

# Hawkamah in cooperation with the American Bar Association Section of International Law Hosted Forward-Looking Forum on Islamic Finance Industry at DIFC



Hawkamah, The Institute for Corporate Governance in cooperation with the American Bar Association International Law Section and it's

Islamic Finance Committee today jointly organised a Forum, titled 'Taking Stock and Moving Forward: The State of Islamic Finance and Prospects for the Future' at the Dubai International Financial Centre (DIFC).

The day-long Forum featured an informative and inclusive dialogue on the vital issues facing the industry. Eminent experts from across the global industry including Shari'ah scholars, bankers, lawyers, regulators and journalists discussed key commercial, legal, and regulatory opportunities and challenges confronting Islamic Finance. International law firm King & Spalding sponsored the Forum and Zawya was the Investment Community Partner for the event.

Dr. Nasser Saidi, Executive Director of Hawkamah, The Institute for Corporate Governance said: "As part of its regional work to advance corporate governance, Hawkamah, has set up a Task Force on Corporate Governance of Islamic financial institutions which has undertaken a survey of the Corporate Governance frameworks of Islamic Banks and Financial Institutions in the MENA region. The Task Force will be issuing a Policy Brief in June 2010 which aims to identify corporate governance challenges and priorities for standardization faced by the Islamic Financial Institutions in 8 MENA countries. The brief will be addressed to Central Bankers, Islamic Banking Policy makers and Islamic Banks and Financial Institutions. The principles of Islamic Finance offer fresh perspectives and potential regulation for some of the critical systemic and regulatory reform issues we are faced with in the wake of the global financial crisis. We need to further develop market infrastructure; regulatory, legal and governance frameworks; and standardisation in the Islamic Finance industry to fully realise its potential for growth and integrate it more closely with the global economy. Our forum with the American Bar Association is a clear illustration that, increasingly, Islamic Finance is entering the legal, regulatory and financial mainstream."

Glenn Hendrix, Chair of the American Bar Association (ABA) Section of International Law, commented: "Once considered an

esoteric topic among Western commercial lawyers, Islamic Finance has entered the mainstream. Fascination with the topic goes beyond the dollars in play.” The ABA Section of International Law initially covered developments in Islamic law and finance through our Middle East Committee but with the increasing profile of the topic—and insistence by members of our leadership that it would only get bigger—we created a stand-alone Islamic Finance Committee Which has become one of our fastest growing entities. That growth partly reflects the increasing importance of Islamic finance, but is also a function of the Committee’s leadership, which has organized several top-notch programs.”

The Forum debated whether the Islamic Finance industry has the commercial, legal and regulatory tools to meet industry demands and whether regional and national Islamic Finance markets can compete globally. Experts also assessed the world’s major jurisdictions that offer legal and business environments designed to facilitate the sustainable growth of Islamic Finance. The Forum also explored the evolution of Shari’ah compliance and governance practices across the industry. One of the highlights of the Forum was an address by Dr. Mohamad Nedal Alchaar, Secretary General of the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), on AAOIFI’s efforts to engage in oversight of Islamic banking and financial products.

Marwan Lutfi, Deputy CEO and Head of Business Development of the DIFC Authority spoke about DIFC’s support for the new phase of Islamic Finance development. He said: “The Forum has been a great opportunity to gather like-minded regulators, lawyers and stakeholders in the Islamic industry to discuss opportunities on how to take the industry to the next level of global standardization. DIFCA is working closely with the Dubai Financial Services Authority (DFSA) on numerous levels to ensure we not only create this centre as a transparent, international centre for conventional and Islamic finance alike, but also to be fully committed to the parallel advancement of both the supervisory and business environments.

DIFC, in the near future, will strive to be at the forefront of Islamic finance thought leadership and shall actively engage with key stakeholders on setting the new way forward.” Hdeel Abdelhady, Co-Chair of the American Bar Association International Law Section Islamic Finance Committee, who served as Program Chair of the May 4 Forum, commented: “Islamic Law and Finance have become increasingly relevant to the practices of legal professionals across the globe. It is clear that the demand for Islamic finance related legal services will continue to grow globally, in both Muslim majority and Muslim minority jurisdictions. As part of the American Bar Association, a non-profit entity and the world’s largest voluntary professional association, our Committee is uniquely positioned to facilitate, on a non-commercial basis, discussion and collaboration through its contribution of intellectually rigorous, relevant and timely programs, written and multi-media content, and other offerings and initiatives. We are grateful to the leadership of the American Bar Association Section of International Law for its recognition of the importance of Islamic law to international legal practice, and for its support of our Committee. We are particularly pleased to have hosted our first live program outside of the United States in Dubai, an innovative and important jurisdiction for Islamic Finance.”

Speakers at the Forum included Dr. Hussein Hamid Hassan, Chairman of the Shari’ah Board, Dubai Islamic Bank and Member of the Shari’ah Board, AAOIFI; Dr. Mohd Daud Bakar, Member of the Shari’ah Board of AAOIFI; Afaq Khan, CEO of Standard Chartered Saadiq, Standard Chartered Bank; Dr Qaseem Mihammad, Country Head of Shari’ah and Senior Vice President of Dubai Islamic Bank Pakistan Ltd. and Jawad Ali, Managing Partner Middle East Offices and Deputy Global Head of Islamic Finance, King & Spalding.

The Forum organisers plan to produce a white paper aimed at stimulating a continued discussion of the issues raised at the event.

