

5th MEETING OF THE OIC MEMBER STATES' STOCK EXCHANGES FORUM

Istanbul, September 17-18, 2011

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OIC Member States' Stock Exchanges Forum Background

The Forum;

- ▶ was initiated in 20th session of the Standing Committee for Economic and Commercial Cooperation of the OIC (COMCEC), in 2004
- ▶ currently has 57 members from 37 countries:
 - 42 stock exchanges
 - 7 clearing, settlement, registry and depository institutions
 - 8 related organizations
- ▶ provides a dedicated platform and communication channel
- ▶ encourages international cooperation

OIC Member States' Stock Exchanges Forum Background cont'd

- ▶ First Round-table Meeting, Istanbul – March 2005

- ▶ Second Annual Meeting, Istanbul – October 2008
 - A working committee and four task forces established
 - The decision regarding the encouragement of the capital markets authorities was strongly emphasized in the report of the 24th session of the COMCEC

- ▶ First Working Committee Meeting, Tehran – May 2009

- ▶ Third Annual Meeting, Istanbul – October 2009
 - Task forces renamed and assigned new tasks
 - Final Report submitted to the COMCEC
 - In the COMCEC meeting, regulatory bodies of the OIC member states requested to establish a similar platform to boost cooperation efforts

- ▶ Third Working Committee Meeting, Abu Dhabi – April 2010
 - All task forces requested to present a road map, time schedule and more specific proposals to the Annual Meeting

Fourth Annual Meeting Decisions and the Tasks Accomplished

Fourth Annual Meeting, Istanbul – October 2010

Decision # 1:

- ▶ Having reviewed the proposals of various international index providers, the Forum has chosen S&P as the index provider for the OIC Stock Exchanges.

Decision # 2:

- ▶ The Task Force for Customized Indices and Exchange Traded Islamic Financial Products will coordinate the work with the index provider; i.e. S&P, and will facilitate the signing of the master agreement between the index provider and the participating stock exchanges. S&P will create a benchmark index and tradable indices and will also suggest sectoral, regional and other types of indices for further consideration.

----- OUTCOME -----

- 8 exchanges – confirmed participation
- 8 exchanges – interested but not confirmed
- 5 exchanges – not accessible or not replied
- to be launched in 2011

Fourth Annual Meeting Decisions and the Tasks Accomplished

Decision # 3:

- ▶ The Forum appreciates the work that has been presented by IIFM and will continue to work with IIFM on further projects. The Forum members acknowledge the Paper distributed by the Task Force recommending the development of the secondary sukuk market with market makers, in addition to the trading of Exchange Traded Funds, Exchange Traded Commodity Contracts, Islamic Real Estate Investment Trusts, and Islamic Depository Receipts, as well as other Islamic products to be traded on the OIC stock exchanges.

----- OUTCOME -----

- IIFM and the ISE as the Task Force coordinator had discussions to bring a generic solution

Fourth Annual Meeting Decisions and the Tasks Accomplished

Decision # 4:

- ▶ The Forum appreciates the work done by Bursa Malaysia Berhad with regard to the Task Force for the Promotion, Awareness and Investor Education about Islamic Capital Markets. The Task Force for the Promotion, Awareness and Investor Education about Islamic Capital Markets will continue to work on the development of awareness raising activities and projects. The Forum expects the contributions of the member stock exchanges for the development of the OIC members' directory, the template of which has already been prepared by the Task Force. The web site should be re-structured and enriched to become interactive and to include more detailed information about the member Exchanges for reference purposes and for investor education.

----- OUTCOME -----

- 6 members responded to the OIC Members Directory
- A questionnaire on the website was prepared by the Forum Coordinator and filled by members
- Design of the web site has been changed - more features to come

Fourth Annual Meeting Decisions and the Tasks Accomplished

Decision # 5:

- ▶ The Forum is appreciative of the progress made by Thomson Reuters in developing a specialized section on OIC countries' capital markets. The Forum recommends to the member stock exchanges to utilize the services provided by data vendors such as Thomson Reuters in facilitating cross border trading through the tools provided for broker dealers. The data vendors should be encouraged to provide competitive terms on their services in cooperation with the OIC Stock Exchanges.

Fourth Annual Meeting Decisions and the Tasks Accomplished

Decision # 6:

- ▶ The presentation jointly prepared by the Task Force for Capital Market Linkages and the Task Force for Post-Trade Services is acknowledged by the Forum. Various modalities of linkages were discussed and the Task Force will prepare the format for a multilateral MoU for the Forum member Exchanges. The Forum encourages member exchanges to start bilateral linkage efforts based on the various modalities suggested to the Forum.

----- OUTCOME -----

- Questionnaire prepared by the Task Force for Capital Market Linkages and sent to members
- 9 members responded to the questionnaire
- The task force prepared a draft MOU text – to be discussed in this meeting

Fourth Annual Meeting Decisions and the Tasks Accomplished

Decision # 7:

- ▶ A one-day conference and exhibition on capital market linkages shall be organized prior to the 5th Forum meeting to be held in Istanbul in October 2011 (the exact date will be further announced by the Secretariat). The conference will bring together the institutional investors, post-trade service providers, intermediaries, technology providers and stock exchanges. The Task Force for Capital Market Linkages and the Task Force for Post-Trade Services will jointly work on this conference and exhibition.

----- OUTCOME -----

- Today's Seminar on "Capital Market Linkages and Technology" brought together approximately 160 participants from more than 60 institutions and 25 countries including regulatory bodies.

Fourth Annual Meeting Decisions and the Tasks Accomplished

Decision # 8:

- ▶ The Forum requests the member Exchanges to promptly respond to the surveys and questionnaires prepared by the Task Forces.

----- OUTCOME -----

- Only 6 members responded to the directory prepared by the Promotion and Awareness Task Force
- Only 9 members responded to the questionnaire prepared by the Capital Market Linkages Task Force

Fourth Annual Meeting Decisions and the Tasks Accomplished

Decision # 9:

- ▶ The Forum appreciates SESRIC's willingness to undertake capacity-building, training and educational programs for the member Exchanges in coordination with the Forum.

----- OUTCOME -----

- A questionnaire on assessing the training needs and capacities of the Forum members was prepared by SESRIC and sent out to all members by the Forum Coordinator
- "Capacity Building Programme for the Stock Exchanges of the OIC Member States" was launched in May 2011
- First meeting program has been arranged between the Istanbul Stock Exchange and Islamabad Stock Exchange (Date - TBC)

Fourth Annual Meeting Decisions and the Tasks Accomplished

Decision # 10:

- ▶ The next Working Committee meeting will be held in April 2011 (the venue will be further announced by the Secretariat).

----- OUTCOME -----

- The Working Committee meeting in April 2011 was cancelled due to the recent conflicts in the MENA region.