capital markets. Most issuances to date have mimicked bond structures that are ultimately dependent upon a sovereign credit. However, the use of Sukuk is rapidly expanding into other areas like project, infrastructure and real estate financings; corporate financings and true asset securitizations. The aim of this workshop is to familiarize individuals practicing in Islamic and conventional finance with the principles, structures, and methodologies and practical transactional issues relating to the use of Sukuk in modern Islamic finance. It will also explain various structures that underlie Sukuk, including the Ijara, Musharaka, Mudaraba, Murabaha and others.

OBJECTIVES

The objective of the workshop is to provide participants with an understanding of the following, including associated transactional issues:

- The nature of Islamic principles in modern commerce and finance, including its determination and application by Supervisory Boards of Islamic Finance and the issuance of compliance in financial transactions
- The current state and anticipated future developments in Islamic finance markets
- Types of permissible Sukuk and the standards and parameters applicable to the structuring of Sukuk issuances
 - Ijara (lease) structures
 - Istisna'a (construction) structures
 - Sukuk al-Ijara
 - Musharaka (joint venture and partnership) and Sukuk al-Musharaka
 - Mudaraba (service-capital joint ventures and partnerships) and Sukuk al-Mudaraba
 - Murabaha (sale at a mark-up) and the use of Murabaha in Sukuk and other financing structures
- Project financings and the use of Sukuk in those financings, including single Islamic tranche issues
- Asset securitization Sukuk, including the study of current case studies

SUKUK BACKGROUND

- How the Islamic capital markets are structured, illustrated with practical examples
- of how all the various instruments work
- The role of Islamic principles in Islamic banking, Commerce & Finance
- How to demystify the often complex definitions and terminology so prevalent in Islamic finance transactions
- The role of investment banking and private banking in the Islamic world
- The intricacies of Sukuk deals and the inherent challenges one faces
- How to overcome risk issues and prepare for the opportunities the future holds
- The role of Advisory & Supervisory Boards
- Introduction to Enforceability Issues and Effects on Structuring

What are Sukuk?

Definition and types of Sukuk

- Sukuk – AAOIFI & other definitions
- Comparison of Sukuk & Conventional Bonds
- Asset-based and asset-backed securitization structures
- Principles and rules in structuring and issuing Sukuk and associated legal documentation
- Discussion and practical issues on documentation for Sukuk Ijarah, Sukuk Musharaka and Sukuk Mudaraba transactions
- Positioning, profiling and marketing Sukuk
- Types of permissible Sukuk and the standards and parameters applicable to the structuring of Sukuk issuances
- What to be avoided?
- Some regulatory aspects of Sukuk
- Ijara (lease) structures
- Istisna'a (construction) structure
- Sukuk al-Ijara
- Musharaka (joint venture and partnership) and Sukuk al-Musharaka
- Mudaraba (service-capital joint ventures and partnerships) and Sukuk al-Mudaraba
- Murabaha (sale at a mark-up) and the use of Murabaha in Sukuk and other financing structures
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- Asset securitization Sukuk, including the study of current case studies

ISSUANCE PROCESS

- Parties Involved in Sukuk transaction
- Flow of payments
- Distribution methods
- Documentation requirement
- Structuring considerations

OTHER SUKUK STRUCTURES AND RELATED TRANSACTIONAL ISSUES

- Generic Sukuk Structures
- Mudaraba and Sukuk al-Mudaraba
- Musharaka and Sukuk al-Musharaka
- Murabaha and Sukuk al-Murabaha
- Securitization Sukuk in the Current Markets
- Legal and Ratings Impediments

STRUCTURING ISLAMIC DEBT-BASED SUKUK - BBA, MURABAHAH, ISTISNA' AND SALAM

- The challenges in structuring Sukuk transactions
- Primary level - Debt creation via sale
- Debt creation - Sale based
- Guidelines on IS 2004 (Malaysia)
- Structures of debt-based Sukuk BBA, Murabaha and Istisna'a Issues on Bay' al Inah
- Asset suitability - tangibles, intangibles, financial assets, government award / concession rights
- Secondary level - Debt securitization and trading
- Secondary market for Sukuk
- Trading of debt securities?
- Bay' al Dayn with discounting?
- Legal documentation & related issues Guarantee on Capital/Profit?
- Issuance at a discount?
- Taking Collateral/security?
- Default situation & Obligation of Issuer
- How to word the redemption clause?

OTHER ASPECTS TO BE CONSIDERED

- Issuing Sukuk
- Cost efficiency
- Taxation issues
- Cheaper cost of funds
- Credit Rating
- Investing in Sukuk
- Return on investment
- Risk & return profile
- Liquidity & tradability of the Sukuk

LEGAL ISSUES

- Effective legal documentation
- Transparent dealings
- Adequate investor protection

CASE STUDY

BAHRAIN FINANCIAL HARBOUR SUKUK

CHALLENGES AND THE FUTURE

The participants will benefit from this intensive workshop through a series of practical group exercises based on actual case studies. Group exercises will be by way of discussions of problems and case studies where the group will be asked to propose Sukuk transaction structures. Assessment exercises will be conducted on an individual basis that will reinforce delegates understanding and skills in structuring Sukuk techniques.

The fully dedicated and knowledgeable course leader, will provide delegates with optimum satisfaction and understanding on the subject matters in Sukuk and Islamic ABS structuring. The aim of this workshop is to combine the theory and practice. This will provide the delegates with knowledge, skills and techniques in real life situation of structuring Sukuk products.

Khalid YOUSAF ^{MBA}
DUBAI
UNITED ARAB EMIRATES



Profile

Senior Executive with broad-based experience in Asset Management, Corporate, Consumer & Investment Banking with rich network of contacts in the Banking & Finance Industry in the Middle East, Europe & the Emerging Markets. Solid management and Sales track record with results-driven entrepreneurial approach. Work ethics focus on being energetic, enthusiastic, self-motivated & pro-active self-starter.

Educational Qualifications & Personal Data

Chartered Institute of Management Accounts (CIMA) – Qualified Finalist

Master's Degree in Business Administration (MBA) – Gold Medal in Finance

Bachelor's Degree in Science (B.Sc.) – Physics & Chemistry

Married; Two children

British National

Fluent in English & Urdu. Some working knowledge of French, Arabic, Turkish & Greek

Interests include Golf, Cricket, Swimming, Current Affairs, Astrophysics

Khalid YOUSAF ^{MBA}
DUBAI
UNITED ARAB EMIRATES
Professional Experience

Gulf Global Group – Head Asset & Fund Management	Apr09-todate
Siraj Capital – Vice President Investments & Capital Markets	May08-Mar09
International Holdings Group (IHG) – Managing Director, Islamic Finance	Oct 06-Apr08
Shorebank (IFC) Consultant, Tbilisi, Georgia (Concurrent)	Jun05-May06
Dubai International Financial Centre (DIFC)–Director Islamic Finance (Concurrent)	Sept 03-Setpt 06
Oppportunity International, Serbia – Consultant (concurrent)	May03-Jun04
Citigroup/CitiSolutions, London & Dubai - Consultant (concurrent)	Apr03-Oct03
Citibank, London–VP Islamic & Transaction Banking Services	Mar00-Aug03
Citibank, London-VP Emerging Local Corporates	Mar98-Feb00
Bank of America, London – Managing Director, Financial Institutions Group	June94-Mar98
Citibank, London – VP Senior Relationship Manager	Dec88-May94
Citibank, London – Settlements Manager, Citicorp Investment Bank	Nov87-Dec88
Saudi American Bank, Istanbul – Country Operations Officer	June85-Nov87
<i>On secondment from Citibank; opened first overseas branch of SAMBA in Turkey with responsibility for Country Operations, Technology and Administration; Compliance & Regulatory reporting; Anti-money laundering and coordinating External Audit functions. (36 staff, \$8million revenue base)</i>	
<i>Set up Securities Repo Trading System and initiated inter-bank lending (financed by off-shore foreign currency deposits)</i>	
Citibank, Parsippany, NJ & Brussels – Project Manager	Sep82-May85
Citibank, Athens – User Support Group Head	May80-Sep82
Citibank, Karachi – Country Operations Officer	Jan75-May80
PICIC, Karachi – Investment Officer - Project analysis for Development Financing	1973-74
Union Carbide, Karachi – Management Trainee - Financial/Management Reporting	1971-73

REGISTRATION FORM



Price: 649 \$/person

Group Price (3 & over): 549 \$/person

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Participant Details

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Last Name	
Company Name	
Position	
Phone	
Fax	
E-mail	

- I will participate to the lunch Yes () No ()

Payment Method

1. GMD Global Danışmanlık ve Tic. Ltd. Şti.

İş Bankası Çayyolu Şubesi

Branch No: 4266 Account No: 0136564 IBAN No: TR390006400000242660136564

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Expiry Date:..... Security Code:

3. Online Payment: Please visit , www.cgscenter.org

Please fax the registration form: 0090(312) 220 3534

The workshop fee does not include accommodation.



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Corporate Governance & Sustainability Center

Corporate governance refers to the rules, regulations and best practices which ensure that boards and management secure the right of shareholders, improve competitiveness, and enable access to capital in global markets.

Corporate Governance and Sustainability Center (CGS Center) is a network of eligible experts - under the leadership of Guler Manisali-Darman, writer of the ICC(*International Chamber of Commerce*) book entitled "Corporate Governance Worldwide", an international expert in Corporate Governance. CGS Center is active in the field of corporate governance and corporate social responsibility related services ranging from assessment to research and from raising awareness to compliance. In addition to its training and advisory services, CGS Center active in Turkey, Middle East and Eastern Europe, prepares for its members, strategic company and country assessment reports.



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