



RATIONALE

Is the nascent Islamic Capital Market (ICM) finally taking off? Sukuk (Islamic bonds) issuance, for instance, has shown a spectacular rise in the last year or so. In the Gulf Co-operation Council (GCC) countries, Sukuk issuances now accounts for 81 per cent of the total new bond issuances, compared to just 26 per cent in 2005.

City-based international law firm Trowers & Hamlins in London in a recent report stressed that GCC-based non-sovereign borrowers issued \$4,585m worth of Sukuk between January and June 2006, a 117 per cent increase on the \$2,113m for the same period in 2005.

In reality, the total outstanding in global Sukuk issuances currently is estimated at about US\$20bn. If we include the Islamic Money Market in Malaysia, which is dominated by Islamic private debt securities (IPDS) as opposed to asset-backed securities, then the outstanding issuances in Malaysia at end 2005 totaled RM40.8bn, by far the largest single market for Sukuk issuances.

However, these figures underline both the nascence and the potential of the ICM, especially Sukuk issuances.

The good news is the growing geographical diversification of Sukuk origination and investors, especially from the West. This suggests that Western corporate and institutional investors are increasingly becoming comfortable with Sukuk concepts, structures and risks.

Another encouraging sign is the increasing complexity of structures which is driving innovation to cutting edge, often through collaboration between Islamic financial institutions (IFIs) such as CIMB in Malaysia, the world 's largest arranger of Sukuk in terms of volume; Unicorn Investment Bank in Bahrain; Dubai Islamic Bank; and ABC; and western institutions such as WestLB, Deutsche Bank, HSBC and Citigroup.

Other encouraging signs are that the market is now moving away from sovereign issuances to corporate and special value-added issues such as securitisation of Waqf assets to generate liquidity to renovate these assets so as to generate a more productive stream of rental income.

However, as with Islamic finance in general, there remains an urgent case for 'demystifying' Sukuk and Islamic capital market products, both to the Islamic and conventional finance sectors and investor constituencies.

The Inaugural Sukuk Summit scheduled for June 2007 in London and jointly organised by Islamic Banker magazine, the market reference for the global Islamic finance sector, and IC Group, the leading events management company for the sector specialising in real estate, Takaful and Islamic finance, is being convened precisely with this in mind; and to further educate and inform the market about the latest developments and issues.

Perhaps, more importantly, it also aims to provide a platform for issuers and end-users to engage with investors, arrangers, listing and rating agencies, as well as with community organisations which may have Waqf assets available for securitisation – the first time ever that this is being facilitated at such a conference anywhere.

This programme is exclusive to The Sukuk Summit and has never been attempted anywhere in terms of its breadth; value-added-ness; contemporary relevance and future potential.

We have designed a programme 'fit for purpose' whether you are a corporate or community; a regulator or rating agency; a municipality or market maker; a structurer or Shariah advisory; and an investor or innovator. Islamic Banker in association with ICG will also publish a full colour supplement themed 'Sukuk – a state of the sector report. The supplement will be researched and written by Mushtak Parker with guest contributions from prominent industry players. It will be distributed initially exclusively to conference participants.

We are inviting a list of impressive speakers from a number of countries who are proven experts in their respective fields.

If you have any interest in Islamic capital markets or in Sukuk and other Islamic commercial papers, this is a Summit which you simply cannot afford to miss.

We look forward to seeing you at this unique and ground-breaking event!