



# malaysian ICM



Quarterly Bulletin of  
Malaysian Islamic Capital Market  
by the Securities Commission Malaysia

## Contents

Shariah Governance: Ethics of Disagreement	1
<b>CAPITAL MARKET DEVELOPMENT</b>	
New SAC Appointments with Enhanced Authority	2
A New Milestone for Sukuk Issuance	3
<b>SHARIAH</b>	
<i>Hamish Jiddiyyah in Ijarah Contract</i>	4
<b>FEATURES</b>	
News Round-up	9
<b>STATISTICAL UPDATES</b>	
Malaysian ICM – Facts and Figures	10

## SHARIAH GOVERNANCE: ETHICS OF DISAGREEMENT

The diversity of jurisprudence in Muslim societies should be encouraged and should not be ignored, stopped or eliminated, stated Dr Mohamed Ali Elgari, prominent Shariah scholar and Islamic Economics Professor at King Abdulaziz University Jeddah. Similarly, such diversity leads the public, who lacks sufficient knowledge of Shariah, to an impression of non-conformity, inconsistency and conflict. Elgari stressed that it is time we address this subject in an impartial and positive way.

Securities Commission Malaysia (SC) Chairman, Tan Sri Zarinah Anwar, acknowledges that Elgari's view presented in his paper<sup>1</sup> is timely. Good Shariah governance is consistent with the universal principles of securities regulation as recommended by the International Organization of Securities Commissions (IOSCO), apart from being aligned with Islamic principles.

She further highlighted the clarity of Shariah objectives in the preservation of faith, self, intellect, posterity and wealth as a system of check-and-balance. When these are applied to Islamic finance, benefits can be secured while harm is repelled.

page 6 ►►

<sup>1</sup> Dr Elgari's paper titled "Governance Standards and Protocols on Shariah Decision Making Process" was presented at the SC-OCIS (SCommission – Oxford Centre for Islamic Studies) Roundtable in March 2010. The inaugural event was themed "Developing a Scientific Methodology on Shariah Governance for Positioning Islamic Finance Globally".

## NEW SAC APPOINTMENTS WITH ENHANCED AUTHORITY

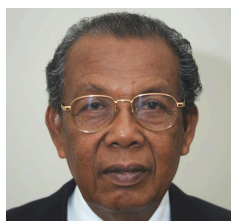
His Majesty the Yang Di-Pertuan Agong of Malaysia has appointed 11 Shariah Advisory Council (SAC) members of the SC effective 1 July 2010 for a period of two years following amendments to the *Capital Markets and Services Act 2007 (CMSA)*. Pursuant to these amendments, the SAC has been empowered to make rulings on any Shariah matter relating to Islamic capital market (ICM) business or transaction referred to it by any court, arbitrator, industry participant or other parties.

The SC Chairman said that the SAC has been instrumental in the development of innovative Islamic products and services, and played a key role in transforming a niche growth sector into a core component of the Malaysian capital market. The recent amendments to the CMSA reflect the SAC's significance and will further promote the development of the ICM in Malaysia and enhance its position as an international centre for Islamic finance.

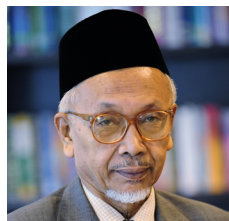
### Members of the SC Shariah Advisory Council



**Chairman**  
**Dr Mohd Daud Bakar**  
CEO of Amanie Business  
Solutions Sdn Bhd



**Tun Abdul Hamid  
Hj Mohamad**  
Former Chief Justice of the  
Federal Court, Malaysia



**Tan Sri Sheikh Ghazali Haji  
Abdul Rahman**  
Shariah Legal Advisor,  
Attorney General's Chambers



**Datuk Hj Md Hashim  
Hj Yahaya**  
Very Distinguished Academic  
Fellow of Ahmad Ibrahim  
Kulliyah of Laws, International  
Islamic University Malaysia



**Dato' Dr Abdul Halim  
Ismail**  
Executive Director of BIMB  
Securities Sdn Bhd



**Professor Mohammad  
Hashim Kamali**  
Founding Chairman and CEO  
of the International Institute of  
Advanced Studies, Malaysia



**Professor Dr  
H Fathurrahman Djamil**  
Vice Chairman of Fatwa  
Commission of Indonesian  
Council of Ulama



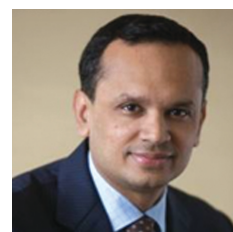
**Assistant Professor  
Dr Aznan Hasan**  
Department of Islamic Law,  
Ahmad Ibrahim Kulliyah of  
Laws, International Islamic  
University Malaysia



**Associate Professor  
Dr Shamsiah Mohamad**  
Lecturer, Department of Fiqh  
and Usul Academy of Islamic  
Studies University of Malaya



**Ahmad Suhaimi Yahya**  
Chief Officer and Regional Head  
of Shariah, Kuwait Finance  
House (Malaysia) Bhd



**Rafe Haneef**  
Managing Director  
Global Markets, HSBC  
Amanah

*Note: The full biodata of the above SAC members are available at [www.mifc.com](http://www.mifc.com).*

## A NEW MILESTONE FOR SUKUK ISSUANCE

The SC has approved the issuance of Sukuk al-Amanah Li al-Istithmar (Sukuk ALIm) by Cagamas Bhd (Cagamas), the national mortgage corporation. The tenure of RM5.0 billion Islamic commercial paper programme (ICP) and Islamic medium-term note (IMTN) programme (collectively referred to as "Programmes") is seven and 30 years respectively.

Sukuk ALIm, a new milestone for the Malaysian ICM, is a type of mixed-asset sukuk or sukuk *istithmar*, which precludes the elements of *`inah* (sale and buyback), *bai` dayn* (trading of debt) and *wa`d* (undertaking) principles.

Sukuk ALIm's asset pool comprises 51% tangible *ijarah* assets and 49% intangible *bai` bithaman ajil* receivables. This asset mixture complies with the Accounting and Auditing Organisation for Islamic Financial Institutions' Shariah Standard No. (21) on shares and bonds.

Sukuk ALIm adopts the following Shariah principles: *ijarah* (lease transaction), *bai`* (sale of assets), *wakalah*

*Sukuk ALIm, a new milestone for the Malaysian ICM, is a type of mixed-asset sukuk or sukuk istithmar, which precludes the elements of `inah...*

(contract of agency) as well as *bai` bithaman ajil* (sale of assets with deferred payment) and is tradable in the secondary market.

RAM Rating Services Bhd (RAM) and Malaysian Rating Corporation Bhd (MARC) have each assigned the ICP Programme a rating of P1 and MARC-1ID, respectively. Similarly, the IMTN Programme has been assigned a rating of AAA and AAAID. Cagamas will utilise proceeds from the issuance of Sukuk ALIm for its working capital and general corporate purposes that are Shariah compliant.

## HAMISH JIDDIYYAH IN IJARAH CONTRACT

*Hamish Jiddiyyah* is defined as a sum of money (token) paid by one party (promissor/ customer) to another (promisee) as an assurance to buy or lease an asset from the owner of an asset (promisee) in the future. *Hamish jiddiyyah* is held in trust by the owner of the asset and involves a promise (*wa`d*) where the contract is yet to be executed at that time. This margin of payment conveys a firm commitment to fulfil one's promise (in buying or leasing an asset) and the promise is binding (*wa`d mulzim*) on the promissor within a specific period. *Hamish jiddiyyah* is applied before a contract of sale (*bai*) or lease (*ijarah*) is executed, which implies that it does not become part of the said contract.

*Hamish jiddiyyah* is a mechanism that can be applied in contracts of sale and lease. This article looks at the application of *hamish jiddiyyah* under *ijarah* (leasing) contract. The Accounting and Auditing Organization for Islamic Financial Institutions<sup>1</sup> (AAOIFI) Shariah Standard has discussed this application, where the owner of the asset may require that the customer (promissor) pays him a sum of money to guarantee commitment to lease the asset. The AAOIFI has also resolved that payment of *hamish jiddiyyah* is

*"The SAC has ruled that the owner of the asset is only allowed to be compensated up to the amount of hamish jiddiyyah. The asset owner has to bear any remaining cost which he may have incurred over and above hamish jiddiyyah."*

not part of a rental, unless both contracting parties agree. Should the customer breach his promise, then the owner (who may have incurred some expenses on the asset prior to leasing it out) can take compensation from *hamish jiddiyyah* for the actual cost he has incurred or up to the *hamish jiddiyyah* amount.

The SAC of the SC has resolved that the payment of *hamish jiddiyyah* in *ijarah* is permissible. This payment is to ensure that the asset will be leased only to the promissor and not to others until the contract is executed within an agreed period. The payment of *hamish jiddiyyah* is not part of rental payment but it can be considered so if agreed by the contracting parties.

Further, the SAC has resolved that the amount of *hamish jiddiyyah* deposited by the customer can either be held as the following:

- i. A trust for safe keeping where the owner of the asset can only keep the *hamish jiddiyyah* received and cannot use it for any other purpose; or
- ii. An investment trust where *hamish jiddiyyah* can be invested if the future potential lessee/ promissor who gave *hamish jiddiyyah*, permits the owner of the asset (lessor) to invest it.

As *hamish jiddiyyah* serves to protect the owner of the asset from losses due to breach of the promise by the customer to lease the asset, the SAC has opined that under specific circumstances viz:

- i. The expenses borne by the owner of the asset does not exceed the payment of *hamish jiddiyyah*.

<sup>1</sup> AAOIFI Shariah Standard No. 9, Para 2/3.

The SAC has ruled that the owner of the asset is only allowed to take compensation for up to the amount of his incurred cost. Should there be any balance from *hamish jiddiyyah*, he has to refund it to the customer. Take the case of a customer who has to pay *hamish jiddiyyah* of RM100 for a rental and the asset owner who incurred a cost of RM80 prior to leasing out the asset. If the customer breaches his promise to lease the asset, RM80 is deducted from *hamish jiddiyyah* and the balance of RM20 is returned to the customer.

- ii) The expenses borne by the owner of the asset exceeds the payment of *hamish jiddiyyah*.

The SAC has ruled that the owner of the asset is only allowed to be compensated up to the amount of *hamish jiddiyyah*. The asset owner has to bear any remaining cost which he may have incurred over and above *hamish jiddiyyah*. Let us assume now that the asset owner above has incurred a cost of RM120 on the asset, that is, exceeding the amount of *hamish jiddiyyah*. Since the customer is obliged to pay only up to the amount of *hamish jiddiyyah* of RM100, the owner will bear loss of RM20.

## Conclusion

*Ijarah* is a simple structure and can act as an incentive to stimulate Islamic economics and growth in the financial markets. The asset owner/lessor bear all liabilities of

*"Ijarah does not require any collateral and ownership lies with the lessor. As the lessor is only minimally exposed to credit risk from the lessee, ijarah provides greater in-built stability to contain inflationary pressures in the economy."*

ownership whereas the lessee is liable to compensate the lessor for any harm done to the leased asset caused by misuse or negligence on the lessee's part. *Ijarah* does not require any collateral and ownership lies with the lessor. As the lessor is only minimally exposed to credit risk from the lessee, *ijarah* provides greater in-built stability to contain inflationary pressures in the economy. *Ijarah* is also a flexible facility since the lease payments can be short-term or long-term.

*Hamish jiddiyyah* can serve to further enhance *ijarah*-based contracts. Unmistakably, competitively priced Islamic financial products have proliferated, particularly in the recent decade, to match the diverse and discerning needs of customers. However, we cannot be complacent. In the spirit of doing what is right and just, the ball is in market participants' court to ensure that they maintain an innovative approach in the design of their (Islamic financial) products so as to satisfy the true purpose of Shariah.



cover page ►►

Elgari's paper looked at Shariah governance from the perspective of Islamic financial institutions. For practical reasons, Shariah compliance in Islamic financial institutions is narrowly defined to only mean strict adherence to the guidance of their Shariah board, which are expressed in *fatwa* and resolutions. This is the compliance perspective. In contrast, Shariah governance is the set of procedures, institutional, and organisational arrangements through which the Shariah position on contemporary issues is revealed and Shariah compliance is ensured.

But it would be impossible to ignore the Shariah discourse at large. Resolutions on matters and questions that are relevant to finance issued by academic bodies, such as the Fiqh Academy of the Organisation of the Islamic Conference (OIC), do have an impact on Islamic banks and financial institutions. This is because these institutions function in societies that give weight to such *fatwa*. Any new resolution from these bodies forces the financial institutions to redefine their compliance standard.

From the Shariah point of view, a *fatwa* is neither obligatory nor legally binding. Yet the public at large wants a resolution issued by such bodies to be applicable to the financial institutions and be followed.

It goes without saying that Shariah compliance is so essential to the growth, stability, and integrity of Islamic finance. However, without consistency and predictability of *fatwa* and Shariah resolutions, the industry will have no hope of meeting international standards and growing beyond its "niche" status.

There are those who think that such consistency and predictability can be assured through the "centralisation of power" and by having one body of scholars to issue *fatwa*. Unfortunately, this did not and will not work because it goes against the egalitarian nature of the Islamic system. Scholars are just like the rest of us. There

is no special power bestowed on them. Hence, their authority is derived from political, and not Shariah sources. We all know that centralisation of power is the shortest route to tyranny.

The diversity of jurisprudence in Muslim societies is by no means a negative thing. Therefore, we should stop attempting to ignore or eliminate it. By the same token, such diversity leads to the appearance of non-conformity, inconsistency and conflict to the public who lack sufficient knowledge of Shariah.

We are not suggesting that a particular view be forced on everyone, where several views meet the basic Shariah compatibility. We firmly believe that it is possible to reach a common and mutual understanding.

But to reach this, we need strong Shariah governance. Shariah discourse should be very lively with the widest participation and the broadest acceptance possible through strong governance.

Elgari also laid down basic elements and fundamental requirements for such Shariah governance, viz:

## 1. Evidence

Shariah decisions must always be supported by a body of evidence. At the outset, we have to remember that Shariah scholars have no authority to force their views on others save for their knowledge. They must use the power of persuasion to get people to agree and recognise the validity of their views. Hence, whatever views they express must continuously be subjected to validation and scrutiny by all students of Shariah. To facilitate this, resolutions must be detailed, reflecting full understanding of the issue at hand. Judgments must be clear, well reasoned, and derived from sound Shariah evidence with robust arguments.

<sup>3</sup> "Wither Islamic Finance", Dr Abbas Mirakhor, SC-OCIS Roundtable, Kuala Lumpur, 15 March 2010.

## 2. Standing by one's fatwa

Shariah declarations must always be defensible. It is quite natural that when a *fatwa* is issued, it will be disputed, criticised and even attacked. It is insufficient to issue a *fatwa* and leave the stage. Rather, we have to be prepared to defend the views in the same vigour with which we issued them. Clearly, when people know that they have to defend a *fatwa* issued, they become more careful. They exert the utmost effort.

## 3. Feasibility

Shariah decisions must be feasible by taking into consideration present circumstances – which means being practicable and doable. All the orders of Shariah are constrained by ability. Muslims are not ordered to do something when they are not able to do it. Hence, to suggest *qard hasan* (benevolent loan) in place of *tawarruq* as prescribed by the recent resolution of the Fiqh Academy on *tawarruq*, is asking Islamic banks to do something that is not possible. Such a suggestion is not feasible and should not have been recommended because it creates the perception that Shariah scholars either do not understand the subject matter of their own *fatwa* or so detached from the real world that they have no practical value anymore.

## 4. Empower the power of voting

In almost all Shariah boards, by-laws state very clearly that decisions are taken on the basis of majority rule. Yet we do not know of any Shariah board that applies this rule. The reason is that dissent is not welcomed. It is claimed that consensus is more desirable. Most of the time it is not consensus that is reached but a compromise. If such is not possible, it is rare that a dialogue is initiated to reach a consensus. The non-application of the voting rule creates a perception of patriarchal relationship among the Shariah board members. Seniors do not think the views of the juniors are worth listening to and juniors dare not disagree with their "Sheikhs". To be fair, the problem is much

*"A sudden reversal of position would be a shock that may be very damaging to the financial institution or to the sector at large. Therefore, it is important that certain procedures are followed whenever one or more of Shariah board members decide that he no longer subscribes to a previous resolution."*

deeper than what appears on the surface. We still need to improve our methods.

## 5. Procedures for reversal of fatwa

Shariah scholars are not infallible. They make mistakes and it is very honorable to retract to the correct position when it becomes clearer. In our tradition, the *mufti* can change his views at any time and inform all parties concerned without delay and without any early warning. This certainly is the prerogative of the *mufti*. One of the great *fuqaha* of Islamic, Mohamed Ibn Idris Al-Shafie, the Imam of the Al-Shafie *mazhab*, changed several of his views and stance on many issues, to the point his students recorded in many issues his views in the old as they called it and in the new. Almost all major *fuqaha* face this problem. However, we have to recognise the uniqueness of a *fatwa* upon which a financial product has been designed.

A sudden reversal of position would be a shock that may be very damaging to the financial institution or to the sector at large. Therefore, it is important that certain procedures are followed whenever one or more of Shariah board members decide that he no longer subscribes to a previous resolution. Assuming that he has exhausted all opportunities of discussion

with his peers, an early warning to the institutions that relied on the said *fatwa* must be given. Meanwhile, the whole matter should be treated in utmost secrecy until the institution or institutions are able to assess the effects on the existing procedures and products. Even when the new position of the scholar is made public, it should be firmly emphasised that all contracts and transactions that have been done before are alright from the Shariah point of view because they relied on a proper *fatwa*. This is what was emphasised in the AAOIFI's declaration on the subject of sukuk.

## 6. Ethics of disagreement

When you read the classical books of *fiqh*, you cannot miss a very important fact that though each book has an author, it actually includes a collection of views of many scholars. Not only do they tolerate contrary views, they celebrate and respect them, to the point they made it a rule to mention them side by side with their own views. Without such an attitude, it would be impossible for us to enjoy and benefit from this rich heritage of knowledge.

However, it appears we are so detached from this glorious past. Now we can hardly tolerate an opposing view, let alone respect it. And never discount the possibility that it could be more correct than ours. Without the minimum degree of tolerance, we have no hope of tapping collective wisdom. Such wisdom can only be cumulative if we are able to indulge in dialogues and discussions with a basic assumption that while my views appear to be correct, they could prove to be wrong and while your views appear to be wrong they may turn out to be correct. The "I am right and you are wrong, full stop" stagnates the progress of knowledge. This is the way it is today.

## 7. Consultation

The unique thing about a Shariah intellectual exercise is that it has no union or exclusive club. It is the ownership of every Muslim. Everyone who says *La ilaha illallah* has an established right to be part of the debate. In the language of governance, every Muslim is a stakeholder in any Shariah discourse. Unfortunately, it is becoming a sort of exclusive society, a guild of sort. Unless we open the door for participation by all who believe they have something to say, we will never be guided to the right decision and we will fail to win the hearts of the recipients of the Shariah discourse outcome. In a recent session of one major *fatwa* body on the subject of new forms of marriage, none of the 15 papers presented were written by a woman, and no female was part of the debate and deliberation to reach the final *fatwa*, when in fact, 50% of the time and presentation should be given to women for obvious reasons. It is essential that whenever an issue is subjected to Shariah probe, we recognise that most of the practical knowledge resides with non-Shariah experts, and their valuable and essential knowledge are required by Shariah scholars to reach the *fatwa*.

## 8. Fatwa must remain personal

No matter how institutionalised we become, *fatwa* must remain personal. Not only because we should follow our traditions, which is a noble thing, but because of accountability. Shariah boards in Islamic banks have initiated a useful tradition of members signing on each and every page of their Shariah declarations. When a *fatwa* is issued by an institution, with the signature of any one name appearing, accountability becomes a real issue. Be it a chairman, manager, or secretary general, whoever signs will be held accountable in the eyes of the public. *Fatwa* should again be made personal.



## NEWS ROUND-UP

### 4th International Islamic Capital Market Forum

On 1 July, the SC hosted the 4th International Islamic Capital Market Forum (IICMF) themed “Sukuk: Transferring the Best Practices”. The IICMF addressed a wide range of issues affecting the growth and development of sukuk globally. These range from legal to regulatory frameworks for sukuk including cross border issues, tax and accounting, the Shariah governance framework and the various components

that make sukuk an efficient investment vehicle.

Renowned speakers consisting of practitioners and Shariah scholars from both local and international market were invited to share their thoughts and experiences. More than 300 participants attended the forum including industry players, Shariah advisers, regulators, and academicians.

### 5th Islamic Markets Programme

Themed “Gearing Up to Meet Future Challenges”, the SC through the Securities Industry Development Corporation organised the 5th Islamic Markets Programme (IMP) from 4 to 9 July. The event, held at the SC, served as an important platform for the discussion of topics related to Islamic finance and capital market.

Topics presented include fundamentals of ICM and the impact of recent development, due diligence

processes and complex legal relationships, corporate governance and risk management in Islamic markets, Islamic equity and sukuk. They were presented by renowned local and international experts in Islamic finance and capital market. The five-day IMP saw the participation of more than 30 delegates from several countries, including Bangladesh, Vietnam, Laos, Pakistan, Tunisia, Thailand, Nigeria, Morocco, Indonesia, Sri Lanka, Uzbekistan, Iran and the Philippines.

### 7th Kuala Lumpur International Islamic Finance Forum 2010

The 7th Kuala Lumpur Islamic Finance Forum 2010 organised by CERT Events Sdn Bhd, was held from 2 to 5 August. The event served as a common platform for the global and Asian industry players to raise, discuss and dissect issues in Islamic banking and finance, and at the same time provide solutions, recommendations and set future directions.

The SC Managing Director, Dato Dr Nik Ramlah Mahmood moderated a session entitled “*Sukuk Challenge*”. Meanwhile, Dr Md Nurdin Ngadimon, Assistant General Manager of Islamic Capital Market Department presented a paper entitled “*Sukuk Mudharabah and Sukuk Musharakah for Two-tier Capital Requirement for Islamic Finance Institutions*”.

### Pameran Ekonomi Islam Pantai Timur

*Pameran Ekonomi Islam Pantai Timur* was organised by the Islamic Consumers Association of Malaysia from 6 to 8 August in Kota Bharu, Kelantan. The exhibition provided a platform for the banks and financial institutions to gather and discuss with entrepreneurs

and consumers regarding products and services in Islamic banking. As part of the effort to educate the public on the Malaysian ICM, the SC set up an exhibition booth to showcase the Malaysian capital market with a focus on ICM products.

# MALAYSIA ICM – FACTS AND FIGURES

## Shariah-compliant securities on Bursa Malaysia

Number of Shariah-compliant securities – May 2010*			847
% to total listed securities			88%
Latest market capitalisation – September 2010			(RM billion)
Shariah compliant			719.25
Total market			1,150.12
% of Shariah-compliant securities to total market			62.54%
Equity market indices	30 Sep 2009	30 Sep 2010	% change
FBMKLCI	1,202.08	1,463.50	21.75%
FBM EMAS Shariah	8,271.22	9,471.35	14.51%
FBM Hijrah Shariah	8,989.70	9,984.45	11.07%
DJIM Malaysia Titans 25	723.56	796.61	13.88%

\* The SAC of the SC releases the updated Shariah-compliant securities list twice a year in May and November

## Islamic unit trust funds (UTF)

<b>Number of approved funds</b>	<b>Sep 2009</b>	<b>Sep 2010</b>
Islamic UTF	144	152
Total industry*	559	580
<b>Net asset value (NAV) of approved funds</b>	<b>Sep 2009</b>	<b>Sep 2010</b>
Islamic UTF (RM billion)	21.18	23.02
Total industry* (RM billion)	187.40	222.75
% to total industry	11.3	10.3

+ including feeder funds, fixed income funds, money market funds and structured products  
Note: Effective January 2009, wholesale funds was excluded from the above statistics

## Islamic exchange-traded funds (ETF)

<b>Number of approved ETF</b>	<b>Sep 2009</b>	<b>Sep 2010</b>
Islamic ETF	1	1
Total industry*	3	5
<b>Net asset value (NAV) of approved funds</b>	<b>Sep 2009</b>	<b>Sep 2010</b>
Islamic ETF (RM million)	638	631
Total industry* (RM million)	1,156	1,161
% to total industry	55%	54%

+ including bond ETF - ABF Malaysia Bond Index Fund  
Note : Islamic ETF- DJIM MyETF-DJIM25 was launched on 22 January 2008

## Islamic real estate investment trusts (REITs)

<b>Number of REITs</b>	<b>Sep 2009</b>	<b>Sep 2010</b>
Islamic REIT	3	3
Total REITs	13	14
<b>Market capitalisation</b>	<b>Sep 2009</b>	<b>Sep 2010</b>
Islamic REIT (RM billion)	1.7	2.2
Total REITs (RM billion)	5.2	10.1
% total industry	34%	22%

Chart 1  
Performance of KLCI vs Shariah indices

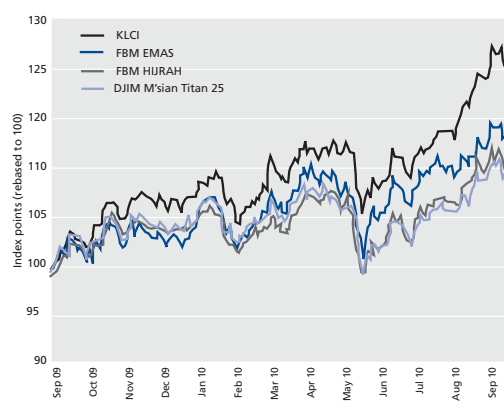
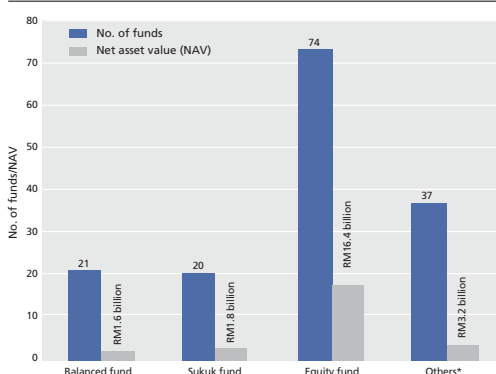
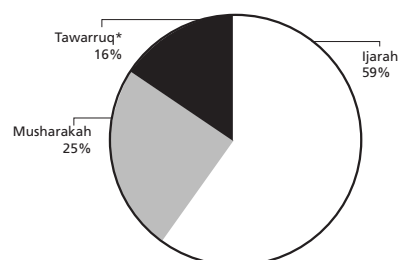


Chart 2  
Shariah-based unit trust funds by category



\*Including feeder funds, fixed income funds, money market funds, structured products and mixed asset funds

Chart 3  
Size of sukuk approved based on various Shariah principles as at Q3 2010



\*Combination issuance (conventional bond and sukuk) with size limit of RM2 billion

### Islamic wholesale funds (WF)

Number of approved funds	Sep 2009	Sep 2010
Islamic WF	19	20
Total industry	86	113
Net asset value (NAV) of approved funds	Sep 2009	Sep 2010
Islamic WF (RM billion)	3.06	4.67
Total industry (RM billion)	10.24	18.41
% total industry	30%	25%

### Corporate Sukuk

Sukuk approved	Q3 2009	Q3 2010
Number of sukuk	1	4
Size of sukuk (RM billion)	4.5	12.3 <sup>+</sup>
Size of total bonds approved (RM billion)	7	16.2
% of size of sukuk to total bonds approved	64%	76%
Sukuk issued	Q3 2009	Q3 2010
Size of sukuk issued (RM billion)	9.2	9.3
Size of total bonds issued (RM billion)	14.4	14.4
% of sukuk issued to total bonds issued	64%	65%
Sukuk outstanding	Sep 2009	Sep 2010
Size of outstanding sukuk (RM billion)	168	175
Size of total outstanding bonds (RM billion)	291	310
% of outstanding sukuk to total outstanding bonds	58%	56%

+ includes the approval combination issuances (conventional bonds and sukuk).

We appreciate your feedback and comments. If you would like to know more about the Malaysian Islamic capital market or require further information from the Securities Commission Malaysia, please contact the following persons at the Islamic Capital Market Department:

Mohd Radzuan A Tajuddin (Head of Department)

Tel: 03-6204 8000 ext 8718

E-mail: Radzuan@seccom.com.my

Badlishah Bashah

Tel: 03-6204 8000 ext 8373

E-mail: badlisha@seccom.com.my

Azmaniza Bidin

Tel: 03-6204 8000 ext 8280

E-mail: azmaniza@seccom.com.my

Mohd Lukman Mahmud

Tel: 03-6204 8000 ext 8385

E-mail: lukman@seccom.com.my

**Securities Commission Malaysia**

3 Persiaran Bukit Kiara, Bukit Kiara

50490 Kuala Lumpur Malaysia

Tel: 03-6204 8000 Fax: 603-6201 5082

Website: [www.sc.com.my](http://www.sc.com.my)