

## Islamic finance

**London Stock Exchange (LSE) is a key global venue for the issuance of Sukuk, having created one of the most attractive regulatory and tax systems for Islamic finance anywhere in the world. Over the next decade, Sukuk will remain a growing segment of the Islamic finance industry and LSE is committed to support the development of this asset class.**

A Sukuk is an Islamic financial certificate that complies with Sharia law. Sukuk are categorised into two distinct types: asset-based and asset-backed.

Under the asset-based Sukuk, the Sukuk holders have beneficial ownership in the asset and have recourse to the originator if there is a shortfall in payments.

Under asset-backed Sukuk, the Sukuk holders have legal ownership of the asset and as a result do not have recourse to the originator if there is a shortfall in payment.

### ISM benefits for Sukuk issuers

An admission to trading on ISM delivers specific advantages for Sukuk issuers, including:

- Derogations on financial disclosures for guarantors hardwired into the rules
- Derogations on financial disclosures for SPVs hardwired into the rules
- Use of local GAAP, as opposed to IFRS.

#### Additional benefits for issuers:

- Schedule 9 admission for issuers with existing regulated market listings – this means securities can be admitted to ISM with reduced disclosure requirements
- Enhanced future incorporation by reference provisions
- Enhanced flexibility around pricing supplements
- Common derogations hardwired into the Rulebook
- Debt listings in London are supported by a range of LSE marketing and PR initiatives, tailored to suit the needs of issuers, fully integrating them into London's financial community
- Admission to LSE's debt markets allows international governments and companies to access a deep pool of liquidity.

“Our choice of London as the location to list our Sukuk is driven by the continuous support that London Stock Exchange has for both the Islamic Development Bank and for Islamic finance. We look forward to continuing this partnership in developing Islamic finance.”

**Dr Ahmet Tiktik**, Vice President Finance & CFO,  
Islamic Development Bank, 13 April 2017

### ISM overview

ISM is an exchange-regulated market for primary debt issuance, operating alongside LSE plc's other markets.

This innovative market is targeted at professional investors from around the world. ISM has been designed to meet the demands of issuers and investors to improve the effectiveness and competitiveness of the UK primary debt markets, providing greater choice for a variety of fixed income issuers.

