

SHARIAH AUDIT & SHARIAH NON-COMPLIANCE REPORTING FOR ISLAMIC FINANCIAL INSTITUTIONS



19th July 2017, InterContinental Hotel, KUALA LUMPUR

SIDC CPE - accredited: 10 CPE Points

Shariah audit has long been an issue of significant importance for Islamic financial institutions in Malaysia. However, with the recent revision and expansion of Shariah governance requirements, the scope, nature, responsibility and accountability of Shariah audit (and compliance) has changed substantially. Closely associated to this is the important principle of Shariah non-compliance: by offering Islamic banking and finance products, Shariah non-compliance is a fundamental, inherent and key risk for Islamic financial institutions of all kinds. The concept of non-compliance, and the onus it creates has recently become more significant by being explicitly tied to important Islamic banking legislation, such as Islamic Financial Services Act 2013. Indeed, Section 28 (3) of IFSA 2013 sets out clearly the obligations and responsibilities of a financial institution in the case of Shariah non-compliance, and the subsequent reporting and disclosure process. Penalties and consequences of not following Shariah non-compliance reporting procedures can be severe.

This timely one day seminar updates and reviews recent Shariah audit, compliance and governance requirements under Malaysian law. It also discusses the role of Shariah audit and compliance, specifically the obligations, procedures, disclosure and reporting requirements and rectification options in the case of Shariah non-compliance.

KEY LEARNING OUTCOMES

- An update of Regulatory Issues Concerning Shariah Audit, Governance and Shariah Non-Compliance Reporting
- Identifying Shariah Audit, Compliance and Governance Roles and Requirements within an Islamic Financial Institution
- Building Effective Shariah Audit and Risk Management Practices in Today's Regulatory Environment
- Procedures, Obligations and Responsibilities of Shariah Non Compliance Reporting
- Rectification Options in the Situation of Shariah Non Compliance Reporting

AGENDA

9.15am – 11.15am

Session 1: Shariah Audit, Compliance and Governance Requirements for Shariah Non-Compliance Risk Management and Reporting

- Examining recent regulatory requirements on Shariah audit, compliance and Shariah non-compliance reporting under the following:
 - o Central Bank Act 2009
 - o Islamic Financial Services Act 2013
 - o AAOIFI
 - o IFSB
 - o Shariah Governance Framework and recent revisions
- Implications of each of the above for Shariah audit, risk management and Shariah non-compliance reporting functions within an Islamic financial institution
- Revisions to the Shariah Governance Framework and disclosure requirements in 2017 from an audit, compliance and non-compliance reporting perspective
- Recent regulatory revisions to the role of the Shariah officer in an Islamic financial institution
- Obligations, responsibilities of boards and directors and senior bank management, and penalties for Shariah non-compliance infringement

Associate Professor Dr Rusni Hassan — Deputy Dean, IIUM
Institute of Islamic Banking and Finance

11.15am – 11.45am Coffee

11.45am – 1.00pm

Session 2: Examining the Roles and Responsibilities of Shariah Audit & Shariah Compliance Units in Islamic Financial Institutions

- Undertaking and building effective Shariah audit and risk assessment and management practices: people, systems, procedures and documentation
- Types and common examples of Shariah risks inherent in Islamic financial institutions: product flaws in

documentation or structure, Islamic banks' practices vs. regulatory requirements and other potential flashpoints

- Analysing product endorsement and approval procedures from a Shariah audit and compliance perspective
- Audit, disclosure and reporting requirements in Malaysia: Practical issues with Shariah audit and non-compliance reporting within Islamic Banks
- Hot spot areas or activities which will trigger Shariah non-compliant risk in Islamic banks

Shabnam Mokhtar — Group EVP, SHAPE Knowledge Services

1.00pm – 2.00pm Lunch

2.00pm – 3.00pm

Session 2 (continued)

Shabnam Mokhtar — Group EVP, SHAPE Knowledge Services

3.00pm – 3.30pm Coffee

3.30pm – 4.45pm

Session 3: Assessing Procedures, Obligations and Responsibilities of Shariah Non-Compliance Reporting

- Identifying the obligations of Islamic financial institutions for Shariah non-compliance reporting
- Discussing practical issues and procedures for SNC reporting
- Evaluating information disclosure requirements for SNC
- Understanding rectification measures open to an Islamic financial institution: options and procedure, non-halal income management and purification
- Assessing the consequences of failure to report SNC

Ahmad Nazri Ismail — Head, Group Shariah Risk Management, RHB Banking Group

4.45pm Coffee and Networking

Benefits of Attending

- Reviewing the regulatory framework concerning Shariah audit, compliance and Shariah non-compliance reporting
- Analysing the roles and responsibilities of Shariah audit and compliance in today's regulatory environment
- Assessing the execution of Shariah audit, governance and compliance functions across banking products and businesses
- Understanding standards and the legal framework for Shariah non-compliance reporting (SNC), and identify legal obligations and responsibilities
- Defining the course of action at the point of identification of SNC, and the rectification plans and options available to the bank at that point

Who Will Benefit?

- Islamic bankers and management
- Shariah advisers, officers, control and review staff
- Compliance officers and in-house counsel
- Risk managers
- Product development officers
- Operations managers
- Consultants and advisors
- Financial audit and review team members
- Regulators and supervisory bodies

SPEAKERS



**Associate Professor Dr
Rusni Hassan**
Deputy Dean
*IIUM Institute of Banking
& Finance and former
member, Shariah Advisory
Council, Bank Negara
Malaysia*

Dr Rusni Hassan is an associate professor and the deputy dean at the IIUM Institute of Islamic Banking and Finance, International Islamic University Malaysia (IIUM). She graduated with a Bachelor of Laws degree (Honors), a Bachelor of Laws degree (Shariah) (First Class), a Master of Comparative Laws degree and a PhD in law. She is a member of the following: Shariah Advisory Council for Bank Negara Malaysia, Association of Islamic Banking Institutions Malaysia, Shariah Committee for HDFC and HDC Maldives. She is a registered Shariah advisor with the Securities Commission Malaysia and is the secretary for the Association of Shariah Advisors in Islamic Finance Malaysia and the International Council of Islamic Finance Educators.

Dr Rusni has spoken extensively in seminars, workshops, conferences and trainings on various Islamic finance issues. Her publications include books on Islamic banking and Takaful, Islamic banking under Malaysian law, corporate governance of Islamic financial institutions and many articles in local and international journals. She has received awards such as 'Promising Researcher' at IIUM in 2012. Her works and contribution to Islamic finance have also been recognized internationally when she was listed among the 'Top 10 Women in Islamic Finance' by CPI Financial in 2013. She also received the award of 'Most Talented Women Professional in Islamic Banking' at the Asia Islamic Banking Excellence Awards, CMO Asia in 2014.



Shabnam Mokhtar
Group EVP
SHAPE Knowledge Services

Shabnam Mokhtar is currently the Group EVP at SHAPE® Knowledge Services, an Islamic finance consulting firm based in Kuwait. She spearheads research and development activities including financial analysis, strategic & business plan formulation, design and implementation of customized survey, research and training for different clients at SHAPE®. Formerly, she was heading the capital markets research for the International Shariah Research Academy (ISRA), an institution established by the Central Bank of Malaysia. Her focus area was case study based research projects in the Sukuk market. In May 2015 Shabnam was appointed as a member of the RHB Islamic Bank's Shariah Committee. Previously she served as a member of the Shariah Board of Malaysian Ratings Corporation (MARC). Shabnam successfully completed her Master of Accounting with distinction from University of Illinois at Urbana Champaign, USA. Her prior positions include a faculty member teaching accounting, finance and bank management courses at University Putra Malaysia. She has conducted various training programs on Islamic banking, Sukuk & Islamic capital market products, risk management and financial reporting for clients in the ASEAN region, GCC and the European market. Shabnam has contributed chapters in *Housing the Nation* (Cagamas 2013), *Managing Fund Flows, Risks and Derivatives: Applications in Islamic Institutions* (Sweet & Maxwell 2012), *Islamic Financial System: Principles & Operations Market* (ISRA, 2011), *Sukuk* (Sweet & Maxwell 2009), and *Partnership Accounting, Principles and Practice* (McGraw Hill).



Ahmad Nazri Ismail
**Head, Group Shariah Risk
Management**
RHB Banking Group

Ahmad Nazri Ismail is the head of group Shariah risk management at RHB Banking Group, where he previously held the positions of the head of Shariah risk advisory and reporting and the head of Islamic credit and market risk. Before that, he was the head of Islamic credit and market risk and the senior manager of Islamic credit management at RHB Islamic. Previously, Ahmad Nazri was in the corporate forex division of Bank Islam (Malaysia) and prior to that, he was a senior executive at Securities Commission Malaysia.

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Associate Partner:

RM 17,500

- Logo on all promotional activities
- 5 invitations for your colleagues and clients
- 25% discount on any additional delegate places
- Full coverage on the Seminar website including biography and hyperlinked logo
- Branding throughout the Seminar: Seminar Guide Cover, Buntings,
- Table-top space in the breakout area during the Seminar
- Guaranteed prime session participation
- One exclusive seat-drop during the Seminar
- Full delegate list within one week post Seminar
- Post-Seminar questionnaire results

Partner:

RM 12,500

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- Delegate list within one week post Seminar
- Post-Seminar questionnaire results

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REDmoney Group

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BOOKING DETAILS

I am booking:	Price per Delegate	Total Price	Early Bird 15% Discount
<input type="checkbox"/> 1 delegate	RM 2,150	RM 2,150	RM 1,827
<input type="checkbox"/> 2 delegates	RM 1,935 (10%)	RM 3,870	RM 3,289
<input type="checkbox"/> 3 delegates	RM 1,720 (20%)	RM 5,160	RM 4,386
<input type="checkbox"/> 4 delegates	RM 1,505 (30%)	RM 6,020	RM 5,117
<input type="checkbox"/> 5 delegates	RM 1,290 (40%)	RM 6,450	RM 5,482

* Further attractive packages are available for groups of more than five. Please contact us directly.

Online training option: I would like to also enrol for the online course, **Shariah Risk & Governance Framework for Islamic Financial Institutions** for the special price of RM200 per user. Please tick here

Available Discounts

Early Bird: Registrations received on or before 19th June 2017, will receive a 15% discount. No discount shall be given to registrations received after this cut-off date.

Discount for Active Subscribers of Islamic Finance news: If you are a current IFN subscriber, you shall receive a flat 20% discount. Please tick here

Loyalty Program: 25% discount on other seminars attended within a 12-month period and non-transferrable. Please tick here

DELEGATE DETAILS

Name	Job Title	Email address	Telephone
1 _____ / _____ / _____ / _____			
2 _____ / _____ / _____ / _____			
3 _____ / _____ / _____ / _____			
4 _____ / _____ / _____ / _____			
5 _____ / _____ / _____ / _____			

WHO TO INVOICE AND CONTACT?

Please tell us who we should invoice. It is also helpful for us to have the name of an administrator with whom we can liaise directly.

Contact person for invoicing: _____ Job Title: _____

Email: _____ Tel: _____ Fax: _____

Contact person to send administration details: _____

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Payment can be made by cheque or bank transfer. A notification will be sent to you once payment has been received.

I wish to pay by: Cheque/bankers draft Telegraphic transfer Credit Card

Please note **prices do not include GST** and that all telegraphic transfer fees, taxes and levies (domestic or otherwise) shall be borne by the sponsoring organization. Payment made by foreign cheque will be charged additional bank fees of 1% of the invoice amount.

APPROVING MANAGER

To process your registration we require the name and signature of a manager who is authorized by your organization to approve training expenditure.

Name: _____ Job Title: _____

Organization name: _____ Email: _____ Tel: _____

Authorizing signature _____ (mandatory)

Yes, I have read and understood the booking and cancellation policy below.

SEND US YOUR REGISTRATION!

By email: seminars@redmoneygroup.com By fax: +603 2162 7810

You may also book online at <http://www.REDmoneyevents.com>

Please call us on: +603 2162 7800 or +603 2162 7802 if you require assistance.

Our address is: REDmoney, Suite 22-06, 22nd Floor, Menara Tan & Tan, 207, Jalan Tun Razak, 50400 Kuala Lumpur

Booking, Payment and Cancellation Policy – important, please read carefully

By completing, signing and sending us this registration form you are confirming delegate places on the seminar. You are also confirming your understanding of our Booking, Payment and Cancellation Policy.

Cancellation: If delegates cannot attend the seminar replacement participants are always welcome. Otherwise delegates must request in writing (letter, fax or email) to cancel registration/s or transfer to a different seminar at least 21 days before the seminar start date to be eligible for a refund, less a 5% administration fee. Delegates who cancel within 21 days of the seminar start date, or who do not attend, are liable to pay the full seminar fee and no refunds will be given. Instead fees will be converted to a IFN Seminars voucher equivalent to the original fee, less a 15% administration charge. This voucher is transferable within your organization and must be redeemed within one year of issue or become void. If a seminar is postponed for whatever reason delegate bookings will be automatically transferred to the new seminar date. Delegates who wish to transfer to a different seminar will be subject to the same terms as above and charged the difference in seminar fees. No refunds or seminar vouchers will be issued for a no-show.

Payment Terms: All seminars fees are to be received before the seminar start date. REDmoney shall receive the full seminar fee with no deductions of any description. All telegraphic transfer fees, taxes and levies (domestic or otherwise) shall be borne by the sponsoring organization.

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Seminar Venue: Full details of the venue will be sent to you upon registration.

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