



Under the Patronage of
His Highness Sheikh Hamdan Bin Mohammed Bin Rashid Al Maktoum
Crown Prince of Dubai and Chairman of the Dubai Executive Council

High Level Forum on Strengthening Islamic banking regulation and
supervision in the Arab region

May 22 – 23, 2016, Dubai, United Arab Emirates

Sunday, May 22, 2016

8:30–9:00	REGISTRATION
9:00-10:00	OPENING REMARKS <ul style="list-style-type: none">• Mr. Alfonso Garcia Mora Director, Finance and Markets Global Practice, World Bank• Mr. Masood Ahmed Director, Middle East and Central Asia Department, IMF• Mr. Abdulrahman A. Al Hamidy Director General Chairman of The Board, Arab Monetary Fund• Mr. Mohammad Abdulla Al Gergawi Minister of Cabinet Affairs of the Federal Government, UAE and Chairman of Dubai Islamic Economy Development Center
10:00-11:30	SESSION 1: Overview of Prudential Frameworks for Islamic Banking
	SESSION BRIEFING NOTE <p>This session will review current legal, regulatory and supervisory frameworks for Islamic banking in the Arab region, compare their consistency, and assess them against global and Islamic international standards. Findings would be based on the recent IMF survey on Islamic banking as well as the annual IFSB survey on the implementation of its standards. It will discuss policy options to foster regulatory clarity for the industry, to further tailor these frameworks to its specific features and risks, including by implementing international standards, and to improve cross-country coordination among supervisors.</p> <p>Session Chair Mr. Abdulrahman A. Al Hamidy Director General Chairman of The Board, AMF</p> <p>Speakers</p>

- **Mr. Abayomi A. Alawode, Head of Islamic Finance, World Bank**
Recent developments and outlook for Islamic banking in the Arab region,
- **Mr. Zeine Zeidane, Assistant Director, IMF**
Overview of legal, regulatory and supervisory frameworks of Islamic banking in Arab countries,
- **Mr. Jaseem Ahmed, Secretary General, IFSB**
Review of the implementation of the IFSB standards in the Arab region.

Q & A SESSION

11:30-11:45	Coffee Break
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11-45:13:15	Session 2: Strengthening Capital Adequacy of Islamic banks
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SESSION BRIEFING NOTE

This session will focus on reviewing the existing Basel and IFSB capital standards and their implementation across the region. In particular, it will discuss the appropriate treatment of Profit-Sharing Investment Accounts (PSIAs) and their reserves (e.g., profit-equalization and investment risk reserves) in capital requirements, and whether and under which conditions their built-in loss-absorbency feature should be preserved. It will also examine the risk weights for profit-sharing financing, which can be well-suited to the financing of SMEs and startups. Finally, it will discuss progress in providing regulatory clarity for eligible instruments to additional Tier 1 and Tier 2 capital and what other supportive policies are required to develop markets for these instruments.

Session Chair

Mr. Jaseem Ahmed
Secretary General, IFSB

Speakers

- **Mr. Qaiser Noor, Advisor, Advisor - Banking Control, Saudi Arabian Monetary Agency**
Implementing Basel III/IFSB capital adequacy standards for Islamic banking, Saudi Arabia Experience,
- **Mr. Bashar Al-Natoor, Global Head of Islamic Finance, FitchRatings**
Islamic Banking Capital Adequacy Frameworks from rating agencies' perspectives,
- **Mr. Ahmed Fayed, Director of Islamic Financial Services, Islamic Development Bank**
Global comparative analysis on the treatment of profit-sharing investment accounts and profit-sharing financing in capital requirements,
- **Khairul Iswar Ibrahim, Deputy Director, Bank Negara Malaysia**
Strengthening Capital Adequacy Frameworks, Malaysian's experience.

Q & A SESSION

13:15-14:30	Lunch
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14:30-16:00	Session 3: Liquidity Management Frameworks
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SESSION BRIEFING NOTE

This session will examine challenges that Islamic banks face to manage their liquidity, notably the state of development of Shari'ah-compliant capital and interbank markets and central bank liquidity instruments, including of a lender-of-last-resort facility. It will also review the existing Basel and IFSB liquidity standards and their implementation in the region, notably the LCR and the availability of HQLAs and the run-off rates for PSIAs and regulatory treatment of international Sukuk including IILM. It will discuss policy options to strengthen liquidity management frameworks for Islamic banking, including the

key role of governments in developing deep and liquid sovereign Sukuk markets supported by sound public financial and debt management frameworks.

Session Chair

Mr. Masood Ahmed

Director, Middle East and Central Asia Department, IMF

Speakers

- **Mr. Datuk Rifaat Ahmed Abdel Karim, CEO, IILM**
Key challenges in liquidity management,
- **Mr. Khalid Howladar Global Head - Islamic Finance Moody's**
Islamic Bank liquidity management,
- **Mr. Michael Grifferty, president of the Gulf Bond and Sukuk Association**
Developing Sukuk markets,
- **Mr. Ijlal Alvi, CEO, IIFM**
Developing Sukuk and interbank markets.
- **Mr. Trevor Skinner – Senior Banking Reviewer, Central Bank of the UAE**
Implementing the LCR and the NSFR.

Q & A SESSION

16:00-16:15

Coffee Break

16:15-17:45

Session 4: Towards Effective Supervision of Islamic Banks

SESSION BRIEFING NOTE

This session will review the different models of supervision in the region, in terms of institutional setting, coverage (e.g., is Shari'ah compliance part of the mandate?), adaptation of on-site and off-site examination manuals, development of metrics (e.g., CAMELS) for risk-based supervision. It will also examine recently issued core principles for effective supervision of Islamic banking, and what is needed to advance their implementation in the region. It will also discuss how to improve consolidated supervision, notably in the context of increased complexity of corporate structure of Islamic banks, and to supervise regionally systematically important institutions. Finally, the session will discuss the key attributes of effective resolution regimes for Islamic financial institutions.

Session Chair

Mr. Alfonso Garcia Mora,

Finance and Markets Global Practice, World Bank

Speakers

- **Mr. Zahid Khokher, Assistant Secretary-General, IFSB**
Global comparative analysis of models of Islamic banking supervision and alignment with core principles for effective supervision of Islamic banking,
- **Mr. Naveed Siddiqi – Head of Examination Team, Central Bank of the UAE**
Metrics Risk-based supervision,
- **Mr. Ahmad Safa, Executive Board Member, Banking Control Commission of Lebanon**
Risk-based supervision.

Q & A SESSION

19:00 –21:00

Dinner

Monday, May 23, 2016

9:00-10:30

Session 5: Developing Macroprudential Frameworks

SESSION BRIEFING NOTE

This session will examine existing macro-prudential frameworks in the region, and whether there is a need to modify instruments or to adapt institutional setting, the latter given the mix between deposit-taking and investment activities in Islamic banking. In particular, the session will review the industry exposure to cyclical sectors such as real estate, and what macro-prudential tools could be used to limit this exposure. It will also discuss the importance of broad-based tools to manage risks from strong linkages between the real economy and Islamic financing, including through profit and risk-sharing instruments. Finally, it will examine how to adapt crisis management frameworks to Islamic banking, notably how to adapt and implement solvency and liquidity stress testing.

Session Chair

Mr. Saeed Al Hamiz, Assistant Governor,
Central Bank of the UAE

Speakers

- **Mr. Gamal Negm, Deputy Governor, Central Bank of Egypt**
Adapting stress-testing tools.
- **Mr. Dawood Ashraf, Senior Financial Analyst, Islamic Research and Training Institute, IsDB**
Specific stability risks for Islamic banking,
- **Mr. Errol Kruger, Managing Director, Supervision and Authorization, QFC Regulatory Authority (TBC)**

Q & A SESSION

10:30-10:45

Coffee Break

10:45-12:15

Session 6: Enhancing Corporate Governance

SESSION BRIEFING NOTE

This session will review the different models of supervision in the region, in terms of institutional setting, This session will discuss the importance of strong corporate governance in Islamic banking. In particular, it will review: (i) the implementation of Basel and IFSB corporate governance principles for Islamic banks; (ii) current Shari'ah governance frameworks in the region and their alignment with AAOIFI and IFSB standards, and whether centralized boards are needed and for what objectives and tasks; (iii) existing consumer protection frameworks and whether they take into consideration the specificities of Islamic banking, such as protecting investment accounts holders, and (iv) the accounting and auditing frameworks and their alignment with the AAOIFI standards, in particular whether the IFRS are appropriate for Islamic banking.

Session Chair

Mr. Gamal Negm,
Deputy Governor, Central Bank of Egypt

Speakers

- **Mr. Hamed Hassan Merah, Secretary General, AAOIFI**
Strengthening Shari'ah governance and accounting and auditing of Islamic banks,
- **Mr. Debashis Dey, Partner, White & Case**

- **Kaiser Naseem, Head Bank Advisory and Digital Finance Services, International Finance Corporation, EMENA, Pakistan and Central Asia**
Corporate Governance of institutions offering Islamic financial services (IIFS).

Q & A SESSION

12:15-13:45	Roundtable Discussion: National Strategies and Capacity Development Needs
<ul style="list-style-type: none"> • Governors • Heads of delegations from regional and international institutions <p>This session will discuss national and regional plans to strengthen regulatory and supervisory frameworks for Islamic banking, and how global and regional institutions could support these plans in terms of policy advice and capacity development.</p>	

13:45-14:00	CLOSING REMARKS Mr. Abdulrahman A. Al Hamidy Director General and Chairman of the Board of the AMF
14:00	Lunch