

The background of the entire page is a complex, multi-layered Islamic geometric pattern. It features a central circular motif with a face-like design in orange and red, surrounded by intricate golden and blue patterns. The overall color palette is dominated by deep blues, golds, and oranges, with a dark background that makes the patterns stand out.

Your World First

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Law . Tax

# Our global Shariah compliant Asset Finance practice



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# What is Shariah compliant Asset Finance?

Shariah compliant Asset Finance involves the application of the Shariah (the system of religious law which applies to Muslims) to modern Asset Finance.

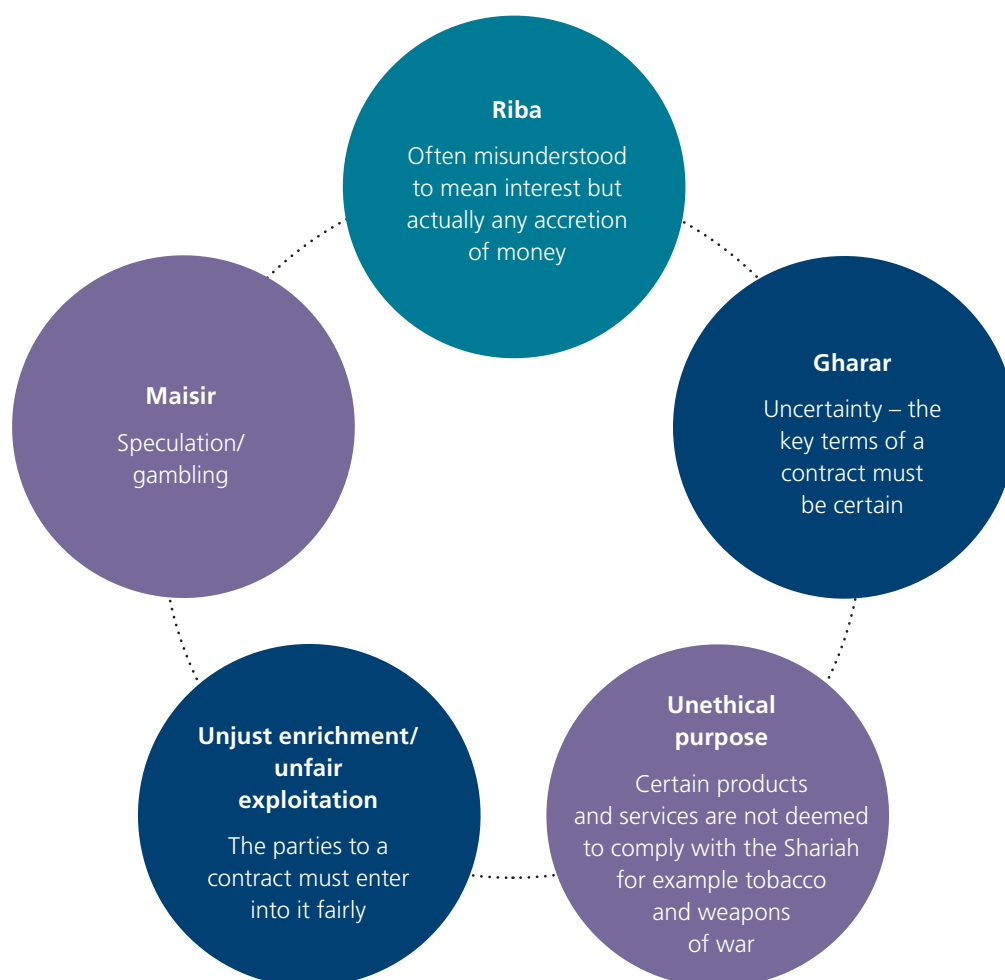
The global Islamic Finance industry, which currently has over 700 active financial institutions participating in it across 61 countries, has grown exponentially over the past fifteen years and is expected to reach USD 2.6 trillion by the end of 2017.

It has evolved such that almost anything which can be offered on a conventional interest based basis can now also be offered on a Shariah compliant basis – and Asset Finance transactions are particularly suited to Shariah compliant structures.

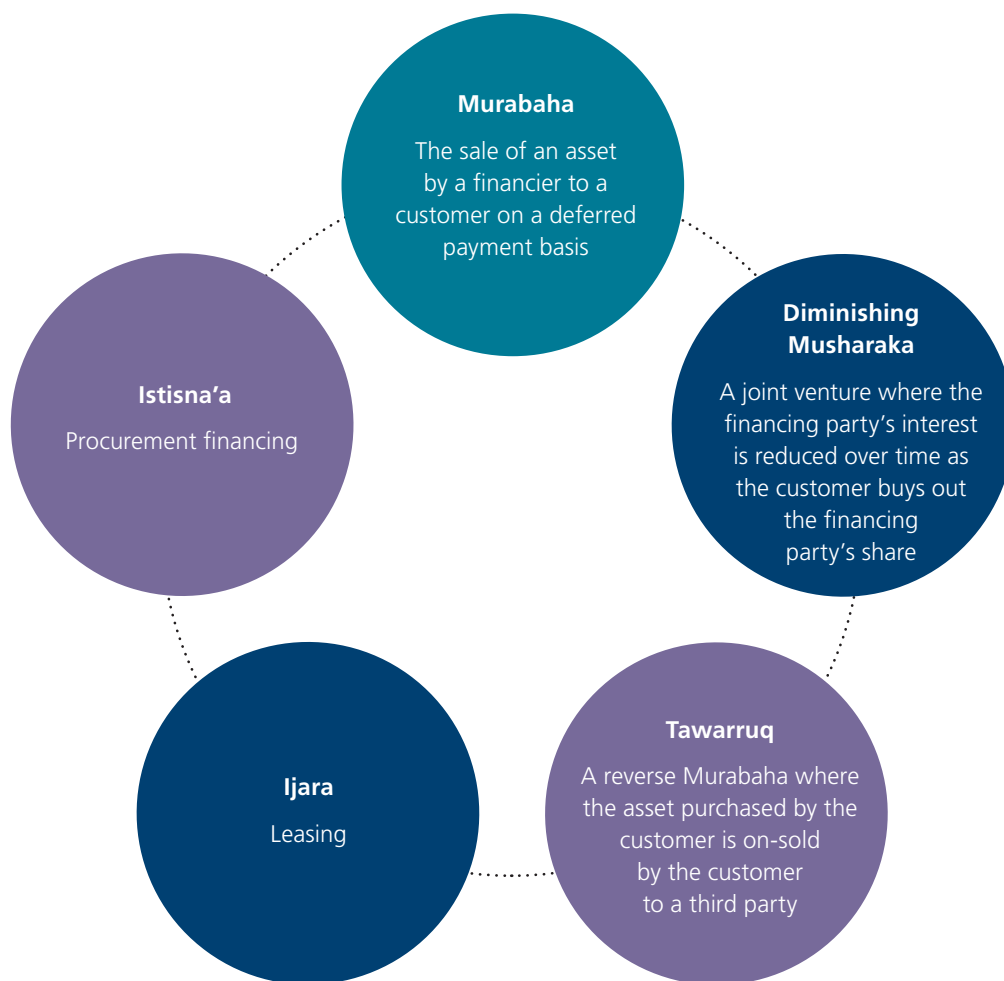
Isn't Shariah compliant Asset Finance only open to Muslims?



What are the key Shariah prohibitions applicable to Asset Finance transactions?

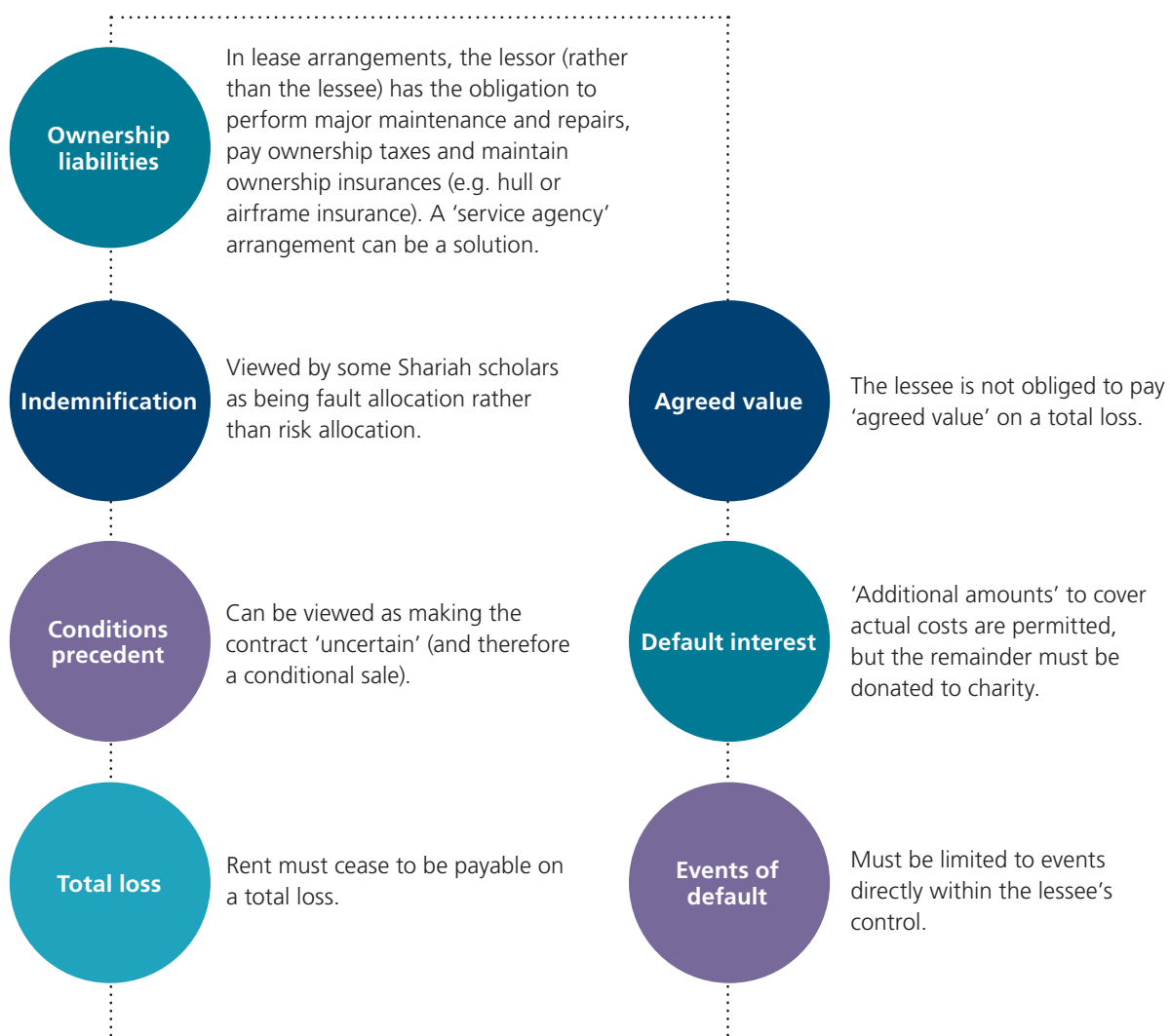


What are the key Shariah compliant structures and products for Asset Finance transactions?



## How is a Shariah compliant Asset Finance transaction different to a conventional Asset Finance transaction?

A Shariah compliant Asset Financing and the documentation involved is broadly similar to a conventional Asset Finance transaction. The key differences are:







The largest Shariah compliant aviation deal to date was announced in 2015 by Saudi Arabian Airlines, Airbus, International Airfinance Corporation (an Airbus-backed Shariah compliant aircraft leasing fund), Quantum Investment Bank Ltd and Palma Capital Limited. Saudi Arabian Airlines is to take delivery of 30 A320-200 aircraft and 20 A330-300 aircraft, worth around USD 8 billion based on list prices, increasing the airline's existing fleet by over 80%.



# How can CMS help you in the world of Shariah compliant Asset Finance?





# What types of Shariah compliant Asset Financings have CMS worked on?

Our global Islamic Finance practice has experience of acting on behalf of clients in all areas of Shariah compliant Asset Finance. Some recent examples of the types of work that members of our team have worked on are set out below.

## Tawarruq

- Acting for a major international bank on a proposed USD300m financing to a large shipping conglomerate structured using a Tawarruq. The proceeds of the Tawarruq were to be used to fund the acquisition of a number of pre-owned vessels and for working capital purposes.

## Murabaha

- Advising a Bahraini bank on the financing of an LNG tanker. The financing was structured as a true asset Murabaha and involved the purchase of the LNG tanker by the financier (acting through the customer as its agent) and the onward sale of the LNG tanker by the financier to the customer on a deferred payment basis.

## Ijara

- Advising an international airline on the financing of two Airbus A380 aircraft using an Ijara structure. The financier acquired the aircraft through a novel trust arrangement directly from Airbus before on-leasing them to the airline.

## Ijara

- Acting for a Shariah compliant bank on the financing of two Boeing 767-300ER aircraft. This was an interesting transaction as the airline were not directly involved in the financing. Instead beneficial title to both aircraft was purchased by the Shariah compliant bank and then leased to a third party who itself sub-leased to the airline its beneficial title to the aircraft. Legal title remained at all times with the airline.





Asset Finance transactions are well suited to Shariah compliant structures, particularly an Ijara (lease), because they satisfy the requirement that the subject matter is a valuable, identifiable and quantifiable asset with utility. The taking of security (to guard against breach of contract) is approved and encouraged in Islam.





# Why choose us?

A defining feature of the exponential growth of Islamic Finance in the past 40 years has been its constant evolution both to meet market demand and also to compete with conventional banking and finance.

In order to leverage off the opportunities which Islamic Finance presents, it is imperative that clients appoint legal counsel who are not only able to advise them of what is legally possible but who understand their business and can offer them insights into the Islamic Finance market, and the Asset Finance market, which they may not otherwise have. CMS' client centric approach combined with our deep knowledge of Islamic Finance and Asset Finance means we are uniquely placed to be able to offer such insights.

CMS' Asset Finance practice, comprised of lawyers in over 20 countries, has two main areas of focus: aviation finance and shipping and offshore marine finance.

In the aircraft finance sector, the CMS team assists a variety of key players in the aviation industry, including banks, finance and operating lessors, airlines, buyers and sellers of aircraft and maintenance organisations, around the world.

In the shipping and offshore marine finance sector, the CMS team has extensive experience advising across the maritime industry in respect of many different types of vessel, from FPSOs to offshore support vessels and from ferries to fishing boats, acting both borrower side and financier side, including for commercial lenders and export credit agencies.

## 'Your World First'

- Your world comes first. You are always our number one priority.
- We understand the details of your business and the environment you work in.
- We build on deep local roots, forming an international organisation.
- We work together in cross-border teams to give you the full picture.

## Sector knowledge

- We were one of the first international firms to organise our business along sector group lines.
- Our eight sector groups provide you with integrated services combined with leading edge industry sector capability.
- We bring together individuals from all practice areas to focus on a particular sector, allowing us to pinpoint the commercial issues and risks on a transaction.

## Above and beyond

- We go above and beyond for our clients and endeavour to ensure that their expectations are always exceeded.
- We speak on your behalf when new laws are made and act proactively to alert you to issues which your business may face in the future.
- We provide services that add real value, such as Law Now 2.0 – our market leading online knowledge portal that covers 75 areas of law.

# Who can you contact to help you?

The global Islamic Finance practice at CMS is led by Shakeel Adli. Shakeel has over ten years of experience in Islamic Finance, is well versed in all Shariah compliant Asset Finance structures and products and can guide you through the nuances of Islamic Finance wherever you may be based.

We encourage you to get in touch with Shakeel (or your normal CMS contact if you prefer) to discover what we can do for you.



**Shakeel Adli**

Partner, Head of Islamic Finance

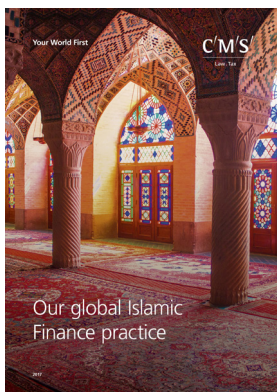
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I am passionate about Islamic Finance and advising clients on Shariah compliant Asset Finance transactions. No matter how small or large the matter, please do not hesitate to contact me should you need assistance.

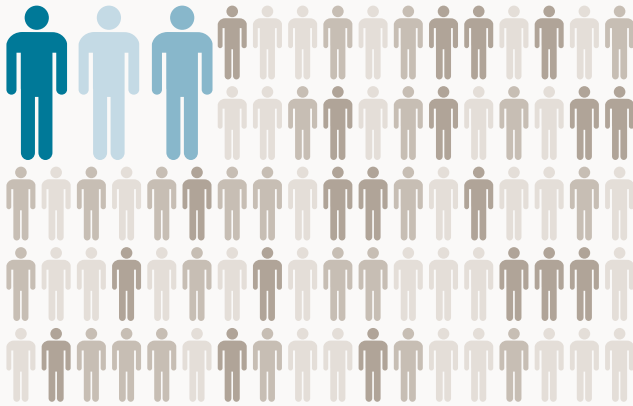


CMS also has considerable experience of other Shariah compliant transactions and products including Corporate Lending, Real Estate Finance, Project Finance, Trade Finance, Product Development/General Advisory and Sukuk/Debt Capital Markets Instruments. For more information, please see our brochure entitled '**Our global Islamic Finance practice**'.



# CMS facts and figures

32 new partners in 2015, taking the total to over 880



**Top rankings  
in 2016**  
M&A League Tables  
(by deal count)

**#1 Europe**  
(Bloomberg,  
Thomson Reuters)

**Acritas  
Sharplegal  
Top 20**  
Global Brand  
Ranking

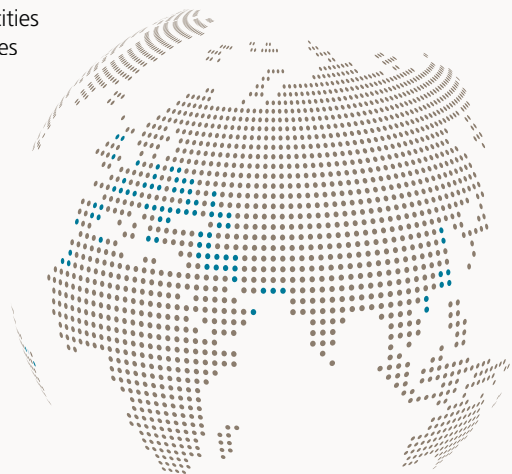
**#3 Global**  
(Bloomberg  
up to USD 500m)

> 6,000 staff

> 3,400 lawyers

> 880 partners

Operating in 59 cities  
across 38 countries



**EUR 1.01bn**  
turnover for 2015

19 practice  
and sector  
groups working  
across offices

Ranked  
**3rd**  
most global  
law firm  
in the Am Law 2016  
Global Top 100

# Where to find us









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