



SUKUK

A Fixed Income Opportunity

WHAT ARE SUKUK

Tradable Shariah-compliant Fixed Income Securities



فتوى مراقبة الصكوك

اطلع المستشار الشرعي لبورصة البحرين على الآية المقترنة لتنفيذ مراقبة الصكوك مع البنوك والمصارف الإسلامية وفق الخطوات التالية:

1. يقوم البنك بشراء صكوك متوقعة من الصوياط التجارية من بورصة البحرين.
2. بعد شراء البنك وتملكه للصكوك يبيع الصكوك لعميله بالمرادحة.
3. تقوم البورصة بتحويل ملكية الصكوك لصالح العميل.
4. يوكل العميل وسيطاً مسجلاً لدى البورصة لبيع هذه الصكوك نيابة عنه في سوق البورصة.
5. يقوم الوسيط ببيع الصكوك في السوق ويتم تحويل ثمنها في حساب العميل لدى البنك.

الرأي الشرعي:

وبناءً على الوصف المذكور أعلاه فقد أقر المستشار الشرعي بأنه يجوز تنفيذ مراقبة الصكوك بناءً على مراعاة الشروط التالية: أن يتم تنفيذ مراقبة الصكوك من خلال النظام الذي توفره بورصة البحرين، حيث يتم تحديد الصكوك المتوقعة مع الشركة وأسماءها وكيفيتها، كما يشترط على البنك أن يبيع الصكوك بعد تملكه لها، و يجب على العميل أن يوكل وسيطاً كثيفاً لبيع هذه الصكوك نيابة عنه في سوق البورصة، و يجوز للعميل الاحتفاظ بملكية الصكوك أو بيعها في سوق البورصة في أي وقت وإبراء الصكوك لصالح العميل.

والله أعلم

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Dated 13 August 2015



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Sukuk, a shariah compliant fixed income instrument, represents an undivided share in the ownership of tangible assets relating to particular projects or special investment activities, although this does not represent a debt owed to the issuer of the Sukuk.

Sukuk is an alternative asset class widely accessible by all types of retail investors via Bahrain Bourse to gain regular cash flow income.

Issuing Sukuk instruments enables issuers, primarily sovereigns and corporations, to access a wide pool of investors through Bahrain Bourse, many of whom are seeking to diversify their holdings beyond traditional asset classes.

Sukuk provides visibility on your investment at any time since they are tradable on Bahrain Bourse and are ideal for Murabaha transactions, or for any investor who requires an additional layer of stability or a steady income stream in their portfolio to secure their future.

SUKUK FEATURES

Sukuk instruments are structured to be a Shariah-compliant alternative to conventional bonds, the key difference being the terms used and liability of each party. However, when compared to equity securities, Sukuk as well as bonds both rank higher in terms of principal repayment and are considered to have lower risk profiles than equity securities.

When Tradition Meets Innovation

Characteristics	Sukuk	Bonds	Equity Securities
Participants	Sukuk Holder	Bond Holders	Shareholders
Type of Return	Fixed Coupon Payments	Fixed Coupon Payments	Dividend payments based on performance of the company
Maturity Date	Fixed Maturity Date	Fixed Maturity Date	Open-ended
Principal Repayment	First priority	First priority	Least priority
Risk	Generally less volatile depending on the Issuer	Generally less volatile depending on the Issuer	High risk, subject to market volatility
Voting Rights	Not Entitled	Not Entitled	Entitled

SUKUK AL-MURABAHA

An Attractive Shariah Compliant Investment

Features of Sukuk al-Murabaha transactions at Bahrain Bourse

Sukuk al-Murabaha is Shariah Compliant.
Sukuk al-Murabaha is specifically known and identified.
Sukuk al-Murabaha is in existence at the time of sale.

Sukuk al-Murabaha is owned by the seller at the time of sale.
Sukuk al-Murabaha is of value and classified as property.
Sukuk al-Murabaha sale is instant and not attributed to a future date.

Sukuk al-Murabaha terms of delivery are specified and certain.
Sukuk al-Murabaha sale is unconditional and is not contingent on a future event or
fulfillment of a condition that is external to the transaction.
Sukuk al-Murabaha is a valid sale at spot price.

Sukuk al-Murabaha has a very tight spread between the bid and ask.
Sukuk al-Murabaha has a very competitive BHB transaction fee of 0.02% or
0.0002 per transaction value.
Sukuk al-Murabaha has a very competitive client resale transaction fee of
0.08% or 0.0008 per transaction value.

WHY SUBSCRIBE TO **SUKUK** THROUGH BAHRAIN BOURSE

Tradable Shariah-compliant Fixed Income Securities

A Preeminent Sukuk Marketplace

The Government of the Kingdom of Bahrain is one of the pioneers in Sukuk issuance since 2001

Liquid Instrument, Tradable in Secondary Market

The only trading platform in the GCC where Sukuk are traded in the secondary market

Direct Legal Ownership

Investing in Sukuk instruments through Bahrain Bourse provides investors with Direct Legal Ownership rights

Murabaha through Sukuk

Shariah-compliant financial institutions can now conduct their Murabaha retail transactions on behalf of their clients through Sukuk as certified by Bahrain Bourse's Shariah advisor



Solid Regulatory Infrastructure

High regulatory and investor protection standards

Retail Investor Access

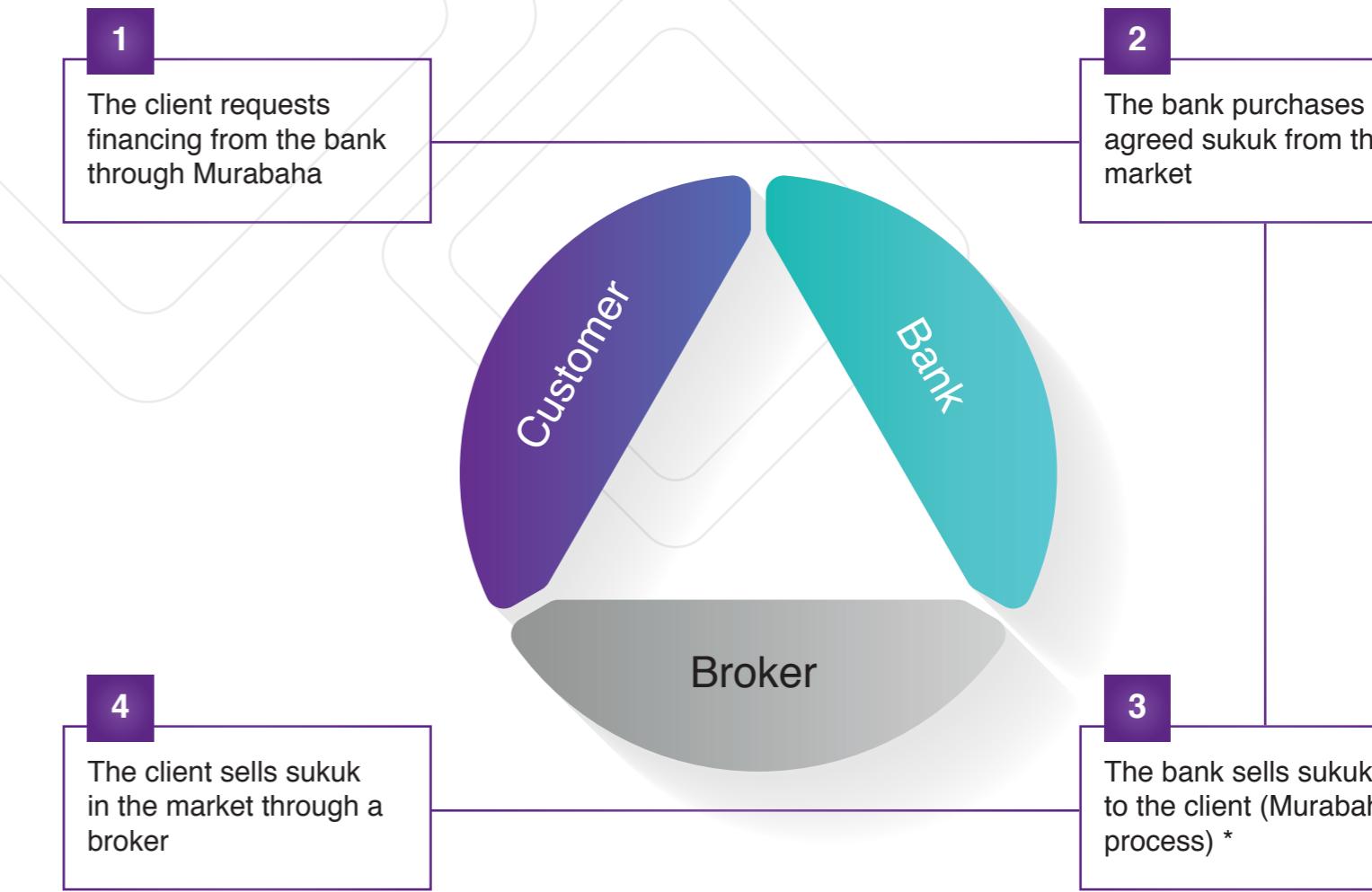
Retail investors access to an alternative asset class commonly exclusive to financial institutions and high net worth individuals with ticket sizes as low as BD 500

A Collateralized Asset

Sukuk instruments subscribed through Bahrain Bourse enables investors to pledge their Sukuk as a collateralized asset with creditors in the Kingdom of Bahrain to obtain credit facilities

Murabaha THROUGH SUKUK

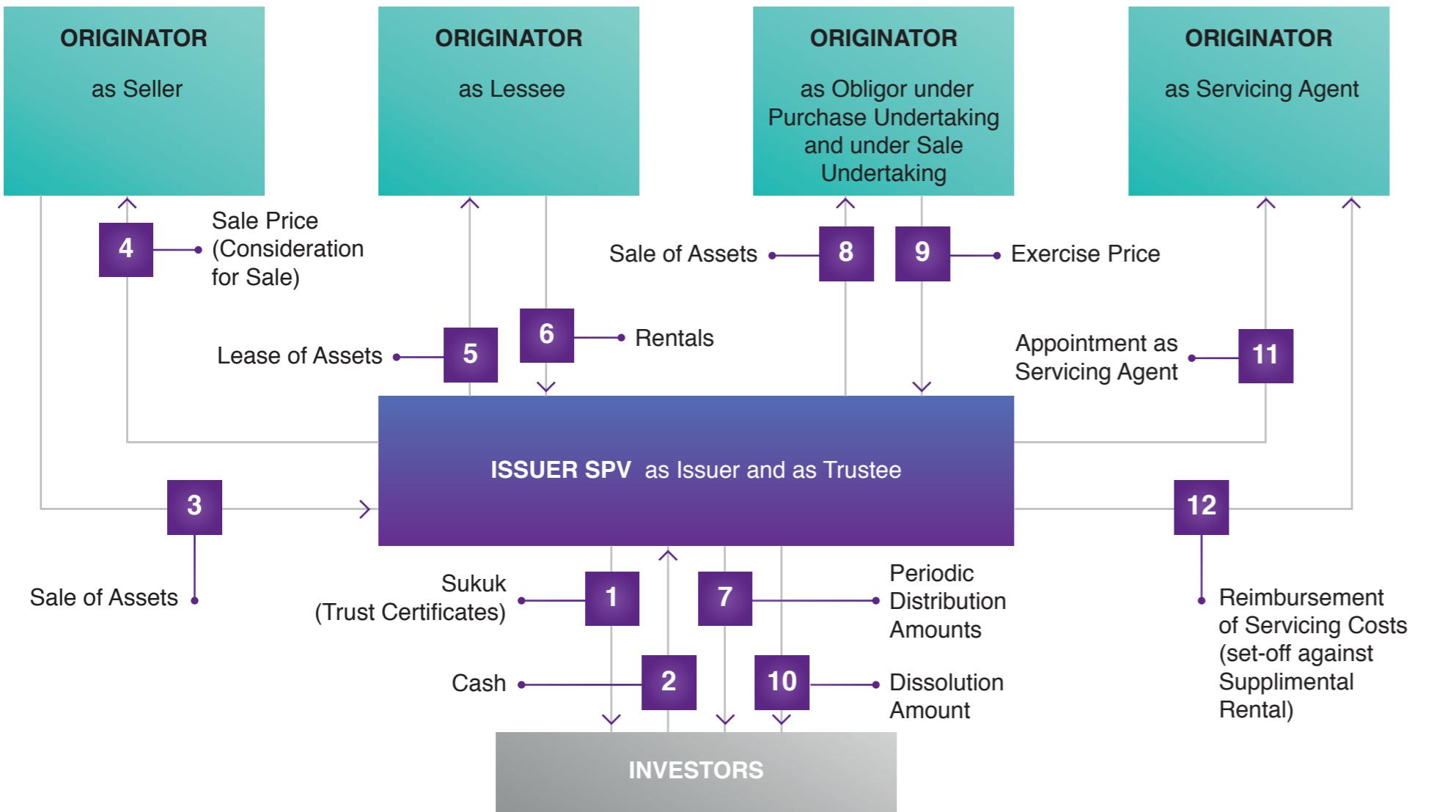
Sukuk: Translating Uncertainty into Security



Murabaha *: The process of transferring the ownership of the sukuk from the bank account to the customer's account and it has been introduced to reduce the cost.

SUKUK STRUCTURE

Sukuk Al-Murabaha: A New Product for an Existing Market

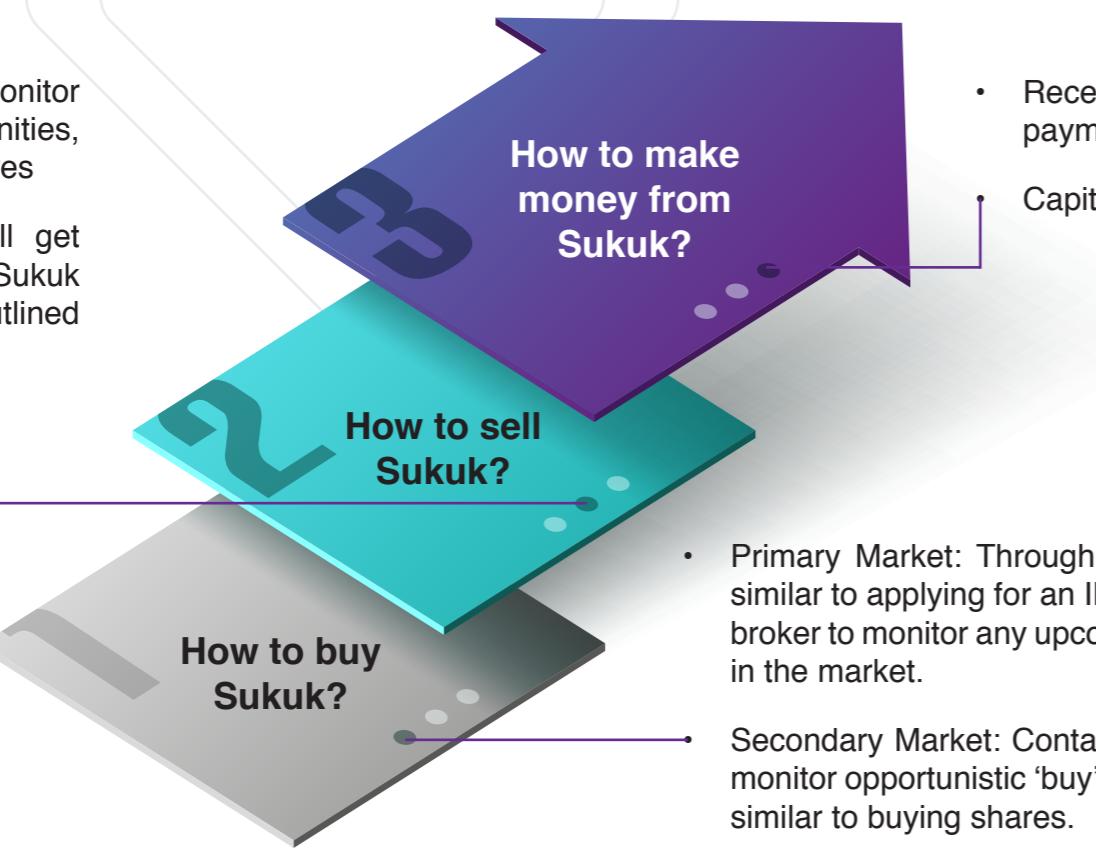


1. Issuer SPV issues sukuk.
2. The Investors subscribe for sukuk and pay the proceeds to Issuer SPV who declares a trust over the proceeds and thereby acts as Trustee on behalf of the Investors.
3. Originator enters into a sale and purchase arrangement with Trustee, pursuant to which Originator agrees to sell, and Trustee agrees to purchase, certain assets from Originator.
4. Trustee pays the purchase price to Originator as consideration for its purchase of the assets in an amount equal to the principal amount.
5. Trustee leases the assets back to Originator under a lease arrangement.
6. Originator (as Lessee) makes rental payments at regular intervals to Trustee (as Lessor). The amount of each rental is equal to the periodic distribution amount payable under the sukuk at that time.
7. Issuer SPV pays each periodic distribution amount to the investors using the rental it has received from Originator.
8. Trustee will sell, and Originator will buy-back, the Assets at the applicable exercise price, which will be equal to the principal amount plus any accrued but unpaid periodic distribution amounts owing to the Investors.
9. Payment of exercise price by Originator (as Obligor).
10. Issuer SPV pays the dissolution amount to the Investors using the exercise price it has received from Originator.
11. Trustee and Originator will enter into a service agency agreement whereby Trustee will appoint Originator as its Servicing Agent to carry out some of its obligations under the lease arrangement. The Originator, as Servicing Agent, claims any costs and expenses for performing these obligations, known as the Servicing Costs. The rental for the subsequent lease period under the lease arrangement will be increased by an equivalent amount known as the Supplemental Rental, which is due from Originator as a Lessee, and will be set off against the obligation of Trustee to pay the Servicing Costs.

GET STARTED

Investors interested in investing in Sukuk instruments should contact a licensed broker who will open a trading account. A full list of licensed brokers is available on www.bahrainbourse.com

- Contact a licensed broker to monitor opportunistic ‘sell’ opportunities, which is similar to selling shares
- Upon maturity, investors will get back the nominal value of the Sukuk and the oupon payable as outlined in the Information Prospectus



- Receipt of regular coupon payment
- Capital gains
- Primary Market: Through an initial subscription similar to applying for an IPO. Contact a licensed broker to monitor any upcoming Sukuk issuances in the market.
- Secondary Market: Contact a licensed broker to monitor opportunistic ‘buy’ opportunities, which is similar to buying shares.

CONTACT US

We'd like to hear from you. Please contact us on the below noted information to discuss your requirements

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An Oasis of Investment Opportunities

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