

**C L I F F O R D**  
**C H A N C E**

**INTERNATIONAL ISLAMIC FINANCIAL MARKET (“IIFM”)**

**SESSION: GLOBAL SUKUK MARKET TRENDS AND DEVELOPMENTS – AN OVERVIEW**

QUDEER LATIF (PARTNER & GLOBAL HEAD OF ISLAMIC FINANCE)

08 May 2018

# **INTERNATIONAL ISLAMIC FINANCIAL MARKET (“IIFM”)**

## PREPARATION AND DEVELOPMENT OF SUKUK STANDARDS

**One of IIFM’s role is to create robust and transparent Shari’a compliant standard Islamic finance contracts and templates**

### **Clifford Chance has a close association with IIFM**

- 2008: Launch of Master Agreement for Treasury Placement
- 2010: Launch of the Tahawwut Master Agreement in association with ISDA
- 2013: Launch of the IIFM Interbank Unrestricted Master Investment Wakala Agreement
- 2014: Launch of the IIFM Master Collateralised Murabahah Agreement
- 2017: Launch of the Islamic Credit Support Deed for Cash Collateral in association with ISDA
- 2018: Preparation and development of sukuk standards: sukuk-al-ijara and sukuk-al-mudaraba

.

## SUKUK STANDARDS

### **Sukuk al-ijara (Senior Unsecured):**

Sale and Purchase Agreement

Ijara Agreement

Service Agency Agreement

Purchase Undertaking

Sale and Substitution Undertaking

Skeleton Prospectus

### **Sukuk al-mudaraba (Senior Unsecured and Perpetual):**

Mudaraba Agreement

Skeleton Prospectus

Others?

# **PROJECT**

## PROCESS AND TIMELINE

**Clifford Chance engagement confirmed in December 2017. 1-year anticipated timeline to finalise, receive Shari'a approval and publish documents**

- Working group consisting of financial, legal and Shari'a institutions to review documents

### **Sukuk al-ijara**

- Initial drafts circulated by Clifford Chance in February 2018 to working group and IIFM
- Consolidated responses on sukuk al-ijara documents expected in May 2018
- Shari'a guidance process to commence in September 2018

### **Sukuk al-mudaraba**

- Initial drafts to be circulated by Clifford Chance in Summer 2018
- Working group comments expected by October 2018
- Shari'a guidance process to follow thereafter

### **Sukuk market guidelines**

- Clifford Chance to circulate in Summer 2018
- Working group comments expected by November 2018
- Shari'a guidance process to follow thereafter

All timescales are indicative.

## **MARKET UPDATE - SHARI'A REPRESENTATION**

Inclusion of standard Shari'a representation in Sukuk documentation due to market developments:

### **SHARI'A COMPLIANCE**

- Each of the [Obligor] and the [Trustee] agree that it has accepted the Shari'a compliant nature of this Agreement; and:
  - a) it shall not claim that any of its obligations under this Agreement (or any provision thereof) is ultra vires or not compliant with the principles of Shari'a;
  - b) it shall not take any steps or bring any proceedings in any forum to challenge the Shari'a compliance of this Agreement; and
  - c) to the extent permitted by law, none of its obligations under this Agreement shall in any way be diminished, abrogated, impaired, invalidated or otherwise adversely affected by any finding, declaration, pronouncement, order or judgment of any court, tribunal or other body that this Agreement is not compliant with the principles of Shari'a.

# OUR INTERNATIONAL NETWORK

32 OFFICES IN 21 COUNTRIES



Abu Dhabi  
Amsterdam  
Barcelona  
Beijing  
Brussels  
Bucharest  
Casablanca  
Dubai  
Düsseldorf  
Frankfurt

Hong Kong  
Istanbul  
London  
Luxembourg  
Madrid  
Milan  
Moscow  
Munich  
Newcastle  
New York

Paris  
Perth  
Prague  
Rome  
São Paulo  
Seoul  
Shanghai  
Singapore  
Sydney  
Tokyo

Warsaw  
Washington, D.C.  
Riyadh\*

\* Linda Widyati & Partners in association with Clifford Chance

\*\*Clifford Chance has a co-operation agreement with Abuhimed Alsheikh Alhagbani Law Firm in Riyadh

Clifford Chance has a best friends relationship with Redcliffe Partners in Ukraine.

**C L I F F O R D**  
**C H A N C E**

Clifford Chance, Level 15, Burj Daman, Dubai International Financial Centre, P.O. Box 9380, Dubai, United Arab Emirates

© Clifford Chance 2018

Clifford Chance LLP is a limited liability partnership registered in England and Wales under number OC323571. Registered office: 10 Upper Bank Street, London, E14 5JJ. We use the word 'partner' to refer to a member of Clifford Chance LLP, or an employee or consultant with equivalent standing and qualifications. Licensed by the DFSA.

**[WWW.CLIFFORDCHANCE.COM](http://WWW.CLIFFORDCHANCE.COM)**

107368-4-4864