

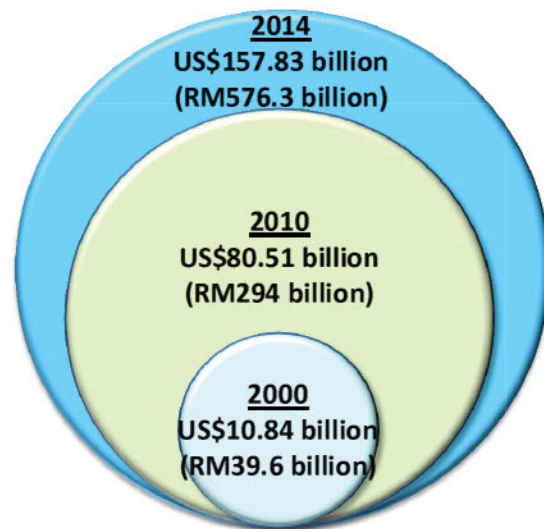
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Role of Regulator in Creating Enabling Environment for Sukuk Market

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The Malaysian sukuk market has experienced rapid growth

- Sukuk has become a viable financing and investment alternative
- Growing demand for sukuk among issuers and investors
- Sukuk plays a key role in financing country's economy
- Compounded annual growth rate (CAGR) of 22.2% from 2000-2010 (*Capital Market Masterplan*)
- Sukuk market expected to grow to US\$364.64 billion (RM1,331.5 billion) by 2020, with CAGR of 16.3% (*Capital Market Masterplan 2*)



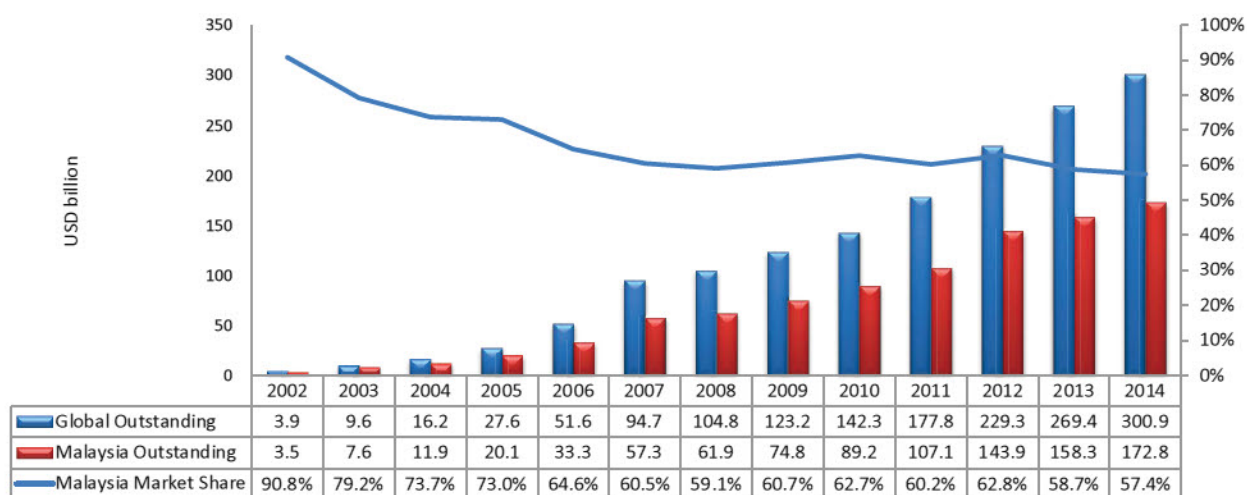
Malaysia continues to be a key player in the global sukuk market



- In 2014, a total of USD118.8 billion worth of sukuk were issued, slightly below USD119.7 billion in 2013.
- Malaysia was the leading jurisdiction driving the global sukuk market in 2014 with 65.6%, followed by Saudi Arabia (9.95%), Indonesia (5.34%) and UAE (4.81%)

Source: KFH Research

Malaysia continues to be a key player in the global sukuk market (cont'd)



- The global sukuk outstanding volume surpassed USD300 billion as at the end-2014, a 12.0% expansion from USD269.4 billion outstanding as at the end-2013.
- Malaysia accounted for approximately 57% of global sukuk outstanding.

Source: KFH Research

Enabling environment to support the growth of the sukuk market

Legal and Regulatory Framework

- Benchmarked against international standards
- Common regulatory approach in regulating sukuk
- Application of common law legal system facilitates issuance of sukuk

Tax Framework

- Tax neutrality provisions
- Tax incentives
 - Issuers
 - Investors
 - Intermediaries

Shariah Governance Framework

- National Shariah Advisory Council established under the Capital Markets and Services Act 2007
 - Acts as a reference point for the industry
 - Resolutions and rulings provide clarity, certainty and consistency to the industry
- Shariah adviser at the industry level
 - Mandated by regulations
 - Role to advise, review and endorse compliance with Shariah requirements
 - Registered with the SC

Players and instruments

- Diversity of issuers
 - Local
 - Foreign
 - Multi-lateral institutions
- Diversity of instruments
 - Multi-currency
 - Short, medium and long-tenured instruments

Recent initiatives to further drive the growth of the sukuk market

Facilitating retail participation in the sukuk market

Retail Bond/Sukuk Framework

Broadening range of issuers and investors

Removal of Mandatory Rating Requirement

Promoting socially responsible investment and financing

Sustainable and Responsible Investment (SRI) Sukuk Framework

Enhancing time-to-market and facilitating immediate product launches

Lodge and Launch Framework

THANK YOU
