

# 14th OIC Exchanges Forum Meeting



**BORSA  
İSTANBUL**

*Benchmark for Investment*

**Dr. Recep Bildik**

Director,

International Relations & OICEF Secretariat

# Agenda

- **14th OIC Exchanges Forum – Overview**
- **Task Force on Indices**
- **Task Force on Precious Metals**
- **Task Force on Sustainability**
- **OIC Exchanges Forum – Expected Outcomes**

# 14th OIC Exchanges Forum - Overview

- 116 participants from 23 countries
- 24 Exchanges
- 8 Clearing, Settlement and Custodians
- 13 Domestic/International Institutions

# 14th OIC Exchanges Forum - Overview

- **Full-day extensive program with distinguished speakers and participants**
- **Best Practice Session** takes place as part of the Forum agenda
- **OIC Exchanges Newsletter** published quarterly
- **OIC Exchanges Statistics Report 2019** published
  - More detail by Borsa İstanbul (presentation)

# Task Force on Indices - Background

- S&P OIC COMCEC 50 Shariah Index, launched in June 2012 as a benchmark index.
- The Index is designed to provide investors with a Sharia-compliant benchmark that measures the performance of leading companies from the Organization of Islamic Cooperation (OIC) member states
- OIC exchanges are expected to promote the index in their jurisdictions (ie publish the index on their websites etc.)
- With the beginning of the calculation of the index, efforts were started to develop a financial instrument based on the index in order to attract investment to OIC capital markets.

# Task Force on Indices – Latest Decisions

## 13th OIC Exchanges Forum Decisions:

- The Forum appreciates the efforts of the Task Force on Indices and welcomes launch of the S&P/OIC COMCEC 50 Shariah Index Fund (the Fund) which is considered a major success for the Forum and OIC capital markets. As the next step the Forum mandates the Task Force to find investors for the Fund and exert every effort to increase the assets under management of the Fund. The Forum invites IsDB to invest into the Fund to help accelerate further investments.
- With reference to the resolution of the 35th Meeting of the Follow-up Committee of the COMCEC, the Forum mandates the Task Force on Indices, in cooperation with IsDB to continue to work towards the promotion of S&P OIC/COMCEC Shariah 50 Index and the Fund to the investors and the finance community as well as publishing the Index on the official websites of the OIC Exchanges Forum Members.

# Task Force on Indices – Latest Decisions

- 35th COMCEC decisions:
  - Requests Borsa Istanbul as the Secretariat of the OIC Exchanges Forum in cooperation with IDB to continue to work towards the promotion of the S&P OIC/COMCEC Shariah 50 Index, its potential sub-indices and to develop effective products and services based on the Index.
  - Welcomes the efforts of the Secretariat of the OIC Exchanges Forum for the establishment of the Fund towards the operationalization of the S&P OIC/COMCEC Shariah 50 Index.
  - Also requests the Member States to actively support the Forum’s Task Force on Indices including the promotion of the S&P OIC/COMCEC Shariah 50 Index and its potential sub-indices, products and services based on the Index.

# Task Force on Indices – Current/Future

- As a result of coordinated efforts in 2019, an index fund based on S&P OIC COMCEC 50 Shariah Index has been launched during the 13th OIC Exchanges Forum.
- Process still continues for the issuance of the Fund in terms of opening custody accounts in several OIC countries by Citibank.
  - **More Details by Ziraat Portfooy**
- Before the public issuance of the Fund, marketing and promotion of the Fund is needed to reach investors.
- After the issuance, continuous support for promoting the Fund will always be crucial and necessary to increase the AUM of the Fund.
- **What else can we do as OIC exchanges to promote the Fund in line with the COMCEC decisions? (Q&A/Brainstorming session)**



# Task Force on Precious Metals

- Project to take steps towards the establishment of the COMCEC Gold Exchange had been initiated at the COMCEC meeting dated November 25-28, 2014, at the highest level. The first technical report was presented at the 31st meeting of COMCEC dated 23-26 November 2015.



# Task Force on Precious Metals - Background

- The project did not materialize since inception in 2014. The Forum decided in its 13th meeting to take a new approach and focus on tackling the issue of physical transfer of gold.
- Takasbank's blockchain-based **BiGA** (one gram gold) **Digital Gold Transfer System**, which currently enables transfer of gold among Turkish banks domestically was seen as a solution if it could be implemented internationally
  - **More detail by Takasbank (presentation)**
- With BIGA being the first phase of the OIC Gold Exchange Project, it will be possible to transfer gold among OIC countries in a reliable, fast and cost-efficient way on 24/7 basis
- Once the problem of transfer for gold is resolved through BIGA, the set up for gold trading through OIC Gold Exchanges will be much easier to establish

# Task Force on Precious Metals – Latest Decisions

## 13th OIC Exchanges Forum Decisions:

- The Forum mandates the Task Force on Precious Metals to cooperate with OIC Central Banks Forum and utilize Takasbank experience in Gold Transfer System to further the OIC Gold Exchange project. The Forum also mandates the Task Force to work on listing Gold ETF in OIC exchanges and enhancing Gold ETF know-how among OIC exchanges.
- With reference to the resolution of the 35th Meeting of the Follow-up Committee of the COMCEC, the Forum mandates the Task Force on Precious Metals to include Takasbank as a member of the Task Force to advance the OIC Gold Exchange project.

# Task Force on Precious Metals – Latest Decisions

## 35th COMCEC decisions:

- Requests the Forum's Secretariat to finalize the necessary preparations for the establishment of the OIC Gold Exchange
- Invites the interested member states to actively support Forum's Task Force on Precious Metals through, among others, by finding counterparts and designating focal points in their respective countries to lead the OIC Gold Exchange Project.
- Also invites all Exchanges (including stock, commodity, derivatives and precious metals) and other relevant parties of interested member states to actively support Forum's Task Force on Precious Metals, to engage in discussions and to help formulation of the business model for a well-functioning OIC Gold Market.

# Task Force on Precious Metals – Current/Future

- Currently, the Task Force on Precious Metals is working with a number of institutions to further develop and elaborate the BIGA business plan.
- It is especially important to include central banks in the project and get their support.
- The search continues for potential partners in OIC countries.
- Exchanges are urged to take initiative as focal points of the project in their countries
- **What else can we do to make further progress in OIC Gold Exchange Project? (Q&A/Brainstorming session)**

# Task Force on Sustainability - Background

- Sustainability is a global trend with increasing investor interest and appetite for ESG aware companies
- The relevance of sustainability agenda is emphasized even more after the covid-19 pandemic
- Exchanges are positioned at the center of sustainability work for corporates
- The Forum decided to set up a Task Force on sustainability to work on projects that may help support OIC Exchanges to take further action on sustainability

# Task Force on Sustainability – Latest Decisions

## 13th OIC Exchanges Forum Decisions:

- The Forum welcomes the group discussion on new OIC Exchanges Forum projects. Based on the group discussion, The Forum established a new Task Force on “Sustainability in OIC Exchanges”. The Forum mandates the new Task Force on Sustainability in OIC Exchanges to initiate studies in its respective focus area following the final decisions of the 35<sup>th</sup> Ministerial Session of the COMCEC.

# Task Force on Sustainability – Current/Future

- Task Force on Sustainability conducted a survey with OIC Exchanges to determine the current state of sustainability related actions in OIC Exchanges.
- Survey findings reveal that while some of the OIC Exchanges have taken substantial steps towards sustainability, numerous OIC exchanges have room for further action.
  - **More detail by Borsa İstanbul (presentation)**
- One potential step particularly suitable for exchanges is index development. Task Force on sustainability conducted initial discussion with S&P on the feasibility of an OIC sustainability index.
  - **More detail by S&P (presentation)**
- **Is it feasible to develop a Sustainability Index for OIC countries, what else can be done? (Q&A/Brainstorming session)**



# OIC Exchanges Forum – Expected Outcomes

## Short to medium term goals going forward

- Making reasonable progress on implementing BiGA blockchain based digital gold transfer system with at least one OIC exchange/counterpart.
- Following up with relevant institutions to ensure custody bank account openings in OIC countries are completed and Fund units issued.
- Promoting the Index and the Fund. Finding investors for the Fund together with IsDB.
- Identifying projects/products that may help OIC exchanges to make further progress on sustainability

Thank your for your  
attention and  
participation



**BORSA  
İSTANBUL**

*Benchmark for Investment*

E-mail:

[oinchanges@borsaistanbul.com](mailto:oinchanges@borsaistanbul.com)