We are pleased to present the
LSF - INCEIF Islamic Finance Course
*Islamic Capital Markets: Principles and Practice*

**Venue:**
Luxembourg School of Finance
2B rue Albert Borschette
L-1246 Luxembourg
Islamic Capital Markets
Principles and Practices
23 - 26 April 2013

A comprehensive course in Islamic Capital Markets for Luxembourg finance professionals.

In co-operation with INCEIF, the Global University For Islamic Finance, the LSF is pleased to offer a comprehensive four-day course on Islamic Capital Markets.

Taught by an INCEIF professor, the course is tailored to professionals of finance seeking to gain a deeper understanding of Islamic capital markets.

The course begins with a discussion on the underlying principles and philosophy of Islamic capital markets. It then examines Shariah-compliant instruments including short- and long-term debt, equities, investment funds, and derivatives, and the Islamic Interbank Monetary Market.

Day 1
Introduction to Islamic Finance, Products, Philosophy and Capital Markets

Morning

» Overview of Capital Markets
» Role and Function of Capital Markets
» Capital Markets and Development – What Ails Capital Markets?
» Real & Financial Sectors; Linkages
» Discussion – Capital Market Problems
  - (Japan, US & EU)
» Underlying Shariah Principles & Philosophy
  - Fiqh Muamalat
  - The roots of Islamic Finance
  - Key prohibitions and justifications
  - Common threads and requisites

Afternoon

» Similarities Between Islamic Finance and Ethical Investment
» Risk-sharing Philosophy and Framework
» Risk-sharing Relative to Conventional Financing
  - Impact of risk-sharing on leverage, incentive structure and returns
» Islamic Financing Contracts
  - Profit & loss-sharing contracts
  - Mudarabah, Musyarakah
  - Sale / deferred sale contracts
  - Murabahah, Ijarah and other common Islamic Finance contracts
» Islamic Finance – Regulatory / Supervisory Institutions
» Discussion / Exercise

This course is supported by

I.F.P.A.
Islamic Finance Professionals Association
Day 2
Short and Long Term Islamic Finance Instruments

Morning

Funding Short Term Needs
» Islamic Interbank Monetary Market (IIMM)
» The Need for IIMM
» Components of IIMM
» Instruments Traded in IIMM
» Pricing IIMM Instruments
» Determining Interbank Deposit Rates
» Discussion – Issues of Risk in IIMM
» Bursa Suq Al Sila
» The Commodity Murabaha
» Raising Funds Using Commodity Murabaha
» The Liquidity Management Centre Bahrain

Afternoon
» Exercises – Pricing IIMM instruments

Funding Long Term Needs
» Introduction to Sukuk
» What are Sukuk
» Debt, Equity and Sukuk
» Sukuk vs. Bonds
» Discussions – Growth Performance
» Fundamentals / Requirements for Sukuk

Day 3
Sukuk

Morning

» The Sukuk Issuance Process
» Sukuk Players
» Types of Underlying Contracts of Sukuk
» Differences Amongst Sukuk by Contracts
» Sukuk Contracts and Ratings
» Sukuk Term Sheets
» Discussion – Sukuk Structures
» Ijarah, Murabaha and Combination Structures
» Evaluation of Sukuk Structures
» Sukuk Structure and Cash Flows
» Alternative Sukuk Structures and Risk Profiles
» Exercise – Identifying Appropriate Sukuk Structure

Afternoon
» New Sukuk Design Structures
» GDP Linked Sukuk
» Sukuk Linked to Export Earnings
» The Esham Structure

Pricing/ Valuation of Sukuk
» Valuing Sukuk with Fixed Cash Flows
» Valuing Sukuk with Variable Cash Flows and Unknown Redemption Amount
» Valuing Sukuk with Embedded Options
» Exercises / Mini Case on Sukuk Issuance / Valuation

Day 4
Sukuk

Morning

» The Sukuk Issuance Process
» Sukuk Players
» Types of Underlying Contracts of Sukuk
» Differences Amongst Sukuk by Contracts
» Sukuk Contracts and Ratings
» Sukuk Term Sheets
» Discussion – Sukuk Structures
» Ijarah, Murabaha and Combination Structures
» Evaluation of Sukuk Structures
» Sukuk Structure and Cash Flows
» Alternative Sukuk Structures and Risk Profiles
» Exercise – Identifying Appropriate Sukuk Structure

Afternoon
» New Sukuk Design Structures
» GDP Linked Sukuk
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Pricing/ Valuation of Sukuk
» Valuing Sukuk with Fixed Cash Flows
» Valuing Sukuk with Variable Cash Flows and Unknown Redemption Amount
» Valuing Sukuk with Embedded Options
» Exercises / Mini Case on Sukuk Issuance / Valuation
Day 4  Islamic Equities and Shariah Compliant Derivatives

**Morning**
- Islamic Equity Markets
- Components of Islamic Equity Market
- Stock Screening Methodology
- Dow Jones vs SAC Screening Methods
- Comparison of Alternative Stock Screening Methodology
- Islamic REITs
- Structure of Islamic Reits
- Islamic ETFs (Exchange Traded Funds)
- Islamic Private Equity Funds

**Afternoon**
- Shariah Compliant Derivative Instruments
- Islamic Finance Instruments with Features of Derivatives Instruments
- Bai Salam, Istisna and Joa’la contracts
- The Istijrar Contract
- Managing Asset – Liability Mismatches of Islamic Banks
- Islamic Profit Rate Swap
- Shariah Compliant Instruments for Managing Exchange Rate Risk
- Islamic Currency Forward
- Islamic Currency Option
- Exercises – Mini Cases / Problem Solving

**Professor**
- Prof. Dr. Obiyathulla Ismath Bacha
  - Head of Graduate Studies Department at INCEIF
  - Professor of Finance
  - MBA, MA, DBA (Boston University)
  - Research Interest: International Finance and Financial Derivatives

**Practical details**
- **Venue:** Luxembourg School of Finance
  - 2B rue Albert Borschette
  - L-1246 Luxembourg
- **Date:**
  - 23 - 26 April 2013
  - Classes will be held from 9 to 12:30 and from 1:30 to 5:30 pm
  - Lunch will be provided
- **Course fee:**
  - € 1900 (incl. VAT)
  - course materials included
- **Contact:**
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