

## Offshore centers continue to thrive during challenging market conditions



### OFFSHORE FINANCIAL CENTERS

By Manuela Belmontes

Dubai Islamic Bank (DIB) returned to the capital markets with a dual-tranche issuance of Sukuk in an aggregate offering of US\$1.3 billion under its US\$7.5 billion Sukuk issuance program that uses a Cayman Islands company as the issuer and trustee. The issuer is set up as an orphan company with its shares held on trust, and management provided by MaplesFS, the fiduciary services business of Maples Group.

The Sukuk were listed on NASDAQ Dubai and media reports indicated that DIB remains the largest UAE-based Sukuk issuer on the exchange (by value, now at US\$6.3 billion).

More recently, Axiata Group, the telecommunications firm, made a combined conventional and Islamic securities offering in August in an aggregate principal amount of US\$1.5 billion.

Axiata Group issued US\$500 million in 10-year Sukuk and US\$1 billion in 30-year conventional bonds guaranteed by Axiata Group using two wholly-owned SPVs: Axiata SPV2 formed in Malaysia and Axiata SPV5 (Labuan) for the bond facility incorporated in Labuan, a popular offshore jurisdiction facilitating cross-border transactions in the Asia Pacific region.

The Sukuk issuance was Axiata Group's fourth issuance under its US\$1.5 billion multicurrency Sukuk issuance program and the first under its newly established US\$1.5 billion multicurrency euro medium-term note program. The offering was more than four times oversubscribed with the securities being sold to both Islamic and conventional investors.

As reported, the Sukuk facility is listed (but not quoted for trading) on Bursa Malaysia and the Sukuk and the notes are quoted and traded on Singapore Exchange Securities Trading.

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The project will facilitate the issuance of tokenized bonds on the Labuan International Financial Exchange (LFX), which forms part of the Labuan International Business and Financial Centre and is a subsidiary of Bursa Malaysia.

According to reports, Bursa Malaysia is hopeful that this partnership with

Hashstacs (which has previously worked on similar projects with Singapore's central bank and the Gibraltar Stock Exchange) will result in increased operating efficiencies in the bond market and a significant reduction in the cost of operations and the cost of issuing bonds as well as greater accessibility to the LFX.

Keeping within the sphere of fintech, we learned last month that the FinTech Hive program of another key financial center, the Dubai International Financial Centre, received an impressive level of applications for the fourth cohort of its acceleration program.

The fintech program (which tripled in size during the first six months of 2020) received 620 applications compared with 425 received in 2019. About a quarter of the applications came from global applicants (with a high concentration from India), approximately 30% came from UAE firms and the remainder from the MENA region.

According to an earlier IFN report, concepts and solutions presented included Islamic fintech and regtech, while key technologies included treasury management, credit-underwriting automation and data management and analytics. ☺

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