Islamic Capital Market Report

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The Main Topics

I. Regulation of Indonesia Sharia Capital Market

II. Current Progress

III. The Potential of Sharia Capital Market
Indonesia Sharia Capital Market Regulation

The Regulation Regarding The Implementation On Sharia Capital Market Principles In Indonesia


Rule Number IX.A.13 (Kep- 181/ BL/ 2009) The Issuance of Sharia Securities

Rule Number IX.A.14 (Kep- 131/ BL/ 2006) Aqad used in the Issuance of Sharia Securities

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 Sharia Capital Market Progress

- Rule on Sukuk Shelf Registration Public Offering
- Revising Rule on Criteria and Issuance Sharia Securities List
- Revising Rule on Aqad (Contract) in Sharia Securities Issuance

New Fatwa No. 80 on The Application of Sharia Principles in Stock Trading Mechanism at Stock Exchange Regular Market on March 8, 2011

Launched of Indonesia Sharia Stock Index (ISSI) on May 12, 2011
The Development of Sharia Securities List

The Development Of Sharia Stock

Proportion of Sharia Stock, March 2012

Note: *) As March, 2012, The Sharia Securities list (DES) consists of 253 Sharia Stocks, which are:
- 250 sharia stocks generated from Period II DES released at November, 30, 2011
- 3 sharia stocks gained from IPO (Incidental DES)

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# Revision of Rule on Criteria and the Issuance of Sharia Securities List (II.K.1)

## Financial Ratio
- Change of Financial Ratio from **Debt to Equity Ratio (>82%)** toward **Debt to Total Asset Ratio (>45%)**

## Issuance & Effective Date
- Periodical Issuance of Sharia Securities List every May and November
- Effective every 1<sup>st</sup> June and 1<sup>st</sup> December

## Other Sharia Securities List Publisher Parties
- Acceptance of Sharia Stocks List in Other Countries as long as Comply with Their Criteria of Sharia Stock

## Reason
- To Make it inline with International Best Practice

## Impact
- Number of Stocks Include in Shariah Securities List will Increase
The Development of Corporate Sukuk

Market Share Of Sukuk Value (March 2012)
- 3.64%
- 96.36%

Market Share Of Number Sukuk Issuance (March 2012)
- 10.53%
- 89.47%

The Development Of Sukuk Issuance and The Outstanding Sukuk

Value Of Sukuk in million US$

Jan Feb Mar

Number Of Sukuk

Total Of Nominal Value
Total Number Of Issuance
Outstanding Value
Total Number Of Outstanding Sukuk

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The Development of Sovereign Sukuk

The Development Of Sovereign Sukuk Issuance and The Outstanding Sovereign Sukuk

Value Of Sukuk in million US $

Number Of Sukuk

Total Number Of Issuance
Total Number Of Outstanding
Total Of Nominal Value
Outstanding Value

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Rules Related to Sukuk

Rule on Shelf Registration Public Offering (IX.A.15)

- Provide an Alternative for Sukuk Public Offering: Allow Issuer to do Public Offering Continuously with Once Registration Statement within Two Years

Revision of Rule on Aqad used in the Issuance of Sharia Securities

- Additional New Aqad (Contract) in the Issuance of Sharia Securities: Aqad Istishna & Aqad Musharaka
- Reason: Aqad Istishna Provide Opportunity for Infrastructure Companies to Structure the Sukuk in Accordance to Their Needs
The Implementation of Sharia Online Trading on Securities Companies

Investors or Potential Investors have Sharia Assurance on Permissibilities Trading at Stock Exchange Regular Market
Indonesia Stock Exchange has launched the ISSI in May, 12, 2011. ISSI comprises of the Sharia Stock which is listed in Sharia Securities List (DES) released by Bapepam-LK.

Performance of Indonesia Sharia Stock Index (ISSI) and Jakarta Composite Index (JCI)

Note: Indonesia Stock Exchange has launched the ISSI in May, 12, 2011. ISSI comprises of the Sharia Stock which is listed in Sharia Securities List (DES) released by Bapepam-LK.
Market Capitalization
April 2, 2012

Jakarta Islamic Index (JII)
USD 173.8 billion

Indonesia Sharia Stock Index (ISSI)
USD 246.4 billion

Composite Index
USD 440.4 billion
The Development of Sharia Mutual Funds

Market Share of the number of Sharia Mutual Funds (March 2012)

- Market Share: 7.2%
- 92.8%

Market Share of Net asset value (NAV) of sharia mutual fund (March 2012)

- Market Share: 2.7%
- 97.3%

The Development of Sharia Mutual Fund

<table>
<thead>
<tr>
<th>Year</th>
<th>Total NAV in million US$</th>
<th>Number Of Mutual Fund</th>
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<tbody>
<tr>
<td>2003</td>
<td>4</td>
<td>7.44</td>
</tr>
<tr>
<td>2004</td>
<td>11</td>
<td>65.86</td>
</tr>
<tr>
<td>2005</td>
<td>17</td>
<td>62.12</td>
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<td>2006</td>
<td>23</td>
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<tr>
<td>2007</td>
<td>26</td>
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<td>548.58</td>
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<tr>
<td>2010</td>
<td>48</td>
<td>580.64</td>
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<tr>
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<tr>
<td>2012</td>
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<tr>
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<tr>
<td>Feb</td>
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<td>588.43</td>
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<tr>
<td>Mar</td>
<td>50</td>
<td>700.00</td>
</tr>
</tbody>
</table>

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Investment Composition of Sharia Mutual Funds

Market Share of Sharia Mutual Funds
(March 2012)

- Sharia Mutual Funds: 92.8%
- Stock: 33%
- Fixed Income: 16%
- Mixed Income: 29%
- Index: 20%
- Protection Funds: 7.2%

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Net Asset Value (NAV) of Sharia Mutual Funds

Market Share of NAV Sharia Mutual Funds (March 2012)

- The Total of NAV of Sharia Mutual Funds: 97.3%
- The Total of Cumulative NAV of Conventional Mutual Funds: 2.7%

Composition of NAV for the types of Sharia Mutual Funds:

- Protection Funds: 33%
- Fixed Income: 28%
- Mixed Income: 22%
- Index: 13%

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The Potential of Sharia Capital Market

- Investment Grade Level
- Strong & Stable Economic Growth
- Abundance Natural Resources
- Huge Infrastructure Project
- Demographic Potential

Business Prospect → Low Cost of Capital → Sharia Compliance
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http://www.bapepam.go.id/
Thank You