

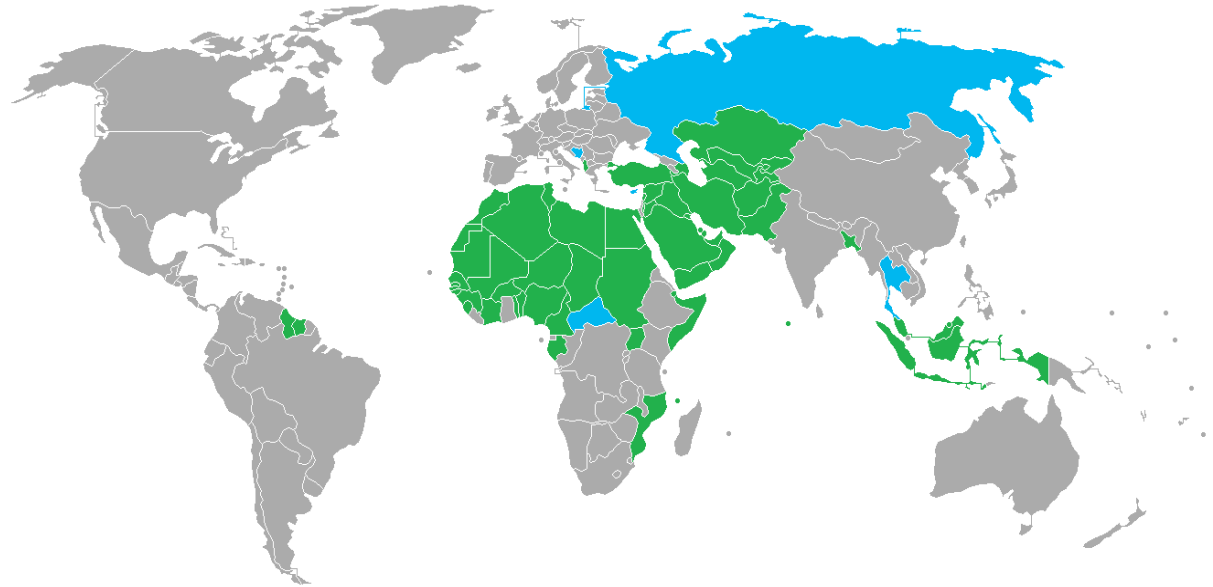


**BORSA
İSTANBUL**

Benchmark for Investment

OIC Member States'
Stock Exchanges Forum
7th Meeting
September 19, 2013

Background



The Forum;

- ▶ Initiated - 20th session of the Standing Committee for Economic and Commercial Cooperation of the OIC (COMCEC) – 2004
- ▶ Dedicated platform and communication channel for the members
- ▶ Currently 57 members from 37 countries:
 - 42 stock exchanges
 - 7 clearing, settlement, registry and depository institutions
 - 8 related organizations (SESRIC, IIFM, IFSB etc.)

Note: Blue represents observers, green represents members



Background



- ▶ First Round-table Meeting, Istanbul - March 2005
- ▶ Second Annual Meeting, Istanbul - October 2008
 - ✓ A working committee and four task forces established
- ▶ First Working Committee Meeting, Tehran - May 2009
- ▶ Third Annual Meeting, Istanbul - October 2009
 - ✓ Task forces renamed and new tasks assigned
 - ✓ 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
- ▶ Fourth Annual Meeting, Istanbul - October 2010
- ▶ Fourth Working Committee meeting - April 2011
 - ✓ Cancelled due to the conflicts in the MENA region
- ▶ Fifth Annual Meeting, Istanbul- September 2011
- ▶ Sixth Annual Meeting, Istanbul- September 26, 2012



Decisions of the Sixth Annual Meeting Istanbul- September 26, 2012

S&P/OIC COMCEC 50 Shariah Index

Capital Market Linkages

Promotion of Islamic Capital Market Instruments



S&P/OIC COMCEC 50 Shariah Index

Background:

- The Index project started back in 2009
- Customized Indices and Exchange Traded Islamic Financial Products Task Force coordinated the project

Motive:

- Absence of a Shariah-compliant index constituting companies from OIC stock markets
- Rising demand for Islamic financial securities

Purpose:

- Increasing awareness about OIC markets
- Facilitating collaboration among OIC Exchanges
- Promoting the Forum
- Creating different investment alternatives through structured products based on the Index
- Providing a benchmark for OIC markets' performances



S&P/OIC COMCEC 50 Shariah Index

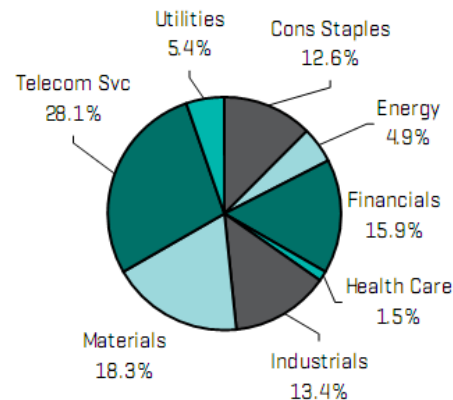
S&P/ OIC COMCEC 50 Shariah Index;

- Launched on June 25, 2012
- Measures performance of 50 leading Shariah-compliant companies from OIC member states
- Companies from 19 countries
- Screened for Shariah compliance by S&P in accordance with S&P Shariah Indices Methodology
- Global investment banks, HSBC and Deutsche Bank, have been contacted and asked to work on issuing ETFs and alike financial instruments on the Index.

Portfolio Characteristics

Number of Companies	50
Number of Countries	19
Adjusted Market Cap [USD Billion]	168.77
Company Size By Market Cap (Adj USD Billion):	
Average	3.38
Largest	18.55
Smallest	0.10
Median	2.73
% Weight Largest Company	5.29%
Top 10 Holdings [% Index Weight]	42.42%

Sector Breakdown



Country Breakdown

Country	Country Weights	Number of Companies
Bahrain	0.1%	1
Bangladesh	0.3%	1
Cote d'Ivoire	0.4%	1
Egypt	0.6%	1
Indonesia	19.7%	8
Jordan	0.1%	1
Kazakhstan	3.6%	2
Kuwait	9.0%	3
Lebanon	1.1%	1
Malaysia	20.4%	7
Morocco	2.4%	2
Nigeria	0.6%	1
Oman	0.6%	1
Pakistan	0.9%	1
Qatar	7.5%	3
Saudi Arabia	20.7%	8
Tunisia	0.1%	1
Turkey	11.7%	6
U.A.E.	0.3%	1



Promotion of the Index

June 22, 2012:

- Index launch ceremony hosted by Bosra İstanbul in İstanbul
- Broadcasted live both on the Forum (www.oicexchanges.org) and Borsa İstanbul (www.borsaistanbul.com) websites

September 3, 2012:

- Introduction conference for the Index organized by Borsa İstanbul in İstanbul with participation of Turkish banks, brokerage houses and portfolio management companies

September 27, 2012:

- Presentation on the Index by Customized Indices and Exchange Traded Islamic Financial Products Task Force during the 1st Meeting of COMCEC Capital Market Regulators Forum

May 15, 2013:

- On the 10th IFSB Summit, the Forum and the S&P OIC COMCEC 50 Shariah Index were introduced to the participants by a presentation in Kuala Lumpur.



The way forward

work on the
promotion of the
Index

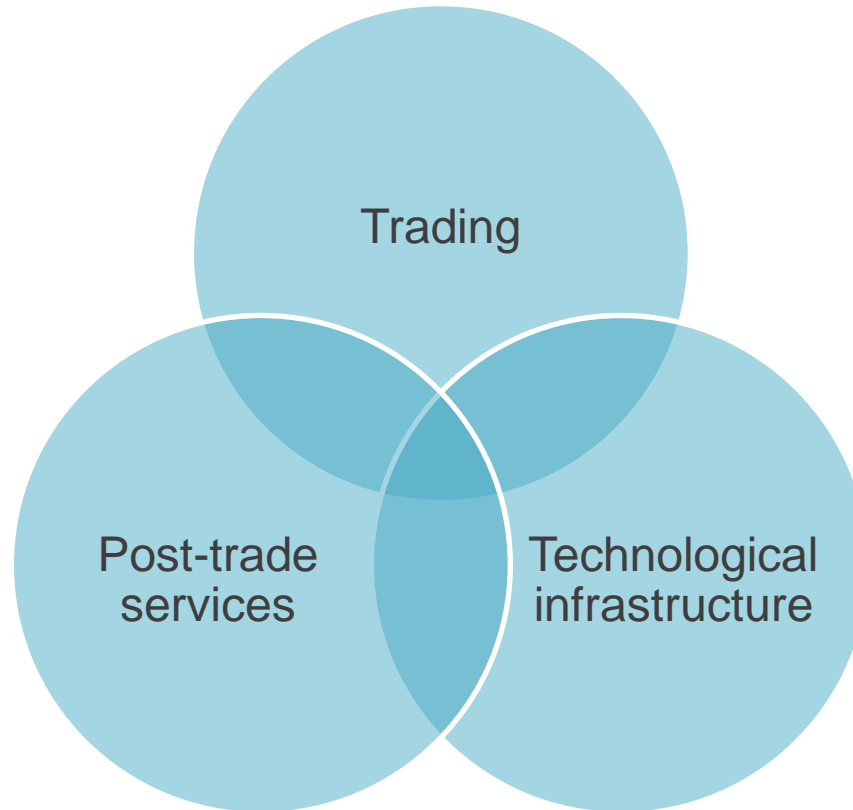
work with S&P in
creating sub-indices
for 3-5 countries

approach
investment banks in
order to create
structured products
based on the Index



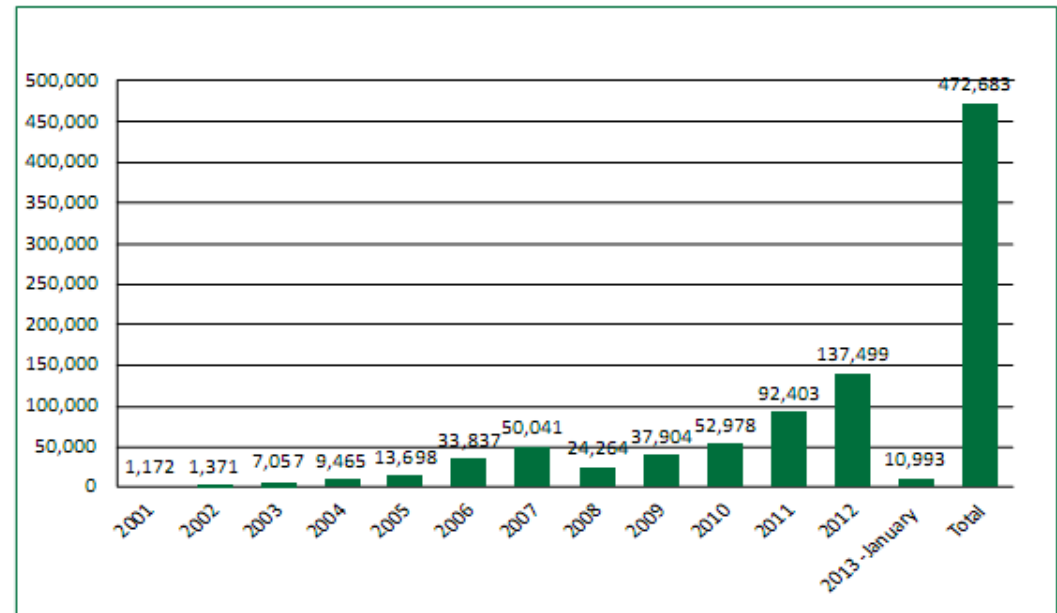
Capital Market Linkages

Bi-lateral and/or multi-lateral linkages



Islamic Capital Market Instruments

Chart 1: Total Global Sukuk Issuance (All Currencies) - Jan 2001 – Jan 2013 US\$ Millions



Source: International Islamic Financial Market (IIFM)

- The Forum will continue to work on the introduction of Islamic products (Sukuk, Exchange Traded Funds etc.) in coordination with international organizations such as IIFM and IFSB
- The Forum Secretariat will perpetuate the efforts to work with Islamic banks to develop trading of such products



Promotion Activities

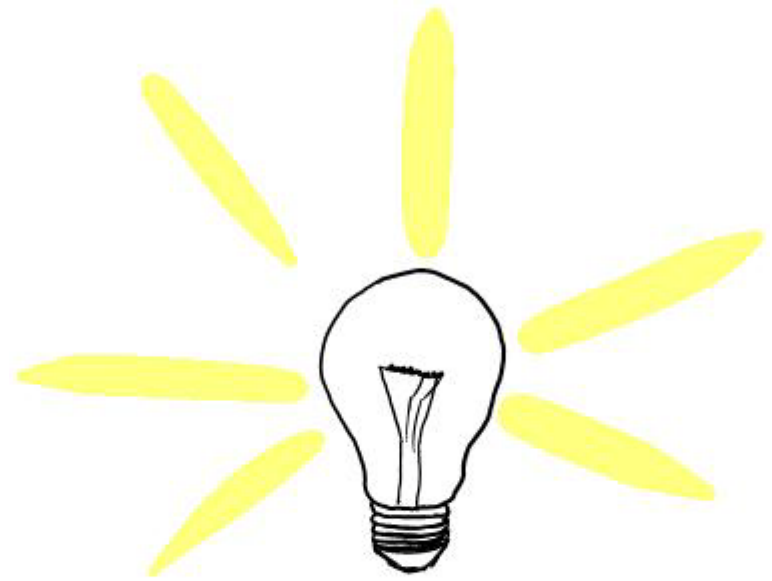
- The Forum Coordinator will continue to work on the improvement of the Forum web site and the Newsletter.
- Members to share information about their markets to be posted at the Newsletter.



Future Outlook

Possible Discussion Points

- welcoming energy & commodity exchanges to the Forum
- Is it sensible to focus on financial products given the current market conditions or shall we postpone it for the time being?
- research, literacy improvement, article competition
- awareness raising:
 - educational activities involving universities
 - other educational activities
- other



Brainstorm
Session





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Thank you.