



MEDIA RELEASE:

DFSA Co-hosts Seminar on Islamic Finance

Dubai, UAE, 1 May 2017: The Dubai Financial Services Authority (DFSA) hosted a seminar on “*Liquidity Generating Innovations in Islamic Finance*” in conjunction with the Islamic Financial Services Board (IFSB). The event was held at the Ritz Carlton, Dubai International Financial Centre (DIFC), yesterday.

The seminar served as a platform to explore the use of existing Islamic capital market instruments such as Sukuk and securitisation, to manage liquidity risks at Islamic financial institutions, including Takaful operators. It brought together senior delegates and subject matter experts from across the banking, financial services, regulatory and legal industries.

Mr Ian Johnston, Chief Executive of the DFSA, said: “Islamic institutions continue to be challenged by the shortage of liquidity management tools, with some relying primarily on cash and central bank placements. While exchanges and other advisers play a role in addressing some of the challenges in the UAE, and globally, we should focus on identifying opportunities in other asset classes.”

Participants recognised that, with insufficient assets available on the balance sheets of Islamic banks to support the issuance of Sukuk or to securitise; other commodities such as crude oil should be considered as alternatives. Participants also acknowledged that the development of a repurchase agreement market - which has yet to gain significant traction in the GCC region - should remain a priority in the absence of alternatives.

The establishment of an Islamic financial market has been a key objective for the DFSA since its formation in 2004, and is in alignment with the Dubai Government’s 2021 Strategy and the Islamic Economy Initiative. One of the main targets set by Vice President and



Prime Minister of the UAE and Ruler of Dubai, His Highness Sheikh Mohammed Bin Rashid Al Maktoum, in his 2013 initiative is to make Dubai the capital of the Islamic economy.

In 2016, the total value of outstanding Sukuk listings in the Emirate reached USD 53 billion, most of which represented USD denominated international issuances listed in the DIFC. The market continues to see greater diversification by issuer type, with listings coming from governments, multilateral and corporate issuers across the MENA region and East Asia.

The IFSB plays a key role in promoting and enhancing the soundness and stability of the Islamic financial services industry. The industry body has been issuing global prudential standards and guiding principles for the banking, capital markets and Takaful sectors for over a decade. The DFSA has supported the key work of the IFSB in its capacity as a full member of the IFSB and as a member of the Council of the IFSB.

The seminar kicked off the meetings of the IFSB Working Groups, which will be held on May 1 to May 3 in the DIFC.

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Editor's notes:

The equivalence status is given effect through a legally binding implementing act in accordance with Article 25(6) of the European Market Infrastructure Regulation (EMIR) (Regulation (EU) No 648/2012).

CCPs are entities that sit in between buyers and sellers of derivatives contracts to become the sole counterparty to all trades. Its main purpose is to manage the risk of one counterparty defaulting (i.e. not being able to make the required payments when they are due), thereby reducing the overall risk in the system.



The Dubai Financial Services Authority (DFSA) is the independent regulator of financial services conducted in or from the Dubai International Financial Centre (DIFC), a purpose-built financial free-zone in Dubai. The DFSA's regulatory mandate covers asset management, banking and credit services, securities, collective investment funds, custody and trust services, commodities futures trading, Islamic finance, insurance, an international equities exchange and an international commodities derivatives exchange. In addition to regulating financial and ancillary services, the DFSA is responsible for supervising and enforcing Anti-Money Laundering (AML) and Combating the Financing of Terrorism (CFT) requirements applicable in the DIFC. The DFSA also exercises delegated enforcement powers under the DIFC Companies Law. These include powers to investigate the affairs of DIFC companies and partnerships where a material breach of DIFC Companies Law is suspected and to pursue enforcement remedies available to the Registrar of Companies (Roc).

Ian Johnston was appointed as Chief Executive of the DFSA in June 2012. Ian joined the DFSA in November 2006, as a Managing Director, to head the Policy and Legal Services Division.

Ian was admitted to practice Law in Australia in the early 1980s and has spent most of his career in the private sector. He held a number of senior positions within the financial sector and was CEO of one of Australia's major Trustee Companies. During that time, Ian played a leading role in the Trustee industry and served on the National Council of the Trustee Corporations Association.

In 1999, Ian joined the Australian Securities and Investments Commission where he held the position of Executive Director, Financial Services regulation, and spent several terms as an acting Commissioner. In 2005, Ian took up a position with the Hong Kong Securities and Futures Commission as a Special Advisor.

Ian is a past Chairman of the Joint Forum, which comprise representatives of the major international regulatory standard-setters (IOSCO, IAIS and the Basel Committee). In August 2016, he was re-elected to IOSCO's Growth and Emerging Markets Steering Committee, a position he has held since 2013. He is also a member of the Financial Stability and Technical Committee (FSTC) of the IAIS, the global standard-setting body for insurance regulation, and was a member of the Board of Directors of the Financial Planning Standards Board (from Jan 2011 – Mar 2016).