

## **Sukuk Analysis: Dissecting Risks & Recourse** CFA Continuing Education

Asset based Sukuk (Islamic bonds) are the most popular Sukuk in the market. In terms of recourse, these are unsecured Sukuk. Covered and asset backed Sukuk are less widely used. In this course, we will analyze the risks of different sukuk structures. The cases guide the delegates to clauses in Sukuk documentation that explain the recourse in deals.

At the end of the course, the delegates will be able to:

- Evaluate how sukuk are distinct from traditional fixed income.
- Analyze credit, legal, and Shariah issues in different types of Sukuk.
- Compare the recourse in asset based, covered and asset backed Sukuk.

**Session 1: Sukuk Anatomy and Risk Issues for Asset Based Sukuk: 1 hour.** This session will analyze how regulation, credit and Shariah drive Sukuk structuring.

### Case Studies:

- **Government of Dubai** - This transaction demonstrates how unsecured recourse is achieved in one of the most common Sukuk structures - Ijarah or lease based. What are the governing laws for the different documents, and what drives their application?
- **Republic of Ivory Coast** - This deal demonstrates structuring in a civil code country and how the structure differs Dubai? Since this is a domestic deal, the governing laws are different.
- **Government of Malaysia** - This issuance departed from a common leasing structure and adopted a hybrid funding structure. As a 144A deal, we examine whether the hybrid structure affects recourse, governing law, and tax concerns.

**Session 2: Risks and Recourse in Covered & Asset Backed Sukuk: 1 hour.** In this session we shift to covered and asset backed Sukuk to compare the risks and recourse.

### Case Studies:

- **Ziya Capital** - This deal is an auto financing backed Islamic ABS. Although a domestic deal, it demonstrates how Shariah requirements drive what may or may not go into an ABS pipeline.
- **Tamweel** - We compare how a global Islamic ABS is structured. The complexity in structuring increases due to the infancy of the capital market framework and uncertainty about true sale in emerging markets.
- **Tilal Sukuk** - This is a covered Sukuk. We'll compare the recourse in this deal to that in previous deals.

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As a participant in the CFA Institute Approved-Provider Program, SHAPE Knowledge Services has determined that this program qualifies for 2 credit hours, including 0.5 hour in the content areas of Standards, Ethics, and Regulations (SER).

**Fee:**

- USD 350 for non-CFA members
- USD 300 for CFA members.

**Course Time and Location:**

Date: February 27, 2017

Time: 1:00pm – 3:00pm PST

Room: Conference Room

Intelligent Office  
100 Pine Street, Suite 1250  
San Francisco, CA 94111

Simultaneously available online via Adobe Connect.

For registration: Please contact Ms. Zahidah at [zahidah@learncifa.com](mailto:zahidah@learncifa.com).

**Course Instructor:** Abdulkader Thomas – President & CEO, SHAPE® Knowledge Services



**Education:**

- Master of Arts Law and Diplomacy, The Fletcher School of Law & Diplomacy.
- Bachelor of Arts Arabic & Islamic Studies, The University of Chicago.

**Shariah Board Experience:**

- Bank Muscat Meethaq (Since 2013)
- Sterling Bank Nigeria (Since 2013)
- University Bank, USA (Since 2006)

Based in Kuwait, Abdulkader has over 35 years of diversified financial services experience in major markets including Bahrain, New York, London, Los Angeles and Washington, D.C. His areas of activity have included trade finance, real estate finance, securities, and alternative finance at various global and regional financial institutions.

As the general manager of a foreign bank branch in New York, he was responsible for securing the first US banking regulatory approvals of alternative financial instruments in the mortgage and installment credit/sale as banking instruments. Later as the founding member of a de novo Client project, he secured US regulatory approval for profit sharing deposits. Abdulkader has been involved in the successful implementation of these products in the US market. He is an authority on Islamic deal structures and securities.

Along with his team at SHAPE®, Abdulkader works on projects that include launching de novo Islamic Clients and Islamic banking windows, policies and procedures including Shariah policies, Shariah compliance, product development and structuring. Clients include a diversified universe of financial institutions from North America, the MENA region, Southeast Asia, Africa, and Europe.

He is the co-author of Structuring Islamic Finance Transactions (Euromoney 2005), Islamic Bonds (Euromoney 2004), Sukuk (Sweet & Maxwell 2009), and Managing Funds Flow Risks and Derivatives: Applications in Islamic Institutions (Sweet & Maxwell 2012) and Housing the Nation (Cagamas 2013). He also serves as a director of Alkhabeer Capital in Jeddah. He was chairman and director of Sanabel Investment Co. (formerly Alkhabeer International) in Bahrain. Abdulkader is a member of the international advisory board of the Securities Commission of Malaysia. Abdulkader speaks English, Arabic, French and Spanish.