



ISLAMIC FINANCIAL SERVICES BOARD



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Increasing need to enhance and harmonise disclosure requirements in the Islamic Capital Market

The growing recognition of the increasing significance of the Islamic capital market, especially in view of rising cross-border transactions, has triggered the need for stronger oversight, greater transparency and more robust disclosure requirements, global standard-setters and senior regulators acknowledged today.

The Islamic Financial Services Board (IFSB) and the International Organization of Securities Commissions (IOSCO), two leading global standard-setters in their respective fields, collaborated with the Securities Commission Malaysia (SC) to organise a high-level Roundtable in Kuala Lumpur, themed "Disclosure Requirements for Islamic Capital Market Products".

The Roundtable represents a significant step towards the development of international regulatory standards and best practices relating to disclosure requirements for Islamic Capital Market products.

"As the Islamic capital market expands and becomes more global, it is increasingly important that issues surrounding investor protection and market integrity are addressed from a cross-jurisdictional perspective. It is therefore critical for regulators and standard-setters such as the IFSB and IOSCO to further examine disclosure regimes for Islamic capital market products, with a view to allowing more informed investment decision-making and to promote the further growth of the Islamic capital market," said Datuk Ranjit Ajit Singh, Chairman of the SC, who is also an IOSCO

Board member and the Vice-Chair of the IOSCO Emerging Markets Committee.

Mr Jaseem Ahmed, Secretary General of IFSB, emphasised that promoting cross-border financing and investment through Islamic finance is critical to attaining the depth and scale in Islamic capital markets needed to be competitive.

“This will require the adoption of robust regulatory and disclosure practices that give confidence to investors and consumers alike. IFSB hopes that this collaboration with IOSCO will facilitate a process leading to a set of practices that could be harmonised or mutually agreed upon,” he said.

Mr David Wright, Secretary General of IOSCO said “The recent financial crises highlighted the importance of sound disclosure regimes in mitigating systemic risk and building confidence in the financial markets. Given the tremendous growth of the Islamic Finance industry - an increasingly important segment of the global financial markets – it is essential to achieve greater harmonization in disclosure requirements across jurisdictions where Islamic capital market products are offered.”

Participants of the closed-door Roundtable also discussed the importance of effective disclosure requirements in facilitating greater cross-border Islamic capital market activities, analysed the risks and challenges arising from inadequate disclosures in the area of Sukuk and Islamic Collective Investment Schemes and identified potential approaches which can be adopted by standard-setters, regulators and market participants alike.

The Roundtable, held at the Securities Commission today, was attended by senior regulators, international institutions, academia and leading market practitioners from 16 jurisdictions.

**ISLAMIC FINANCIAL SERVICES BOARD
INTERNATIONAL ORGANISATION OF SECURITIES COMMISSIONS
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Note for Editors:

Islamic Financial Services Board

The Islamic Financial Services Board (IFSB) is an international standard-setting organisation that promotes and enhances the soundness and stability of the Islamic financial services industry by issuing global prudential standards and guiding principles for the industry, broadly defined to include banking, capital markets and insurance sectors. The IFSB also conducts research and coordinates initiatives on industry related issues, as well as organises roundtables, seminars and conferences for regulators and industry stakeholders. As at March 2012, the 187 members of the IFSB comprise 52 regulatory and supervisory authorities, eight international inter-governmental organizations and 127 market players, professional firms and industry associations operating in 43 jurisdictions.

International Organization of Securities Commissions

The International Organization of Securities Commissions (IOSCO) is recognised as the leading international policy forum for securities regulators. The organisation's membership regulates more than 95% of the world's securities markets in over 100 jurisdictions. As the leading international policy forum for securities regulators, IOSCO plays a key role in setting the international standards for securities regulation, identifying issues affecting global markets, and making recommendations in meeting those challenges.

Securities Commission Malaysia

The Securities Commission Malaysia (SC), a statutory body reporting to the Minister of Finance, was established under the Securities Commission Act 1993. It is the sole regulatory agency for the regulation and development of capital markets. The SC has direct responsibility for supervising and monitoring the activities of market institutions, including the exchanges and clearing houses, and regulating all persons licensed under the Capital Markets & Services Act 2007. The SC has been a member of IOSCO since 1993, and a member of IFSB since 2007. More information about the SC is available on its website at www.sc.com.my.