



NEWS RELEASE
For Immediate Release

ISDA and IIFM publish Islamic Cross Currency Swap Standard

RIYADH, November 26, 2015 – The International Swaps and Derivatives Association, Inc. (ISDA) and the International Islamic Financial Market (IIFM) today announced publication of a new Islamic hedging product standard, the ISDA/IIFM *Himaayah Min Taqallub As‘aar Assarf* (Islamic Cross Currency Swap) for use in Islamic hedging transactions. The announcement was made at the IIFM 33rd Board of Directors meeting and workshop hosted by The National Commercial Bank at its Riyadh regional office.

The published confirmation template is part of an ISDA and IIFM plan to provide the Islamic finance industry with documentation and product templates to manage risk in transactions arising mainly from currency and profit rate mismatches. The Islamic Cross Currency Swap (ICRCS) template falls under the ISDA/IIFM *Tahawwut* (Hedging) Master Agreement, a framework document that contains general terms and conditions, and early termination and close-out netting provisions between transacting parties.

One of the objectives of entering into a *Himaayah Min Taqallub As‘aar Assarf* would be to enable a party to raise funds through a *Shari’ah*-compliant contract in one currency for a certain period of time against a *Shari’ah*-compliant contract in another currency. Profit rate, tenor and amount are all agreed between the two parties at the start of the transaction. It is used to manage and mitigate currency and rate risks associated with investments, and is not intended for speculation.

“With the expansion of Islamic finance into new territories and an increase in cross-border activities, certain transactions are being exposed to fluctuations in currencies and rate-of-return mismatches. IIFM has been playing a pioneering role in the Islamic hedging segment and, at an early stage, undertook the challenge of developing global standards in collaboration with ISDA. I am confident our ongoing efforts will play a critical role in shaping the industry, particularly in view of new regulations being introduced in G-20 economies,” said Khalid Hamad, Chairman of IIFM.

“We are delighted to continue our collaboration with IIFM by jointly launching the Islamic cross-currency swap standard product template. This is the latest in a series of product documentation releases aimed at standardizing the Islamic hedging market and helping participants to effectively manage their risk,” said Scott O’Malia, ISDA’s Chief Executive.

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“The ICRC standard has given the industry another standardized template for risk mitigation, providing robust legal documentation, *Shari’ah* harmonization and sound operational practices. We are now seeing an increase in the utilization of the ISDA/IIFM standard both among institutions and in particular jurisdictions,” said Ijlal Ahmed Alvi, Chief Executive Officer at IIFM.

Alvi noted with thanks the role of the IIFM Board of Directors, the IIFM *Shari’ah* Board and IIFM member institutions for their invaluable support and guidance in IIFM market unification efforts. He also thanked ISDA for its cooperation in working with IIFM in developing these standards, and looks forward to completing the remaining standardization projects.

The ISDA/IIFM *Himaayah Min Taqallub As’aar Assarf* documentation is available on IIFM’s website www.iifm.net and on ISDA’s website www.isda.org.

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About ISDA

Since 1985, ISDA has worked to make the global derivatives markets safer and more efficient. Today, ISDA has over 850 member institutions from 68 countries. These members comprise a broad range of derivatives market participants, including corporations, investment managers, government and supranational entities, insurance companies, energy and commodities firms, and international and regional banks. In addition to market participants, members also include key components of the derivatives market infrastructure, such as exchanges, intermediaries, clearing houses and repositories, as well as law firms, accounting firms and other service providers. Information about ISDA and its activities is available on the Association's website: www.isda.org.

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About IIFM

IIFM is a standard-setting organization for the Islamic financial services industry, focusing on the standardization of Islamic financial contracts and product templates relating to capital and money markets, corporate finance and trade finance. IIFM was founded in 2002 by the collective efforts of the Islamic Development Bank, Autoriti Monetari Brunei Darussalam, Bank Indonesia, Central Bank of Bahrain, Central Bank of Sudan and the Bank Negara Malaysia (delegated to Labuan Financial Services Authority) as a neutral and non-profit organization. Besides the founding members, IIFM is also supported as a member by certain regulatory and government bodies, such as State Bank of Pakistan, Dubai International Financial Centre, Indonesia Financial Services Authority, The National Bank of Kazakhstan, and by a number of international and regional financial institutions and other market participants. Information about IIFM and its activities is available on its website: www.iifm.net.