

DFM publishes updated versions of its Shari'a standards to cater for the growing interest in green economy and sustainability

- **HE/ Essa Kazim: “We are committed to expand our standards in line with the Islamic finance’s momentum as a result of the leading initiative of His Highness Sheikh Mohammed bin Rashid Al Maktoum to fortify Dubai’s position as the capital of Islamic economy globally”**
- **Dr. Hussein Hamed Hassan: “The amendments focused on green economy’s sustainability and environment protection as both aspects are amongst the key objectives of the Islamic Shari’a”**

Dubai, 10 December 2018: As part of its constant efforts to strengthen the regulatory framework supporting the growth of Islamic capital markets sector, the Dubai Financial Market (DFM), today published updated versions of its Shari’a

standards. The updated standards include; Standard on Shares issued in 2007, Standard on Sukuk issued in 2014 as well as the draft of Standard on Investment Funds circulated for consultation earlier this year.

The DFM is the first Shari'a-compliant exchange globally since 2007. DFM's standards are the first of its kind that thoroughly explain the Islamic investment instruments including; Sukuk, shares and green investment funds and called for expansion in utilizing these instruments.

His Excellency Essa Kazim, Chairman of DFM said: "Since 2007, the DFM is playing an active role in the joint efforts to further strengthen Dubai's leading position in the Islamic economy sector. We have introduced numerous initiatives including the creation of a favorable regulatory framework and standards that support the growth of this sector. We also provide market participants with the classification of the listed companies as per compliance to Shari'a rules as well as

the calculation of the non-compliant income and the zakat calculation and we urge investors to disseminate the zakat. These initiatives have been very useful for investors who are looking to invest in line with the Islamic Shari'a rules.”

“In addition to our continuous efforts to expand our array of Shari'a standards as we are currently preparing to launch a new standard on investment funds, we are also committed to review and update the previously issued standards to cater to the rapid developments in the Islamic finance industry. This sector is witnessing a robust momentum as a result of the leading initiative of His Highness Sheikh Mohammed bin Rashid Al Maktoum, UAE Vice President, Prime Minister and Ruler of Dubai, aimed to fortifying Dubai's position as the capital of Islamic economy globally. The new additions and updates take into consideration investors' growing interest in green economy and sustainability,” HE/ Essa Kazim added.

According to the 2018/2019 report on the state of global Islamic economy, the Islamic finance sector is rapidly growing due to the increased demand on Shari'a-compliant finance. Total assets of this sector are estimated at \$2.4 trillion and are expected to reach \$3.8 trillion by 2023.

Dr. Hussein Hamed Hassan, Chairman of DFM's Fatwa and Shari'a Supervisory Board said: "The Board has reviewed standards of shares and Sukuk as well as the draft of the investment fund standard that we published for consultation in 2018, in line with the most recent developments. We have introduced significant updates to the standards based on the feedback from Shari'a scholars, bankers, legal advisors, and experts of Islamic finance as well as regulatory institutions. The main updates of the standards address the green economy that focuses on sustainability and environment protection; both are amongst the key objectives of the Islamic Shari'a. The updates cover in detail the green instruments such as Sukuk and shares as well as green investment funds. Recently, the green

instruments are increasingly attracting attention across the world and they are mainly financing environment-friendly projects such as infrastructure and projects with minimal or no environment-harming emissions.”

A report by FTSE Russell on the outlook of the green economy estimated that this sector is now worth as much as the fossil fuel sector with 6% of the global stock market, roughly \$4 trillion USD, coming from the clean energy, energy efficiency, water, waste and pollution services. If the sustainable economy maintains its current course, it could represent as much as 10% of the global market value by 2030, assuming around \$90 USD trillion in green investment have been made by then.

It is noteworthy the updated standards also included new and amended sections about the mandatory disclosure to ensure that investors act based on highest levels of clarity. It also stipulates the necessity of forming a subscribers’

committee to monitor the activities of the fund manager in case of having a Mudaraba fund or even guiding the manger in case of having a Wakala, hence these standards are a market leader and a key guidance in this sector.

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About Dubai Financial Market: Dubai Financial Market (DFM) was established as a public institution with its own independent corporate body. DFM operates as a secondary market for the trading of securities issued by public shareholding companies, bonds issued by the Federal Government or any of the local Governments and public institutions in the country, units of investment funds and any other financial instruments, local or foreign, which are accepted by the market. The DFM commenced operations on March 26, 2000 and became the first Islamic Shari'a-compliant exchange globally since 2007. Following its initial public offering in November 2006, when DFM offered 1.6 billion shares, representing 20 per cent of its paid-up capital of AED 8 billion, DFM became a public joint stock company and its shares were listed on 7 March 2007 with the trading symbol (DFM). . Following the IPO, the Government of Dubai retained the remaining 80 per cent of DFM Company through Borse Dubai Limited. www.dfm.ae

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