

THIRD MEETING OF THE OIC MEMBER STATES' STOCK EXCHANGES FORUM

Istanbul, October 23-24, 2009

*Hüseyin Erkan, Istanbul Stock Exchange
Chairman & CEO*

Background

- ▶ The Forum aims to provide a dedicated platform and communication channel for representatives of the relevant OIC organizations and institutions to discuss international cooperation activities.
- ▶ Initiated in accordance with the decision of the 20th session of the Standing Committee for Economic and Commercial Cooperation of the Organization of the Islamic Conference (COMCEC), in 2004.
- ▶ First round-table meeting, Istanbul in March 2005
- ▶ Second meeting, Istanbul in October 2008
 - one working committee and four task forces to operate under the Committee established. The Working Committee held its first meeting in Tehran in May 2009.
- ▶ Decisions of the 2nd meeting were presented to and included in the 24th session of the COMCEC, 2008
 - The Forum's decision regarding the encouragement of the capital markets authorities was strongly emphasized in the report of the 24th session of the COMCEC.

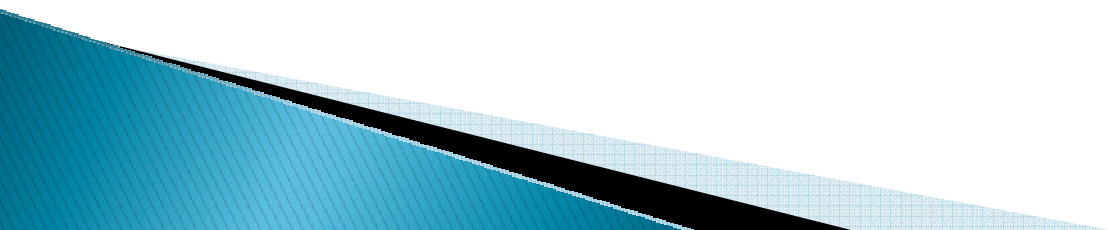
Decisions of the 2nd Meeting of the OIC Member States' Stock Exchanges Forum and the Tasks Accomplished

- ▶ *1. Standardization is vital for Islamic capital markets development. Therefore, the regulatory authorities should be encouraged to recognize standards issued by institutions such as AAOIFI, IFSB, and recommendations offered by IIFM.*
- ❖ **AAOIFI and IFSB's reference books on standardization were provided by the Secretariat.**

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- ▶ *2. AAOIFI, IFSB, and IIFM have been included as members and advisors of the Forum.*
- ❖ AAOIFI, IFSB, and IIFM were invited to actively participate in the Forum and Working Committee efforts and act as consultants for the Task Forces.

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- ▶ *3. The establishment of a similar forum among the capital markets' regulatory authorities should be encouraged.*
 - ❖ The Forum's decision regarding the encouragement of the capital markets authorities to form a similar forum was strongly emphasized in the report of the 24th session of the COMCEC.
 - ❖ COMCEC Coordination Office was briefed about the decision and was invited to contact the Capital Markets Board of Turkey regarding this matter.
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- ▶ *4. Post-trade services institutions shall be incorporated into this Forum as members.*
- ❖ All post-trade institutions of the OIC Member States were invited to participate the 3rd Forum meeting as members

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- ▶ *5. The secretariat and coordination job for the Forum should continue to be carried out by the Istanbul Stock Exchange.*
- ❖ **As determined**

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- ▶ 6. The number of committees is reduced to one (1), under the name “Working Committee”, which shall study and propose the fields of cooperation to the Forum.

Members of the Working Committee are as follows:

- ▶ Istanbul Stock Exchange, Turkey,
 - ▶ Tehran Stock Exchange, Iran
 - ▶ Dubai Financial Market, UAE
 - ▶ Bursa Malaysia Berhad, Malaysia
 - ▶ Amman Stock Exchange, Jordan
 - ▶ Muscat Securitised Market, Oman
 - ▶ Tadawul Saudi Stock Market, Saudi Arabia
 - ▶ Palestine Stock Exchange, Palestine
 - ▶ Dhaka Stock Exchange, Bangladesh
 - ▶ Egyptian Exchange, Egypt
 - ▶ Islamabad Stock Exchange, Pakistan
 - ▶ Chittagong Stock Exchange, Bangladesh
 - ▶ Doha Securities Market, Qatar
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- ▶ The following four task forces were established :
 - ❖ Task Force for Customized Indices, ETFs, and Islamic Depositary Receipts (Istanbul Stock Exchange, Turkey)
 - ❖ Task Force for Post – Trade Services (Takasbank, Turkey)
 - ❖ Task Force for the Promotion of Awareness and Education of Investors about Islamic Capital Markets (Bursa Malaysia Berhad, Malaysia)
 - ❖ Task Force for Studying the Feasibility of an Islamic Securities Exchange (Tehran Stock Exchange, Iran)

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- ▶ Task Force for Customized Indices, ETFs, and Islamic Depositary Receipts
 - ❖ Coordinated by the Istanbul Stock Exchange, Turkey
 - ❖ Questionnaire
 - ❖ Bilateral meetings and correspondence with Citi, FTSE, Dow Jones, IDB, and Reuters
 - ❖ Common indices
 - ❖ Depositary receipts

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- ▶ Task Force for Post – Trade Services
 - ❖ Coordinated by Takasank, Turkey
 - ❖ Questionnaire
 - ❖ Cross-border activities
 - ❖ Harmonization

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- ▶ Task Force for the Promotion of Awareness and Education of Investors about Islamic Capital Markets
 - ❖ Coordinated by Bursa Malaysia Berhad, Malaysia
 - ❖ Meetings with the ISE
 - ❖ Cooperation with TBWA Tequila

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- ▶ Task Force for Studying the Feasibility of an Islamic Securities Exchange
 - ❖ Coordinated by Tehran Stock Exchange, Iran
 - ❖ Organized Task Force meeting, Tehran, May 2009
 - ❖ Task Force visited Malaysia August, 2009
 - ❖ ASEAN Link

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6. (cont.)

- ▶ *Stock exchanges shall be represented by senior executives in Working Committee meetings, whereas they shall be represented by specialists in Task Force meetings. (as determined)*
- ▶ *Index Task Force should finalize its activities no later than 2009 year-end (pending)*
- ▶ *Task Forces should provide semi-annual reports to the Working Committee. (as determined)*
- ▶ *Working Committee and Task Force members should hold meetings whenever they feel necessary, and report to the Working Committee semi-annually. The coordinators of the Task Forces should call for the meetings. (as determined)*

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- ▶ *7. Promoting the privatization through the stock exchanges in the OIC Member Countries (to be included in the final Communique).*
- ❖ Recommended to COMCEC

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- ▶ 8. *Call upon the IDB to raise the allocation of funds for equity investments in the OIC stock markets.*

❖ Communicated with the IDB

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- ▶ *9. Encourage the allocation of the funds in Islamic Countries to the promising companies operating in the OIC member economies through Islamic Equity Funds.*
 - ❖ Recommended to COMCEC
 - ❖ The mega Islamic Investment Bank initiative launched by the Islamic Development Bank, with an initial capital of 1 billion USD. The Bank will contribute to the financing of mega investments in the region and devise appropriate solutions to liquidity management.
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Decisions of the 2nd Meeting of the OIC Member States' Stock Exchanges Forum and the Tasks Accomplished

- ▶ *10. Call upon the members of OIC to consider the establishment of a joint Contingency Fund within the framework of the IDB.*

❖ Recommended to COMCEC

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- ▶ *11. Encourage closer cooperation and collaboration between the activities of the task forces of the Forum and the IDB work program in the area of promoting Islamic capital markets. In particular, the Forum appreciated the organization and recommendations of the 19th Annual Symposium, held in conjunction with the IDB Annual meeting in Jeddah in June 2008, which aimed at energizing a broad based development of Islamic capital markets in OIC member states.*
- ❖ Task Forces were reminded of the IDB's parallel efforts and possible contribution.
- ❖ Keynote speech by IDB in the Working Committee, Tehran

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- ▶ *12. Establish a web site to share data, information and best practices among OIC Member States' Stock Exchanges.*

❖ Launched January 2009 as commissioned
<http://www.oicexchanges.org>

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- ▶ *13. A time table and road map should be prepared & pursued for determined activities and projects and to this end, the Istanbul Stock Exchange will provide the Secretariat work and act as the focal point with the members of the Forum.*

❖ As determined

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- ▶ *14. The date of the next meeting of the OIC Member States' Stock Exchanges Forum meeting shall be announced and the said meeting shall be hosted in Istanbul by the Istanbul Stock Exchange.*

❖ As determined