

Updated list of Shariah compliant companies



THE PHILIPPINES

By Rafael A Morales

The Philippine Stock Exchange (PSE) once again updated its list of Shariah compliant companies. Based on the PSE Memorandum dated the 5th July 2019, as of the period ending June of this year, 53 companies were considered as Shariah compliant – two companies fewer than the total found in the previous list.

The PSE relied on the services of Ideal Ratings in formulating the list based on the standards set by AAOIFI. To be included in the Shariah compliant list, a company must meet the following requirements:

1) its primary purpose must not involve any of the prohibited activities in AAOIFI's Shariah

Standard No 21 – Rules for Dealing of Shares (such as derivatives, pork, alcohol, tobacco, arms and weapons, conventional interest-based lending, conventional insurance, mortgage and lease, embryonic stem cell research, hotel, gambling, casino, music, cinema and adult entertainment) or, if the company derives income from these prohibited activities, the income on an aggregated basis must not exceed 5% of its gross revenues

- 2) the company's interest-bearing debt, as well as its interest-bearing deposits or investments, must not exceed 30% of its 12-month trailing average market capitalization, and
- 3) the company's accounts receivable must not exceed 67% of its

12-month trailing average market capitalization.

These requirements are stated in the PSE Guidelines on Screening of Securities for Shariah Compliance. With the imminent passage of a general legislative framework on Islamic banking, there is a high expectation that legislation or regulations on Islamic capital markets will not be far behind. With this in mind and consistent with its aim to diversify its investment base, the PSE has been releasing its list of Shariah compliant securities. The updated list may be viewed on the PSE website under 'Products & Services – Shariah'. [☞](#)

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Summer heat in Qatar



QATAR

By Amjad Hussain

The heat of the summer month usually leads to a slowdown in activity in the banking sector in Qatar. This year is no different.

Qatar Islamic Bank (QIB) has been presented with the 'Best Islamic Bank in Qatar' award at the 2019 edition of the World Union of Arab Bankers (WUAB) Awards ceremony held during the WUAB's fifth annual ceremony in Beirut.

QIB publicly addressed its gratitude in receiving the award, while also stating that its strategy is tied with Qatar's Vision 2030.

The Qatar Financial Center (QFC) is implementing new market strategies for the year 2019 which focus on Islamic finance and fintech as Qatar makes legislative changes to attract more foreign direct investment.

QFC currently has a total of 612 licensed firms and geographically its aim is to grow this number through its New Emerging Belt Initiative. This includes Turkey, India, Pakistan, Kuwait and Oman (with a combined economy of US\$2.1 trillion).



Qatar Central Bank (QCB)'s quarterly data shows that Qatari banks' total deposits rose to QAR670 billion (US\$183.12 billion) for the first quarter of 2019, up 4.5% compared with the fourth quarter of 2018 (Q4 2018). The banks' domestic credit went up by 3% to QAR885 billion (US\$241.88 billion) compared with QAR859 billion (US\$234.78 billion) in Q4 2018.

The data shows solid growth in the banking industry and is a good indication that the economy in general and the banking industry are strong and growing.

The Qatar Stock Exchange (QSE) is implementing new strategies to attract investment from countries such as China,

Singapore and others from the Far East region. The desired outcome from the new strategy is to diversify the investor base.

According to the QSE's chief executive, Rashid Ali Al-Mansoori, the QSE is in negotiations with the Shanghai Stock Exchange with the hope of concluding a mutually beneficial agreement in the near future.

China is currently one of the largest trading partners of Qatar. It is anticipated this will provide a boost to the local banking market. [☞](#)

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