

Global Sukuk Market:
Advantages, Requirements & Future
Prospects

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Advantages of Sukuk issuance

- ◆ Diversify funding source
- ◆ Create and enhance profile in international market
- ◆ Pricing benchmark
- ◆ Secondary liquidity
- ◆ Sizeable financing – yet small enough denominations
- ◆ Ease of clearing and settlement

Advantages for a Sukuk Investor

- ◆ Diversify Investment
- ◆ Provides Leveraging Capabilities
- ◆ Secondary Market Liquidity
- ◆ Ease of clearing and Settlement
- ◆ Investment available to Institutional and Retail investors
- ◆ Allows for many computation of Risk – Credit / Mkt / duration etc

Requirements for developing the Sukuk market

- ◆ Sovereign issuers
- ◆ Corporates
- ◆ Rating --- Credit profile -
- ◆ Maturity profile
- ◆ Return profiles
 - Fixed
 - Floating
- ◆ Secondary liquidity
 - Lead managers' commitment and responsibility
 - Issue size
- ◆ Repo market
 - Finance position
 - Yield curve play
 - Credit play
 - Management of Liquidity

Future prospects for Sukuk

We have only begun to tap the surface of the global Sukuk market. The potential that exists are enormous as long as we maintain international standards

- ◆ Islamic banks will become prominent borrowers like their conventional counterparts
- ◆ Project finance sukuk
- ◆ Asset-backed sukuk
- ◆ Mortgage-backed sukuk
- ◆ Convertible/exchangeable sukuk
- ◆ EMTS program
- ◆ Development of hedging products

Future prospects: final remarks

- ◆ It is clear that the supply side will be quite robust. The challenge for Islamic financial institutions is to develop the following three strategic areas:
 - Trading capabilities
 - Sell-down to private and retail clients
 - International repo capabilities

Thank you

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