

**The 2nd International Islamic Financial Markets
Conference, Bahrain**

ISLAMIC UNIT TRUSTS

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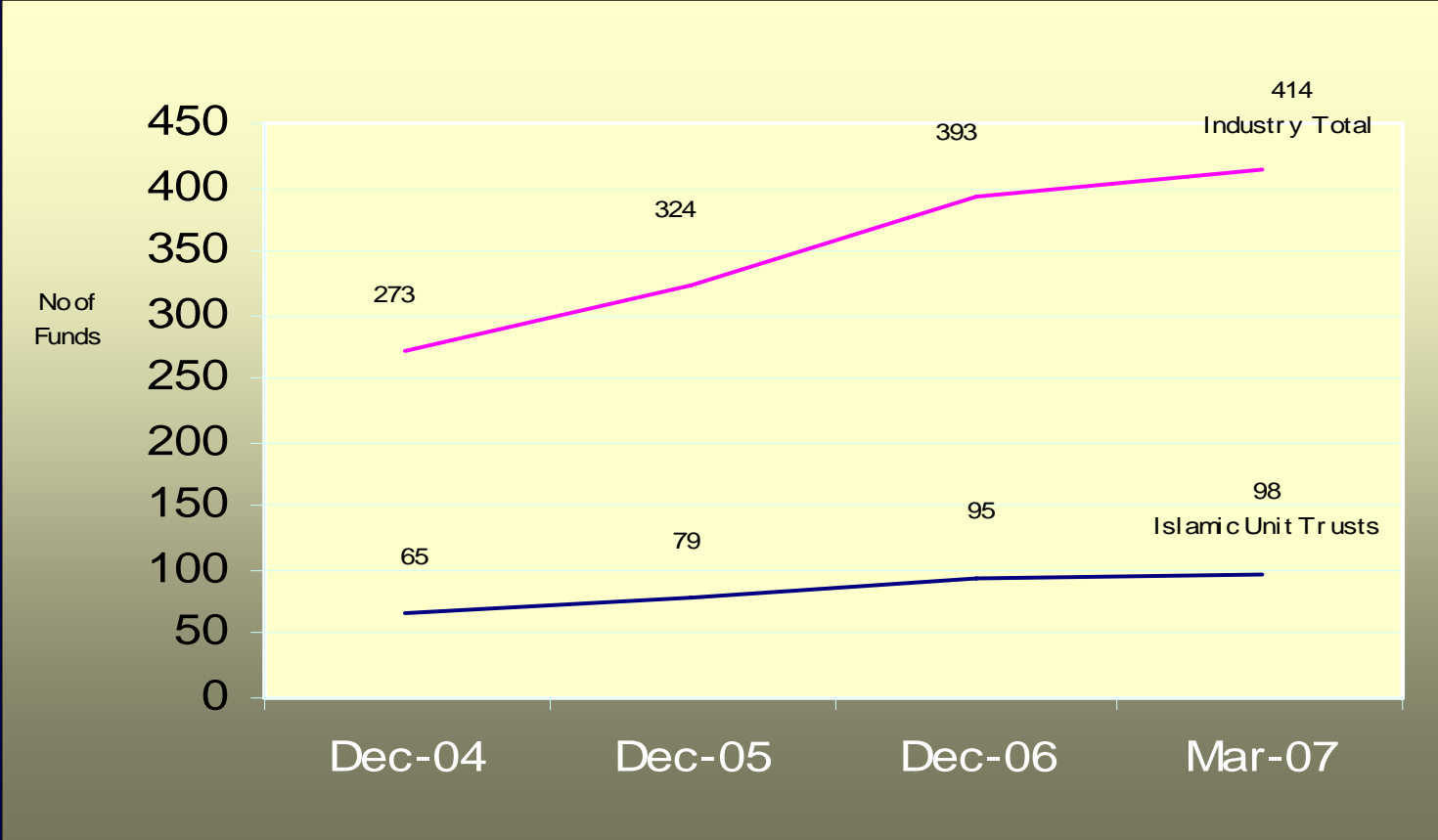
Malaysian Unit Trusts Industry

- Where we are @ 31 March 2007

Total Number of Operators	36
Total Number of Unit Trusts	414
Total Net Asset Value	USD38.34 bn
Bursa Malaysia Market Capitalisation	USD281.46 billion
% of NAV to Bursa Malaysia Market Capitalisation	13.62%
No. of Unitholder Accounts	11.3 million

Total Number of Islamic Unit Trusts	98
Total Net Asset Value of Islamic Unit Trusts	USD2.80 bn
% of NAV to Bursa Malaysia Market Capitalisation	0.99%

Growth of Malaysian Islamic Unit Trusts



Key Growth Factors

Tools & Products

Availability of Shariah-compliant stocks, investments and indices

Intermediaries

Availability of Islamic Brokers and Wide Distribution Channels

Expertise

Investment management

Tax Incentives

Govt tax incentives to promote growth of unit trusts

Regulatory Framework

Clear guidelines and policies with respect to Islamic unit trusts

Education

Promote understanding and general awareness of unit trusts

Regulatory Approach

Securities Commission adopts 2 tier regulation for Islamic unit trusts

- 1st tier – regulation that applies to all unit trusts
- 2nd tier – additional regulation required for Islamic unit trusts
 - i. Appointment of Shariah Committee / Advisory Board / Adviser
 - ii. Appointment of 2 Muslim Investment Committee Member
 - iii. Appointment of a designated compliance officer for Islamic unit trusts
 - iv. Enhanced disclosures in offering documents
 - v. Reports by Shariah Committee / Advisory Board / Adviser in annual and interim reports to unitholders.

Recent Trends

- Investors of conventional unit trusts shifting their investments into Islamic unit trusts (including non-Muslim investors). Subscription for new Islamic unit trusts are very encouraging.
- Malaysian unit trust operators offering a wider range of Islamic unit trust products including those with foreign investments.
- Malaysian unit trust operators looking to offer unit trust products to investors outside Malaysia i.e in South East Asian region and Middle-East.

Obstacles and Challenges

Global Investments

- Ability to gather information to analyse global companies or issues to determine whether it is Shariah-compliant.

Selling Unit Trust Products Outside Malaysia

- Legal and regulatory issues.
- Acceptance by Middle-East investors of Malaysian unit trust products.
 - Differing Shariah opinions and rulings
 - Differing accounting standards

THANK YOU

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