



cutting through complexity™

UCITS-compliant Islamic Funds

IFN Europe Forum 2012

October 31, 2012



Undertaking for Collective Investment in Transferable Securities

Single regulatory regime across the European Union

Investor protection

Regulation of organisation, management and oversight of funds

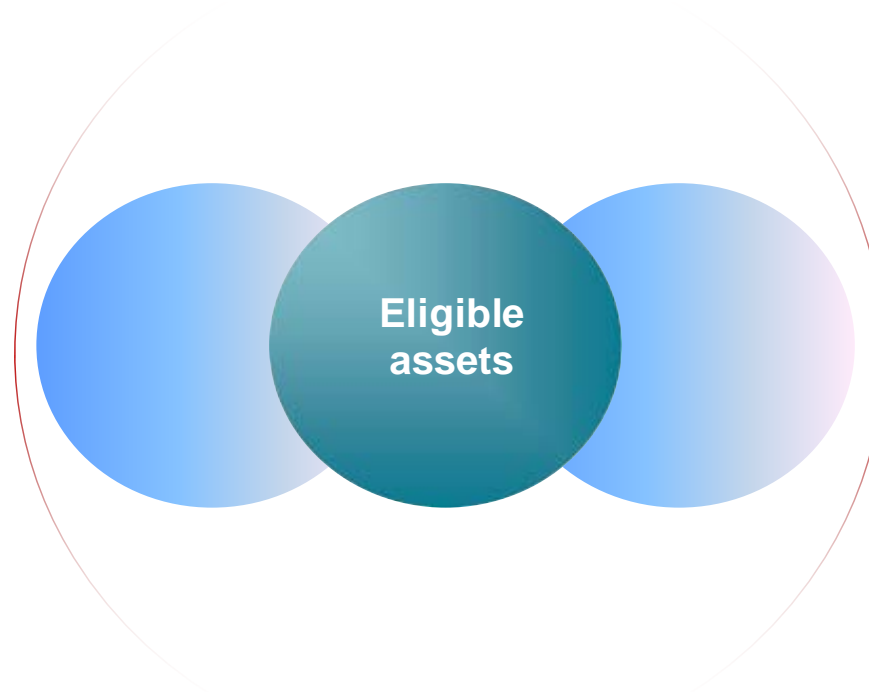
Rules concerning diversification, liquidity and use of leverage

Eligible assets

Transferable securities

Money Market Instruments

Units of UCITS



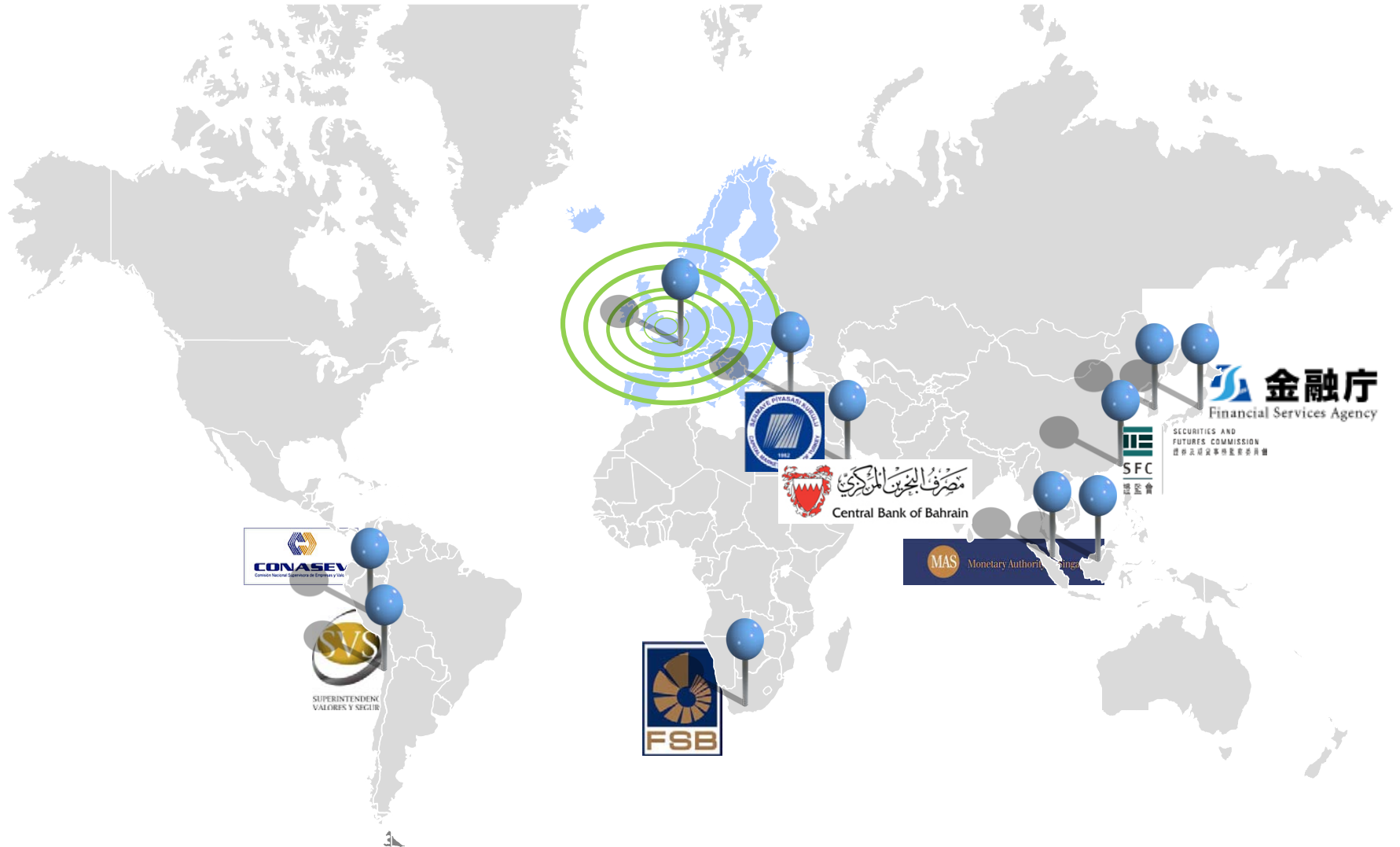
Deposits

Financial derivative instruments

Transferable securities and MMI embedding derivatives

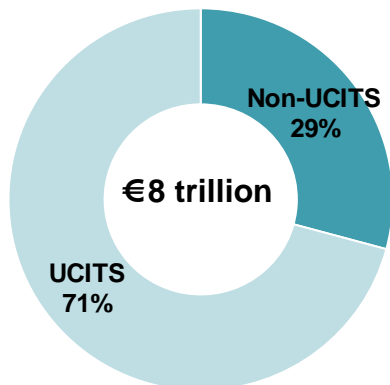
Additional eligible assets

Distribution



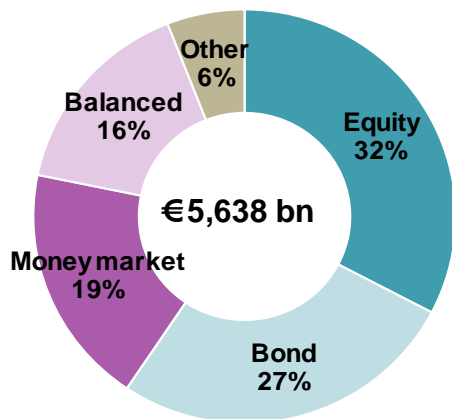
Key figures 2011

Net assets of EU investment funds



EU investment funds	Number	Net Assets
Non-UCITS	17 449	€ 2,322 billion
UCITS	36 106	€ 5,638 billion
	53 555	€ 7.96 trillion

Net assets of UCITS



Top 5 domiciles of UCITS Assets	Billion €	
Luxembourg	1 760.00	31.20%
France	1 068.00	19.00%
Ireland	820.00	14.60%
United Kingdom	648.40	11.50%
Germany	226.50	4.00%
Switzerland	211.00	3.70%
Others	904.10	16.00%

Source: EFAMA

Recent developments

2011

- **UCITS IV
Implementation**

2012

- **UCITS V
Proposal**
- **UCITS ETFs and
other UCITS
issues (ESMA
guidelines)**

2013

- **UCITS VI?**
- **AIFMD
implementation**

Management Company Passport

Fund Mergers

Master-Feeder Structures

Key Investor Information

Notification Procedure

Supervision

Lehman Brothers bankruptcy

Madoff fraud

AIFMD



Need to review the UCITS regime

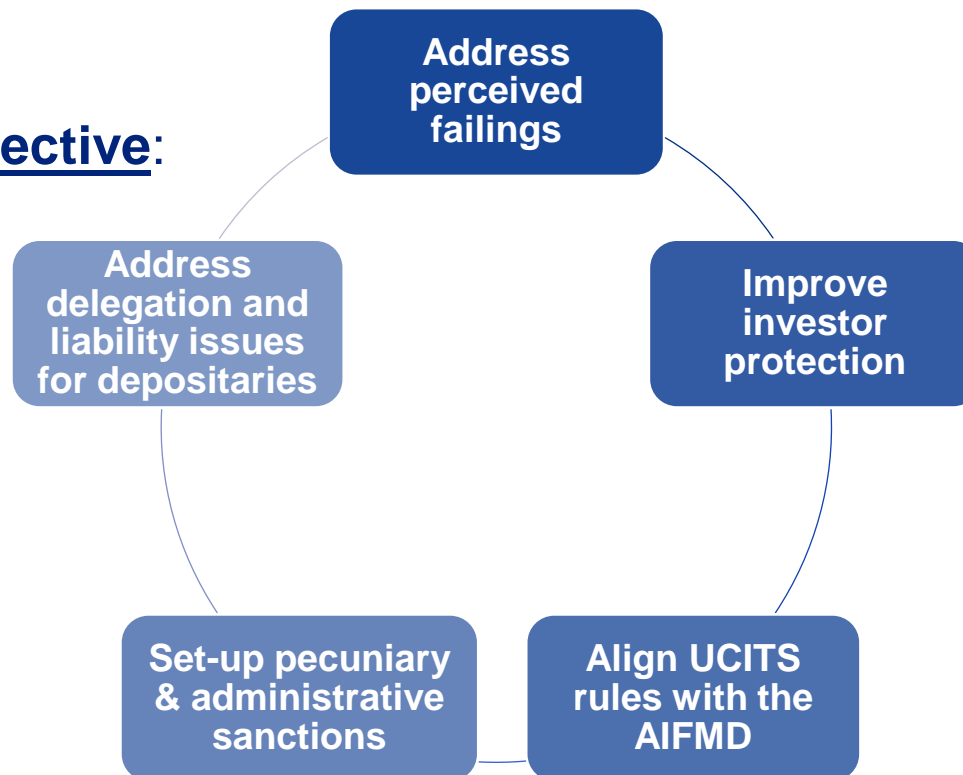
Where do we stand under UCITS IV?

- Increased complexity in UCITS portfolio
- Diverging national rules regarding liability
- Remuneration and incentive policies may add to short-term decision making and excessive risk taking
- Divergence in national sanctions regimes

UCITS V proposal focuses on three topics

- Depositary duties and liability
- Managers' remuneration
- Sanctions

Objectives of the draft Directive:



Case study - UCITS-compliant Islamic Funds

Set-up of a UCITS-compliant Islamic Fund

Responsibilities Board / ManCo & Shari'ah Board

Eligible assets & income

Distribution

Operational concerns

- Depositary
- Secondary market
- Accounting
- Taxation

Thank you

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