SHARIAH AND LEGAL ISSUES IN SUKUK STRUCTURING AND DOCUMENTATION

Key Highlights:

- Characteristics and features of various Sukuk structures
- Documentation and drafting requirements for Sukuk
- Shariah issues pertaining to Sukuk structuring and documentation
- Issues pertaining to the tradability of Sukuk
- Sukuk default and restructuring
- Sukuk contracts for hybrid structures and different financial requirements
- Shariah compliant hedging tools available for Sukuk structures

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Background

Despite its impressive growth and development, in recent years the international Sukuk market has witnessed several challenges which have resulted in unprecedented scenarios and situations. Such situations, among others, include post default scenarios, the need for Sukuk restructuring and careful analysis of documentation. REDmoney and MIF Training have joined hands with Dar Al Sharia to offer a complete and comprehensive Sukuk workshop, with a focus on the Shariah, legal and documentation issues of Sukuk instruments. This is an interactive workshop which will cover both theory and practice with live examples from Sukuk issued by government related entities and large corporates in certain jurisdictions, incorporating several innovative structures developed by Dar Al Sharia.

Workshop Aim

The aim of this workshop is to develop the essential knowledge and skills required to understand Shariah documentation and legal issues pertaining to Sukuk programmes and single issuances and to provide in-depth knowledge about intricacies between Shariah structuring and legal documentation for a Sukuk.

Learning Outcomes

At the conclusion of the workshop, participants will be able to:

• Distinguish between the characteristics and features of various Sukuk structures
• Understand the issues pertaining to Sukuk documentation
• Develop a thorough understanding of Shariah issues pertaining to Sukuk structuring and documentation
• Identify issues pertaining to the tradability of Sukuk
• Understand Sukuk default and take into consideration the pros and cons of restructuring
• Apply various Sukuk contracts in achieving hybrid structures for different financial needs, such as liquidity management, project finance and securitization
• Understand Shariah compliant hedging tools used in a Sukuk to safeguard the investors from rate and currency fluctuations

Workshop Methodology

This is a 3 day intensive and interactive workshop with presentations covering different uses of Sukuk, case studies, group discussions and latest in hybrid Sukuk structures.

Core Topics of the Workshop

• General overview of the instrument of Sukuk
• Sukuk tradability, risks and risk mitigation, credit enhancement techniques
• Sukuk structuring and documentation: step-by-step with a “how to do” approach
• Dealing with Sukuk default and the restructuring options available
• Drafting requirements for Sukuk documentation
• Usage of Shariah compliant hedging tools

Who Should Attend the Workshop?

• Islamic and conventional bankers
• In-house counsel and compliance staff from advisors and intermediaries
• In-house counsel from Sukuk issuers
• Private practice lawyers involved in the documentation of Sukuk transactions
• Representatives of regulatory bodies
• Senior officials from rating agencies
• Fund managers investing in Sukuk
• Corporate governance compliance officers

Timing of the Workshop and Master Class

09.00 to 17.00 hours

Expert Course Directors

Dar Al Sharia Legal & Financial Consultancy LLC was established in 2007 to provide consultancy to Islamic financial institutions in applying Shariah principles to achieve innovative, commercially viable and legally compatible solutions. Previously, Dar Al Sharia was the Shariah Coordination Department of Dubai Islamic Bank. The team comprises of Shariah Scholars and Researchers, Lawyers, Bankers, Capital Market and Asset Management Experts, Financial Analysts, Shariah Accountants, IT Consultants, Shariah Auditors and Shariah Trainers.
### Course Agenda

#### Day 1

**Principles of Islamic Finance**
- Islamic Shariah and sources of Islamic Fiqh (brief introduction)
- Prohibition of Riba and other elements
- Prohibition of other elements
- Relationship between 'risk' and 'return'
- Currency - concept and implications
- Differences between Islamic banks and conventional banks

**Introduction to Islamic Contracts and their application in Islamic Finance**
- Concept of contracts in Shariah
- Key features of a contract
- Conditions of a contract
- Valid, void and voidable contracts in Shariah
- Sale based contracts and their uses in Islamic finance
- Investment based contracts and their uses in Islamic finance
- Hybrid structures and their uses in Islamic Finance

**Introduction to Sukuk**
- Introduction to Sukuk and their Shariah basis
- Main differences between Sukuk and equity, bonds, securitization (conventional), covered bonds
- Characteristics and documentation of Islamic capital markets instruments (Sukuk and securitization)

**Fundamental Shariah requirements for the issuance of Sukuk**
- Sukuk transaction’s structure, roles of parties involved and corporate structure requirements
- What assets are required? A distinction between asset based and asset backed Sukuk
- Islamic securitization vs. Sukuk – differences and similarities
- Brief discussion about the available and most common structures
- Innovation, factors driving innovation and documentation requirements

**Sukuk structuring and documentation: A step by step guide**
- Sukuk structures based on sale contracts such as Murabahah, Istisnah, Salam, Musawamah and Ijarah
- Sukuk structures based on investment contracts such as Musharakah, Mudarabah, Wakalah
- Structuring workable Sukuk transactions: structure, drafting and documentation issues – Practical guide
- Drafting recommendations (one size fits all approach)
- Issue of conformity of Sukuk documents to relevant jurisdiction’s laws regardless of Shariah compliance
- Discussion on Shariah form and substance

**Legal and regulatory issues concerning issuance of Sukuk**
- Application of conventional listing rules and regulations to Islamic capital markets instruments

**Redemption or winding-up of Sukuk Instruments**
- Mechanism for redemption (liquidation under investment based structures or exercise of option under the unilateral undertakings), documentation and drafting requirements
- Events of redemption and Shariah guidelines for redemption:
  - Procuring undertakings from Muddarib, Wakil or managing partner
  - Procuring undertakings from lessee
  - Procuring undertakings from unrelated third parties

**Convertibility of Sukuk**
- Types of convertible Sukuk, techniques for convertibility, and Shariah mechanism of convertibility
- Documentation and drafting requirements

#### Day 2

**Monitoring Sukuk transactions for Shariah compliance**
- Guidelines of Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI)
- Guidelines of Islamic Financial Services Board (IFSB)
- Guidelines of Islamic Fiqh Academy of Organization of Islamic Countries (OIC)
- Guidelines of International Islamic Fiqh Academy

**Risks affecting investment Sukuk and securitization and allocation or mitigation of risk**
- Identifying the risks inherent in Sukuk transactions and various Shariah techniques for risk management
- Case studies on Shariah techniques, documentation and drafting requirements

**Tradability of Sukuk**
- What is a tradable Sukuk? Shariah requirements and AAOIFI clarifications for tradable Sukuk
- Is there any distinction between documentation of tradable and non-tradable Sukuk?

#### Day 3

**Post default scenarios**
- Sukukholders’ rights and remedies under Shariah (special focus on the event of default)
- Obligations and liabilities of the trustee, agent and transaction administrators under Shariah
- What will happen to Sukuk assets?
- Documentation and drafting requirements

**Sukuk Restructuring**
- Restructuring scenarios
- Mechanism of restructuring
- Documentation and drafting requirements of restructuring
- Case studies

**Interactive Group Discussions**
- Groups will be formed keeping in view the number of delegates

**Group Structuring Exercises**
- Each group will be given related but different topics
- Each group will discuss the topic and reach a conclusion
- Conclusions provided by all groups will be jointly discussed

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The pricing for this course is as follows:

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<tr>
<td>Register on or before 17th March 2014</td>
<td>US$ 1,710</td>
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<td>Register After 17th March 2014</td>
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Please note: A late booking fee of US$50 will be imposed on registration received within 14 days of the course start date. Fees include training materials, refreshments and lunch. Accommodation is not included.

Yes, I would like to subscribe to Islamic Finance news for the 25% discounted price of just US$745.

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3. Who to invoice and contact?
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5. Send us your registration!
By email: enquiry@redmoneytraining.com By fax: +603 2162 7810
You may also book online at http://www.miftraining.com
Please call us on: +603 2162 7800 or +603 2162 7802 if you require assistance.
Our address is: REDmoney, Suite 22-06, 22nd Floor, Menara Tan & Tan, 207, Jalan Tun Razak, 50400 Kuala Lumpur

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Course Venue: Details & the venue will be sent to you upon registration.