

IFSB

December 2007
Frankfurt

DIFX and Islamic Finance

Faisal Hoodbhoy
Managing Director
Corporate Finance

بورصة
دبي
العالمية



Dubai
International
Financial
Exchange



TraX
تراكس

Outline

- A Framework for the Future
- The DIFX
- Islamic Structured Products on TraX
- Sukuk on the DIFX
- Latest Initiative

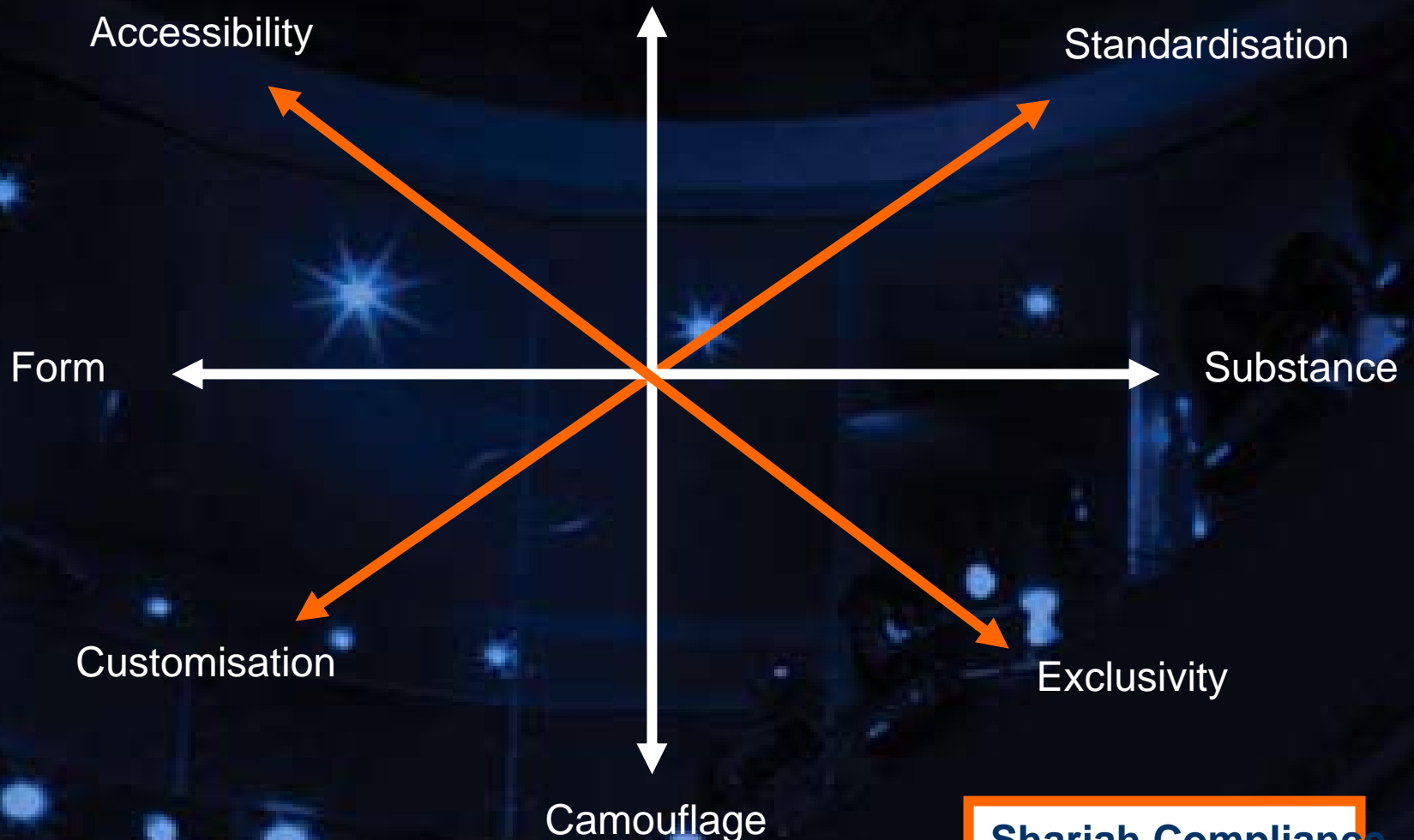


A Framework for the Future

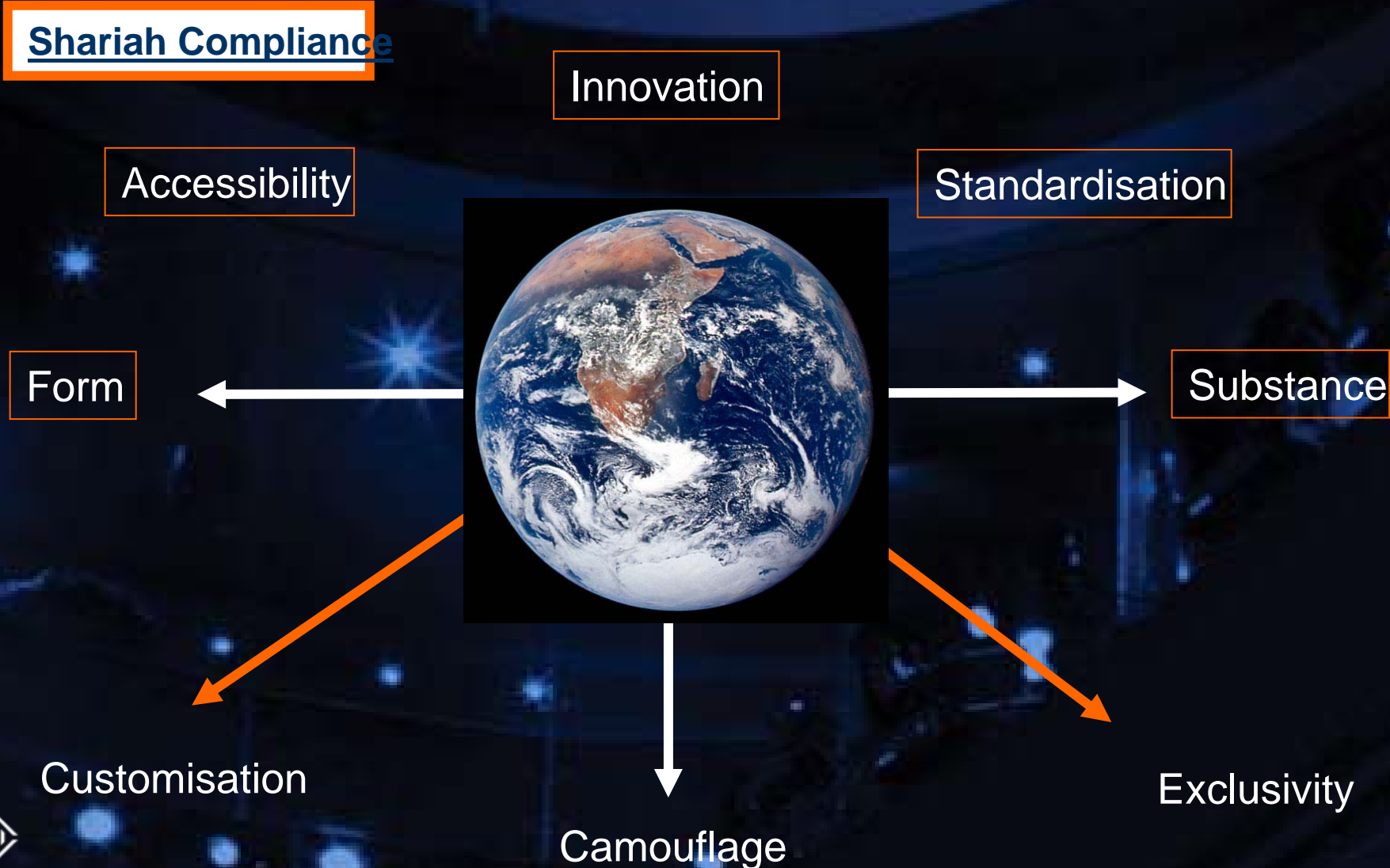
Strategic Axes

Innovation

Tactical Axes



The DIFX Perspective



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DIFX

- Region's First International Market

- 26 September 2005

- Borse Dubai – 7 August 2007 (DFM and DIFX)



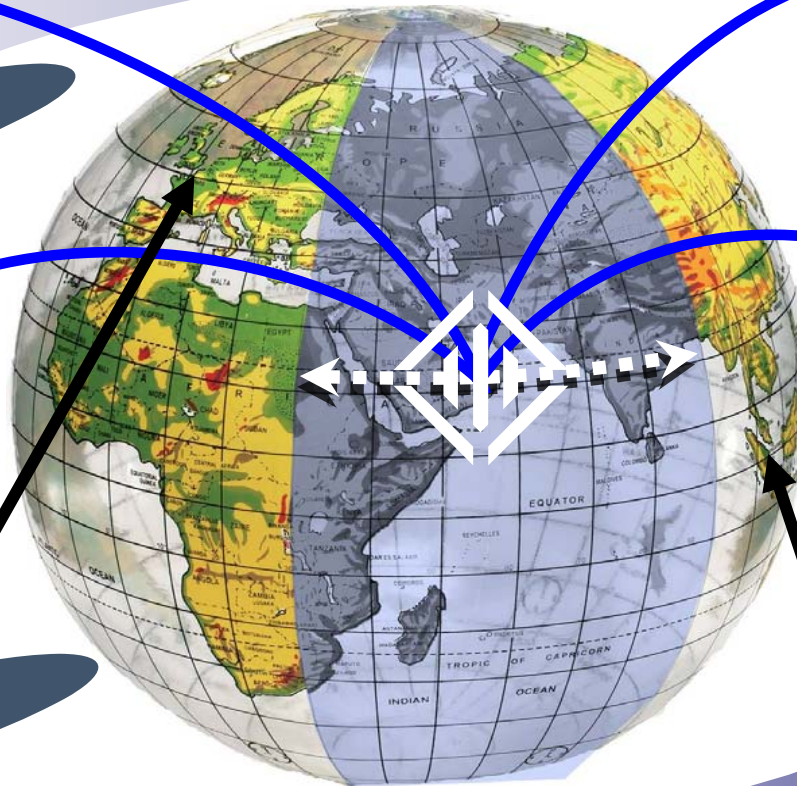
The DIFX - serving a New International Time Zone

International Issuers seeking Regional Investors

Regional Issuers seeking International Investors

Regional Investors seeking International Investments

International Investors Seeking Regional Investments



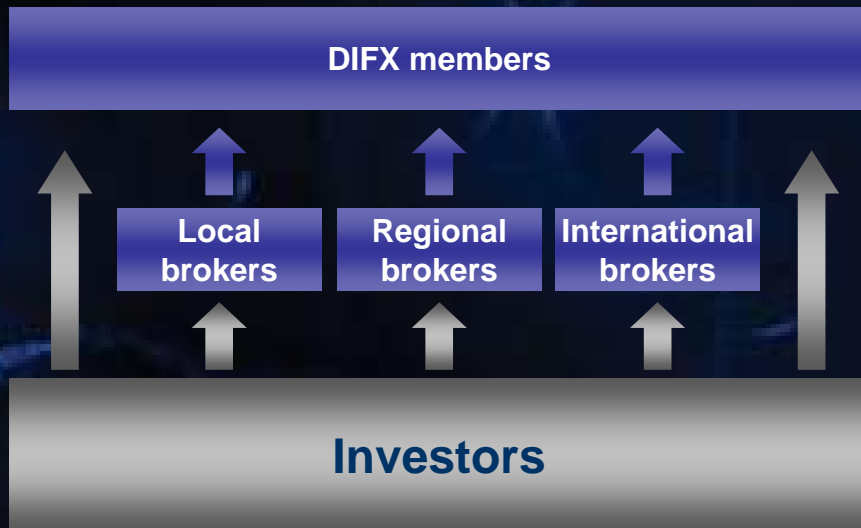
London

Singapore



DIFX – trading and member network

Trading on DIFX



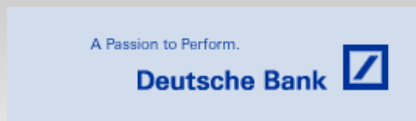
Members and brokers

- The DIFX has 19 trading members that trade directly on the exchange
- The DIFX also has a rapidly growing network of brokers that connect to the DIFX through trading members
- This connection is known as Direct Market Access (DMA)
- With all the big local brokers connected, DIFX has connectivity to a domestic market with high net worth individuals and \$3 trillion¹ of excess liquidity



Trade on the DIFX through the following members or...

Trading Members



UBS

HSBC



المجموعة المالية - هيرميس
EFGHERMES



ARBUTHNOT



Jefferies 



....for retail access contact the following regional brokers.



DMA



DMA



DMA



DMA



DMA



TM



DMA



DMA



DMA



TM



DMA

Online Trading



DMA



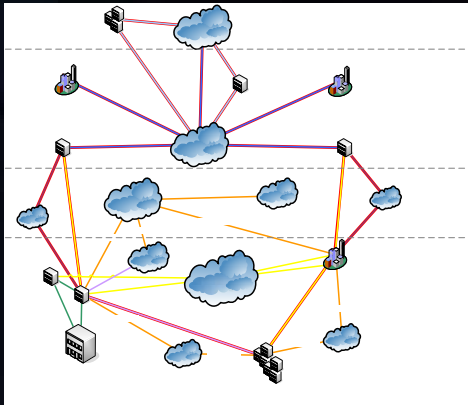
DMA

Trading & Settlement

State-of-the-art trading system

Operational infrastructure

Trading



- Globally recognized electronic trading system NSC (provided by Atos Euronext)
- Proven front end system provided by GL
- The platform supports trading in equities, debt securities, sukuk and structured products
- Trading capability of 80,000 orders & 55,000 trades per day
- Liquidity is provided through appointed market makers
- Trading and settlement in USD from Monday through Friday 11:45-17:00 (Dubai time).

Settlement



- DIFX operates a central counterparty clearing system using software supplied by Tata Consultancy Services (TCS). T+3.
- Standard Chartered Bank is the DIFX clearing bank
- DIFX is linked to Euroclear and Clearstream providing international investors with simple clearing and settlement



Strong market data availability

Through trading platform

- GL front end system
- System environment well known by investor community
- All relevant market data available:
 - Tickers
 - Price
 - Trades
 - Volume
 - Order book
 - Etc.

Through external market data

- DIFX feeds market data directly to Bloomberg, Reuters as well as local and regional market data vendors
- Market data also available on DIFX website and DFM trading floor
- Many local brokers provide market data through on line services



All relevant market data readily available



Market of Markets

DIFX a true market of markets



Fully operational with proven international market models

Scheduled launch 2008/ TBD

- Highest international regulatory standards available for all investors – global/regional/local - institutional and retail
- DIFX offers one liquid comprehensive platform to trade multiple asset classes
- A strong and active home retail market together with international investors underpins liquidity on DIFX

DIFX is a liquid and unique platform for international investors



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Structured Products Market

1st

Structured Product Platform in the Region

Listing and Trading

Islamic and Conventional SPs



DIFX

TraX

تراكس



DIFX TraX Launch - 28th of August 2007



Listed Structured Products	Category	Issuer	Trade Symbol	Short Name
10 Year Certificates linked to Dubai Investable Index	IC	ML	MLITD	TRACKR-10YIC-DUBAI
DB Cert. I Europe	IC	DB	DBEUC	DB CROCI (I) EU
DB Cert. I Global	IC	DB	DBGLC	DB CROCI (I) GL
DB Cert. I Japan	IC	DB	DBJPC	DB CROCI (I) JP
DB Cert. I US	IC	DB	DBUSC	DB CROCI (I) US
DB Dax 30	IC	DB	DBDAX	DB Dax 30
DB EuroStoxx 50	IC	DB	DBEUR	DB EuroStoxx 50
DB Nikkei 225	IC	DB	DBNIK	DB Nikkei 225
DB S&P 500 Index	IC	DB	DBSP5	DB S&P 500
DB Stoxx 50	IC	DB	DBSTX	DB Stoxx 50
X-pert Certificates on the db Abu Dhabi Index	IC	DB	DBXAD	XPERT-IC-ABUDHABI
X-pert Certificates on the db Dubai Index	IC	DB	DBXAI	XPERT-IC-DUBAI
X-pert Certificates on the db Pan-GCC Index	IC	DB	DBXCC	XPERT-IC-GCC
X-pert Certificates on the db Qatar Index	IC	DB	DBXQA	XPERT-IC-QATAR
100% Capital Protected Notes Linked to a Basket of Commodities & UAE Indices	CP	DB	DBPIX	PROTECT-3YCP-MIXED
100% Capital Protected Notes Linked to CROCI Basket	CP	DB	DBPOC	PROTECT-2YCP-CROCI
Equity & Commodity Index (3Y)	CP	MS	MSECI	EQTYCOM-3YCP-BASKT
Outperformance Note on the Smart Money Equity Index and S&P 500 Index (5Y)	CP	MS	MSPOS	PERFORM-5YCP-SMART
Outperformance Note on the World Target Equity Index and the MSCI World Index (4Y)	CP	MS	MSPOT	PERFORM-4YCP-TARGT
Trend Optimiser (3Y)	CP	MS	MSOOT	OPTIMUM-3YCP-TREND
Discount Certificates on the db Abu Dhabi Index	DC	DB	DBDAD	DISC-1YDC-ABUDHABI
Discount Certificates on the db Dubai Index	DC	DB	DBDAI	DISC-1YDC-DUBAI
1Y Reverse Convertible Certificate Linked to the Dubai Investable Index	RC	ML	MLRAI	REVRSET-1YRC-DUBAI

Islamic Structured Products on DIFX TraX



4 international banks are planning to list Islamic structured products in the near future: Citigroup, Deutsche Bank, Merrill Lynch and Morgan Stanley.

A Passion to Perform.

Deutsche Bank 

Morgan Stanley 



Why Islamic Structured Products?

- Attractive
- Alternative
- Trusted Issuers
- Easy to trade on the DIFX

Exactly like Equity!

Ideal tool for short/medium/long term liquidity management



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Sukuk Listed...



**PCFC Development
FZCO**

US \$ 3,500,000,000
Trust certificates Due 2008

January 26, 2006



**Aabar Sukuk
Limited**

US \$ 460,000,000
Trust certificates Due 2010

June 30, 2006



**TID Global Sukuk
Limited**

US \$ 150,000,000
Trust certificates Due 2011

October 16, 2006



**Nakheel
Development
Limited**

US \$ 3,520,000,000
Trust certificates Due 2009

December 14, 2006



**DIB Sukuk
Company Limited**

US \$ 750,000,000
Trust certificates Due 2012

March 26, 2007



**DAAR International
Sukuk Limited**

US \$ 600,000,000
Trust certificates Due 2010

May 28, 2007



**IIG Funding
Limited**

US \$ 200,000,000
Trust certificates Due 2012

June 14, 2007



...Sukuk Listed



**Dubai Sukuk
Centre Limited**

US \$ 1,250,000,000
Trust certificates Due 2012

June 18, 2007



**DP World Sukuk
Limited**

US \$ 1,500,000,000
Trust certificates Due 2012

July 3, 2007



**Cherating Capital
Limited**

US \$ 850,000,000
Trust certificates Due 2012

July 6, 2007



**Dar Al Arkan
International Sukuk
Limited**

US \$ 1,000,000,000
Trust certificates Due 2010

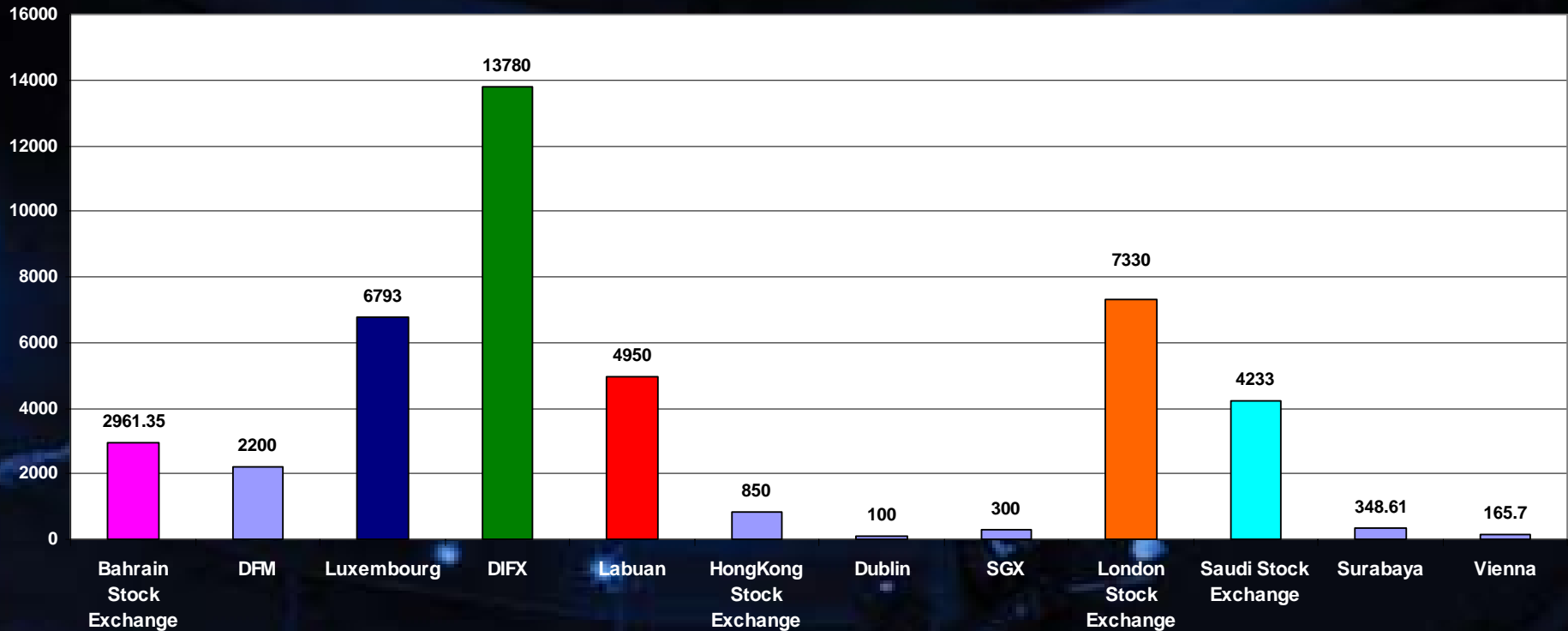
July 23, 2007

Total Sukuk Value of USD 13.78 billion



Value of Listed Sukuk by Exchange

(World/2001-2007/ USD Millions)



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LATEST INITIATIVE



DIFX | Dubai International Financial Exchange

HSBC 

The world's local bank

HSBC/ DIFX FAMILY OF INDICES

28 New Indices

Sukuk (10)

Bonds (11)

Aggregate
(7)



List of Indices

SUKUK

CONVENTIONAL BOND

AGGREGATE

MAIN INDEX

Sukuk (SKBI)

ME Conventional (MEBI)

ME Aggregate (MEAG)

SUB-INDICES

Sovereign (SUSI)

Sovereign (MECS)

GCC (GCCB)

Corporates (SUCI)

Corporates (MCCB)

GCC Sovereign (GCSI)

Financial Services (SUF1)

Financial Services (MECF)

GCC Non-sovereign (GNSA)

HSBC Amanah (HASI)

DIFX listed (CBIX)

UAE (AEAI)

DIFX listed (SKIX)

GCC (GCBI)

Investment Grade (MEIG)

GCC (GSKI)

GCC Corporates (GCC1)

Sub Investment Grade (MSIG)

GCC Corporates (GSKC)

GCC Financial Services (GCF1)

GCC Financial Services (GSKF)

GCC Senior Financial Services (GCSF)


UAE (AESI)

GCC Subordinated Financial Services (GSFI)


UAE (AECI)



www.difxhsbcindices.com




دولة
الإمارات
القلمرية




HSBC The world's local bank

Welcome to the HSBC/ DIFX Family of Indices

SKBI



MEBI



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List of Indices

Sukuk Indices


Bloomberg Code	Index Name	Total Return	%Change from Yearbegin	Year to Date % Change
SKBI	Sukuk	102.56	55	22
SUSI	Sovereign	111.00	21	14
SUCI	Corporate	106.50	24	65
SUFI	Financial Services	107.43	56	25
HASI	HSBC Amanah	105.65	11	14
SIOX	DIFX Index	111.00	21	14
GSH	GCC	106.50	24	65
GSHC	GCC Corporate	107.43	56	25
GSHF	GCC Financial Services	106.50	24	65
ASBI	UAE	107.43	56	25

Middle Eastern Conventional Bond Indices

Bloomberg Code	Index Name	Total Return	%Change from Yearbegin	Year to Date % Change
MEBI	Middle Eastern Conventional (MEBI)	102.56	55	22
MECS	Sovereign	111.00	21	14
MECP	Corporate	106.50	24	65
MECF	Financial Services	107.43	56	25
CEIX	DIFX Index	105.65	11	14
GCB	GCC	111.00	21	14
GCD	GCC Corporate	106.50	24	65
GCFI	GCC Financial Services	107.43	56	25



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HSBC The world's local bank


HSBC/ DIFX Sukuk US Dollar Bond Index (SKBI)

The HSBC/ DIFX US Dollar Sukuk Index (SKBI) is designed as a replicable benchmark tracking the return of an emerging sukuk portfolio (it consists of USD/GBP/JPY/EUR-denominated fixed floating rate vanilla sukuk).

SKBI



MEBI



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List of Indices

Sukuk Indices

Date	Total Return	Duration	Yield	Spread	Life	Clean Price	Coupon	Liquidity Adj	Total Market Capital
1 Jan 2007	100.1972	5.0204	6.9246	22	5.5273	99.2017	0.6345	44079.23	44079.23
2 Jan 2007	100.2324	5.0204	6.9246	14	5.5167	79.2017	0.6345	44130.69	44130.69
3 Jan 2007	100.1972	106.50	7.0246	65	5.5167	97.2017	0.6345	44144.96	44144.96
4 Jan 2007	100.1972	5.0204	6.9246	25	5.5167	99.2017	0.6345	44125.62	44125.62
5 Jan 2007	100.2324	106.50	6.9246	14	5.5167	79.2017	0.6345	44096.13	44144.96
6 Jan 2007	100.1972	5.0204	6.9246	14	5.5167	99.2017	0.6345	44096.19	44125.62

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Disclaimers

Bloomberg

Sukuk Index



Why the DIFX?

Islamic Financial Hub

A High Quality Electronic Platform

High Standards of Regulation – Trust

Global, Regional and Local Access

Diversity of Products

Attractive Portfolio Management Tools

Retail and Institutional Market of the Region

- Because it is Open to all, and to new Ideas.
- Because it is committed to the Future of Islamic Finance.



Top Management

Senior Management



CEO
Per Larsson



EO
Hamed Ali

Corporate Finance



MD
Faisal Hoodbhoy

Legal



MD
Muna Farid

Market Operations



MD
Peter FitzGerald

Innovation & Development



MD
Armen V. Papazian



Thank You!

WORLD'S LARGEST SUKUK EXCHANGE : REGIONS FIRST INTERNATIONAL MARKET : REGIONS FIRST STRUCTURED PRODUCTS MARKET PLATFORM : 2 YEARS

Be Part of the Future!

Let us make DIFX your Market!

