



Developing Enabling Frameworks for Islamic Finance

Develop / Support / Optimise

UKIFC and CMS

Aligning Islamic finance capabilities

A hallmark of the unique value proposition presented by the Islamic Finance Council UK ('UKIFC') and CMS partnership is the ability to offer a single, cohesive legal and advisory service tailored to supporting government agencies, regulatory bodies and financial institutions to develop capacity and create enabling frameworks for Islamic finance.

The availability and effectiveness of Islamic finance in any given jurisdiction is contingent on meeting a number of challenges; the two most significant of which are **creating robust regulatory frameworks and developing human talent**. The approach to these challenges varies with limited commonality of approach between jurisdictions whether secular or non-secular. To effectively engage in Islamic finance, investors, consumers and financial institutions require regulatory clarity. As it is not possible to regulate that which you do not understand, it is also of critical importance that human talent is developed to address the unique challenges which Islamic finance presents.

To assist jurisdictions meet these challenges, UKIFC and CMS have launched an innovative partnership to help **develop, support and optimise** Islamic finance frameworks across the world. As leaders in our respective fields, we share a commitment to growing the Islamic finance industry and feel strongly that combining our capabilities creates a **uniquely comprehensive**, best in class **Government advisory offering**, focused on regulatory agencies that encompasses:

- » Extensive experience of successfully delivering Islamic finance regulatory advisory projects in multiple jurisdictions including UK, Nigeria, Kenya, Jersey, Kazakhstan, Oman and the Maldives amongst others.
- » A proprietary methodology and tool-kit for developing Islamic finance regulatory frameworks, in both secular and non-secular contexts.
- » A geographic footprint which includes 69 offices spread across 39 jurisdictions.
- » Deep local roots with access to cross-border expertise and strong connections to Governments and associated agency bodies in each of the conventional, Islamic and ethical finance sectors.
- » Strong Shariah governance knowledge and relationships with global Shariah scholars.

- » Expertise in designing and improving global regulatory policy in the area of Shariah governance.
- » An ability to deploy resource to meet demand (including the establishment of project management offices).

Trends in Islamic finance

Rapid growth in global Islamic finance assets

Global Islamic finance assets are expected to rise from \$2 trillion in 2015 to \$3.5 trillion by 2021, representing a 12 percent compound annual growth rate. Islamic banks are likely to be the main driver of this growth, with assets expected to reach \$2.7 trillion by 2021.

Thomson Reuters State of the Global Islamic Economy 2016/17

Growing demand in Muslim and Non-Muslim majority countries

Although penetration of the Islamic finance industry as a whole is limited, levels of public awareness and understanding of Islamic financial products and services is increasing and opportunities exist to support and optimise Islamic finance frameworks. With Muslims now domiciled across the globe, and overall Muslim population numbers expected to rise from 1.6 billion in 2010 to 2.8 billion in 2050*, demand for Islamic finance products is expected to continue to show rapid growth.

**Pew Research Center 'The Future of World Religions: Population Growth Projections, 2010-2050'*

Developing robust enabling frameworks

Through our collective experience, UKIFC and CMS have identified a number of key policy areas that are driving the need to develop, support and optimise Islamic finance

frameworks globally in both secular and non-secular jurisdictions.



Delivery framework

Having contributed substantively to the development of the UK Government's Islamic finance framework for well over a decade, the UKIFC has developed a methodology for reviewing policy, identifying gaps and designing / implementing education, training and awareness strategies. As a leading global law firm CMS is highly experienced in reviewing, amending, drafting and guiding laws in accordance with Shariah principles.

Collectively, we have been able to draw upon our knowledge and experience to develop a uniquely comprehensive framework for delivering our legal, financial and capacity building services. Whilst our model adopts an incremental approach, we can offer and deliver each service either on a standalone or combined basis.

Combined service offering: A comprehensive 3 point solution

Our **policy development** offering is focused on understanding a jurisdiction's current Islamic finance status, aspirations and benchmarking it against other jurisdictions. We work with relevant ministries to identify and refine a suitable policy strategy that fits the country's economic development plan.

We have the knowledge and experience to develop, implement or improve **regulatory frameworks**. This involves advising on legal matters and the Shariah governance model as well as drafting guidelines.

Our approach to **capacity building** is to identify knowledge gaps before developing a plan to build the capacity of regulators, finance professionals, scholars and, indeed, consumers. Our programmes are commercially focused (as opposed to academic or theological) and tailor made to client needs. They can be run in-country or in our UK or Dubai bases.

For assignments covering multiple service lines we recommend the establishment of a **project management office**, which, we believe, provides the most efficient and cost-effective solution.



"UKIFC provided superior services in ensuring the successful development of the non-interest (Islamic) finance industry in Nigeria. They are a sound technical partner and without their expertise, support, and genuine commitment, we would not have achieved as much as we have done in this area. The IFC's ability to work with a range of stakeholders, across jurisdictions, makes them an asset in the field of non-interest financial services."

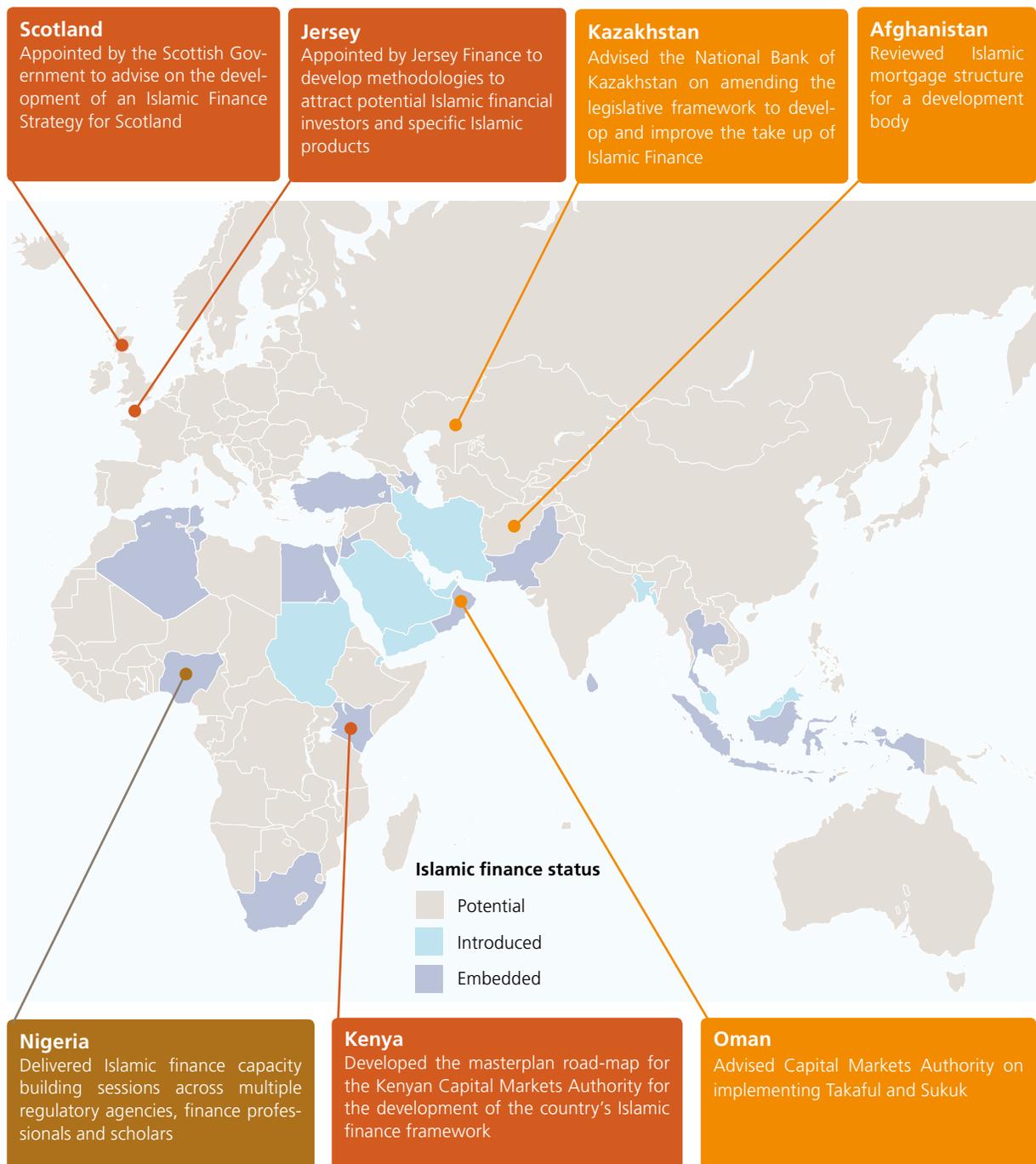
*Modupe Ladipo, Former CEO,
Enhancing Financial Innovation & Access*

The Islamic finance journey

As every jurisdiction is at a different stage in its Islamic finance journey, UKIFC and CMS have developed an adaptable service that can help across jurisdictions. Of the 31 jurisdictions which the Islamic Financial Services Board (IFSB) has identified as having Islamic banking frameworks in place (see map below), very few have met the IFSB's threshold of being 'systemically important' (i.e. where total Islamic banking assets) comprise more than 15% of total domestic banking sector assets.

Individual jurisdictions can be classified, in our view, as follows:

- 1 **Potential** - no current Islamic finance provision but potential to **develop**
- 2 **Introduced** - a requirement to **support** the growth of Islamic finance
- 3 **Embedded** - Islamic finance is established and requires assistance to upgrade and **optimise**



An integrated team

At the heart of our combined offering is a team of **passionate** and **committed** Islamic finance practitioners focused on promoting and enhancing the global Islamic and ethical finance industry.

Our team brings together a unique blend of seasoned practitioners who are recognised leaders in the Islamic finance market and have worked for leading global and national institutions. It is our collective experience and expertise that differentiates our Government Advisory offering within the marketplace.

The core team has access to a pool of additional resource across the globe, to support the planning and execution of projects and assignments where required.

Our offering is endorsed by the UKIFC's patron, Lord Sheikh, whom provides additional support and assistance to the team.

Core Team

Shakeel Adli

Head of Islamic Finance at CMS, Shakeel specialises in advising lenders, borrowers, sponsors and security providers, whether Shariah compliant or not, on structuring, negotiating and documenting Shariah compliant corporate lending, real estate finance, asset finance, project finance, trade finance, debt restructurings, product development and debt capital markets transactions. Shakeel has practical experience of acting on Shariah compliant financings across the globe representing both existing and new participants to Islamic Finance.



Shakeel Adli

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Graham Burnside

A consultant with Shepherd and Wedderburn LLP, formerly heading the Banking & Finance Department of Tods Murray LLP, Graham pioneered the application of Shariah principles within Scots law, facilitating the availability of Islamic home financing to the Scottish community. In addition to the legal structuring of Shariah-compliant retail products and commercial funding Graham was also involved in consultations with HM Treasury, leading to the introduction of stamp duty reliefs for Scottish Islamic mortgages.



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Omar Shaikh

Omar is a Chartered Accountant by profession and specialises in Islamic finance and private equity. He leads the UKIFC's government policy advisory activities. Omar has been involved in the UK Government's strategy for making the City a leading hub for Islamic finance. Omar's background includes working with Ernst & Young where he was recognised as the UK firms subject matter expert for Islamic finance and successfully led the build out of the Islamic finance offering within the UK office.



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UKFIC Patron Lord Sheikh

Lord Sheikh of Cornhill is the chairman of a number of companies which relate to insurance, financial services and properties. He was elevated to the House of Lords in 2006 where he is an active Peer. Lord Sheikh is a strong advocate of Islamic finance and is keen to promote it in the UK and globally. He currently Co-Chairs the All-Party Parliamentary Group on Islamic Finance and holds positions in Parliamentary groups relating to Bangladesh, Kyrgystan, Saudi Arabia and the Turkish Republic of Northern Cyprus amongst others.



UKIFC

The Islamic Finance Council UK is a specialist advisory and development body focused on promoting and enhancing the global Islamic and ethical finance industry. As a dynamic and forward-thinking not-for-profit organisation our Advisory Board Members, who provide pro bono support, have defined and evolved the role we play in making a tangible impact in the global Islamic finance sector. Our principle service areas are: Advisory, Ethical Finance, Training and Awareness and Thought Leadership. The UKIFC is currently Secretariat for the All-Party Parliamentary Group on Islamic Finance.



"This is a ground-breaking initiative between the UKIFC and the CISI to develop the financial skills of shariah scholars from around the world"

Economic Secretary to the Treasury, British Parliament

CMS

CMS is a full service, top 10 global law firm with 3,200 lawyers based in 69 offices located in 39 countries. CMS' client centric approach combined with a deep knowledge of Islamic finance means we are uniquely placed to be able to offer such insights. The global Islamic finance practice has experience in corporate lending, real estate finance, asset finance, project finance and trade finance as well as product development, general advisory and sukuk / debt capital market instruments.



"We're very happy with the relationship with the firm. The good thing is that the lawyers prioritise our work, give an exceptional service and are willing to go the extra mile. They're also able to draw on resources around the region for us and from their network."

(Chambers & Partners directory)



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Promoting Islamic and ethical finance.

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CMS locations:

Aberdeen, Algiers, Amsterdam, Antwerp, Barcelona, Beijing, Belgrade, Berlin, Bratislava, Bristol, Brussels, Bucharest, Budapest, Casablanca, Cologne, Dubai, Duesseldorf, Edinburgh, Frankfurt, Geneva, Glasgow, Hamburg, Istanbul, Kyiv, Leipzig, Lisbon, Ljubljana, London, Luxembourg, Lyon, Madrid, Mexico City, Milan, Moscow, Munich, Muscat, Paris, Podgorica, Prague, Rio de Janeiro, Rome, Sarajevo, Seville, Shanghai, Sofia, Strasbourg, Stuttgart, Tirana, Utrecht, Vienna, Warsaw, Zagreb and Zurich.

www.cmslegal.com

The Islamic Finance Council UK is a specialist advisory and development body focused on promoting and enhancing the global Islamic and ethical finance industry. As a dynamic and forward-thinking not-for-profit organisation our team are actively involved in four core service areas:

- 1) Advisory
- 2) Ethical Finance
- 3) Training and Awareness
- 4) Thought Leadership

Locations: UK, Dubai

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