

LEGAL, DOCUMENTATION & RISK ISSUES FOR ISLAMIC TREASURY & HEDGING PRODUCTS



22nd February 2017, InterContinental, KUALA LUMPUR
SIDC CPE - accredited: 10 CPE Points

Treasury products offer end users a range of opportunities to hedge, speculate or manage risk exposure, and Shariah compliant equivalents are no different. The structure, use and application of Islamic treasury products are, however, governed by very important rules, conventions, documentation and agreements. With Shariah compliant treasury and hedging products becoming more widespread by financial institutions for both risk hedging and for structuring client investment solutions, these rules, conventions and agreements are crucial to the development of these products.

This one day, multi-speaker event will analyse and discuss the key legal, documentation and risk management issues of structuring and offering Islamic treasury products. Included will be a close examination of master agreements, netting arrangements, counter-party risk assessment and management, as well as an overview of dispute resolution issues for these sophisticated structures. The seminar will also offer a reminder of important Shariah and structuring issues relevant to Islamic treasury products.

KEY LEARNING OUTCOMES

- Reminder of the key Islamic finance contracts and concepts that allow the development of Islamic treasury and hedging products
- Application of the key international and local master agreements to the Malaysian environment: ISDA and IIFM
- Assessing and managing counterparty credit risk exposure: market & regulatory developments
- Key elements of conventional OTC derivatives agreements and the application to Islamic finance
- Assessing dispute resolution mechanisms for Islamic treasury products in Malaysia

AGENDA

9.15am – 10.45am

Session 1: Assessing Key Legal and Documentation Issues for Islamic Treasury Products in Malaysia

- Reminders on the legal and regulatory requirements that need to be considered when developing legal documents for Islamic Treasury products in Malaysia
- Some of the practical issues and solutions in developing adequate legal documents for Islamic treasury products
- Drafting key documentation in the development and marketing of Islamic treasury products in Malaysia
- Hedging vs gambling and the position under Malaysian law
- Application of the key international and local master agreements to the Malaysian environment: ISDA/IIFM and IDMA

Madzlan Hussain — Partner and Head, Islamic Financial Services Practice, Zaid Ibrahim & Co

10.45am - 11.15am Coffee

11.15am - 1.00pm

Session 2: Islamic Treasury Product Documentation & Counterparty Credit Risk Exposure Market & Regulatory Developments

- Overview of counterparty credit risk (CCR) exposure in bank Trading Books
 - o CCR exposure measurement – mark-to-market ('MtM') plus potential future exposure ('PFE')
 - o CCR exposure mitigation methods – payment & 'close-out' netting, collateral exchange and central clearing
 - o Netting benefits for multiple transactions and concept of 'netting set exposure'
 - o Bankruptcy laws and netting – enforceability of close-out netting under Malaysian bankruptcy law
 - o Collateral and how collateral can be linked to close-out netting exposure under derivatives master agreements to mitigate counterparty credit exposure and regulatory capital requirements
- Key elements of conventional OTC derivatives agreements
 - o Concepts and implementation of bi-lateral counterparty master agreements, representations, early termination and default conditions, payment and close-out netting methods, legal jurisdiction and enforceability opinions (ISDA 1992 and 2002 Master Agreements compared)
 - o Documenting OTC transactions novated to central clearing counterparties (CCPs) under G20 requirements

Douglas Bongartz Renaud — Former Global Head of Currency Derivatives and Global Head of Rate Derivatives and Structured Products, ABN AMRO

1.00pm – 2.00pm Lunch

2.00pm – 3.30pm

Session 3: Islamic Treasury Product Documentation & Counterparty Credit Risk Exposure Market & Regulatory Developments (continued)

- Documenting Islamic Treasury and hedging products
 - o Product range coverage issues – current status
 - o Shariah compliance of underlying transactions
 - o Shariah-compliant structuring of close-out netting clauses – example of applying Musawamah and Waad contracts within the IIFM / ISDA Tahawwut Master (Hedging) Agreement
 - o Industry discussions concerning possible ways of applying Shariah principles to enable collateralisation mitigation of counterparty credit exposure in Islamic derivatives – challenges in structuring a Shariah compliant Credit Support Annex ('CSA')
 - o Important issues in negotiating master agreements with different types of counterparties
- Islamic Financial Services Act (IFSA) and differentiation between Islamic deposits and investment accounts

Douglas Bongartz Renaud — Former Global Head of Currency Derivatives and Global Head of Rate Derivatives and Structured Products, ABN AMRO

3.30pm – 4.00pm Coffee

4.00pm - 4.45pm

Session 4: Accessing Dispute Resolution Mechanisms for Islamic Treasury products in Malaysia

- Brief overview of dispute resolution options provided by SIDREC
- Assessing the 'value-add' of Alternate Dispute Resolution to investors and market intermediaries
- Highlighting practical examples of SIDREC's approach
- Moving towards the future: going forward

Sujatha Sekhar Naik — Chief Executive Officer, Securities Industry Dispute Resolution Center

Who Will Benefit?

- Treasury and money market, in-house counsel, documentation and compliance from Islamic financial institutions
- Conventional treasury departments looking to incorporate Islamic products
- Private practice lawyers and consultants
- Regulators

SPEAKERS



Douglas Bongartz-Renaud
**Former Global Head of
Currency Derivatives
and Global Head of Rate
Derivatives and Structured
Products**
ABN AMRO

Douglas Bongartz-Renaud has 36 years of experience in financial markets, risk management, training and consulting for banks in Asia and the EMEA regions. He retired from ABN AMRO Bank in 2011 and moved from Amsterdam to Asia, where he continues to work with banks in the areas of Basel framework implementation, ALM, market and counterparty credit risk management, financial products and treasury trading development and training. In addition to consulting, Douglas designs and delivers detailed training workshops for clients and is a frequent speaker and trainer at risk management conferences and for trade associations such as ISDA, PRMIA, GARP and the ACI. He has delivered workshops on a range of subjects, including Basel 3, funds transfer pricing, liquidity risk management, strategic balance sheet management, credit value adjustment and counterparty credit risk, and currency options trading and structuring. During his 26 years at ABN AMRO, Douglas was based in the Netherlands where in his last position he was a principal in ABN AMRO's Risk Advisory Services business and established the market risk and treasury advisory practice. He and his team worked with over 30 client banks in Asia and MENA.

Prior to this, he was involved in risk management to structure and accelerate the process of complex derivative products development, validation and introduction. He was extensively involved with ABN AMRO's preparation and implementation of the Basel capital framework, working on Basel 3 and on CVA pricing, management and capital planning in 2011. Previously, Douglas held the positions of global head of currency derivatives and global head of rate derivatives and structured products at ABN AMRO and was responsible for building the bank's front-office financial products development group. Prior to joining ABN AMRO, Douglas worked for the former Continental Bank in London, Chicago and New York, and for two years with Brown Brothers Harriman (BBH). During these periods, he was involved in credit analysis and lending, swaps structuring and trading at Continental and with corporate transaction structuring and FX advisory at BBH. Douglas holds a Bachelor of Arts and MBA (quantitative finance) degrees from the University of Chicago, and the FRM certification from GARP. He served on the board of directors of ISDA from 1994–2008, and was the secretary of the board from 1998–2004.



Sujatha Sekhar Naik
Chief Executive Officer
SIDREC

Sujatha Sekhar Naik is the Chief Executive Officer of SIDREC. Sujatha is seconded from the Securities Commission, Malaysia, where her last position was Deputy General Manager and the Head of Investor Affairs & Complaints. Sujatha led the team responsible for the development and implementation of SC's investor education strategy and the management of complaints relating to market misconduct. Her previous work in the Commission has included advisory and reform work where she was involved in a number of the Commission's developmental initiatives including the demutualisation of the Malaysian exchange, Bursa Malaysia in 2004. She was also involved in the development and implementation of policies to help strengthen the quality of the market players in meeting the challenges of a disclosure-based regime. Sujatha has represented the Commission as a presenter and panelist at international and domestic forums on the subject of investor education and other capital market issues. She represented the Commission on a number of interagency committees in Malaysia and was also a member of the Advisory Board of the International Forum of Investor Education (IFIE). Prior to joining the Securities Commission in 2001, Sujatha had gained experience both in practice and as an in-house legal counsel. She obtained her degree in Law from the University of London and was called to the Bar England and Wales in 1989 and re-qualified with the Law Society of England and Wales as a Solicitor in 1990. She was also called to the Malaysian Bar in 1998.



Madzlan Hussain
Partner and Head
*Islamic Financial Services
Practice, Zaid Ibrahim & Co*

Madzlan Mohamad Hussain is a partner and the head of the Islamic Financial Services Practice Group for Zaid Ibrahim & Co. (a member of ZICOLaw), a regional law firm with a presence in Australia, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Singapore, Thailand and Vietnam. He is recognized as a leading Islamic finance lawyer in various publications including Legal 500, IFLR 1000, Chambers & Partners, Islamic Finance news's legal supplements and Euromoney's Expert Guides. He started his career with the firm in 1998 as a trainee associate. Madzlan's engagements include advising government authorities on the Islamic finance prudential framework and advising financial institutions on the legal and regulatory compliances for their Islamic finance operations; standardization of Islamic finance documentation; structuring and designing Shariah compliant financial products; handling Islamic corporate financing transactions; and issuance of Islamic securities/Sukuk. Between 2004 and 2010, Madzlan served the IFSB, an international standard-setting organization for the prudential regulations of the Islamic financial services industry, based in Kuala Lumpur. At the IFSB, he was particularly responsible in overseeing the development of the prudential framework for corporate governance practices for all segments of Islamic financial services and was instrumental in spearheading its initiatives in addressing legal issues in Islamic finance. He returned to ZICOLaw as a partner in February 2010. Madzlan holds a Bachelor of Laws (Hons) degree from International Islamic University Malaysia and a Master of Science degree in Islamic economics, banking and finance from Loughborough University in the UK.

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- Logo on all promotional activities
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- Full delegate list within one week post Seminar
- Post-Seminar questionnaire results

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- 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
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* 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 ☐

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2 _____	/ _____	/ _____	/ _____
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4 _____	/ _____	/ _____	/ _____
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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.

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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 ☐

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