



## Liquidity for illiquid assets!

Presentation to Takaful Summit

Dr Hardeep Tamana - 12 July 2017

# Illiquid Assets – Liquid Securities

Illiquid assets are traditionally regarded as Real Estate & Commodities.

Liquidity - the degree to which an asset or security can be quickly bought or sold in the market without affecting the asset's price

Market liquidity - the extent to which a market, allows assets to be bought and sold at stable prices

Securitisation – Shedding misconceptions.

- Fundamentally illiquid

- Shares
- Sukuk
- Funds/ETFs

- Creating Liquidity

- Matched Bargain model
- Market Maker model

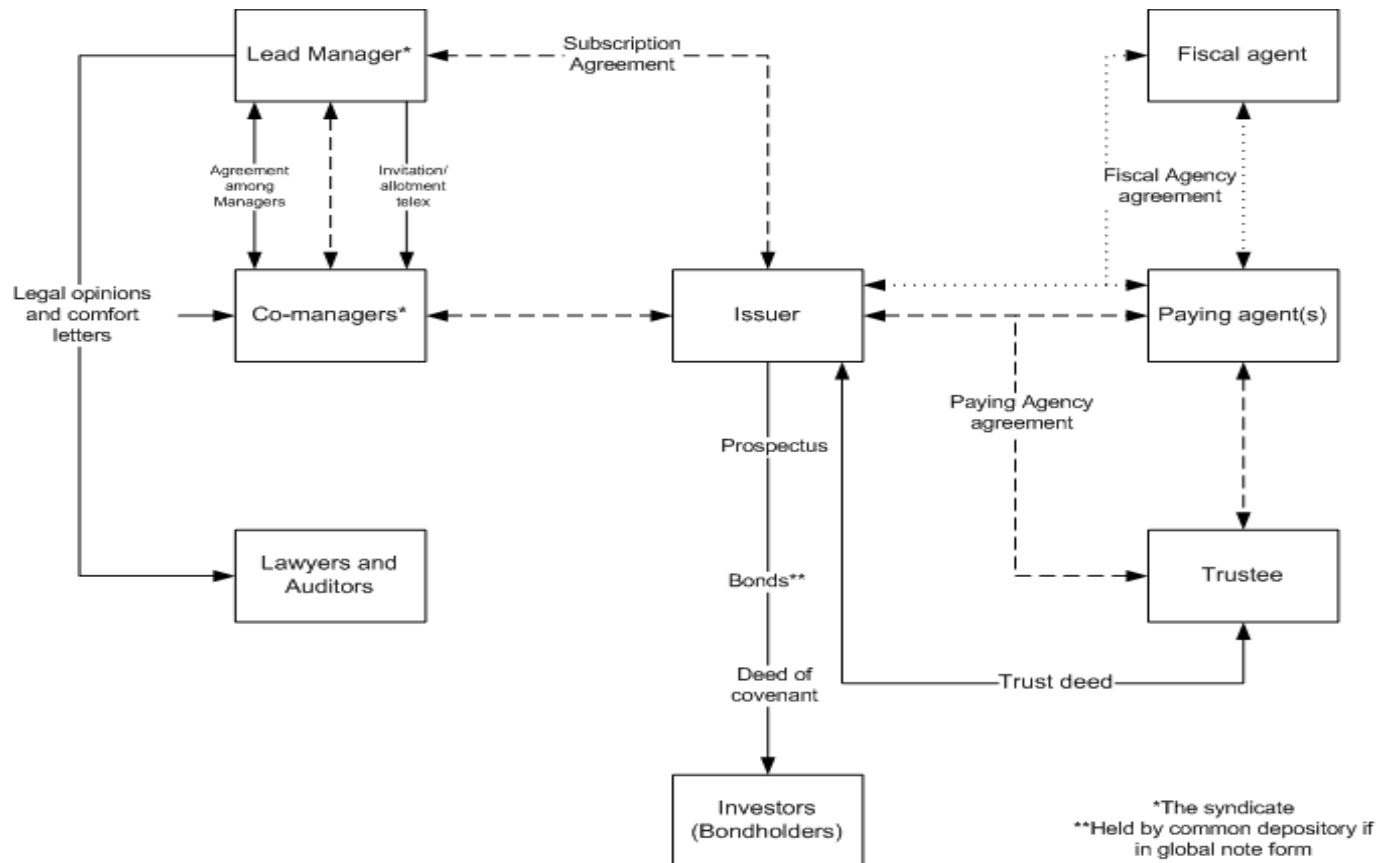
# The Issuer

Hypothetical corporate issuer

Looking to raise or securitise X million\*

- Why list at all?
  - Look after your investors
  - Real vs Technical listing and List vs Quote
- Appoint key parties to build the appropriate solution for issuers needs:
  - Shari'ah framework – advisory board
  - Lawyers to guide through the statutory and regulatory framework (offer documents – prospectus/information memorandum)
  - Accountants/auditors – procedure memorandum input
  - Listing agent (corporate finance practitioner)
  - Depository or transfer agent (registrar)

# Classic structure



# ISIN, Depository and Registry explained:

- Book entry systems – ISIN requirement
  - Global Notes vs. Definitive notes / Bearer vs. Registered
- Central Securities Depositories
  - CREST (Euroclear UK & Ireland) – UK, Ireland, CI, IoM and others
  - Clearstream – Luxembourg, Frankfurt, Berlin
  - Euroclear – Brussels, Paris
  - SIS - Switzerland
- Issuing agent (non CREST)
- Registrars (Transfer Agent)

# Global investor led determinants:

- Eurobond market
  - circa USD 26 trillion market, of bonds denominated in a currency not native to the country where it is issued
- Domestic markets
- Cross listings (same ISIN)
- Depository Interests (same ISIN, CREST)
- Depository Receipt Programmes

# Current Sukuk listings

Current listing venues of Sukuk issuances (mainly technical listings):

- Dublin – Global Exchange Market ('GEM') of the ISE for listed securities aimed at professional investors – 43 (USD61.4bn programmes, USD24.5bn issued)
  - London – London Stock Exchange - 34
  - Boerse Berlin – 9
  - Luxembourg Stock Exchange – 6
  - Channel Islands Stock Exchange – 2
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- Virtually all have deployed Clearstream or Euroclear settlement
  - In contrast there are 4041 conventional CREST debt securities
  - Alternates for SMEs – ISDX, Nasdaq First North, Cyprus, Malta

# Planning

- SME sector – the market is not the preserve of large issuers only
  - Impact investment bonds
  - Ethical investments – housing, renewable resource bonds
  - New technology sector issuers
- How long does it take?

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- Supporting a Capital Markets platform for ethical and Shari'ah compliant securities
  - Experience
  - Technology
  - Support

This was a high level provision of information

No financial advice is intended or given – the presentation is not a financial promotion


Please consult appropriately authorised advisers to consider your particular circumstances and suitability or appropriateness of actions

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# Avenir | REGISTRARS



## Contact

 +44 7939 10 55 85

[www.avenir-registrars.co.uk](http://www.avenir-registrars.co.uk) 

 [hardeep.tamana@avenir-registrars.co.uk](mailto:hardeep.tamana@avenir-registrars.co.uk)

Or

[samiul.siddique@avenir-registrars.co.uk](mailto:samiul.siddique@avenir-registrars.co.uk)