



ADFIMI - FFSA Joint Sukuk Conference

Holiday Inn Almaty, Kazakhstan
04 September 2014

SUKUK: An Islamic Capital Market Instrument

Sukuk commonly refers to the Islamic equivalent of bonds. However, as opposed to conventional bonds, which merely confer ownership of a debt, Sukuk grants the investor a share of an asset, along with the commensurate cash flows and risk. As such, Sukuk securities adhere to Islamic law or Shari'ah principles, which prohibit the charging or payment of interest.

The emergence of Sukuk has been one of the most significant developments in Islamic capital markets in recent years. Put simply, Sukuk instruments act as a bridge. They link their issuers, primarily sovereigns and corporations in the Middle East and Southeast Asia, with a wide pool of investors, many of whom are seeking to diversify their holdings beyond traditional asset classes. In this way, funds raised through Sukuk can be allocated in an efficient and transparent way to infrastructure initiatives and other deserving projects in the 56 member countries of IDB, as well as communities in over 100 non-member countries. Both domestic and foreign investors buy Sukuk having various structures approved by Shari'ah boards made up of Islamic scholars.

ADFIMI has organised this conference to inform NDFIs of IDB Member Countries the latest developments in Sukuk. Various aspects of Sukuk practice as well as country experience will be described during the conference.

The event is jointly organized with Fund for Financial Support of Agriculture (FFSA) of Kazakhstan.

The participants to this one-day-conference are also entitled to participate in another one-day-conference on "Islamic Finance in Kazakhstan" held on 03 September 2014 at the same venue. This event offers information on several aspects of Islamic Finance in Kazakhstan by many prominent experts and executives.

Both events provide simultaneous translation into the Russian Language.

The event is free to participants from ADFIMI member institutions.

Best regards

Nuri Birtek
Secretary General

UPCOMING ADFIMI EVENT

ADFIMI - SME BANK
INTERNATIONAL DEVELOPMENT FORUM 2014
“COLLABORATIVE ENTREPRENEUR DEVELOPMENT
A Game Changer in a Challenging Business Ecosystem”

GUEST-OF-HONOUR & KEYNOTE ADDRESS
H.E. DATU' SRI MOHD. NAJIB BIN TUN HAJI ABDUL RAZAK
 PRIME MINISTER OF MALAYSIA

THE ROYALE CHULAN, KUALA LUMPUR, MALAYSIA
 21 - 22 OCTOBER 2014

About FFSA

Fund - is a specialized financial and credit institution, a member of the group of companies of “National Holding “KazAgro” JSC, focused on providing and expanding access to financial services for rural populations through the development of microcredit. The Fund carries out its activities through its branch and representative network – there are 14 structural units, which are located in the cities of regional importance over Kazakhstan.

The staff of the Fund - are a young highly qualified personnel with experience in government and financial institutions, as well as knowing the characteristics of the agricultural sector of the economy.

The Fund is designed to achieve its goals, and is convinced that by supporting the village, it is strengthening the future!

FFSA CONTACT DETAILS:

FFSA (Fund for Financial Support of Agriculture, Kazakhstan)
 Adress: 010000, 19/1 Turan Ave., Astana, Kazakhstan
 Tel.: +7 (7172) 678 252
 Fax: +7 (7172) 678 243
 info@fagri.kz

About ADFIMI

Established in 1986, ADFIMI, Association of National Development Finance Institutions in Member Countries of Islamic Development Bank, is an international non-profit association serving over 50 members in 19 countries with headquarters in Istanbul. The main objective of ADFIMI is to establish networking and solidarity among its members and capacity building of its member institutions. In this context, ADFIMI organizes seminars / workshops / conferences for its members in various cities in its region (like Istanbul, Karachi, Kuala Lumpur, Amman, Baku, Cairo, Ouagadougou, Asghabat, Beirut, Dakar, Sarajevo, Prishtina, Lome, Dushanbe, Damascus, Khartoum, Dhaka, Girne, Islamabad, Kuwait City, Antalya, Kampala, Dubai, Maldives, Tunis). In its 27 years of existence, ADFIMI has trained over 2500 executives and directors from development finance institutions.

ADFIMI aspires to be “a forum for development”.

ADFIMI CONTACT DETAILS:

ADFIMI (Association Of National Development Finance Institutions In Member Countries Of The Islamic Development Bank)
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 Tel: +90 (212) 526 51 26 +90 (212) 526 51 27
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ADFIMI - FFSA SUKUK CONFERENCE

4 September 2014 (Thursday), Holiday Inn Almaty, Almaty City, Kazakhstan

08.30 – 09.00	Registration
09.00- 09.30	Welcoming remarks – ADFIMI, FFSA <ul style="list-style-type: none"> Mr. Narmukhan Sarybayev - Chairman, FFSA Mr. Nuri Birtek - Secretary General, ADFIMI
09.30 – 10.30	STATE OF THE ART IN SUKUK : The Experience of IDB as a Development Bank SPEAKER: Mr Hasan Demirhan - Director <i>Treasury Department, Islamic Development Bank, Jeddah, KSA</i>
SESSION I	
10.30 – 11.00	Group photo, Coffee-break
11.00 – 12.00	LEGISLATIVE ASPECTS OF SUKUK SPEAKER: Mr. Rizwan Khanji - Partner <i>King & Spalding LLP, Dubai, UAE</i>
SESSION II	
12.00 – 13.00	SUKUK IN KAZAKHSTAN: PROBLEMS AND PROSPECTS MODERATOR: Mr Nuri Birtek - Secretary General, ADFIMI SPEAKERS: <ul style="list-style-type: none"> Mr Yerlan Baidalet - IDB Board Member, Chairman, ADIF Mr Maksat Kabashev - Chairman, Kazakhstan Stock Exchange Mr Zhaslan Madiyev - Deputy director <i>Department of monetary operations and asset management, The National Bank of Kazakhstan</i>
13.00 – 14.30	Break for lunch
14.30 – 15.30	EXPERIENCE OF TURKEY SPEAKER: Ms. Zeynep Boğa - Senior Expert <i>Republic of Turkey, Prime Ministry Undersecretariat of Treasury, Ankara, Turkey</i>
SESSION IV	
15.30 – 15.45	Coffee-breaks
15.45 – 16.45	EXPERIENCE OF MALAYSIA SPEAKER: Mr. Muhammad Zahid Abdul Aziz - Muamalah Financial Consulting, Kuala Lumpur, Malaysia
SESSION V	
16.45 – 17.00	CLOSING REMARKS

KAZAKHSTAN ISLAMIC FINANCE CONFERENCE 2014

3 September 2014 (Wednesday), Almaty city, Kazakhstan

09.30 – 10.00	Registration Venue: Holiday Inn Almaty
10.00 – 11.20	<i>Greeting from Mr. Yerlan Baidalet - IDB Board Member, Chairman, ADIF</i> CONCEPT OF A REGIONAL ISLAMIC FINANCE HUB IN LIGHT OF INTERNATIONAL FINANCIAL CENTERS MODERATOR: Mrs. Stella Cox - Managing Director, DDCAP SPEAKERS: Mr. Kairat Kelimbetov - Governor, National Bank of Kazakhstan; Mrs. Alderman Fiona Woolf, Lord Mayor of London City; Sheikh Bilal Khan, UK Catalyst, UK Trade & Investment and Co Chairman, Dome Advisory; Sir David Wootton, Co-Chairman, Kazakhstan-Britain Business Council, Partner, Allen & Over; Mr. Medet Sartbayev, Center for the development of Almaty city;
PLENARY SESSION	
11.20 – 11.50	Group photo, Coffee-break
11.20 – 11.40	PRESS-CONFERENCE <i>(Participants: Mrs. Fiona Woolf, Mr. Kairat Kelimbetov, Sir David Wootton; Sheikh Bilal Khan)</i>
11.50 – 13.20	ISLAMIC CAPITAL MARKETS MODERATOR: Mr. Maksat Kabashev - Chairman, Kazakhstan Stock Exchange; SPEAKERS: Mr. Hasan Demirhan - Director, Treasury Department, IDB; representative of Norton Rose Fulbright; Mr. Andrew Kinal, Managing director, Shari'ah Advisory Group; Mr. Abu Chowdhury, Managing director, ASMA Capital Partners BSC; Development Bank of Kazakhstan, representative.
1st PANEL SESSION	
13.15 – 14.30	Break for lunch
14.30 – 16.00	ISLAMIC FINANCE LEGISLATION: MODELS, EXPERIENCE, PERSPECTIVES MODERATOR: Mr. Yerlan Baidalet - IDB Board Member, Chairman, ADIF SPEAKERS: Mr. Neil Miller - Global head of Islamic finance, Linklaters LLP; Mr. Nurlan Kussainov, Deputy Chairman, National Bank of Kazakhstan; Mr. Narmukhan Sarybaev, CEO, JSC FFSA; Mr. Diar Smagulov, Deputy CEO, Zaman Bank; representative of al-Hilal Bank
2nd PANEL SESSION	
16.00 - 16.20	Coffee-breaks
16.20 – 17.40	ISLAMIC FINANCE TRAINING AND EDUCATION ASPECTS MODERATOR: Ms. Alfiya Salikhova - Ph.D, Pavlodar State University, CIFE, The best teacher 2013 in Kazakhstan, Presentation of the first Studybook for Universities on Ethical (Islamic) finance basics in Russian and Kazakh SPEAKERS: Mr. George Littlejohn, The Chartered Institute for Securities and Investment (CISI); Ms. Madina Kalimullina, director, Islamic finance department, Russian Council of Muftis; Dr. Rakhman Alshanov, President, Turan University; representative KazEU, RUMS; Mrs. Olga Kuznetcova – President RFCA Academy; representative, BIBF; Prof. Dr. U. Baimuratov, KazEU;
3rd PANEL SESSION	
17.45 – 18.00	Closing remarks.



HASAN DEMIRHAN

Served as a Treasurer and responsible for managing the institution's extensive funding, investment and financial management activities with nearly 20 years extensive experience in the

areas related to treasury, investment management, financial & operational audits, financial markets, banking operations and executive management.

He has a deep breath of expertise in development and commercial banking sector with the combination of Islamic and conventional bank experience.

He started his banking carrier with Etibank (then state-owned retail bank) in 1987. He worked in the different areas related to financial audits, senior financial expert, and managed the Foreign Exchange Portfolio and Foreign Relations Department of Etibank for three years.

In 1997, he established and the Kalkinma Investment & Securities Company (a brokerage house) which

ABSTRACT

Definition of sukuk, how and why it is issued, how did the sukuk market developed (Malaysia, GCC, UK etc.) over the last decade, how does sukuk compare with

was a separate affiliate of the Development Bank of Turkey. He was the Founding General Manager of the affiliate company that managed equity, fixed income, and mixed assets funds' portfolios. The company served more than thousand active customer accounts, successfully completed the largest equity private placement transactions and participated in number of IPO's at Istanbul Stock Exchange during 1998. The brokerage house also involved in providing consultancy services to the Privatization Agency of Turkey on completing the valuation exercises of state enterprises.

In 1999, Hasan Demirhan joined Islamic Development Bank (IDB) and is currently serving as Director (Treasurer), Treasury Department, managing asset & liabilities, swaps, investment portfolio (fixed income, interbank money market placements), resource mobilization especially benchmark sukuk issuances, as well as supervising IDB share capital, middle office and banking relations functions.

He also represented IDB in boards of Islamic banks such as Bosna Bank International in Bosnia Herzegovina for 9 years.

conventional secondary trading analysis, who are the major sukuk issuers; sukuk structures; ijara, al manafae, and wakala; IDB's experience in capital markets, in sukuk; structuring of sukuk by IDB.

For the fourth consecutive year, Global directories, Chambers and Partners have ranked Mr. Kanji as one of the world's leading Islamic finance and debt capital markets lawyers.

Chambers and Partners Global 2014 describes Mr. Kanji as a "Debt capital markets partner with great expertise advising on a variety of both traditional bond work and Shari'a-compliant sukuk." Chambers states, "Rizwan. H Kanji leads the debt capital markets practice. He is praised for his technical skills in Shari'a-compliant debt". Clients say: "He was flexible, open-minded and structured the documentation well."

sukuk structures, discussion of key aspects of capital market and Islamic documentation for sukuk issuance.



RIZWAN H. KANJI

Rizwan H. Kanji is a partner with the international law firm King & Spalding specialising in debt capital markets, debt finance and Islamic finance. He frequently advises a variety of global investment banks, sovereign states and multinational regional corporates.

ABSTRACT

Introduction to sukuk, sukuk vs bond compared, state of the sukuk market, sukuk structures currently in the market, legislative infrastructure to enable the key



MR. YERLAN ALIMZHANULY BAIDAULET

Chief Economic Adviser, Ministry of Industry and New Technologies & IDB Executive Director.

Yerlan Alimzhanuly Baidalet graduated in 1992 with a Bachelor's Degree in History and World Economy (with Honours) from Kazakh National University, Almaty, Kazakhstan. In 1993-1994, he completed his post-graduate program MAPOW at St.Gallen University, Switzerland. In 1997, he received MBA degree in Banking & Finance at Kazakhstan Institute of Management, Economy and Forecasting (KIMEP) in Almaty, Kazakhstan.

In 1992, he began his job as a Research Assistant at the Institute of Economy of the National Academy of Sciences, and then as an Assistant to the Governor of Talgar district, Almaty oblast. In 1994-1995, he was Head of Project Finance Division at Financial and Investment Corporation ALEMSYSTEM, Almaty. In March 1994, he passed 6-month internship at Head Office, CREDIT SUISSE Group, Zurich, Switzerland. From 1996 to 2001, he was in various



MAXAT KABASHEV

Mr. Maxat Kabashev has assumed charge as President of Kazakhstan Stock Exchange (KASE) on March 05, 2014. Prior to being elected as KASE President for the last five years Mr. Kabashev was Chairman of the Management Board of "Alliance Bank" JSC.

Throughout his career he held leading positions in the national and private companies of the financial and real sectors of the economy, as well as gained policy level experience in the government of the Republic of Kazakhstan.

During the course of 2008 - 2009 Mr. Kabashev was a Chairman of the Management Board of the "Investment Fund of Kazakhstan" JSC and the Chairman of the Management Board of "Distressed Assets Fund" JSC. Prior to that during 2004-2006 he



ZHASLAN MADIYEV

Mr. Madiyev graduated from the Faculty of International Economic Relations (specialization - international finance), Al-Farabi Kazakh National University. Received a Master's degree

in economics and finance at Columbia University (New York). Studied under the Presidential scholarship Bolashak. Professional career started in the Alliance Bank, where he headed the department of debt capital markets. Internship at the investment bank Morgan Stanley (London).

Worked at Sustainable Development Fund "Kazyna", the Presidential Administration of Kazakhstan and National Welfare Fund "Samruk-Kazyna", where he headed the Treasury Department. He worked as Deputy Chairman of the Board of "Kazyna Capital Management" JSC, where he was responsible for treasury, finance and administrative activities. Prior to his appointment to the National Bank of Kazakhstan he worked as Deputy Chairman of the Development Bank of Kazakhstan, where he was responsible for organization and coordination of treasury, loans, structured finance, corporate development and corporate governance.

managerial positions at several banks and consulting companies, such as: EXIMBANK Kazakhstan, Almaty; Swiss-Kazakhstan Center for Economic Development Almaty; IMPEX International, Zurich (Almaty office); PROFIT Invest Ltd., Consulting Division, Almaty.

From 2001 to 2010, he held various positions such as IDB Group (S&P AAA), Country Office (Astana), Field Representative in Astana and External Consultant. In 2005-2006, he was President of JSC National Company Engineering and Technology Transfer Centre (ETTC). In addition, from 2006-2010, he was the Head of Rep-Office in Astana, Eurasian Development Bank.

In August 2010, he was elected as a Chairman of the Kazakhstan's Association for Islamic Finance Development. Since October 2010, he worked as the Chief Economic Adviser to the Deputy-Prime Minister - Minister of industry and new technologies. He is in charge of all OIC related economic and inter-investment issues. He also has 10 scientific publications in local and international magazines, incl. Business Islamica (#7, 2010) and Global Islamic Finance Report 2011 (by BMB Islamic, UK). Speaks English and German.

held leading positions in the "National Innovation Fund" JSC and the "Sustainable Development Fund "Kazyna" JSC. Mr. Kabashev also served as a Chairman and a member of the Board of Directors of the "Investment Fund of Kazakhstan" JSC and a member of the Board of Directors of "Astana-Finance" JSC.

Earlier in his career he worked at the Ministry of Industry and Trade and Ministry of Energy and Mineral Resources of the Republic of Kazakhstan that was preceded by an extensive work experience in the national oil and gas companies.

Mr. Kabashev holds an MBA from Massachusetts Institute of Technology (MIT) Sloan School of Management. He is also a graduate of technical universities in Russia and Kazakhstan.

In 2009 Mr. Kabashev was awarded the Order of Kurmet by the government of Kazakhstan (awarded to Kazakhstani citizens for significant contribution in the fields of economics, science, culture, social issues, and education).

Worked at Sustainable Development Fund "Kazyna", the Presidential Administration of Kazakhstan and National Welfare Fund "Samruk-Kazyna", where he headed the Treasury Department.

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ZEYNEP BOĞA

Ms. Zeynep Boğa has been working for the Undersecretariat of Turkish Treasury for 9 years and is currently a Senior Expert at the International Capital Markets Department. Zeynep is responsible for international

bond issues, as well as maintaining the relations with the international credit rating agencies and international portfolio investors on behalf of the Turkish government. She is a member of the front office

team which received in recent years several "Best Borrowing EM Team" awards from various international institutions and finance magazines. Zeynep holds a Master of Business Administration (MBA) degree from the University of California at Berkeley and a Bachelor's Degree in Business Administration from Hacettepe University in Ankara. During MBA, she worked for a while in Jeddah, Saudi Arabia, as a consultant for an educational project to improve Saudi women's professional lives.

ABSTRACT

The roots of Islamic finance in Turkey trace back to mid-80's when special finance houses first appeared. Along with the enactment of new Banking Law in 2005, Turkish participation banking sector has started to outperform and increased total asset size by seven times while conventional banking sector increased total asset size by three times. Although Turkish participation banking sector reached a total asset size of around 45 billion dollars by 2013, the sector still remains quite minor as a share of the total banking industry with 5.5 percent of total assets. These figures suggest that there is a very promising potential for growth in participation banking sector in Turkey.

An important part of Islamic finance in Turkey is the Sukuk market. In this respect, necessary legal framework was completed both for corporate sector and sovereign Sukuk Issuances in Turkey. Following these initiatives, participation banks have issued several Sukuk transactions both in domestic and international markets. On the sovereign side, Hazine Müsteşarlığı Varlık Kiralama Anonim Şirketi (ALC) was established in 2012. After the establishment of ALC, Treasury issued a total of six Sukuk transactions (two in international markets and four in domestic markets), raising more than 11 billion TL.



MUHAMMAD ZAHID ABDUL AZIZ

Muhammad Zahid Abdul Aziz has 24 years of experience in Islamic Banking and Finance. Starting with Bank Islam Malaysia Bhd in 1990, he quickly made his mark as a Sukuk pioneer in Malaysia. He left Bank Islam in 2000 to

form an Islamic Capital Market Consultancy in Kuala Lumpur called Muamalah Financial Consulting. In mid 2006, he left for Riyadh as Resident Sukuk Consultant to Bank AlBilad, Saudi Arabia's second Islamic Bank. At the end of March 2009, he returned to Malaysia to resume his position at Muamalah Financial Consulting. He recently obtained an MSc in

Islamic Banking & Finance from the International Islamic University Malaysia. He is an internationally renowned lecturer in Islamic Capital Market and similar subjects having taught in Dubai, Brunei, Indonesia, Korea, Singapore, Sri Lanka, Russia and most recently Nigeria. Zahid teaches Islamic Corporate and Retail Financing, Sukuk and the Islamic Capital Market, Islamic Asset Backed Securitisation, Islamic Equity Capital Market Instruments, Islamic Legal Documents, Islamic Stockbroking, Fundamental Muamalat, Islamic Economics, Takaful, Islamic Financing Restructure, and Islamic SME Banking.