

ISE-COMCEC

ISTANBUL STOCK EXCHANGE (ISE)
&
STANDING COMMITTEE FOR ECONOMIC AND COMMERCIAL COOPERATION OF THE
ORGANIZATION OF THE ISLAMIC CONFERENCE (COMCEC)

REPORT OF THE
ROUND-TABLE MEETING ON PROMOTION OF
COOPERATION AMONG THE STOCK EXCHANGES OF THE
ORGANISATION OF ISLAMIC CONFERENCE (OIC) MEMBER STATES
ISTANBUL, MARCH 28-29, 2005

Istanbul Stock Exchange
Istanbul, March 2005

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REPORT
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ORGANISATION OF ISLAMIC CONFERENCE (OIC) MEMBER STATES

(Istanbul, March 28-29, 2005)

1. The round-table meeting on promotion of cooperation among the stock exchanges of the Organisation of Islamic Conference (OIC) member states stock exchanges convened in Istanbul on March 28-29, 2005.
2. The Meeting was attended by the representatives of the following stock exchanges of the OIC Member States:

A. STOCK EXCHANGES OF THE OIC MEMBER STATES

1. Amman Stock Exchange, Jordan
2. Bursa Malaysia Berhad, Malaysia
3. Dhaka Stock Exchange, Bangladesh
4. Dubai Financial Market, United Arab Emirates
5. Istanbul Stock Exchange, Turkey
6. Karachi Stock Exchange, Pakistan
7. Khartoum Stock Exchange, Sudan
8. Muscat Securities Market, Oman
9. Palestine Securities Exchange, Palestine
10. Tadawul-Saudi Stock Market, Saudi Arabia
11. Tehran Stock Exchange, Iran

B. OTHER ORGANIZATIONS

1. Ministry of Foreign Affairs of Turkey
2. COMCEC Coordination Office (State Planning Organization of Turkey)
3. Federation of Euro-Asian Stock Exchanges (FEAS)
4. The Islamic Chamber of Commerce and Industry (ICCI)
5. The Islamic Center for Development of Trade (ICDT)
6. Islamic Development Bank (IDB)
7. Statistical, Economic and Social Research and Training Centre for Islamic Countries (SESRTCIC)

Opening Session

3. Following recitation from the Holy Koran, the meeting was opened by Mr. Osman BIRSEN, Chairman and CEO of the Istanbul Stock Exchange. Mr. BIRSEN welcomed all the delegates to Istanbul on the occasion of the round-table meeting on promotion of cooperation among the stock exchanges of the Organisation of Islamic Conference (OIC) member states. He stated that until today, despite the cooperation in various areas of the economy among the OIC member states, there have not been any attempts to bring together the stock exchanges of the member states and therefore, this meeting would be a groundbreaking event towards this objective. Mr. BIRSEN also pointed out to the importance of regional alliances and cooperation in view of the effects of globalisation on financial markets. He

touched upon the bilateral and multilateral cooperation activities of the Istanbul Stock Exchange, particularly referring to Federation of Euro-Asian Stock Exchanges (FEAS) and Southeast European Cooperative Initiative (SECI), and the ISE's bilateral relations with its counterparts. He stated that the proposal of the Istanbul Stock Exchange with regards to cooperation among the stock exchanges of OIC member states included issues such as the definition and certification of the securities convenient for OIC member countries, creation of regional and market indices convenient for OIC member countries to ensure more visibility, cooperation among regulatory bodies and other capital markets institutions, cooperation with the existing federations, and training programs and these would pave the way for respective stock exchanges to strengthen relations and business links. Finally he went over the two-day program and wished all the participants a successful meeting.

4. Mr. Lutfi ELVAN, Deputy Undersecretary, delivered a speech on behalf of the Standing Committee for Economic and Trade Cooperation at the Undersecretariat of State Planning Organization of Turkey (COMCEC). Mr. ELVAN gave information about the Standing Committee for Economic and Commercial Cooperation of the Organization of the Islamic Countries (COMCEC).

(A copy of Mr. ELVAN's speech is herewith attached as Annex I).

5. Mr. El Hassane HZAINI delivered a message from Prof. Dr. Ekmeleddin IHSANOGLU, Secretary General of OIC and expressed his gratitude to the ISE for its hospitality.

(A copy of Prof. Dr. Ekmeleddin IHSANOGLU's message is herewith attached as Annex II).

6. Mr. Kamuran MALATYALI, Senior Economist, Acting Director of the Research Department, Statistical, Economic and Social Research and Training Center for Islamic Countries (SESRTCIC), talked about the operations of SESRTCIC and gave information with regards to their studies regarding stock exchange alliances and cooperation among the OIC member states.

(A copy of SESRTCIC's speech is herewith attached as Annex III).

7. Mr. El Hassane HZAINI, Director of Studies and Training Department of the Islamic Centre For Development and Trade (ICDT), gave information about the operations of ICDT and made some recommendations on the promotion of cooperation among stock exchanges of OIC member states.

(A copy of ICDT's speech is herewith attached as Annex IV).

8. Dr. Salman Syed ALI from the Islamic Development Bank (IDB) delivered a speech about the operations of IDB and about the study that IDB has initiated with regards to the capital markets of OIC member states.

(A copy of IDB's presentation is herewith attached as Annex V).

9. Dr. Mansour Al SHAMALI, Assistant Professor, College of Business Studies-PAAET, Kuwait, spoke on behalf of the Islamic Chamber of Commerce and Industry (ICCI). He made an evaluation of a potential cooperation among capital markets and stock exchanges of OIC member states and made some recommendations on the promotion of such a cooperation.

(A copy of ICCI's presentation is herewith attached as Annex VI).

10. Mr. Aril SEREN, Secretary General of the Federation of Euro-Asian Stock Exchanges (FEAS), gave information about the Federation of Euro-Asian Stock Exchanges (FEAS).

(A copy of FEAS's presentation is herewith attached as Annex VII).

11. Mr. Huseyin ERKAN, Executive Vice Chairman of the Istanbul Stock Exchange, talked about the Istanbul Stock Exchange's experience in the international field, its international cooperation activities, SECI Project, and multilateral agreements. Mr. ERKAN also made some suggestions about the action plan the Exchanges may take in terms of cooperation. Mr. ERKAN also delivered a presentation about the creation of common indices.

(A copy of each presentation is herewith attached as Annex VIII).

12. PROPOSALS AND RECOMMENDATIONS

The following proposals were made at the meeting:

1. Establishment of a Data Center which will include the data of the respective stock exchanges
2. Creating a common index for Islamic countries' stock exchanges
3. Promoting the creation of the Islamic Depository Receipts
4. Cross-listing and cross-membership
5. Creating a Common Trading Platform
6. Promoting the harmonisation of market rules and procedures; Best practices for stock exchanges
7. Training programs for staff of the exchanges
8. Invitation of the International Islamic Financial Market (IIFM), Bahrain, to join the Islamic Stock Exchanges Forum

13. DECISIONS:

1. Islamic Stock Exchanges Forum

It was decided that the cooperation among the stock exchanges of the COMCEC countries shall continue under this platform, which shall henceforth be referred to as “Islamic Stock Exchanges Forum”. The Forum shall be led by the Istanbul Stock Exchange and shall seek the financial support of the OIC/COMCEC and the Islamic Development Bank (IDB) for research projects, and so forth.

2. Organizing routine meetings bi-annually

The group shall hold two meetings annually; one to convene in the first, and other to convene in the last quarter. One of these meetings shall be hosted by the Istanbul Stock Exchange, and the other by one of the other participating exchanges.

3. Establishing Working Committees

Two working committees, namely, a Technical Committee, and an Information Technology (IT) Committee, shall be established.

The Technical Committee shall consist of:

- Amman Stock Exchange
- Muscat Stock Exchange
- Istanbul Stock Exchange
- Tadawul-Saudi Stock Market
- Palestine Stock Exchange
- Dubai Financial Market,

and work on:

- Creating Indices
- Islamic Depository Receipts (IDR)
- Cross Listing Opportunities
- Bridging to Other Islamic Exchanges and Institutions
- Exchanging Staff and Training
- Questionnaire – Surveys for the assesment of the stock exchanges
- Defining Areas of Cooperation

The IT Committee shall consist of:

- Istanbul Stock Exchange
- Tehran Stock Exchange
- Dubai Financial Market
- Bursa Malaysia Berhad

and work on:

- Assessment of technological levels of the participating stock exchanges
- Creation of a Data Center

4. The Next meeting shall convene in Casablanca, at a date to be determined later.

5. The decisions of the meeting will be submitted to OIC and COMCEC