

# 15th OIC Exchanges Forum Meeting



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# 15th OIC Exchanges Forum - Overview

- **OIC Exchanges Statistics Report 2020** published
  - More details by Borsa İstanbul (presentation)
- **OIC Exchanges Newsletters** published quarterly
- **Best Practice Session** takes place as part of the Forum agenda, enabling OIC Exchanges to share their own experiences, success stories and lessons learned, facilitating peer to peer learning among OIC Exchanges.
- **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 Precious Metals – Latest Decisions

## 14th OIC Exchanges Forum Decision:

- The Forum mandates the Task Force on Precious Metals to cooperate with OIC Central Banks Forum and other relevant institutions to utilize blockchain based BiGA (One Gram Gold) digital gold transfer system among OIC countries. The Forum welcomes BiGA to enable fast, reliable and cost effective transfer of gold among OIC countries on 24 hours/7 days basis which is a major step towards realization of OIC Gold Exchange project. The Forum invites relevant institutions of OIC member states to actively support Forum's Task Force on Precious Metals.

# Task Force on Precious Metals – Latest Decisions

## **36th 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 States and requests the Forum's Secretariat to advance the technical preparations for the establishment of the OIC Gold Exchange and report to the 37th COMCEC Session and Follow-up Committee Meeting.
- 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 Central Banks, OIC Central Banks Forum, and other relevant parties of interested Member States to contribute to the formulation of the business model for a well-functioning OIC Gold Market.

# Task Force on Precious Metals

- Project to take steps towards the establishment of the OIC Gold Exchange had been initiated at the COMCEC meeting in 2014.
- Several steps have been taken since the launch of the project. Two technical reports have been prepared to assess feasibility in 2015 and 2016. It has become clear that the most difficult aspect of multi-national spot gold trading among regulated markets of OIC countries is the financial and operational difficulties that would arise in the 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 Turkey, may be also implemented e 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.
- Feasibility of the BiGA business model is under consideration by the Central Bank of the Republic of Turkey (CBRT), Borsa İstanbul, Takasbank and other relevant institutions in terms of legal, technical and operational details.

# Task Force on Indices – Latest Decisions

## 14th OIC Exchanges Forum Decisions:

- The Forum appreciates the efforts of the Task Force on Indices in initiating the process for the opening of custody accounts in relevant OIC countries for the S&P/OIC COMCEC 50 Shariah Index Fund (the Fund). The Forum mandates the Task Force to ensure the custody account opening process is concluded successfully to enable the issuance of Fund units.
- With reference to the resolution of the 35th Meeting of COMCEC, the Forum mandates the Task Force on Indices, in cooperation with IsDB, to work on the promotion of S&P OIC/COMCEC Shariah 50 Index and the Fund to investors and finance community.
- The Forum invites members of the Forum to find investors for the Fund and work on increasing the Fund's assets under management. The Forum also invites IsDB to invest in the Fund and to help find other investors.

# Task Force on Indices – Latest Decisions

## **36th COMCEC Ministerial Session Decisions:**

- Requests the Member States to actively support the Forum's Task Force on Indices towards active promotion of the S&P OIC/COMCEC Shariah 50 Index and the Fund to the investors and the finance community in their respective countries by informing them directly or through public events and press releases as well as publishing the Index on the official websites of their Exchanges and also invites the Member States to support the Forum's Task Force in finding investors for the Fund and increasing the Fund's assets under management in cooperation with IDB.

# 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 Organization of Islamic Cooperation (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 Portfoy, the largest asset management company in Turkey. The new Fund first launched in 2019 during the 13th OIC Exchanges Forum.
- Since then several steps have been taken to make the Fund operational.
- First Custody accounts are opened by Citibank and Clearstream in the countries covered by the Fund.
- Then Trading accounts are opened by Mubasher with the help of Is invest
- Finally Ziraat Portfoy is currently working on final operational hurdles before the Fund shares are issued for investment.

# Task Force on Indices – the Fund

More details by Ziraat Portfooy

## Discussion:

- How to promote the Fund to potential investors and increase the AUM of the Fund?

# Task Force on Sustainability – Latest Decisions

## 14th OIC Exchanges Forum Decision:

- The Forum welcomes the survey and research conducted by the Task Force on Sustainability and the findings regarding current state of sustainability related actions in OIC Exchanges. The Forum mandates Task Force on Sustainability to work on projects that may help support OIC Exchanges to take further action, including working with S&P on assessing the feasibility of a sustainability index.

# Task Force on Sustainability – Latest Decisions

## **36th COMCEC Ministerial Session Decision:**

- Taking note of the briefing by Secretariat of the OIC Exchanges Forum on the efforts towards advancing the sustainability agenda in the exchanges of the Member States, the Committee, requests the Forum's Secretariat to work on technical preparations for the projects that may help support OIC Exchanges to take further action in sustainability, including working with S&P on assessing the feasibility of a sustainability index for the OIC Exchanges Forum.

# Task Force on Sustainability

- A presentation on sustainability practices in OIC Exchanges has been delivered at the previous Forum meeting which depicted clearly the need in OIC exchanges to do more on sustainability.
- A Task Force has been established which identified calculation of an OIC sustainability index as its first priority.
- Given the close cooperation in previous years, S&P has been identified as the preferred index calculator for the OIC Sustainability Index.
- Several rounds of interactions have taken place with S&P on defining the criteria and the methodology for the calculation of the Index.

# Task Force on Sustainability

- As a result of the evaluations, Environmental, Social and Governance (ESG) scores of the OIC companies was chosen as the basis for index calculation.
- S&P Global is currently working on preparing a proposal for the calculation of an ESG index for OIC exchanges.

## **More Details by S&P Global**

- Also the Task Force is keen on raising awareness among OIC exchanges on the ways to support sustainability and in doing so improve their business as well.
- An online training program will be held tomorrow as part of the Forum with the title of Islamic Impact, Social and Green Investing will explain the distinctions in these concepts and the new structures. Green Sukuk for example.

Thank you

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