

The IFSB bulletin

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Welcome Message

In this first edition of 2018, I would like to take this opportunity to thank H.E. Valiollah Seif, Governor, Central Bank of the Republic of Iran (CBI) for helming the Chairmanship of the IFSB for year 2017. His Excellency and CBI's tremendous support and guidance towards the IFSB's work and activities have indeed contributed to the IFSB's achievements over the past year. The IFSB would also like to welcome H.E. Dr. Mohammad Y. Al-Hashel, Governor, Central Bank of Kuwait as the Chairman of the IFSB Council for 2018.

In the first quarter of 2018, the IFSB has organised Facilitating the Implementation of the IFSB Standards (FIS) Workshops in Pakistan, Tunisia and Lebanon. We have also lined-up a series of Workshops until end of the year. (refer page 2).

On awareness programmes and meetings, the Secretariat is currently preparing for the IFSB Annual Meetings 2018 which will be held on 1 - 3 May in Kuwait City, Kuwait. The Annual Meetings will start with Public Lectures and a Members & Industry Engagement Session on 1 May, CBK-IFSB High-Level Conference on 2 May, followed by the IFSB Council Meeting and General Assembly on 3 May 2018. This 3-day annual event will be hosted by the Central Bank of Kuwait.

The IFSB has also released the eighth dissemination of Prudential and Structural Islamic Financial Indicators (PSIFIs) data from 17 participants jurisdictions. This dissemination completes the availability of quarterly data from Q4 of 2013 to Q2 of 2017. (Detailed updates on PSIFIs is covered on page 5). Apart from that, the IFSB is also working on finalising the IFSI Stability Report 2018 which is targeted to be launched in June 2018.

The first quarter of 2018 has also seen the IFSB holding working group meetings, technical committee, Shari'ah Board and Arabic editing committee meetings as well as FIS Workshop in many member countries. For upcoming events, do visit the IFSB website for further details and mark them in your 2018 calendar.

We are pleased to share that the IFSB is celebrating its 15th anniversary in 2018. As we look back on the memorable journey, many notable achievements and developments have been accomplished by the IFSB. All of them would never have been possible without the support of our distinguished members.

Dr. Bello Lawal Danbatta

31st MEETING OF THE IFSB COUNCIL 11 December 2017, Malaysia



Front L to R: Zahid ur Rehman Khokher, Rosmaya Hadi, Riaz Riazuddin, Dr. Andrew Khoo, Dr. Akbar Komijani, H.E. Yusof Rahman, H.E. Fazle Kabir, H.E. Dr. Mohammad Y. Al-Hashel, Shaik Abdul Rasheed Abdul Ghaffour, Dr. Abdulaziz AlFuraih, Dr. Badreldin Gorashi Mustafa Ahmed, Muhammet Salih Agan, H.E. Dr. Zamir Iqbal

Back L to R: Ahmed Abdulaziz Al Bassam, Mohamed Aboumoussa, Riswinandi, Dr. Jafar Jamali, Haydar Khaleefah Rasheed, Ian Johnston, Mohammed Kari, Murat Uysal, Arafat Al-Fayoumi, Zainal Izlan Zainal Abidin, Kevin Nnanyere Amugo, Hisham Saleh Al-Mannai, Khalid Omar AlKharji

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Facilitating the Implementation of the IFSB Standards (FIS) Workshops in Pakistan and Tunisia

Three “Facilitating the Implementation of the IFSB Standards (FIS)” Workshops were held from January to March 2018.

A Workshop hosted by the State Bank of Pakistan (SBP) was held from 15 – 18 January 2018 in Karachi, Pakistan. Located at Pearl Continental Hotel, the Workshop was attended by 52 participants from the SBP as well as market players in Pakistan. The discussions were centred on IFSB-12: Guiding Principles on Liquidity Risk Management for IIFS, IFSB-15: Revised Capital Adequacy Standard, GN-6: Guidance Note on Quantitative Measures for Liquidity Risk Management, TN-2: Technical Note on Stress Testing for IIFS, WP-01: Strengthening the Financial Safety Net: The Role of Shari’ah-compliant Lender-of Last-Resort (SLOLR) Facilities as an Emergency Financing Mechanism and WP-06: Strengthening the Financial Safety Net: The Role and Mechanisms of Shari’ah-compliant Deposit Insurance Schemes (SCDIS). The last Workshop conducted in Pakistan was in 2009.

Another Workshop was conducted in Tunisia from 12-15 February 2018 hosted by the Central Bank of Tunisia (CBT). This Workshop is the first event conducted in Tunis, Tunisia since CBT became a member of the IFSB in 2013. The Workshop saw participation from 32 participants from the CBT as well as various market players in Tunisia. The focus was on IFSB-1: Guiding Principles of Risk Management for IIFS, IFSB-15: Revised Capital Adequacy Standard, IFSB-16: Revised Guidance on Key Elements In The Supervisory Review Process of IIFS and GN-6: Guidance Note on Quantitative Measures for Liquidity Risk Management.

Both of the Workshops, in Pakistan and Tunisia, were supported by the Islamic Development Bank.

The third Workshop this year was held in Beirut, Lebanon. The 4-day Regional Workshop held from 23-26 March 2018, was tailored for the regulatory and supervisory authorities and the market players for the banking sector. It was hosted by Banque du Liban and covered IFSB-1: Guiding Principles of Risk Management for IIFS, IFSB-10: Guiding Principles on Shari’ah Governance Systems for IIFS, IFSB-15: Revised Capital Adequacy Standard for IIFS and IFSB-16: Revised Guidance on Key Elements In The Supervisory Review Process of IIFS. The Workshop was attended by 40 participants which consists of 9 participants from Banque du Liban and the remaining are participants from Egypt, Iraq, Lebanon, Morocco, Nigeria, South Korea, Sudan, Turkey and United Arab Emirates.

For more information on future Workshops, kindly visit the IFSB website at www.ifsb.org



FIS Workshop in Pakistan



FIS Workshop in Tunisia



FIS Workshop in Lebanon

The 12th IFSB-INCEIF Executive Forum

The 12th edition of the IFSB-INCEIF Executive Forum was held on 6 & 7 March 2018 in Sasana Kijang, Kuala Lumpur. Organised by the IFSB and INCEIF, and themed “Preserving Wealth and Generating Long-term Value through Islamic Finance,” the Forum provided a discourse for the stakeholders of the Islamic finance industry on tailored opportunities and appropriate strategies to fully realise the potential of Islamic finance in meeting the longer-term financial aspirations of the society.

The Forum saw 28 participants from Bahrain, Iraq, Kuwait, Malaysia, Oman, Qatar, Saudi Arabia, Sudan, Turkey and United Arab Emirates, and was facilitated by nine speakers. Response received from the participants and speakers was encouraging and positive.

The discussions were centred on the following topics:

- . Realising Long-Term Societal Development through Social Contracts in Islamic
- . Long-term Financial Sustenance of Individuals through *Takaful*
- . Retirement Planning - The Next Frontier for the Islamic Finance Industry
- . Inter-generational Wealth Management and Legacy Planning: Fulfilling Maqasid Al-Shariah
- . The Role of Wealth Management from an Islamic Perspective
- . Panel Discussion: Regulatory Regime for Fund Management and Pension Schemes: Avoiding a Social Economic Disorder



Panel Discussion on Regulatory Regime for Fund Management and Pension Schemes: Avoiding a Social Economic Disorder



Dr. Nagwa Sheikh Eldin, Assistant Secretary-General with the 12th Executive Forum speakers and participants

Updates from the 31st Meeting of the IFSB Council

11 December 2017, Kuala Lumpur

The 31st meeting of the IFSB Council was attended by 14 Governors and Deputy Governors of RSAs, and 11 senior representatives from among the Council and Full members of the IFSB, representing 18 countries. The meeting was chaired by H.E. Fazle Kabir, Deputy Chairman of the IFSB and Governor of Bangladesh Bank.

The 31st meeting of the IFSB Council was hosted by the Central Bank of the Islamic Republic of Iran and Bank Negara Malaysia in Kuala Lumpur, Malaysia.



Central Bank of Kuwait to Assume IFSB Chairmanship for 2018

The Council of the IFSB has resolved to appoint its Chairman and Deputy Chairman for the year 2018. H.E. Dr. Mohammad Y. Al Hashel, Governor, Central Bank of Kuwait, will steer the Chairmanship of the IFSB, while H.E. Fazle Kabir, Governor, Bangladesh Bank will be Deputy Chairman. H.E. Dr. Mohammad Y. Al Hashel will take over the chairmanship of the IFSB from H.E. Dr. Valiollah Seif, Governor, Central Bank of the Islamic Republic of Iran. The new appointments will take effect on 1 January 2018.



In light of this appointment, the 2018 Annual Meetings of the IFSB will be held in Kuwait on 1-3 May 2018, hosted by the Central Bank of Kuwait.

بنك الكويت المركزي يتولى رئاسة مجلس الخدمات المالية الإسلامية لعام 2018

أقر المجلس الأعلى لمجلس الخدمات المالية الإسلامية تعيين رئيس ونائب رئيس مجلس الخدمات المالية الإسلامية لعام 2018. وبناءً على ذلك تولى معالي الدكتور محمد يوسف الهاشل محافظ بنك الكويت المركزي رئاسة المجلس. بينما تولى معالي الأستاذ/فاضل كبير محافظ بنك بنغلاديش المركزي منصب نائب الرئيس وسيتراأس معالي الدكتور محمد يوسف الهاشل رئاسة المجلس خلفاً لمعالي الدكتور ولي الله سيف محافظ البنك المركزي لجمهورية إيران الإسلامية من تاريخ 1 يناير 2018.

وفي ضوء ذلك، يستضيف بنك الكويت المركزي فعاليات الاجتماعات السنوية لمجلس الخدمات المالية الإسلامية لعام 2018 في الفترة ما بين 1 - 3 مايو 2018 في مدينة الكويت، الكويت.



Dr. Bello appointed as the new Secretary-General of the IFSB

The Council approved the appointment of Dr. Bello Lawal Danbatta as the IFSB Secretary-General. In its 31st meeting on 11 December 2017, in Kuala Lumpur. Dr. Danbatta has commenced his duties on 29 January 2018.

Dr. Danbatta, previously the Director of the Centre of Consultancy and Executive Programmes at INCEIF, brings with him over 25 years combined experience in the private, academia, as well as the regulation and supervision sectors across Africa, Europe, Asia and the Middle East. He is a Member of the Accounting and Auditing Board of the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI), and has chaired various working groups for the issuance of financial accounting standards for Islamic financial institutions. He has also been involved in the development and drafting of standards, guidelines and frameworks for capital adequacy, accounting, as well as supervision and regulation of Islamic finance for various countries.

Dr. Danbatta holds a Ph.D. in Islamic Banking and Finance from the International Islamic University Malaysia, and an MBA in Corporate Finance. He is a member of the Association of Certified Chartered Accountant (ACCA-UK), the Licensed International Financial Analyst (LIFA-UK), Chartered Institute of Islamic Finance Professionals (CIFFP), Nigerian Institute of Management (NIM), Certified Pension Institute of Nigeria (CPIN), Institute of Chartered Accountants of Nigeria (ICAN), and International Council for Islamic Finance Educators (CIFIE). Dr. Danbatta has also been active in providing Islamic finance training and consultancy, and has a number of publications on Islamic banking, corporate governance and earnings management.

Dr. Danbatta succeeds Mr. Jaseem Ahmed, who retired in April 2017, having held the helm of the IFSB since April 2011. In the interim, the post was held by Acting Secretary-General Mr. Zahid ur Rehman Khokher.

The IFSB Admits Eight Organisations into Its Membership

The Council of the IFSB resolve to approve the admission of eight organisations into the IFSB membership. These include five supervisory authorities as Full and Associate Members, one international inter-governmental organisation and two market players as Observer Members.

The newly admitted members are:

Full Member

1. Astana Financial Services Authority (AFSA), Kazakhstan
2. Capital Market Authority, Saudi Arabia

Associate Member

3. The Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht – BaFin), Germany
4. Bank of Uganda
5. Abu Dhabi Global Market (ADGM) – Financial Services Regulatory Authority, United Arab Emirates

Observer Member

6. West African Development Bank (Banque Ouest Africaine de Développement - BOAD), West Africa Monetary Union
7. United Insurance, Sudan
8. Tiybr Payments, United Arab Emirates

The membership of the IFSB is divided into three categories, namely Full Member, Associate Member and Observer Member. The Full Membership, which is the sole membership with voting rights, is available to the financial sector supervisory authorities of each sovereign country.

To date, the 185 members of the IFSB consist of 75 supervisory and regulatory authorities from the banking, capital markets and Islamic insurance (*takāful*) sectors from 57 jurisdictions, as well as eight international inter-governmental organisations, and 102 market players (financial institutions, professional firms, industry associations and stock exchanges).

The full list of the IFSB members is available on the IFSB website www.ifsb.org

16th Islamic Financial Stability Forum (IFSF) on Recovery, Resolution and Insolvency of Institutions Offering Islamic Financial Services

The 16th IFSF themed **Recovery, Resolution and Insolvency of Institutions Offering Islamic Financial Services (IIFS)**, held on 11 December 2017 after the 31st IFSB Council Meeting in Kuala Lumpur, Malaysia. The Forum saw discussions led by Dr. Michael McMillen, Partner, Curtis, Mallet-Prevost, Colt & Mosle LLP, Mr. Rafiz Azuan Abdullah, Chief Executive Officer, Malaysia Deposit Insurance Corporation and Mr. Madzlan Mohamad Hussain, Partner, ZICO Law, Malaysia. The Stability Forum was chaired by H.E. Fazle Kabir.

The IFSF discussions touched on some practical issues relating to the implementation of a recovery and resolution regime that is responsive to Islamic finance institutions such as their unique governance structure and balance sheets, overarching requirements of Sharī'ah in relation to the structuring and implementation of contracts and transactions, regulatory authority powers, and robustness of recovery plans. Some of these, and other issues are also highlighted in IFSB-WP07 on Recovery, Resolution and Insolvency for Institutions Offering Islamic Financial Services which was published in December 2017.

The WP-07 and IFSF papers are available for download from the IFSB website, www.ifsb.org

Updates from the Technical Committee Meeting of the IFSB 22 March 2018



The 44th Technical Committee (TC) Meeting was held on 22 March 2018 in Bandar Seri Begawan, Brunei Darussalam to provide the Members of the TC with updates on technical projects as well as information about programmes and activities conducted from end of October 2017 till March 2018.

The TC Meeting was chaired by **Mr. Khalid Omar Al Kharji**, Central Bank of the United Arab Emirates, and hosted by Autoriti Monetari Brunei Darussalam

Technical Note on Financial Inclusion and Islamic Finance (TN-3)

In October 2017, a Survey Questionnaire was distributed to a total of 62 IFSB member banking and capital market RSAs. In addition, the Alliance for Financial Inclusion (AFI) graciously circulated the draft survey questionnaire to various members of its SME Finance Working Group – some of whom were non-IFSB members.

The IFSB received in total 32 responses, a response rate of from member RSAs 52% plus an additional response from the Central Bank of the Russian Federation, facilitated by AFI. The project team has duly prepared the TN-3 Survey Report based on responses received.

The Survey Report and a proposed draft outline of the TN-3 Preliminary Exposure Draft (PED) was submitted to the Task Force (TF) members for discussion and deliberation in the 3rd TF meeting held on 12 January 2018 in Kuala Lumpur, Malaysia. The TF agreed on an activities-based approach to be followed by the project team in drafting the PED of TN-3. This PED will consist of 9 sections outlining various financing, deposit and investment-based activities in financial inclusion, as well as other non-prudential regulations.

The project team drafted the TN-3 PED which was presented to the TF in its 4th meeting on 11 April 2018 in Jakarta, Indonesia.

The Council of the IFSB, in its 29th meeting held on 14 December 2016 in Cairo, Egypt approved the IFSB Work Plan for 2017 which includes, among others, the preparation of a new Technical Note (TN) on Financial Inclusion and Islamic Finance, and setting up of a Task Force (TF) to guide its preparation.

Core Principles for Islamic Finance Regulation - Islamic Capital Market Segment (CPIFR - ICM)

In the 43rd TC Meeting, held on 27 October 2017 in Kuala Lumpur, Malaysia, the TC took note of the updates on the CPIFR - ICM, and appreciated the efforts undertaken by the project team as well as provided its approval to submit the revised PED for review by the Shari'ah Board of the Islamic Development Bank (IDB).

Since then, the draft has gone through translation and review by the IFSB Arabic Editing Committee followed by Shari'ah Review in January 2018. The CPIFR - ICM Project Team revised the document following the review and comments by the IFSB Arabic Editing Committee and the Shari'ah Board.

The RPED was submitted for deliberation to the Working Group (WG) in its 6th meeting on 21 February 2018 in Kuala Lumpur, Malaysia. The WG reviewed the Revised PED in light of Shari'ah comments received and endorsed/revised the draft accordingly. The WG incorporated as many of the proposed comments by the Shari'ah Board while accepting some others with slight modifications. The WG also resolved to not incorporate some of the other editorial comments, particularly those that would have changed the text as provided by the IOSCO's Objectives and Principles of Securities Regulation, since there were no Islamic finance-specific / Shari'ah issues arising.

The 44th IFSB Technical Committee approved to release the IFSB Exposure Draft (ED-21) for Public Consultation for a period of 2 months from 28 March to 28 May 2018. ED-21 is available on the IFSB website.

Revised Standard on Disclosures to Promote Transparency and Market Discipline for Institutions Offering Islamic Financial Services (Banking Segment)

In the 43rd TC meeting, the Secretariat took note of the updates on the Disclosures to Promote Transparency and Market Discipline for IIFS (Banking Sector) Standard and appreciated the efforts undertaken by the project team, and provided its approval for submitting the revised Preliminary Exposure Draft (RPED) for review by the Shari'ah Board of the Islamic Development Bank (IDB).

The draft was translated into Arabic, and reviewed by the members of the IDB Group Shari'ah Board (IDBGSB) in January 2018 in Madinah, Saudi Arabia. After incorporating the feedback of IDB Group Shari'ah Board, the RPED was submitted for deliberation by the WG members in its 6th meeting held on 19 February 2018 in Kuala Lumpur. The WG provided feedback on the proposed responses/actions to the Shari'ah Board comments, which were either accepted, modified or not incorporated into the draft. The WG also provided general feedback on other areas of the draft.

The 44th IFSB Technical Committee approved to release the IFSB Exposure Draft (ED-22) for Public Consultation for a period of 2 months from 28 March to 28 May 2018. ED-22 is available on the IFSB website.

Public Consultation for EDs 20, 21 and 22 ends on 28 May 2018. Please email written comments to ifsb-sec@ifsb.org

Supervisory Review Process of *Takāful* and *Retakāful* Undertakings

In the 43rd TC, held on 27 October 2017 in Kuala Lumpur, Malaysia, the Secretariat took note of the updates received and appreciated the efforts undertaken by the project team and provided its approval for submitting the RPED for review by the Shari'ah Board of the Islamic Development Bank (IDB).

The meeting of the IDB Shari'ah Board was held during 20 - 30 January 2018 in Madinah, Saudi Arabia. After incorporating the feedback of the IDB Shari'ah Board, the RPED was submitted for deliberation by the WG in its 6th meeting held on 22 February 2018. The 6th WG reviewed the Revised PED in the light of Shari'ah comments received and endorsed/revised the draft. The WG incorporated as many of the proposed feedback by the Shari'ah Board while accepting some others with slight modifications.

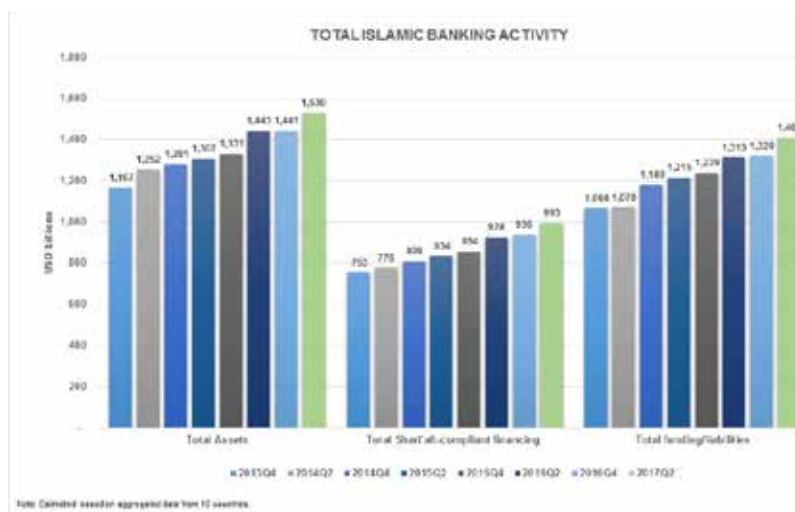
The 44th IFSB Technical Committee approved to release the IFSB Exposure Draft (ED-20) for Public Consultation for a period of 2 months from 28 March to 28 May 2018. ED-20 is available on the IFSB website.

The IFSB Disseminates Q2–2017 Islamic Banking Data and Makes Progress to Expand Coverage of its Database Project to *Takāful* and Islamic Capital Markets

On 8 December 2017, the IFSB announced the dissemination of country-level data on financial soundness and growth of the Islamic banking systems for Q2 of 2017 from 17 IFSB member jurisdictions. This eighth dissemination completes the availability of quarterly data from Q4 of 2013 to Q2 of 2017.

The IFSB's PSIFIs project is currently collecting Islamic banking data on a trial basis from newly-joined contributors: Bank of England, Central Bank of Lebanon (Banque du Liban), Palestine Monetary Authority, and Qatar Central Bank, and it is anticipated that these countries will start their formal reporting of PSIFIs data in early 2018. This will bring the coverage of the PSIFIs data to over 95% of the global Islamic banking activity, from the existing 90%. The countries currently participating in the IFSB's PSIFIs database project are Afghanistan, Bahrain, Bangladesh, Brunei, Egypt, Indonesia, Iran, Jordan, Kuwait, Malaysia, Nigeria, Oman, Pakistan, Saudi Arabia, Sudan, Turkey and the United Arab Emirates.

For expansion of coverage to the new sectors, the IFSB has completed a comprehensive survey exercise during 2017 on the availability of data and selection of soundness indicators for the *takāful* and Islamic capital market sectors. The survey was conducted among regulatory and supervisory authorities from the IFSB member countries that supervise these two sectors. After the completion of the survey exercise, the IFSB Secretariat is now finalising a broad set of indicators by studying their relevance, significance, and availability of data in member jurisdictions, while enhancing the existing Compilation Guides to provide detailed guidance on the compilation methodologies and metadata collection of the finalised set of indicators.



The PSIFIs Database (full set of data with metadata) is available on the PSIFIs portal at the IFSB website <http://psifi.ifsb.org>.

PSIFIs Background

The Task Force of PSIFIs project includes representatives from 21 participating regulatory and supervisory authorities that work as coordinators for regular submission of data from their countries and work with the IFSB during the due processes of data collection, compilation, revision and approval. Three international organisations – the International Monetary Fund (IMF), Islamic Development Bank (IDB) and the Asian Development Bank (ADB) – are also members of the Task Force.

Following the successful launch of PSIFIs database on 27 April 2015, the IFSB currently has a platform for periodical dissemination of the PSIFIs data, which is regularly submitted by participating jurisdictions. Moreover, from 2014-2017, the Secretariat has conducted a total of eight capacity building meetings/workshops with the country coordinators, including two during 2017.

The IFSB Publishes French Version of Standards on Sharī'ah Governance (IFSB-10) and Supervisory Review Process (IFSB-16)

The IFSB is pleased to announce the release of the French versions of two IFSB Standards; IFSB-10: Sharī'ah Governance Systems and IFSB-16: Revised Guidance on Key Elements in the Supervisory Review Process.

The first IFSB Standard translated into French was IFSB-1: Guiding Principles of Risk Management for Institutions offering Islamic Financial Services (IIFS), in 2016. The translation of IFSB-10 and IFSB-16 reflects the continued commitment of the IFSB to its members, and is part of the IFSB's Strategic Key Result Area 2 (SKRA 2) on the Facilitating the Implementation of Prudential Standards and Capacity Development under the IFSB's Strategic Performance Plan 2016-2018. The French versions of the IFSB Standards also aim to cater to the increasing interest on Islamic finance among the French-speaking countries around the globe.

Details of the new standards in French are as follows:

i) IFSB-10: Principes Directeurs Sur Le Système De Gouvernance De La Charī'a Pour Les Institutions Offrant Des Services Financiers Islamiques

- issued in 2009, highlights the components of a sound Sharī'ah governance system, such as the precise terms of reference for Sharī'ah boards, appropriate alignment of incentives, proper record-keeping, adoption of a professional code of ethics, etc. The Standard also highlights the elements of safeguarding the independence of Sharī'ah boards, the importance of observing and preserving confidentiality by the organs of Sharī'ah

governance as well as improving consistency in terms of the professionalism of members of the Sharī'ah board.

ii) IFSB-16: Directives Révisées Sur Les Éléments Clés Dans Les Processus D'examen De La Surveillance Prudentielle Des Institutions Offrant Des Services Financiers Islamiques (Excluant Les Institutions D'assurance Islamique (Takāful) Et Des Organismes D'investissement Collectif Islamiques)

- issued in 2014, offers guidance on key elements in the supervisory review process for authorities supervising Islamic financial institutions, taking into consideration the specificities of the IIFS and lessons learned from the crisis. It complements the existing international standards on the supervisory review process, in particular those of the Basel Committee on Banking Supervision (BCBS). This Standard is similar to the Pillar 2 structure, on which the Basel frameworks are based.

All the IFSB Standards, Guiding Principles and Guidance Notes are issued in both English and Arabic languages. The IFSB is progressively translating the Standards into French, with a further three standards planned to be translated in 2018. This translation initiative complements the other SKRA2 implementation activities including the country and regional workshops, technical assistance, policy advice, and the IFSB E-learning Portal.

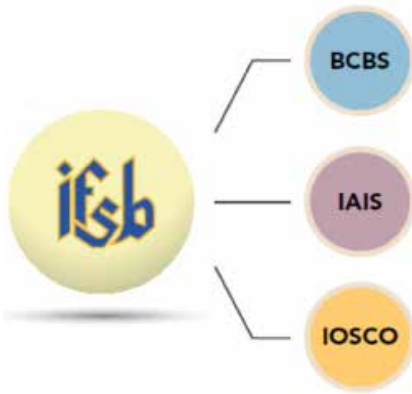


Let us take a moment to remember **Mr. Mejeb Turki Al Turki**, the Chairman of the IFSB Technical Committee (2015 - 2018) who passed away on 8 February 2018. Mr. Al-Turki was also the Director of Banking Control Department, Qatar Central Bank.

Mr. Al-Turki was actively and intellectually engaged in the IFSB's work specifically in technical committee meetings since 2004. He was the longest serving Member of the IFSB's Technical Committee, and was appointed as the Chairman of the Technical Committee in 2016, a position he held until his demise. He was instrumental in the development of international standards for the Islamic financial services industry and also actively involved as chairperson and speaker in many of the IFSB's awareness programmes.

The IFSB had the honour and pleasure to know and work with Mr. Mejeb Al Turki in the course of our work, since the early days of the IFSB's operations.

The IFSB had the greatest respect for Mr. Mejeb Al Turki. His contribution to the development of Islamic financial services industry will be remembered for long and his will be greatly missed. *Al-Fatihah*



Collaboration with International Standard-Setting Bodies and Multilateral Organisations

As a part of global policy dialogue, the IFSB has been engaging with other international standard-setting bodies for conventional finance such as the Basel Committee on Banking Supervision (BCBS), the International Organisation of Securities Commissions (IOSCO) and the International Association of Insurance Supervisors (IAIS).

These interactions have resulted in better understanding and recognition of the issues faced by the Islamic financial services industry at the global level.

The IFSB participates formally in the Consultative Group of the BCBS as well as in the Consultative Advisory Groups of International Auditing and Assurance Standards Board (IAASB) and International Ethics Standards Board for Accountants (IESBA).



International Swaps & Derivatives Association Visits the IFSB

Dr. Peter M Werner, Senior Counsel of ISDA visited the IFSB on 20 February 2018. Mr. Erryan Abdul Samad, Assistant General Counsel, Mr. Rahul Advani is the Director, Public Policy, Asia-Pacific who are both from ISDA and Mr. Habib Motani Global Head of Derivatives, Clifford Chance LLP were also present during the visit. A number of areas for possible collaboration were discussed during the meeting.



IFSB-IADI Joint Collaboration for the Development of the Standard on Core Principles for Islamic Finance Regulation: Effective Islamic Deposit Insurance Systems (CPIFR-IDIS)

The IFSB and the International Association of Deposit Insurers (IADI) organised a preliminary meeting on 23 February 2018 to discuss its joint collaboration for the Standard on Core Principles for Islamic Finance Regulation: Effective Islamic Deposit Insurance Systems (CPIFR-IDIS). The IFSB and IADI are also exploring possible collaborations in organising capacity building activities, seminars and participations at mutual events.



Participation of the IFSB at the International Ethics Standards Board for Accountants and International Auditing and Assurance Standards Board Meetings

The Secretary-General of the IFSB, Dr. Bello Lawal Danbatta attended the International Ethics Standards Board for Accountants (IESBA) and International Auditing and Assurance Standards Board (IAASB) on 5-7 March 2018 in New York, USA



Islamic Development Bank Group 43rd Annual Meeting

Dr. Bello Lawal Danbatta represented the IFSB at the 43rd Annual Meeting of the IsDB, held from 1 to 5 April 2018 in Tunis, Tunisia.



IMF-WB Annual Meetings 2018, Washington USA

The Secretary-General of the IFSB, Dr. Bello Lawal Danbatta represented the IFSB at the Annual Meetings of the Boards of Governors of the World Bank Group (WBG) and the International Monetary Fund (IMF) in Washington DC, USA, 20 – 22 April 2018.



SUBSCRIBE TO THE IFSB E-LEARNING PORTAL

IFSB Standards currently available as E-learning Modules:
IFSB-1, 6, 8, 9, 10, 14, 15, 16 & 17

Modules to complement the IFSB's Implementation Activities (Implementation Workshops, Technical Assistance) and to increase understanding and adoption of the IFSB Standards

More Information: www.ifsb.org/elearning or email: hamizi@ifsb.org



Economical, easy and efficient (3e's)



Provides on-demand access to training and awareness material for a wide range of standards



Allows remote learning on the IFSB's standards



IFSB SUMMIT 2017 PROCEEDINGS – REINVIGORATING THE MOMENTUM OF ISLAMIC FINANCE: SOLIDIFYING RESILIENCE AND SUSTAINING GROWTH



ISSUANCE DATE: APRIL 2018

The Proceedings are those of the “The IFSB Summit 2017” themed, “Reinvigorating the Momentum of Islamic Finance: Solidifying Resilience and Sustaining Growth”. It summarises the discussions during the Summit in a large number of nations for reinvigorating the momentum of Islamic finance, covering the topics of deficiencies in existing regulatory regimes to the formation of a common vision for a value-based intermediation through Islamic finance. It provides country experiences, and case studies discussed during the Summit sessions.



IFSB-10: PRINCIPES DIRECTEURS SUR LE SYSTÈME DE GOUVERNANCE DE LA CHARĪ`A POUR LES INSTITUTIONS OFFRANT DES SERVICES FINANCIERS ISLAMIQUES

IFSB-16: DIRECTIVES RÉVISÉES SUR LES ÉLÉMENTS CLÉS DANS LES PROCESSUS D'EXAMEN DE LA SURVEILLANCE PRUDENTIELLE DES INSTITUTIONS OFFRANT DES SERVICES FINANCIERS ISLAMIQUES (EXCLUANT LES INSTITUTIONS D'ASSURANCE ISLAMIQUE (TAKĀFUL) ET DES ORGANISMES D'INVESTISSEMENT COLLECTIF ISLAMIQUES)

ISSUANCE DATE: MARCH 2018

Two more IFSB Standards have been translated into French language as part of its efforts to strengthen the to facilitating the implementation of prudential standards and capacity development in the IFSB member jurisdictions. They aim to facilitate a wider reach of the IFSB Standards, and specifically serve the French-speaking IFSB member countries. The first translation of The Guiding Principles of Risk Management for IIFS (IFSB-1) in 2016.



In conjunction with the celebration of the IFSB's 15th Anniversary, we would like to thank our members and Islamic finance stakeholders for your unwavering support towards the Islamic financial services industry (IFS), as well as the work of the IFSB.

To commemorate this auspicious occasion, we are delighted to highlight the IFSB's two longest serving staff members, **Mr. Zaini Ahmad** and **Mr. Azlin Shah Tik Muhammad**.

Zaini and Azlin have been with the IFSB since it started operations in 2003, and are both in the Finance and Resources Department.

Mr. Zaini Ahmad, 2003 - present



"I am glad to share the joy of celebrating the IFSB's anniversary. May the IFSB prosper to greater heights in years to come"

Mr. Azlin Shah Tik Muhammad
2003 - present



"It is a pleasant experience working in an international environment. I enjoy the interactions with colleagues from different nations and cultures"

UPCOMING IFSB WORKSHOPS, MEETINGS & AWARENESS PROGRAMMES (May - October 2018)

1 – 3 May 2018 | Kuwait

IFSB ANNUAL MEETING AND SIDE EVENTS 2018

- . 10th IFSB Public Lectures on Financial Policy and Stability
- . IFSB Members & Industry Engagement Session
- . CBK-IFSB Conference on “Islamic Finance: A Universal Value Proposition”
- . 32nd IFSB Council Meeting
- . 16th General Assembly
- . Country Showcase

Hosted by



7 – 8 May 2018 | Malaysia

PUBLIC HEARING on EXPOSURE DRAFTS OF ED-20, ED-21, ED-22 (WEBINAR)

10 – 11 May 2018 | Malaysia

9TH MEETING OF THE TASK FORCE ON PRUDENTIAL AND STRUCTURAL ISLAMIC FINANCIAL INDICATORS (PSIFIs)

14 – 16 May 2018 | Kenya

IFSB-FIS WORKSHOP

. Banking and Islamic Capital Market Sector (IFSB-3, IFSB-10, IFSB-17, ED-21)

Hosted by



14 – 16 May 2018 | Kenya

IFSB-FIS WORKSHOP

. Takaful Sector (IFSB-8, IFSB-11, IFSB-14, IFSB-18)

Hosted by



23 – 27 July 2018 | Ivory Coast

IFSB-FIS WORKSHOP

. Banking Sector (IFSB-1, IFSB-6, IFSB-9, IFSB-15, IFSB-19, ED-21)

Hosted by



2 – 5 September 2018 | United Arab Emirates

IFSB-FIS WORKSHOP (FOR REGULATORY & SUPERVISORY AUTHORITIES)

. Banking Sector

Hosted by



The IFSB is an international standard-setting organisation that promotes and enhances the soundness and stability of the Islamic financial services industry by issuing global prudential standards and guiding principles for the industry, broadly defined to include banking, capital markets and insurance sectors. The IFSB also conducts research and coordinates initiatives on industry-related issues, as well as organises roundtables, seminars and conferences for regulators and industry stakeholders. Towards this end, the IFSB works closely with relevant international, regional and national organisations, research/educational institutions and market players.

As of December 2017, the IFSB has published twenty-seven Standards, Guiding Principles, Guidance and Technical Notes as follows:

- IFS-1 : Guiding Principles of Risk Management for Institutions (other than Insurance Institutions) Offering Only Islamic Financial Services (IIFS)
- IFS-2 : Capital Adequacy Standard for IIFS
- IFS-3 : Guiding Principles on Corporate Governance for IIFS
- IFS-4 : Disclosures to Promote Transparency and Market Discipline for IIFS
- IFS-5 : Guidance on Key Elements in the Supervisory Review Process of IIFS
- IFS-6 : Guiding Principles on Governance for Islamic Collective Investment Scheme
- IFS-7 : Capital Adequacy Requirements: *Sukuk* Securitisations and Real Estate Investment
- IFS-8 : Guiding Principles on Governance of Islamic Insurance (*Takāful*) Operations
- IFS-9 : Guiding Principles on Conduct of Business for IIFS
- IFS-10 : Guiding Principles on Sharī'ah Governance System
- IFS-11 : Standard on Solvency Requirements for *Takāful* (Islamic Insurance) Undertakings
- IFS-12 : Guiding Principles on Liquidity Risk Management for IIFS
- IFS-13 : Guiding Principles on Stress Testing for IIFS
- IFS-14 : Standard on Risk Management for *Takāful* (Islamic Insurance) Undertakings
- IFS-15 : Revised Capital Adequacy Standard for IIFS
- IFS-16 : Revised Guidance on Key Elements in the Supervisory Review Process of IIFS
- IFS-17 : Core Principles for Islamic Finance Regulation (Banking Segment)
- IFS-18 : Guiding Principles for *Retakāful* (Islamic Reinsurance)
- IFS-19 : Guiding Principles on Disclosure Requirements for Islamic Capital Market Product (*Sukuk* and Islamic Collective Investment Schemes)
- GN-1 : Guidance Note in Connection with the Capital Adequacy Standard: Recognition of Ratings by External Credit Assessment Institutions (ECAIs) on Sharī'ah-Compliant Financial Instruments
- GN-2 : Guidance Note in Connection with the Risk Management and Capital Adequacy Standards: Commodity *Murābahah* Transactions
- GN-3 : Guidance Note on the Practice of Smoothing the Profits Payout to Investment Account Holders
- GN-4 : Guidance Note in Connection with the IFSB Capital Adequacy Standard: The Determination of the Alpha in the Capital Adequacy Ratio
- GN-5 : Guidance Note on the Recognition of Ratings by ECAIs on *Takāful* and *Retakāful* Undertakings
- GN-6 : Guidance Note on Quantitative Measures for Liquidity Risk Management in IIFS
- TN-1 : Technical Note on Issues in Strengthening Liquidity Management of Institutions Offering Islamic Financial Services: The Development of Islamic Money Market
- TN-2 : Technical Note on Stress Testing for Institutions Offering Islamic Financial Services
- WP-01 : Working Paper on Strengthening the Financial Safety Net: The Role of WP-01: Working Paper on Strengthening the Financial Safety Net: The Role of Sharī'ah-compliant Lender-of Last-Resort (SLOLR) Facilities as an Emergency Financing Mechanism
- WP-02 : Working Paper on Evaluation of Core Principles Relevant to Islamic Finance Regulation
- WP-03 : Working Paper on Financial Consumer Protection in Islamic Finance
- WP-04 : Comparative Study on the Implementation of Selected IFSB Standards
- WP-05 : The IFSB-ISRA Joint Working Paper on Sharī'ah Non-Compliance Risk in the Banking Sector: Impact on Capital Adequacy Framework of Islamic Banks
- WP-06 : Strengthening the Financial Safety Net: The Role and Mechanisms of Sharī'ah Compliant Deposit Insurance Schemes (SCDIS)
- WP-07 : Recovery, Resolution and Insolvency Issues for Institutions Offering Islamic Financial Services

The members of the IFSB comprise regulatory and supervisory authorities, international inter-governmental organisations and market players, professional firms and industry associations.

For more information about the IFSB and to download the Standards, Guiding Principles, Guidance and Technical Notes, please visit www.ifsb.org.

نبذة عن مجلس الخدمات المالية الإسلامية

يعتبر مجلس الخدمات المالية الإسلامية هيئة دولية واضحة المعايير التي تهدف إلى تطوير وتعزيز متانة واستقرار صناعة الخدمات المالية الإسلامية، وذلك بإصدار معايير احترازية ومبادئ إرشادية لهذه الصناعة التي تضم بصفة عامة قطاعات الصيرفة، وأسواق المال، والتكافل (التأمين الإسلامي). كما يقوم مجلس الخدمات المالية الإسلامية بأنشطة بحثية، وتنسيق المبادرات المتعلقة بهذه الصناعة، فضلاً عن تنظيم حلقات نقاشية، وندوات ومؤتمرات علمية، للسلطات الرقابية، والشركاء المهتمين بهذه الصناعة.

منذ إنشاء مجلس الخدمات المالية الإسلامية، تم إصدار سبعة وعشرون معياراً، ومبدأً إرشادياً، وملاحظة فنية، خاصة بصناعة الخدمات المالية الإسلامية. وقد غطت هذه الإصدارات المجالات التالية:

- (المعيار رقم 1): المبادئ الإرشادية لإدارة المخاطر.
- (المعيار رقم 2): معيار كفاية رأس المال.
- (المعيار رقم 3): المبادئ الإرشادية لضوابط إدارة المؤسسات.
- (المعيار رقم 4): معيار الإفصاحات لتعزيز الشفافية وانضباط السوق للمؤسسات.
- (المعيار رقم 5): الإرشادات المتعلقة بالعناصر الرئيسية في إجراءات الرقابة الإشرافية للمؤسسات.
- (المعيار رقم 6): المبادئ الإرشادية لضوابط برامج الاستثمار الجماعي.
- (المعيار رقم 7): متطلبات كفاية رأس المال للصكوك، والتصكيك، والاستثمارات العقارية.
- (المعيار رقم 8): المبادئ الإرشادية لضوابط التأمين التكافلي.
- (المعيار رقم 9): المبادئ الإرشادية لسلوكيات العمل للمؤسسات التي تقدم خدمات مالية إسلامية.
- (المعيار رقم 10): المبادئ الإرشادية لنظم الضوابط الشرعية للمؤسسات التي تقدم خدمات مالية إسلامية.
- (المعيار رقم 11): معيار متطلبات الملاءة للتأمين التكافلي.
- (المعيار رقم 12): المبادئ الإرشادية لإدارة مخاطر السيولة للمؤسسات.
- (المعيار رقم 13): المبادئ الإرشادية لاختبارات الضغط للمؤسسات.
- (المعيار رقم 14): معيار إدارة المخاطر لشركات التكافل (التأمين الإسلامي).
- (المعيار رقم 15): المعيار المعدل لكفاية رأس المال للمؤسسات.
- (المعيار رقم 16): الإرشادات المعدلة للعناصر الأساسية لإجراءات الرقابة الإشرافية على المؤسسات.
- (المعيار رقم 17): المبادئ الأساسية للرقابة على التمويل الإسلامي.
- (المعيار رقم 18): المبادئ الإرشادية لإعادة التكافل (إعادة التأمين الإسلامي).
- (المعيار رقم 19): المبادئ الإرشادية الخاصة بمتطلبات الإفصاح لمنتجات سوق رأس المال الإسلامي (الصكوك وبرامج الاستثمار الجماعي الإسلامي)

- (المبادئ الإرشادية رقم 1): الإرشادات المتعلقة بمعيار كفاية رأس المال: الاعتراف بالتصنيفات للأدوات المالية المتفقة مع أحكام الشريعة الإسلامية الصادرة من مؤسسات تصنيف ائتماني خارجية.
- (المبادئ الإرشادية رقم 2): الإرشادات المتعلقة بإدارة المخاطر ومعيار كفاية رأس المال: معاملات المربحة في السلع.
- (المبادئ الإرشادية رقم 3): الإرشادات المتعلقة بممارسات دعم دفع الأرباح لأصحاب حسابات الاستثمار.
- (المبادئ الإرشادية رقم 4): الإرشادات المتعلقة بمعيار كفاية رأس المال: تحديد عامل "ألفا" في نسبة كفاية رأس المال.
- (المبادئ الإرشادية رقم 5): الإرشادات المتعلقة بالاعتراف بالتصنيفات الصادرة عن مؤسسات تصنيف ائتماني خارجية للتأمين التكافلي وإعادة التكافل.
- (المبادئ الإرشادية رقم 6): الإرشادات المتعلقة بالمعايير الكمية لإدارة مخاطر السيولة.
- (ملاحظة فنية رقم 1): قضايا تعزيز إدارة السيولة للمؤسسات التي تقدم خدمات مالية إسلامية: تطوير أسواق المال الإسلامية.
- (ملاحظة فنية رقم 2): اختبارات الضغط للمؤسسات التي تقدم خدمات مالية إسلامية.

- (ورقة عمل رقم 1): ورقة عمل حول تقوية شبكة الحماية المالية: دور تسهيلات المسعف الأخير المتوافقة مع الشريعة، بوصفها آلية تمويل في حالات الطوارئ
- (ورقة عمل رقم 2): تقويم المبادئ الأساسية المتعلقة بالرقابة على التمويل الإسلامي
- (ورقة عمل رقم 3): الحماية المالية للمستهلك في المالية الإسلامية
- (ورقة عمل رقم 4): دراسة مقارنة حول مدى تفعيل المعايير الصادرة عن مجلس الخدمات المالية الإسلامية
- (ورقة عمل رقم 5): ورقة عمل مشتركة بين مجلس الخدمات المالية الإسلامية والأكاديمية العالمية للبحوث الشرعية حول مخاطر عدم الالتزام بأحكام الشريعة في القطاع المصرفي: الأثر على إطار كفاية رأس المال للمصارف الإسلامية
- (ورقة عمل رقم 6): تقوية شبكة الأمان المالية: دور وآليات نظم التأمين على الودائع المصرفية المتوافقة مع أحكام الشريعة
- (ورقة عمل رقم 7): تعافي وإعادة هيكلة وتصفية المؤسسات التي تقدم خدمات مالية إسلامية

الجدير بالذكر أن المجلس يضم في عضويته منظمات دولية، وإقليمية، ووطنية، والشركاء الذين تجمعهم به أهداف مشتركة.

للمزيد من المعلومات حول مجلس الخدمات المالية الإسلامية وللحصول على المعايير والتقارير والأوراق البحثية أو أي إصدارات أخرى الرجاء زيارة الموقع الإلكتروني <http://arabic.ifsb.org>