



# THE CITY

UK Excellence in Islamic Finance



UK  
*Fast track to the world*



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# Welcome أهلاً بكم



Welcome to the UK pavilion at the 14th Annual World Islamic Banking Conference held in Bahrain. UK Trade & Investment are hosting the UK Pavilion and UK Roundtable discussion to showcase the best of what UK based companies have to offer those looking for a one stop global partner in Islamic Finance.

The UK is the world's leading international financial centre, thanks to its international outlook. Increasingly, UK based companies such as the Islamic Bank of Britain and The Bank of London and The Middle East are embracing the tremendous opportunities that Islamic Financial Services (IFS) presents and are providing services and expertise to an industry worth over £250 billion worldwide.

Our goal is to position the UK as the global partner of choice for the provision of IFS which includes the development of strong partnerships with other centres of Islamic Finance. UK firms have expanded their IFS practices in London and are maintaining an active IFS presence in Bahrain and Dubai to further strengthen trade and investment within the Gulf Cooperation Council.

In the UK, we have a proven record of developing and delivering retail domestic and wholesale international IFS products. With the necessary financial expertise, legal and regulatory framework to support this key market, we provide a favourable environment for investment opportunities in Islamic Finance.

I wish you a successful conference.

## مع خالص التحيات

Andrew Cahn,  
Chief Executive, UK Trade & Investment

# THE CITY – UK Excellence in Islamic Finance

The United Kingdom has become the key Western centre for Islamic Finance and London is its world-leading financial services centre. Although the UK has been providing Islamic Financial Services for 30 years, it is recent developments that have contributed to it becoming the Western centre of choice in the provision of Islamic Finance.

Government support and a favourable regulatory environment are encouraging Islamic banks to set up operations in the UK. The establishment of an enabling fiscal and regulatory framework in the UK for Islamic Finance since 2003 has resulted in a number of advantages:

- The removal of double tax on Islamic mortgages and the extension of tax relief on Islamic mortgages to companies, as well as to individuals;
- Reform of arrangements for issues of debt so that returns and income payments can be treated as if it were interest. This makes London a more attractive location for issuing and trading sukuk;
- Initiatives by the Financial Services Authority (FSA) to ensure that regulatory treatment of Islamic Finance are consistent with its statutory objectives and principles.

Western banks are also meeting the demand for Islamic Finance Services through the expansion of their Islamic Finance offering.

Ten major global banks operating in the UK have set up units to provide Islamic financial services. They have been joined by no fewer than 12 Islamic banks, giving the UK more than four times the number of banks offering Islamic Financial Services than any other country in Western Europe. For example, Switzerland has five and France and Luxembourg each have four.

Globally, the demand for Islamic Finance is clear. The market for Islamic Financial Services, as measured by Shariah-compliant assets, is estimated to have grown more than threefold over the past decade – from around US\$150 billion in the mid-1990s to US\$500 billion in 2006. Islamic banking accounts for nearly 90% of assets with other products also growing rapidly, albeit from a smaller base.

Over the four years to 2006, sukuk issues increased fourfold to US\$24 billion; equity funds and other investments increased fourfold to US\$14 billion; and takaful insurance doubled to US\$3 billion.

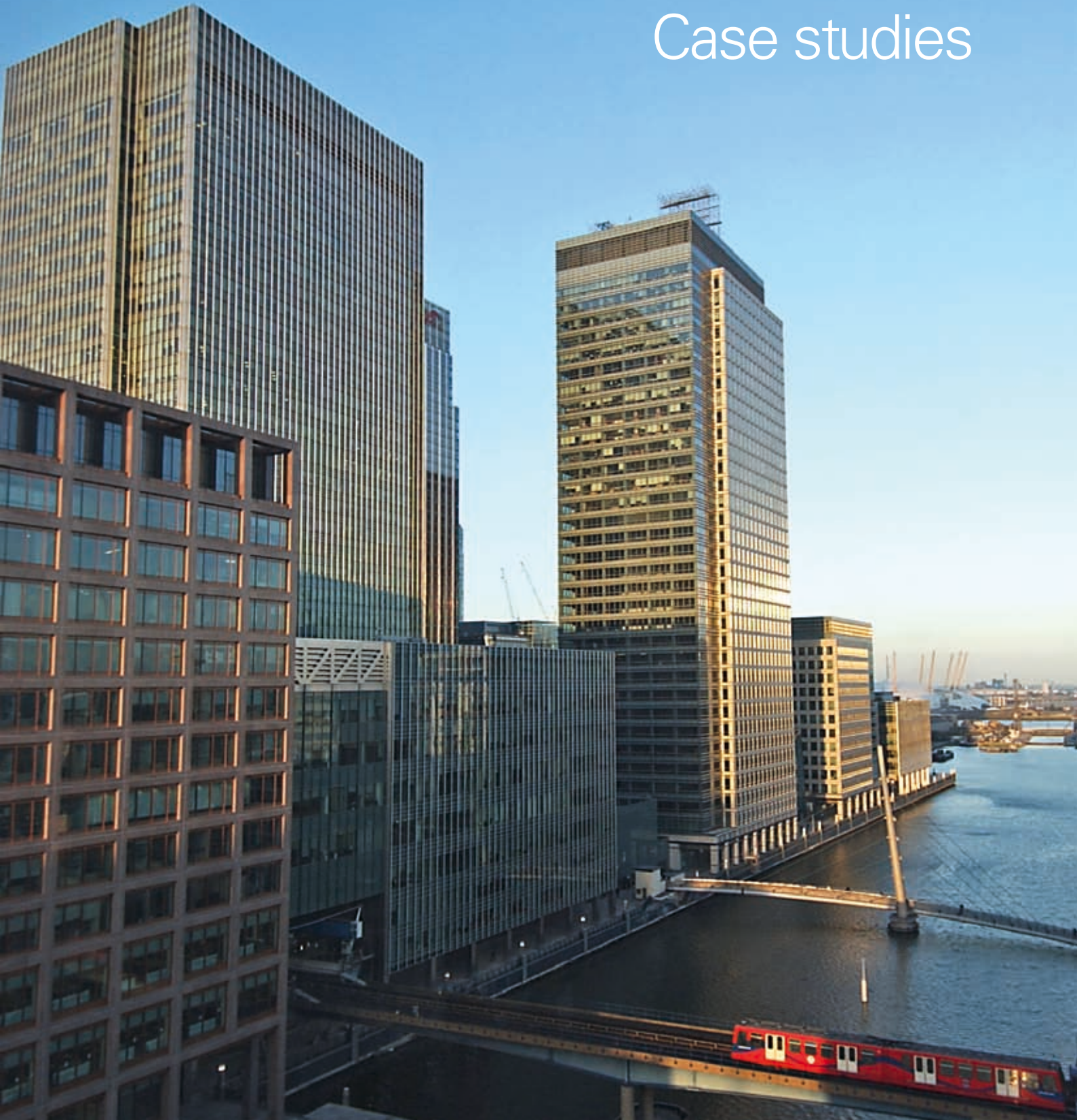
With all these factors in place, the potential for growth in UK-based Islamic Financial Services is immeasurable. The UK Financial Services sector is a springboard for global growth and the partner of choice in the delivery of Islamic Finance excellence in the Western world.

## Advantages of investing in the UK

- London offers a secondary market in sukuk valued at US\$5 billion.
- The UK is a favourable tax and regulatory environment.
- Market demand has stimulated growth in innovative mortgage products, new savings and commercial property finance products.
- Regional centres of excellence are developing rapidly.
- The Islamic Bank of Britain, headquartered in Birmingham, is taking the opportunity to spread the market for services to the Midlands, Manchester and Wales.
- Increased Professional Services offering in Islamic Finance.
- 9 fund managers and a number of accounting and international law firms are also offering Islamic services.
- New standards in learning qualifications.
- The Islamic Finance Qualification (IFQ) by the Securities & Investment Institute (SII) and the École Supérieure des Affaires (ESA), a major business school in the Middle East.

Source: International Financial Services, London (2007)

# Case studies



# The Bank of London and The Middle East

**The Bank of London and The Middle East PLC (BLME) is dedicated to offering Shariah-compliant investment and financing products to financial institutions, corporates and high net-worth individuals in Europe and the MENA region. It launched in July 2007 as a stand-alone, wholesale Shariah-compliant bank after obtaining FSA authorisation.**

BLME's products and services are available to both Islamic and non-Islamic institutions, from those who use Islamic Finance regularly to those who have had no previous involvement with it. "We aim to service all of these groups with a truly differentiated service and product offering," says Humphrey Percy, CEO.

"At the heart of our business strategy is building an institution that will provide business solutions using innovative Shariah-compliant investment and financing products to address the financial needs of our customers. Core to the bank's product and service offering is that they are underpinned by the ethical cornerstones of Shariah-compliant financial services".

**BLME focuses on four main business lines:**

- **Islamic Treasury and financial institutions** – a complete package of products and services to help manage liquidity;

- **Corporate banking** – addressing all the financing needs of corporates, projects and institutions;
- **Private banking and investment management** – assisting high net-worth individuals with their banking and investment management requirements and;
- **Investment banking** – providing a wide range of investment products for institutions, banks and corporates as well as providing corporate finance advisory services.

BLME was founded and managed by a high quality team bringing together a combination of experienced international bankers and leading experts in Islamic Finance from some of the best institutions in the UK. The Board of Directors has a mix of conventional and Islamic banking and finance experience from careers encompassing wholesale and investment banking in the UK and the Middle East.

BLME's largest shareholder is leading Kuwaiti bank, Boubyan Bank, which holds a 20% stake in BLME. The remainder is owned by a combination of financial institutions, investment companies and BLME employees.

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“Core to the bank’s product and service offering is that they are underpinned by the ethical cornerstones of Shariah-compliant financial services”



# DDCAP Ltd

**DDCAP Ltd is a joint venture between the Dawnay, Day Group and ICAP Private Group Ltd (IPGL). DDCAP is focused on the Islamic financial sector and has responsibility for its shareholders' strategic business initiatives in the Islamic marketplace. In 2007 it won two Euromoney Islamic Finance Awards, for Best Liquidity Manager and Best Commodities House. It is a Founder Shareholder in Islamic Bank of Britain PLC, the first Islamic bank licensed in the UK for more than a decade.**

DDCAP's experienced management team has worked with Islamic institutional and private clients since the early 1980s. Its expertise is combined, as required, with complementary and specialist skills from its joint shareholders. With more than 40 personnel, the firm positions itself as an intermediary in the Islamic Financial Services Industry, providing structuring support and value-added services to its clients across a diverse range of products and asset classes.

For example, working with conventional and Islamic banks, DDCAP has arranged over US\$3.5 billion of Shariah-compliant finance for institutions and international corporates during the past year. This includes assisting WestLB in the structuring of the Morabaha arrangements and providing asset facilitation for the acquisition of the Aston Martin Lagonda Group by a consortium led by The Investment Dar (Kuwait).

Through third-party relationships, it has also been involved in the placement of over US\$25 billion in asset-based transactions.

"DDCAP also provides asset facilitation services, as a principal, to over 250 third-party institutions, funds and private offices," says Stella Cox, Managing Director. "For example, this year we facilitated commodity in support of the US\$1.1 billion five-year syndicated Morabaha facility arranged for Arcapita Bank by WestLB, Standard Bank, Standard Chartered Bank, Barclays Capital, Development Bank of Singapore and European Islamic Investment Bank.

"We also assisted Kuwait International Bank (formerly Kuwait Real Estate Bank) with its conversion to operating as an Islamic bank and facilitated the balance sheet conversion trade aggregating KWD 700m.

"In addition, we provided asset facilitation and intermediary trade services for significant currency and profit rate hedging structures provided by several major banks to Islamic institutional clients. These aggregated in excess of US\$1.5 billion."

DDCAP offers trade execution services, providing clients with appropriate solutions for liquidity management and funding requirements and supporting them in their risk management and hedging strategies. It is currently providing advice and structuring assistance to the Malaysian Islamic banks seeking

to introduce commodity-backed liquidity management solutions.

In joint venture with ICAP PLC, DDCAP offers a secondary market brokerage capability in sukuk.

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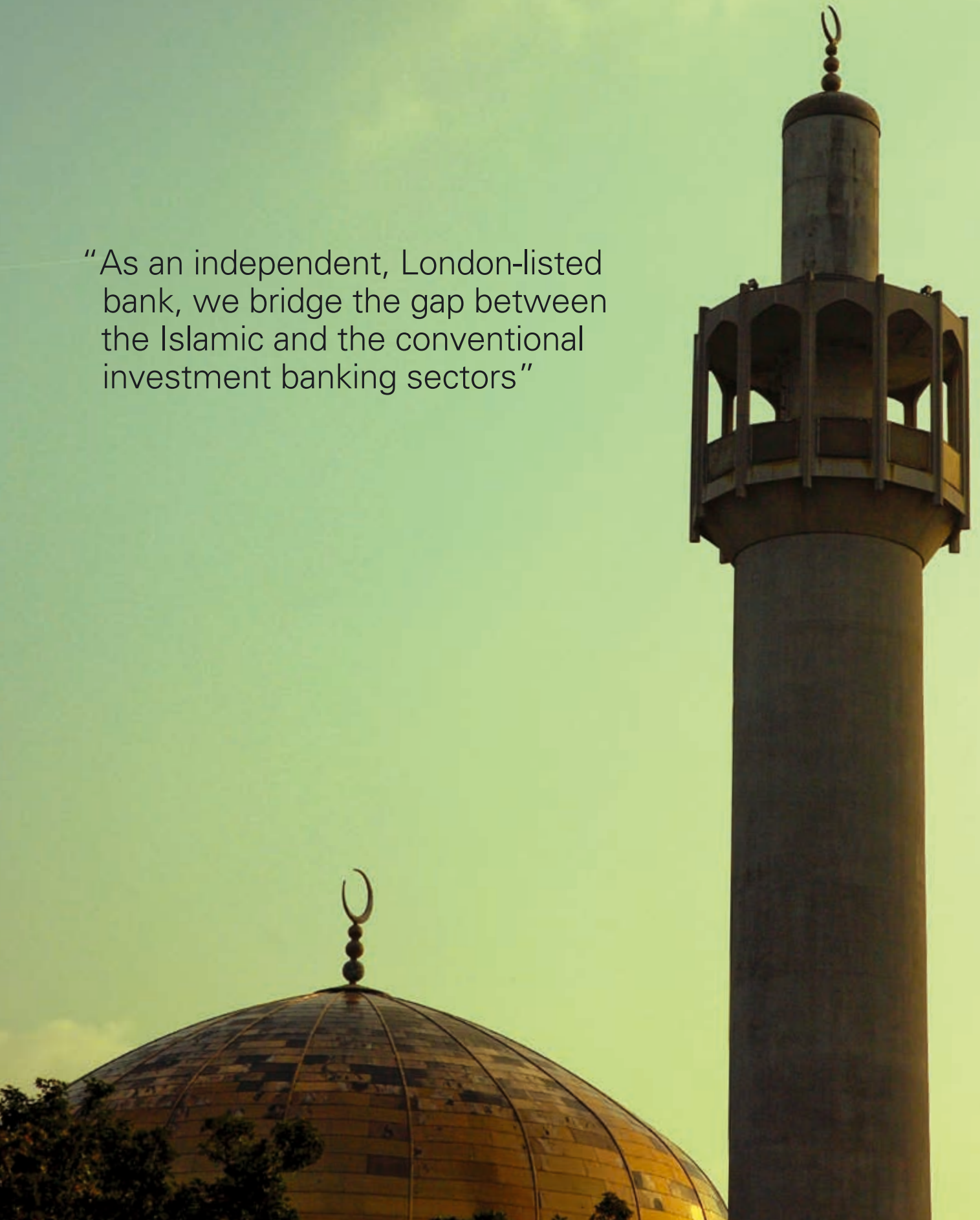
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“DDCAP’s experienced management team has worked with Islamic institutional and private clients since the early 1980s”



“As an independent, London-listed bank, we bridge the gap between the Islamic and the conventional investment banking sectors”



# European Islamic Investment Bank

**In 2005 the founders of the Islamic Bank of Britain (IBB) identified a market opportunity to create a new-style Islamic investment bank in London, leveraging London's leadership in financial services and its high regulatory standards. After extensive research, the European Islamic Investment Bank was founded, and in March 2006 the Financial Services Authority (FSA) authorised EIIB to become the first Islamic investment bank in the UK.**

The process of regulatory approval was complex, involving discussions with the FSA on various issues as well as putting systems in place. Any new bank would encounter much of this process, but as an Islamic institution the EIIB also had some specific issues on which they had to satisfy the FSA.

"The UK Government and regulators, recognising the need for Islamic Finance for the Muslim community and the opportunities for London as a financial centre, have been very supportive over recent years, and have accommodated the needs of our institution and others as well," says John Weguelin, Managing Director. "Some tax issues still need consideration, although the tax authorities have already made changes for Islamic financial transactions in the last two years," he continues.

After opening for business, the EIIB increased its staff to around 45 and established its product lines, including commodity Murabahah, asset management, syndicated

loans, trade finance, and Musharaka investment. It also opened a representative office in Bahrain.

"EIIB's strategy differs from other Islamic investment banks," explains Weguelin. "As an independent, London-listed bank, we bridge the gap between the Islamic and the conventional investment banking sectors, also acting as an investment bank for Islamic banks."

The bank's positioning in London together with a capital base of £182 million – considerably larger than many other Islamic institutions – helps it to underwrite and execute transactions. It is now seeing the benefits of operating in an environment with high regulatory standards, good deal flow and plenty of intellectual capital. This has allowed it to attract talented staff of a variety of nationalities and backgrounds, who have been key to product innovation.

EIIB's focus is meeting the financial needs of Muslims, who number 1.6 to 2 million in the UK and make up around 20% of the population of Europe. It is also able to meet increased demand for ethical investments from the broader population as its Islamic financial products adhere to ethical norms.

The bank is now trading profitably, and in Treasury and Capital markets it has become one of the most active participants in the secondary sukuk market in London, posting two-way prices on its website. In the primary markets, it participated in eight transactions in the first half of 2007,

as well as the Aston Martin financing transaction, the first Islamic leveraged buyout in the UK.

"Looking ahead, we are developing further asset management and capital markets products, and see enormous potential for EIIB to work with EU borrowers to access greater liquidity in the Islamic world," concludes Weguelin.

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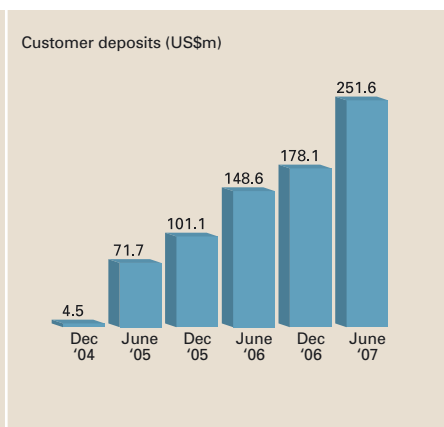
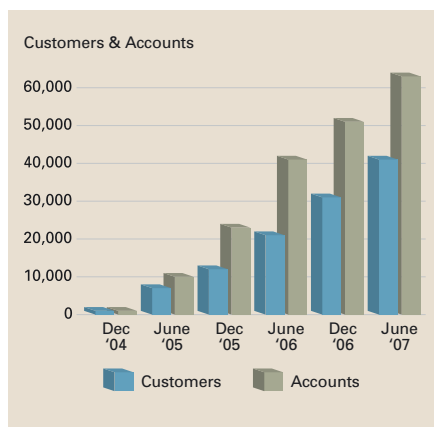
EUROPEAN ISLAMIC INVESTMENT BANK PLC  
بنك الإستثمار الإسلامي الأوروبي بي إي إي

# Islamic Bank of Britain

**Islamic Bank of Britain (IBB) became the first Islamic bank in the Western world when it opened its first branch on the bustling Edgware Road in central London. It has since pioneered Islamic retail banking in the UK and launched a wide range of products, including bank accounts, financing products and Treasury facilities. The bank was also the first to introduce Islamic business banking to the UK, and now offers a wide range of institutional and business banking products and services, including commercial property finance and accounts specifically designed for Masjids (mosques). For the past two years, IBB has been recognised as the Best Islamic Bank in Europe by the Islamic Finance News Awards.**

Three years down the line, IBB is responsible for managing more than a quarter of a billion US\$ in customer deposits. It remains the only UK retail bank to offer Islamic personal finance and Islamic savings accounts. It is also an inclusive bank and welcomes customers of all faiths.

“According to the Institute of Asian Professionals, the Muslim community in Britain contributes over US\$60 billion to the British economy each year,” says Sultan Choudhury, IBB Commercial Director. “This illustrates that Muslims are enjoying the opportunities for success available in modern Britain. IBB is here to help the community continue to achieve in the world of business in harmony



with the ethical principles of Islamic Finance.”

The Bank has now grown, having eight branches across the UK and is offering comprehensive telephone and online banking services around the clock to over 40,000 customers.

“Today, Islamic Bank of Britain is a well-established brand in the UK and is seen as a model for those wishing to establish Islamic banks in other Western countries,” says Sultan Choudhury.

“We are proud to have recently announced a new initiative for our business banking proposition: the creation of Commercial Centres for Islamic Finance, set in the heart of Muslim business communities and manned by specialist staff. The first Islamic Commercial Centre goes live in Birmingham in December 2007.”

IBB customers are also proud to be associated with the Bank: “Our educational charity was set up in

1987 and is engaged in the worldwide advancement, promotion and financing of public education,” says Dr Manazir Ahsan MBE, Secretary of the Long Ditton Trust. “The Trust chose IBB because we wanted to avoid interest wherever possible. Now, instead of receiving interest income, the charity can earn interest-free Halal profits with Islamic savings and Treasury accounts, and can distribute these profits freely to good causes across the world.”

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“For the past two years, IBB has been recognised as the Best Islamic Bank in Europe by the Islamic Finance News Awards”



# KPMG

**KPMG in the UK helped establish one of the first stand-alone Islamic financial institutions in the UK and Western Europe. This case study highlights a complete suite of services which KPMG delivered to our client to take them from set up to Alternative Investments Market (AIM) listing while dealing with the intricacies of Islamic Finance in the UK for one of the first times.**

## **Introduction**

KPMG in the UK has been involved with this organisation since inception several years ago. Since then, the organisation has been authorised and has been listed on AIM. KPMG has been deeply involved in the success of this venture through the provision of a wide range of services, which include:

## **Regulatory Advisory Services**

KPMG worked closely with the client, helping to prepare its initial business case for the regulators and for its investors. After the business case had been developed, KPMG advised on drafting the documents required by the regulators to support its application. This assistance included:

- Documentation of a high level controls framework and the policy statements required;
- Review of the full range of regulatory forms required for authorisation;
- Review of the systems forms by KPMG's specialist systems team.



## “Our team continues to play a pivotal role in the development of new direct tax legislation and regulations in the UK”

KPMG firms professionals were able to provide real benefit to the client through:

- Our experience dealing with authorisation applications from a variety of institutions;
- Relationships with regulators and our deep understanding of the regulators' requirements and concerns.

### **Corporate Tax Advisory Services**

The KPMG team worked closely with HM Treasury (HMT) and HM Revenue and Customs (HMRC) to enable new legislation to be drafted to allow financial institutions to offer compliant products without suffering the adverse direct tax consequences that would have resulted previously. This legislation was enacted in the Finance Act 2005. The team at KPMG are also members of the working parties recently set up by HMRC and HMT to look at amending the UK tax legislation to enable Islamic financial institutions to compete on a level playing field with non Shariah-compliant institutions. Our team therefore continues to play a pivotal role in the development of new direct tax legislation and regulations in the UK.

Since incorporation, the KPMG team continues to work with the client to advise it on the high-level tax implications of Shariah compliance, as well as on the day-to-day practical issues of complying with the intricacies of the existing UK direct tax legislation.

### **VAT Tax Advisory Services**

Our VAT Tax Advisory Services Team has been working closely with the client to help it structure its products in an optimal manner for VAT purposes. We have engaged HMRC in dialogue with a view to achieving a more equitable VAT framework for the client and the industry going forward. Our key aim is to achieve equitable VAT treatments for Islamic products. We are also discussing the issues with our member firms across Europe with a view to opening up a dialogue with the European Commission.

### **Transaction Services**

KPMG in the UK worked closely over an extended period, often in the face of tight deadlines, to meet the documentation requirements for the client's AIM listing and its simultaneous Initial Public Offering. These documents included a working capital report, future business projections and, due to the specialised industry nature, details of the existing and planned Islamic financial products. Throughout the process, our TS team worked closely with their colleagues in audit, tax and regulatory affairs in order to share our knowledge of the client and its markets.

### **Audit and Accounting Services**

KPMG in the UK has worked with the client on a wide range of accounting issues, both prior to and following its UK authorisation. We have undertaken statutory UK GAAP audits as well as a specific audit in connection with the Initial

Public Offering on the UK AIM. More recently, we have assisted the client in its conversion to International Financial Reporting Standards. As part of the process, we established a panel of some of our most senior UK audit partners to form a view on the UK GAAP and IFRS accounting treatments for the client.

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# London Stock Exchange

**The London Stock Exchange is one of the premier listing venues for Shariah-compliant products globally. A number of issuers of Islamic compliant instruments have used its Professional Securities Market and the Main Market to access the most international pool of capital in the world. To date, 14 issuers have chosen the Exchange's markets to list sukuk, raising over £5 billion. The Exchange is also a home to two programmes that allow issuers to use its markets to access capital quickly and efficiently.**

The London Stock Exchange is one of the world's leading exchanges. Its location in London, at the heart of the global financial community, is one of the reasons so many international companies choose to raise capital here. By attracting an ever-growing list of companies and investors, London has created one of the world's deepest pools of capital. Its principles-based approach to regulation and the wide range of expertise offered by London-based professionals are also among the key advantages of London as a global financial centre.

The Exchange offers a choice of markets to best suit issuers' needs, while maintaining appropriate levels of investor protection.

The Exchange's main market for established companies seeking international recognition is one of the world's best known and most

liquid markets, and home to some of the world's largest and most successful companies. To date the market capitalisation of UK and international companies and debt securities on the Exchange's markets amounts to more than £7.5 trillion and over £6.7 trillion of trading was transacted over the year.

AIM is the London Stock Exchange's international market specifically designed for smaller, growing companies, combining the benefits of a public flotation with appropriate levels of regulation.

Meanwhile, the Professional Securities Market (PSM) provides an alternative solution for those issuers seeking to list debt securities and depositary receipts in London without having to re-state their financial information to IFRS or follow the additional requirements of an offering to retail investors.

Finally, in November 2007, the Exchange opened the Specialist Fund Market, an EU-regulated market for highly specialised investment entities that wish to target institutional and professional investors.

International companies can list a number of products in London, including shares, depositary receipts, debt and sukuk. Nearly 40 companies from the Middle East have raised capital on the Exchange's markets. For example, the Dana Gas's sukuk is the first major accelerated

convertible bond to be issued in the Middle East. It raised US\$1 billion convertible sukuk al-Mudarabah and matures in 2012 at a fixed profit rate of 7.5%

"These sukuk are the most sophisticated equity-linked structures to be issued in the region, due to their unique features combining a forward-start pricing structure and delayed settlement within a Shariah-compliant instrument," says Tracy Pierce, Head of Global Business Development.

"We are delighted that the Exchange is able to play a role in the development of this important investment tool, and are looking forward to welcoming more Shariah-compliant finance to our markets," she states.

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**London**  
**STOCK EXCHANGE**

“The Exchange offers a choice of markets to best suit issuers’ needs, while maintaining appropriate levels of investor protection”



# The Islamic Finance Qualification (IFQ)

**The idea of an Islamic Finance Qualification was born out of discussions in 2005 led by the Banque du Liban (BDL) with the École Supérieure des Affaires (ESA) and the Securities & Investment Institute (SII). The aim was to develop a finance qualification underpinned by the tenets of Shariah law. Today the IFQ is the world's first ever global benchmark qualification covering Islamic Finance from a technical perspective alongside its Shariah underpinning.**

While academic studies of Islamic Finance do exist, they are largely the province of individual institutions, each of which draws on a relatively small number of experts. As a result, such courses tend to focus on theoretical debate. In contrast, the IFQ has been designed to provide newcomers to the industry with a broad, practical overview of the nature of Islamic Finance. While it is vital that the IFQ helps candidates understand the role of Shariah in Islamic Finance and familiarises them with the ethics underpinning the contracts, the main aim of the qualification is to help candidates in their work.

The development of the IFQ has been overseen by the Advisory Council for Islamic Finance, established by the BDL and ESA. The Council draws its membership from across the Middle East and the UK, and many other experts, drawn from around the globe, have been involved in the construction of the syllabus, study text and examination.

The IFQ is also available to candidates via computer-based testing (CBT), which means it is a portable qualification that can be studied – and the examination taken – in almost 100 centres around the world. Currently, candidates in some 40 countries – as far apart as Denmark and Australia – are preparing for the examination.

Although banks and finance houses are the main users of the IFQ, interest is also being seen from accountancy and law firms engaged in providing services to these financial institutions. The IFQ is aimed at existing and new employees, as well as individuals seeking a career in or greater understanding of Islamic Finance.

The IFQ is assessed through one two-hour 100 multiple choice question paper covering the basics of Islamic banking and finance: the Islamic law of contracts; the major contracts of Mudaraba, Murabaha, Musharaka, Ijara, Salam and Istisna'; financial statements for Islamic banks; Islamic corporate governance; Islamic asset and fund management; sukuk and Takaful.

Candidates are advised to spend around 100 hours studying for the examination, and non-Muslim candidates with no experience of Islamic Finance are strongly recommended to attend a face-to-face training session. With this in mind, a growing network of SII Accredited Training Providers has been put in place, and training is also provided by the ESA.

The pass mark is 70% and around 70% of candidates pass. The examination fee is £150 and the workbook costs £75. Candidates seeking a training course are advised to contact an Accredited Training Provider for details of fees and dates.

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“The IFQ has been designed to provide newcomers to the industry with a broad, practical overview of the nature of Islamic Finance”



“HSBC Amanah lead manages  
US\$800 million sukuk for  
Abu Dhabi Islamic Bank”



# HSBC Amanah

**HSBC Amanah acted as Sole Arranger of a US\$5 billion Trust Certificate Programme for Abu Dhabi Islamic Bank (ADIB) and Sole Lead Manager and Sole Bookrunner for the debut US\$800 million five-year sukuk issue under the programme. The sukuk are rated 'A2' by Moody's and 'A' by Fitch, in line with the corporate ratings of ADIB. HSBC's Corporate Trust and Loan Agency acted as Agent for the issue.**

The issue size was originally aimed at US\$400 – US\$500 million, but was increased given the strong response from the market in order to accommodate a high number of high quality investors, with investors placing orders of US\$1 billion, one of the largest books for a corporate, non-equity linked issue.

The programme was reviewed and endorsed by the ADIB Shariah board and the HSBC Amanah Shariah board. The scholars on both boards are among the most highly regarded scholars in the Islamic Finance industry and their endorsement of the sukuk structure and documentation allowed ADIB to access the broadest range of Islamic investors in addition to conventional investors who are becoming increasingly familiar with sukuk.

The unique transaction appealed to both conventional as well as Islamic institutions, and attracted demand

from both pools of liquidity in a wide geographic base. The geographical distribution was very balanced. The Middle East accounted for 50% of the issue, Asia accounted for 12%, Europe for 37% and offshore USA 1%. Banks accounted for 58% of the transaction, fund managers 31% and corporates 8%.

ADIB went on a roadshow that covered cities in Asia, the Middle East and Europe. ADIB senior executives, who were accompanied by HSBC Amanah executives, managed to effectively convey ADIB's credit story and impressive track record to investors they met at group presentations and private meetings during the roadshow.

One important component of a sukuk transaction is the listing of the securities. The London Stock Exchange was selected due to its proven track record and the ease of the listing process. The documents were drafted in line with 'Regulation S' and the securities were subject to English law with the forum of dispute resolution being the English courts. The London Stock Exchange as the venue for listing sukuk and English law as the choice of governing law have become commonplace in sukuk transactions; this is evidence that Islamic Finance transactions that are structured to comply with Shariah principles can still be in line with market best practices and standards.

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# ABC International Bank

**alburaq is the brand name through which ABC International Bank offers Shariah-compliant banking products in the UK, particularly specialising in home and property finance. Since its launch less than three years ago, alburaq has built up one of the widest varieties of innovative Shariah-compliant home finance products available anywhere.**

alburaq's range includes products specifically designed for Muslim professionals (doctors, dentists, accountants, lawyers etc) who can obtain finance on more favourable terms in recognition of their low risk profile and current and future earning capacity. Products are also available to help the self-employed who may find it difficult to prove their income in the usual way. Known as self-certification (and not to be confused with 'sub-prime' mortgages), the self-employed can now take full advantage of their income, which may be derived from a variety of sources (businesses and property etc), without having to provide substantiating evidence.

"Home finance is one area in particular where the UK can justifiably lay claim to be at the forefront of Islamic Finance, not just in non-Muslim majority countries but globally," says Keith Leach, Head of alburaq. "The UK Government's commitment to seeing Islamic Finance prosper was exemplified in 2003 by the change in Stamp Duty laws. This and other subsequent changes to primary legislation have set down a marker that demonstrates just how serious the intent is within

Government to see the UK become a place where Islamic Finance is taken seriously and allowed to compete on a level playing field with other more conventional modes of finance. What's more, the recent regulation of Islamic mortgages by the Financial Services Authority has seen Islamic home finance become treated as a mainstream product."

The buy-to-let market in the UK has grown spectacularly in recent years and alburaq has specialist products that allow investors to obtain finance of up to 85% of the property's value based upon and paid from rental income generated by the property, rather than only relying on the client's personal income. Buy-to-let now accounts for 30% of alburaq applications.

alburaq also recognises that many non-UK residents seek to own property in the UK, both as holiday homes and also as investments. The bank not only provides the financial services, but also helps with finding the right property and tax advice.

"The confidence produced by knowing that an environment will exist to allow Islamic Finance to grow allows product providers like ourselves to press ahead and invest the resources necessary to develop competitively priced products that offer all the facilities consumers naturally expect in 2007," says Keith. "It is no exaggeration to say that the framework now in place in the UK means that Shariah-compliant home finance products can be offered in

a way that makes them competitive with 'conventional' products, and that the Islamic mortgage market in the UK is as established as anywhere in the world."

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**www.alburaq.co.uk**

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“The bank not only provides the financial services, but also helps with finding the right property and tax advice”



# GSH

**GSH is a dynamic international investment advisory firm based in Kuwait. It advises on structures and manages global real estate and investment products on behalf of its investors. In Kuwait its services include asset management and advisory services on Shariah compliance and investment. GSH also has established subsidiaries in the US, the UK and France, providing an on-the-ground presence in the most important financial and economic centres in the world.**

GSH's parent company, The Securities House K.S.C.C., is a leading investment company in Kuwait established in 1982 and is currently listed on the Kuwait Stock Exchange. Total paid-in-capital is more than \$160 million, while total group assets under management have surpassed \$2.7 billion.

The Securities House K.S.C.C. is also a holding company and is invested in many different sectors, including investment banking, asset management, real estate development, industry, healthcare, pharmaceuticals and education.

## **GSH UK and Gatehouse Capital plc**

During 2007 GSH and The Securities House K.S.C.C. established two new companies in the UK – GSH UK Ltd and Gatehouse Capital plc, each with different objectives. Both companies have registered offices in the heart of the City of London

and each is established to take advantage of the UK's position as a global gateway for Shariah-compliant finance and international business intermediation. "Influenced by recent regulatory and legislative changes and UK Government statements suggesting that Islamic Finance will find a level playing field in London, these companies are designed to put the group in the vanguard of current industry development, including sukuk and other new capital market instruments," explains Richard Thomas, Managing Director.

GSH UK Ltd is a subsidiary of GSH in Kuwait, with a remit including private equity and direct equity in sectors including but not limited to real estate. The City of London provides GSH UK with direct access to international investment opportunities and to professional resources and liquidity to back up these projects in highly developed markets.

Gatehouse Capital plc is advanced in its application to the FSA for authorisation to act as a deposit-taking institution in accordance with Shariah guidelines. This means that Gatehouse Capital, should it receive authorisation, aims to operate as a Shariah-compliant wholesale investment bank based in the City of London, focusing on:

- Islamic capital markets
- Islamic treasury business
- institutional wealth management

In particular, capital markets activities will include:

**a)** Fundraising for target clients, both in and out of the GCC:

- sukuk instruments:
  - structuring, arranging and underwriting (including listing, eg DIFX in Dubai and London Stock Exchange)
  - participating
  - trading/market-making.
- syndicated financings into the Islamic banking market:
  - structuring, arranging and underwriting
  - participating
  - primary and secondary trading.

**b)** Structuring advisory services – using Shariah expertise and availability of in-house Shariah committee. These will be:

- transaction based
- focused on structured products, eg exchange-traded funds.

**c)** Corporate and asset finance, including:

- real estate financings
- syndicated project financings.

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## **Contacts**

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“GSH prides itself not only on offering Shariah-compliant products, but on offering exceptional and innovative investment opportunities”

Fahed Boodai, Chief Executive Officer



# Get the Support You Need to Succeed

To find out more about the wealth of opportunities in the UK financial services industry and to get the support you need to succeed, please visit [www.thecityuk.com](http://www.thecityuk.com) and explore the contacts below.



## UK Trade & Investment

UK Trade & Investment is the Government organisation that supports companies in the UK doing business internationally and overseas enterprises seeking to set up or expand in the UK.

Its role is to help companies realise their international business potential through knowledge transfer, and ongoing partnership support. To support its aim to “enhance the competitiveness of companies in the UK through overseas trade and investments; and attract a continuing high level of quality foreign direct investment”, UK Trade & Investment offers services to UK businesses that want to grow their business internationally and overseas businesses that want to locate in the UK.

### Contact

For more information please visit [www.uktradeinvest.gov.uk](http://www.uktradeinvest.gov.uk) or contact the Financial Services Sector team:

Robert Irvine, UK Trade & Investment  
Tel: **+44 (0)20 7215 4677**  
Email:  
[robert.irvine@uktradeinvest.gov.uk](mailto:robert.irvine@uktradeinvest.gov.uk)

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## The City of London Corporation

The City of London, the central business district known as ‘the Square Mile’, is the world’s leading international financial and business centre – a global powerhouse at the heart of the UK’s economy. The City of London Corporation is the organisation that supports and promotes the Square Mile and the businesses within it. It sustains all the needs of a 24 hour city and helps position it for the future. It will ensure that the Square Mile continues to thrive and retains its place as the world’s premier financial centre.

Under the City ‘brand’ the City of London Corporation promotes and supports the financial services sector throughout the UK (regardless of parenthood), in effect acting as Ambassador and facilitator for the wider industry. The City of London is the heart of this industry, but it also includes the UK retail financial services centres in cities such as Edinburgh, Glasgow, Manchester, Leeds, Birmingham and Bristol. As such it is not confined to the ‘Square Mile’ and the surrounding inner London business cluster.

### Contact

For further information, please visit: [www.cityoflondon.gov.uk](http://www.cityoflondon.gov.uk) or contact :  
Jeremy Fern  
Head of City Affairs  
City of London Corporation  
Tel: **+44 (0)20 7332 3605**



## International Financial Services, London (IFSL)

IFSL’s role is to promote the international activities and expertise of UK-based financial services: it is the only independent cross-sectoral organisation representing this sector. Through consulting its members and co-operating with the UK Government, IFSL organises events at home and abroad that promote skills and expertise, such as in Islamic Finance, which can be accessed from the UK. It compiles reports and statistics that raise awareness of the size and importance of London and the UK as an international financial centre. IFSL also works towards the opening of financial markets and removal of barriers to trade in services. It has inaugurated a new working group on Islamic Finance for Business; its first meeting in September this year attracted interest from 60 member companies, further evidence of the growing importance London attaches to this service. IFSL will be publishing its first report on Islamic Finance early in 2008.

### Contact

For further information, please visit: [www.ifsl.org.uk](http://www.ifsl.org.uk) or contact  
Patrick Lamb  
Deputy Chief Executive  
International Financial Services,  
London (IFSL)  
Tel: **+44 (0)20 7213 9100**



UK Trade & Investment is the Government organisation that helps UK-based companies succeed in an increasingly global economy. Its range of expert services are tailored to the needs of individual businesses to maximise their international success. We provide companies with knowledge, advice and practical support.

UK Trade & Investment also helps overseas companies bring high quality investment to the UK's vibrant economy – acknowledged as Europe's best place from which to succeed in global business. We provide support and advice to investors at all stages of their business decision-making.

UK Trade & Investment offers expertise and contacts through a network of international specialists throughout the UK, and in British Embassies and other diplomatic posts around the world.

For further information please visit [www.uktradeinvest.gov.uk](http://www.uktradeinvest.gov.uk) or telephone +44 (0)20 7215 8000.

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