

Legal Documentation for Islamic Financing

Techniques and Strategies for Comprehensive
Understanding on Legal Documentation for
Islamic Financial Instruments

15 - 16 March 2010 ♦ Grand Millennium Hotel Kuala Lumpur, Malaysia

Distinguished Speakers

- **Assoc. Prof. Dr Engku Rabiah Adawiah**
Ahmad Ibrahim Kulliyah of Laws
International Islamic University Malaysia
- **Mohd Johan Lee**
Managing Partner
J Lee & Associates
- **Megat Hizaini Hassan**
Partner, Islamic Banking & Finance Practice
Zaid Ibrahim & Co.

“Not only Practising
Lawyers or Legal
Advisors will benefit
from this short and
comprehensive workshop.
Islamic financiers and
Shariah advisors would
also benefit extensively”

By attending this workshop you will learn:

- Shariah principles and regulatory framework for Islamic banking and securities
- Legal documentation for BBA and Murabahah financing
- Legal documentation for Ijarah and AITAB financing
- Legal documentation for Musharakah Mutanaqisah financing
- Legal documentation for Istisna' financing
- Legal documentation for BBA Sukuk issuance
- Legal documentation for Murabahah Sukuk
- Legal documentation for Istisna' Sukuk issuance
- Legal documentation for Musharakah / Mudarabah Sukuk issuance
- Legal documentation for Sukuk al Ijarah issuance

ABOUT THE WORKSHOP

This workshop is exclusively designed to provide comprehensive and practical knowledge on legal documentation for Shariah compliant products in Islamic banking and Sukuk market. The programme will be covering in detail all major aspects and issues of legal documentation. Presented by learned and experienced Shariah and legal experts as well as lawyers who have engaged in the relevant legal documentation. The end focus of the programme is to equip the participants with comprehensive, up-to-date knowledge so as to enhance the confidence of practitioners, bankers, lawyers and in-house legal advisors' in handling legal documentation of Islamic financial products and instruments. Participants will benefit from analyses of sample agreements and the ample opportunity to address issues related to Islamic financial documentation. Academicians will also find this programme most informative.

Benefit of Attending this Event

- Acquire the knowledge on Shariah principles in Islamic Banking and Finance
- Learn the legal and regulatory framework for Islamic financing in Malaysia
- Identify several Islamic banking and finance products
- Find out the techniques of legal documentation for Islamic financial instruments
- Ascertain the best techniques and strategies for optimal understanding in legal documentation in Islamic banking and finance
- Explore the Shariah and legal issues in legal documentation of Islamic bond issuances - BAIDS, MUNIF, Musharakah, Istisna' and Sukuk al Ijarah
- Update on the recent experiences and developments in drafting legal documentations of Shariah compliant products and instruments

THE PROGRAMME

Day One

15 March 2010 (Mon)

8.30 a.m. : Morning Coffee and Registration

8.50 a.m. : Welcome Remarks from the Chair

9.00 a.m. : **Shariah Principles and Regulatory Framework for Islamic Banking and Securities**

- Overview of the Islamic financial system in Malaysia and worldwide
- Shariah framework and compliance issues
- Shariah and legal documentation - guide on documentation of contracts
- Legal framework for Islamic banking and finance in Malaysia
- The main statutes
- Jurisdiction over Islamic banking and finance cases
- Overview of capital market instruments and activities in Malaysia
- Key legislations and other rules & guidelines
- Example of some of the guidelines
- SAC's approved Shariah principles
- Disclosure of material information in the issuance of Islamic securities

10.00 a.m. : Tea Break

10.30 a.m. : **Legal Documentation for BBA and Murabahah Financing I**

- Definition and concept of Murabahah & BBA
- General principles in BBA and Murabahah
- Issues in Murabahah and BBA
- Common legal issues for BBA & Murabahah
 - Definition of ownership to an asset and principle of nemo dat
 - Disclosure of the rate
 - Compensation clause
 - Right to reposses etc.
 - Order 83, Rules of High Court
 - Judgement sum etc.
- Review sample clauses on BBA

11.30 a.m. : **Legal Documentation for BBA and Murabahah Financing II**

- Legal documentation for BBA & Murabahah
- List of common documents
- Issues with sample clauses:
 - Understanding the contracts
 - Which is the BBA/Murabahah contract?

KILLS IN LEGAL DOCUMENTATION FOR ISLAMIC FINANCE

- Minimum contents of the main contracts
- Murabahah sale price
- Misunderstanding the nature of sale contracts
- Description of the Shariah principles used
- Islamic law of contracts & instruments
- Tying up of APA & ASA
- BBA for property under construction
- Other Issues with sample clauses

Case Studies:

- *Dato' Haji Nik Mahmud bin Daud v Bank Islam Malaysia Bhd (1998)*
- *Islamic Investment Company Of The Gulf (Bahamas) Ltd. v Symphony Gems N.V. & Others*
- *Shamil Bank of Bahrain v Beximco Pharmaceuticals Ltd and others*
- *BIMB v. Adnan bin Omar*
- *Affin Bank Berhad v Zulkiffli bin Abdullah (2005)*

12.30 p.m. : Lunch

2.00 p.m. : Legal Documentation for Musharakah Mutanaqisah Financing

- Definition and concept of Musharakah
- Requirements of Musharakah Mutanaqisah financing
- Musharakah Mutanaqisah legal documentation for business financing
- Musharakah Mutanaqisah legal documentation for property financing
- Review sample clauses

2.50 p.m. : Legal Documentation for Istisna' Financing

- Istisna' - concept and definition
- Istisna' as a mode of financing
- Legal documentation - structure
- Issues and recommendations
- Review sample clauses on Istisna'

3.30 p.m. : Tea Break

4.00 p.m. : Legal Documentation for AITAB and Ijarah Financing

- General principles in Ijarah & AITAB
- Legal documentation for Ijarah & AITAB
- Differences with conventional leasing documents
- List of common documents
- Issues with sample clauses:
 - Governing law
 - Sharing of risks

- Insurance & insurance costs
- Liability to pay rent despite intervening events
- Effects of delay in delivery of ijarah asset
- Late payment of rental
- Default & its effects
- Repossession
- Other Issues

5.30 p.m. : End of Day One

Day Two

16 March 2010 (Tue)

8.30 a.m. : Morning Coffee

8.50 a.m. : Welcome Remarks from the Chair

9.00 a.m. : Legal Documentation for BBA and Murabahah Bonds Issuance

- Definition and concept of BBA and Murabahah bonds
- Differences between conventional bonds and Islamic bonds;
 - Underlying Principle
 - Tenure
 - Tender panel
 - Underlying contract
 - SC Guidelines
 - Value of bonds
 - Asset purchase transaction;
- Statutory framework – Securities Commission Act 1993;
 - Section 32 of the Securities Commission Act 1993 ("SCA")
 - Guidelines on the Offering of Islamic Securities
- Legal documentation in BBA bonds and Murabahah bond
 - Trust deed
 - Bonds Issuance Facility
 - Asset Purchase Agreement
 - Asset Sale Agreement

Case Studies:

- *RM760 Million World Bank Sukuk (Malaysia)*
- *Bahrain Salam Sukuk (Bahrain)*

10.30 a.m. : Tea Break

11.00 a.m. : Legal Documentation for Istisna' Sukuk Issuance

- Definition and concept of Istisna' bonds
- Salient features of Istisna' bonds

FINANCIAL PRODUCTS & INSTRUMENTS

- Structure of Istisna' bonds
- The transaction document - Primary and Secondary documentations
- Review sample of documentation

Case Studies:

- RM5.6b SKS Power Istisna' MTN (Malaysia)

12.30 p.m. : Lunch

2.00 p.m. : Legal Documentation for Musharakah Sukuk Issuance

- Definition and concept of Musharakah sukuk
- Salient features of Musharakah bonds
- Structure of Musharakah bonds
- The transaction document - Primary and Secondary documentations
- Review Sample Clauses on Musharakah Sukuk
 - Issuance of Sukuk Musharakah
 - Sharing of profit and losses
 - Expected Musharakah profit
 - The charge
 - Return on Investment for Sukuk holders
- Issues
 - Guarantee of capital/profit
 - Issuance of Sukuk at a discount?
 - Security and collateral?
 - Compensation clause?
 - Default situation and obligation of issuer?
 - Managing Musharakah (performance) risks

3.00 p.m. : Legal Documentation for Mudarabah Sukuk Issuance

- Mudarabah: definition & guidelines
- Profit/losses
- Managing Mudarabah risks
- Mudarabah Sukuk documentation
 - Guarantee of capital/profit
 - Issuance of Sukuk at a discount?
 - Security and collateral?
 - Compensation clause?
 - Default situation and obligation of issuer?
 - Managing Musharakah (performance) risks

Case Studies:

- USD550 Million Wings FZCO Musharakah Sukuk (UAE)
- USD400 Million IDB Sukuk al Istithmar (IDB)
- RM80 Million PGM Mudarabah Sukuk (Malaysia)
- RM2.5 Billion Musharakah One Asset-Backed Sukuk (Malaysia)
- USD400 Million IDB Sukuk al Istithmar (IDB)

4.00 p.m. : Tea Break

4.30 p.m. : Legal Documentation for Sukuk al Ijarah Issuance

- Definition and concept of Sukuk al Ijarah in Islamic securities

- Structure of Sukuk al Ijarah
- The transaction document - Primary and Secondary documentations
 - Purchase Agreement
 - Master Ijarah Agreement
 - Seller's Declaration of Trust
 - Service Agency Agreement
 - Insurance (Takaful) Agreement
 - Purchase Undertaking Deed
 - Sale Undertaking Deed
- The land parcels
- Details of the structure
- The service agency agreement
- Termination
- Review sample clauses on Ijarah Sukuk
 - Issuance of Sukuk
 - Acquisition of the assets
 - Ijarah rental agreements
 - Insurances and other issues
- Issues
 - Buy-back arrangement by lessee?
 - Floating Ijarah rental based on conventional bench-mark?
 - Ijarah asset securitization?
 - Beneficial ownership of Ijarah asset by lessor? and etc.
- Insurances and other issues

Case Studies:

- USD700 Million Qatar Global Sukuk (Qatar)
- SR98 Million Caravan One Sukuk (Saudi Arabia)
- €100 Million Saxony-Anhalt Sukuk (Germany)

GROUP EXERCISE

- In this session, delegates will be exposed to several legal cases and legal documentation in Islamic financing and Sukuk Issuances. The group exercise will also focus on how to examine the documents in term of Shariah compliance.

5.30 p.m. : End of Workshop

Past Comments...

- "Very informative and detailed presentation plus group exercises for better understanding of relevant principles"
- "Provides understanding as to the legal aspects of the Islamic financing and how they work / operate"
- "Knowledgeable speakers, excellent course notes, well paced programme delivered clearly and precisely"
- "Very good programme as a way to impart knowledge on legal documentation in IFIs"

About Your Expert Course Trainers



Dr Engku Rabiah Adawiah is currently an Associate Professor at Ahmad Ibrahim Kulliyah of Laws, International Islamic University Malaysia (IIUM). She obtained her LLB (First Class Honours) and LLB (Shari'ah) (First Class Honours) from the IIUM. Shortly thereafter, she successfully completed her Masters of Comparative Laws (MCL) with distinction from the same university. In 1998, she was conferred with PhD in law (Securities Regulation) from the University of Aberdeen, United Kingdom. She teaches both Shari'ah and civil law; particularly on the subjects of Islamic transactions, company law and Islamic banking and securities at both undergraduate and postgraduate levels. Her research interest is in securities regulation, company law, Islamic law of transaction, and Islamic banking and finance. Her publications include articles in some journals and periodicals in Malaysia. She has presented in various conferences, seminars, workshops and in-house trainings on Islamic Banking and Finance. She also serves as a member of Shariah Advisor and shariah consultant to several financial institutions and legal firms. Currently, she is a member of the Syariah Advisory Council of Bank Negara Malaysia, and an independent Shariah Advisor for Islamic securities issuance, approved by and registered with the Malaysian Securities Commission. In addition, she is also a member of the investigation tribunal for the Malaysian Bar Council.



Mohd Johan Lee is the managing partner of J. Lee & Associates, a medium-size legal firm in Malaysia. He graduated with LLB (Hons) Degree from International Islamic University Malaysia ranking among the tops of his year. He also holds a Master of Comparative Laws degree and a post-graduate Diploma in Shariah and Legal Practice. He is currently a qualified member of the Chartered Institute of Arbitrators, UK as well as a registered mediator. He is an advocate and solicitor of the High Court of Malaya. Proficient in English, Malay, Mandarin, he is also a qualified Shariah practitioner of the Shariah court. At present he is also attached with the law faculty of Macquarie University, Australia as a doctorate candidate in corporate and commercial law. He has also been a part-time tutor and lecturer in the law faculty of International Islamic University Malaysia since 1999 for both undergraduate and postgraduate law programmes.



Megat Hizaini Hassan is a partner of the firm's Islamic Banking and Finance Practice, Zaid Ibrahim & Co. Megat advises on matters relating to Islamic banking and finance, as well as corporate legal and regulatory developments. He advises clients on the structure and documentation for Islamic banking and trade financing facilities, and appropriate structures for Islamic financing. He has advised clients on issues relating to the proposed incorporation of Islamic subsidiary by Central Bank of Malaysia and legal and regulatory issues relating to Islamic banking and finance. Megat graduated with a Bachelor of Laws degree from the International Islamic University Malaysia, as well as Master of Law (LL.M.) degrees from the University of Cambridge and Harvard Law School, respectively. Megat is the co-author of the book entitled "The Law and Practice of Islamic Banking and Finance" published by Sweet & Maxwell.

Who Should Attend

- Central Bankers and Regulators
- Board of Directors
- Chief Financial Officers
- Senior Managers of Islamic banking
- Senior Managers of Takaful and Insurance
- Senior Financial/Auditor
- Chief Risk Officer
- Risk Management Manager
- Fund Managers
- Corporate Treasurers
- Financial Controllers
- Finance and Account Managers
- Fund Managers and Remisiers
- Accountants and Auditors
- Compliance Officers
- Academicians and Researchers
- Islamic Financial Consultant
- Shariah Advisor
- Corporate Lawyer
- Other interested parties

Course Timing

The workshop will commence at 0900 everyday and finish at 1730. Registration will take place at 0830 on Day One. There will be 3 breaks at appropriate intervals for refreshments and lunch. Morning coffee will also be provided at 0830.

IN HOUSE TRAINING

Similar programme can be customised to the needs of your organisation. To finding more on our unique range of successful in-house programme, please do not hesitate to call us at: (603) 41081439 or e.mail at info@cert.com.my (<http://www.cert.com.my>)

The Organiser

CENTRE FOR RESEARCH AND TRAINING

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Registration Form

2-Day Workshop on

Legal Documentation for Islamic Financing

15 - 16 March 2010

Grand Millennium Hotel Kuala Lumpur

Dear Sir/Ms

Please register the following name(s) for this workshop :

1. Name: _____

Position: _____

Email: _____

2. Name: _____

Position: _____

Email: _____

(Please photocopy for more participants)

Approving Officer:

Name: _____

Position: _____

Organisation: _____

Address: _____

Tel: _____ Fax: _____

Email: _____

How to Register



Tel: (+603) 41081439



Fax: (+603) 41061549



Email: zarina@cert.com.my / ayyub@cert.com.my



Post your registration form duly signed by your nominating officer to:

Zarina (Senior Event Manager)
Cert Events Sdn. Bhd. (665109-H)
277, Jalan Bandar 11, Metro Melawati
53100 Kuala Lumpur, Malaysia
Website: www.cert.com.my

We will send you a confirmation note on receiving your registration form.

Workshop Fee

Your investment for attending this workshop is:

- Early Bird Fee : (Payment by 1 March 2010)
- RM2,000 / USD600 per person
- Regular Fee : (Payment after 1 March 2010)
- RM2,500 / USD750 per person

The fee includes lunch, refreshments, workshop documentation and certificate of attendance

How to Pay

- Workshop fees must be paid before commencement of the programme.
- All cheques should be crossed and made payable to "Cert Events Sdn. Bhd."

After receiving payment a receipt will be issued. If you do not receive a letter outlining joining details two weeks prior to the event please contact the event coordinator at CERT.

Special Group Discount

- Discount of 10% for 2 participants from the same organisation.
- Discount of 15% for 3 or more participants from the same organisation.
- Special discount for shariah advisor and academic staff.

Cancellations

If you are unable to attend, a substitute is welcome at no extra cost. A complete set of workshop documentation and a 50% refund will be given for cancellation received in writing not later than 2 weeks prior to the workshop date. Unfortunately, only a 25% refund and documentation workshop will be given for cancellation received within 2 weeks before programme commencement.

We reserve the right to reschedule the workshop due to circumstances beyond our control

Hotel Accommodation

Hotel is not included in the event fee. To reserve accommodation at the workshop venue, please contact hotel address below:

Grand Millennium Kuala Lumpur

160 Jalan Bukit Bintang

55100 Kuala Lumpur

Malaysia

Tel: +60 3 2117 4888 Fax: +60 3 2142 1441

Website: www.millenniumhotels.com

Incorrect Mailing Address

If you have received multiple mailings of this brochure or incorrect company details on the address, please accept our apologies. If this occurs, kindly notify us so that we can update our database.

The organiser reserves the right to cancel/amend the programme in extreme circumstances. Should this occur, they will endeavour to advise delegates at the earliest opportunity but take no responsibility for any irrecoverable costs on the part of the delegates, eg. air fares, hotel costs. Obviously, attendance fees would, in such circumstances, be fully refundable at the delegate's option.

Register Now & Fax Back to (603) 41061549 (www.cert.com.my)