

17th OIC Exchanges Forum Meeting



**BORSA
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Benchmark for Investment

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- **Task Force on Indices**
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- **Capacity Building Programs**

17th OIC Exchanges Forum - Overview

- **OIC Exchanges Statistics Report 2022** published
 - More details by Borsa İstanbul (presentation)
- **OIC Exchanges Newsletters** published quarterly
- **Capacity Building Programs** aim to increase the knowledge of the members on specific issues related to the capital markets through trainings by qualified experts and academicians.

Task Force on Indices – Latest Decisions

16th OIC Exchanges Forum Decision:

- The Forum appreciates the work of the Task Force on Indices, and congratulates the Task Force for successful completion of the establishment of S&P/OIC COMCEC 50 Shariah Index Fund, which is now available to all investors. The Forum notes that the Task Force may now be closed as it achieved its targets of launching an index and a financial instrument based on the Index. The Forum will continue to support the promotion of the Fund to investors and calls for all members to do so in their respective jurisdictions to increase the size of the Fund over time.

Task Force on Indices – Latest Decisions

38th COMCEC Ministerial Session Decisions:

- Commends the Task Force on Indices for successful completion of the establishment of S&P/OIC COMCEC 50 Shariah Index Fund, which has recently become available to international investors.
- Taking note with appreciation the conduct of a panel discussion on “OIC Capital Markets and S&P/OIC COMCEC 50 Shariah Index Fund” on the sidelines of the 38th Session of the COMCEC, invites the Member States to engage in promotional and marketing activities for potential investors in their respective countries to raise awareness about the S&P/OIC COMCEC 50 Shariah Index Fund.

39th COMCEC Follow-up Committee Meeting Decision:

- The Committee called upon the Member States to support active promotion of the S&P OIC/COMCEC Shariah International Fund, which includes shares from the OIC COMCEC 50 Shariah Index, launched under the coordination of OIC Exchanges Forum to the investors and the finance community in their respective countries.

Task Force on Indices – the Index

- S&P OIC COMCEC 50 Shariah Index, launched in June 2012 as a benchmark index.
- The Index is designed to provide investors with a Shariah-compliant benchmark that measures the performance of leading companies from the OIC member states.
- OIC exchanges are expected to promote the index in their jurisdictions.
- With the beginning of the calculation of the index, the focus has been shifted to develop a financial instrument based on the index in order to facilitate attracting further investments to OIC capital markets.

Task Force on Indices – the Fund

- After several years of efforts, an index fund based on S&P OIC COMCEC 50 Shariah Index has been launched by Ziraat Portfolio Management, the largest asset management company in Türkiye. The new Fund first announced in 2019 during the 13th OIC Exchanges Forum.
- Since then several steps have been taken to make the Fund operational. Custody and FX accounts are opened by Citibank and Clearstream in the countries covered by the Fund. Then Trading/Investment accounts are opened by Mubasher (Dubai based regional brokerage house) with the help of İş Invest (another Turkish asset management company).
- After becoming operational on October 25th, 2021, Ziraat Portföy tested the operational processes among international parties through its own investment as a founder.

Task Force on Indices – the Fund

- After successful test results, the Fund's participation shares have been issued and became available to all domestic and international investors on August 2nd, 2022.
- Because it involves seven countries, the operation of the Fund is sophisticated, it is necessary to increase the size of assets under management be able to cover the high operational costs and ensure its long term sustainability.
- In line with the decisions taken by COMCEC Office, Ziraat Portföy and Borsa İstanbul's senior executives initiated the marketing activities for the Fund.

Task Force on Indices – the Fund

- Within the scope of promotional activities;
 - The letters with relevant information and invitation to invest in the Fund have been sent to the OIC Member States by COMCEC through Turkish Ministry of Foreign Affairs.
 - At the 38th Ministerial Meeting of COMCEC, the "OIC/COMCEC International Investment Fund" panel was held where the Fund was introduced.
 - A meeting was held with the Islamic Development Bank (IsDB),
 - The Fund was explained at high-level meetings held with the Indonesian and Malaysian Stock Exchanges.
 - A promotional presentation, including the Fund, was made during the Turkish-Arab Finance Forum held in Dubai in cooperation with the Ministry of Treasury and Finance and the Presidential Investment Office.
 - The introduction of the Fund was also included in the meeting titled "Islamic Capital Market Products" organized by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) in Pakistan.
 - Borsa İstanbul initiated communications with the OICEF Members, especially the Exchanges at which the Fund's constituents are traded.
 - The Fund continues to be promoted in other meetings where foreign exchanges and organizations are present.

Task Force on Indices – the Fund - Marketing

- As the first investable product developed by COMCEC and OICEF, we would like to invite all relevant institutions of OIC Member States/OICEF Members to invest in the Fund to support further development of OIC capital markets.
- We would appreciate the thoughts and recommendations of OICEF Members regarding the active promotion of the Fund to potential investors and increase the AUM of the Fund.

More details about the Fund will be provided by Ziraat Portföy

Task Force on Precious Metals – Latest Decisions

16th OIC Exchanges Forum Decision:

- The Forum mandates the Task Force on Precious Metals to continue to facilitate the assessment of the feasibility of the BIGA business model to operate in a multi-national setting among OIC member states with the ultimate aim of establishing a Gold Exchange.

Task Force on Precious Metals – Latest Decisions

38th COMCEC Ministerial Session Decisions:

- Takes note of the briefing by Secretariat of the OIC Exchanges Forum on the efforts towards establishing OIC Gold Exchange among the volunteering Member Countries and requests the Forum's Secretariat to advance the technical preparations on the new blockchain based model for the OIC Gold Exchange Project in cooperation with central banks and report the progress to the 39th COMCEC Session and Follow-up Committee Meeting.
- Invites the interested Member States and their relevant institutions to actively support Forum's Task Force on Precious Metals by finding counterparts and designating focal points in their respective countries to lead the OIC Gold Exchange Project in order to contribute to the formulation of the business model for a well-functioning OIC Gold Exchange Market.

Task Force on Precious Metals – Latest Decisions

39th COMCEC Follow-up Committee Meeting Decision:

- The Committee requested the Secretariat of the OIC Exchanges Forum to complete the technical preparations on the **OIC Gold Project**, based on block-chain model, in cooperation with central banks of the interested Member States.

Task Force on Precious Metals

- Project had been initiated at the COMCEC meeting in 2014 to take steps towards the establishment of the OIC Gold Exchange.
- Two technical reports have been prepared to assess feasibility in 2015 and 2016. A series of discussions held over the years with OIC counterparts and other relevant institutions. It has become clear that one of the primary obstacles in front of multi-national spot gold trading among regulated markets of OIC countries is the financial and operational inefficiencies that would arise in case of physical transfer of gold.
- To overcome the physical transfer problem; the OIC Exchanges Forum evaluates whether the BiGA gold transfer system, which provides 24/7 transfer between banks in Türkiye, may be also implemented in a multi-national setting among OIC member states.

Task Force on Precious Metals – BiGA

- In order for the BiGA digital gold transfer system to be implemented in OIC countries, central banks of the member countries may need to participate in the system as essential solution partners.
- Several C-level and technical meetings were held among COMCEC, Ministry of Treasury and Finance, CBRT, Borsa İstanbul and Takasbank during the year.
- Specific task force has been established with the authorized personnel of above mentioned institutions and 4 meetings were held. Feasibility of the BiGA business model is under consideration in terms of legal, technical and operational details.

Capacity Building Programs – Training jointly organized with SESRIC

- The OIC Exchanges Forum organized a training course on “Islamic Debt and Equity Markets” on 16-18 May 2023 in collaboration with The Statistical, Economic and Social Research and Training Centre for Islamic Countries (SESRIC).
- OIC Exchanges Forum arranged competent trainers from the relevant departments of Borsa İstanbul Group, as well as Indonesia Stock Exchange and OJK Indonesia. Trainers delivered invaluable presentations and facilitated exchange of experiences with their counterparts throughout the training course.

Next Steps

- For future efforts of the Forum it would be sensible to have discussion on next steps. Topics will be discussed during the relative section of the Forum Program.
- We are keen on facilitating a more dynamic Forum, encouraging more ownership and leadership on working groups to other member exchanges.
- We are open to ideas and suggestions of members on future activities of the Forum



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Thank you

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