

SUKUK STRUCTURING



8th - 9th November 2018, Kuala Lumpur
SIDC CPE - accredited: 10 CPE Points

The Sukuk market has evolved significantly in the last 20 years. Total annual issuance in 2017 was \$100 Billion, whilst Sukuk have been issued with maturities extending to 40 years. New and exciting structures have emerged to address the economic and financial needs of both Sukuk originators as well as Sukuk investors. Sukuk structures innovated to satisfy the needs of these communities are diverse. For example, Sukuk have been created which fulfill bank regulatory capital requirements. Sukuk have also been used to monetize intangible assets such as telecommunications airtime, and the rights to charge and collect fees from airlines.

This course provides an in-depth learning experience that directly benefits practitioners. It starts by first considering how Sukuk can be structured to satisfy the financial performance and risk objectives of originators and investors. It evaluates a plethora of features that can be incorporated into Sukuk structures to achieve target return performance within an established risk tolerance, as well as delivering financial flexibility and adherence to Shari'a requirements at the same time. It then undertakes case study analysis of Sukuk structures that span the entire market, basing classroom discussion around the motivations underlying the structures, and explaining their financial intricacies from origination through to maturity.

The course will include a high level of interactive discussion, thorough instruction in Sukuk structuring principles, and the application of these principles to create novel Sukuk structures successfully sold into the market during the last 10 years. Knowledge gained by delegates from the course is directly applicable in practice.

KEY HIGHLIGHTS

- Understand the essentials of Sukuk structuring principles, and related Shariah rules
- Recognize the underlying risks in Sukuk and the methods to reduce those risks
- Examine the application of Sukuk structuring principles to actual Sukuk issuances
- Analyze any given Sukuk structure in terms of cash flow rights and obligations attaching to each participant/stakeholder from origination through to dissolution/maturity
- Evaluate various Sukuk issuances in the last 10 years

AGENDA

The course is divided into two parts. Day 1 provides an in-depth understanding of different Sukuk structures based on type of underlying assets or financial instrument. It explores how the requirements of both the originator and Sukuk investors can be met by selective use of structural features that target performance, risk, and flexibility objectives. Day 2 of the course is based entirely on case studies. It evaluates a wide range of innovative Sukuk structures that have served to develop the Sukuk market by extending the boundaries of knowledge around what is possible in this fast-evolving sector of the financial services industry.

Day 1: Sukuk Origination

Sukuk Overview

- What are Sukuk, and how are they different to conventional bonds?
- What is structuring and why structure Sukuk?
 - Requirements of the Sukuk Originator
 - Requirements of Sukuk investors
- Securitisation process, and the flow of funds, by instrument type:
 - Murabahah Sukuk
 - Salam Sukuk
 - Ijarah Sukuk
 - Istisnah Sukuk
 - Mudharabah Sukuk
 - Musharakah Sukuk
 - Manafa'a Sukuk
 - Wakalah Sukuk
 - Istithmar Sukuk
- Shariah principles governing Sukuk structures

Sukuk Structuring Principles

- Financial Performance
 - Commitment to repurchase at maturity
 - Liquidity facility
 - Third party guarantees
- Flexibility
 - Tradability
 - Rate resets
 - Embedded Call options
 - repurchase price at book value or market value
 - option to redeem perpetual Sukuk
 - option to exchange Sukuk for shares
 - Embedded Put options
 - termination option in diminishing musharaka
- Reducing Risk
 - Excess Spread
 - Over-collateralization
 - Dissolution triggers and use of reserves
 - Role of Takaful
- Cash flow profile
 - Fixed versus variable rate coupons
 - Pre-funding of Sukuk coupons

Day 2: Case Studies

Murabahah Sukuk

- Kingdom of Saudi Arabia \$9 Billion issued April 2017
- Maybank Tier II Sukuk issued April 2014

Salam Sukuk

- Central Bank of Bahrain Salam Sukuk certificate series

Ijarah Sukuk

- Government of Dubai \$5 Billion trust certificate programme

Istisnah Sukuk

- Kingdom Installment Company LLC \$18 Million fixed rate Sukuk issued July 2006

Mudharabah Sukuk

- Abu Dhabi Islamic Bank \$1 Billion Additional Tier 1 Capital certificates issued Nov 2012
- Meezan Bank PKR 6 Billion (plus PKR 2 Billion Option) issued Sep 2016

Musharakah Sukuk

- Rawabi Vallianz SAR 1 Billion Sukuk Al Musharakah 5-year maturity issued Feb 2016
- Saudi Aramco Musharakah/Ijarah Sukuk issued April 2013

Manafa'a Sukuk

- Ooredoo \$2 Billion trust certificate programme
- DP World \$3 Billion trust certificate programme

Wakalah Sukuk

- Ezdan Holding Group (Qatar) issued in May 2016 (underlying Ijarah and Murabahah)
- Khazanah Nasional Berhad \$399 Million Exchangeable Sukuk issued Sep 2016
- Kuvveyt Turk Participation Bank \$350 Million Tier II Sukuk issued Feb 2016
- Export-Import Bank of Malaysia Wakalah bil Istithmar Sukuk issued 2014
- Dar Al-Arkan Real Estate Development Company \$1.8 Billion trust certificate programme

Istithmar Sukuk

- Saudi Electricity Company SAR 4.5 Billion 40-year maturity issued Jan 2014

Course Conclusion

SPEAKER



Dr Ken Baldwin
Former Director
*Financial Policies &
Planning, Islamic
Development Bank*

Dr. Ken Baldwin has worked as a practitioner in banking and finance for over 25 years in senior positions spanning the front and middle offices. Having graduated from Oxford University with a first-class honors degree in Physics in 1989, he qualified as a Chartered Accountant with PWC, before joining UBS, and then later Credit Suisse, in derivatives risk and control functions based in London. He gained a PhD in the microeconomic theory of risk sharing in Islamic contracts, and worked in the GCC for 15 years in Islamic retail and Islamic investment banks. Whilst at Abu Dhabi Islamic Bank, Dr. Ken built an ALM analytic technology platform capable of capturing liquidity and interest rate risks inherent in the many varied Islamic financing products used at retail and corporate levels. He then moved to take up the position of MENA Regional Head of Quantitative Analysis for Citigroup. At Citicorp, Dr. Ken worked on structuring complex products used by Gulf-regional corporations to hedge FX and interest risks. Still residing in Bahrain, Dr. Ken then joined Investcorp, where he worked on the risk due diligence of corporate private equity and real estate private equity transactions and portfolio management. After leaving Investcorp, he set up the risk management department for venture capital bank, providing Basel III compliance and deal analysis for the bank. He then operationalized a new Islamic investment bank as its Chief Operating Officer for 3 years, before his most recent industry role at the Islamic Development Bank, where he set up and ran a new department tasked with developing Financial Policies and Planning underpinned by robust financial analytic tools and methodologies designed specifically for the IDB. Dr. Ken is currently a senior university lecturer in finance in the UK. He has published quantitative finance articles in peer-reviewed academic journals including the Journal of Risk, and during his earlier career, taught CFA and FRM professional certifications as a pastime for the Bahrain Institute of Banking and Finance.

Who Should Attend?

- CFOs, heads of finance, and finance officers
- CROs, risk managers, and risk analysts
- Treasurers and treasury managers
- Capital market transaction origination teams
- Fixed income portfolio and other fund managers
- Shariah advisory committee and research officers
- Product development officers
- Shariah department managers and officers
- Ratings agency analysts
- Regulators

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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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- 2 invitations for your colleagues and clients
- Coverage on the Seminar website including biography and hyperlinked logo
- Guaranteed session participation
- Branding throughout the Seminar: Seminar Guide Cover, Buntings,
- Table-top space in the breakout area during the Seminar
- Delegate list within one week post Seminar
- Post-Seminar questionnaire results

The sponsor / Delegate will arrange for the payment in one installation of RM _____ exclusive of all taxes to REDmoney, within 14 days of invoice or before the event taking place (whichever is sooner).

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BOOKING DETAILS

I am booking:	Price per Delegate	Total Price	Early Bird (10% Discount)
<input type="checkbox"/> 1 delegate	RM3,000	RM3,000	RM2,700
<input type="checkbox"/> 2 delegates (5% Discount)	RM2,850	RM5,700	RM5,130
<input type="checkbox"/> 3 delegates (15% Discount)	RM2,550	RM7,650	RM6,885
<input type="checkbox"/> 4 delegates (20% Discount)	RM2,400	RM9,600	RM8,640
<input type="checkbox"/> 5 delegates (30% Discount)	RM2,100	RM10,500	RM9,450

* Please note that prices do not include GST

* 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 28th September 2018, will receive a 10% discount. No discount shall be given to registrations received after this cut-off date.

Discount for Active Subscribers of Islamic Finance news: If the delegate is a current IFN subscriber, he/she shall receive a flat 10% discount from the normal fee. Please tick here

Loyalty Program: 25% discount on other seminars attended within a 6-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.

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

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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 within 14 days of invoice 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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