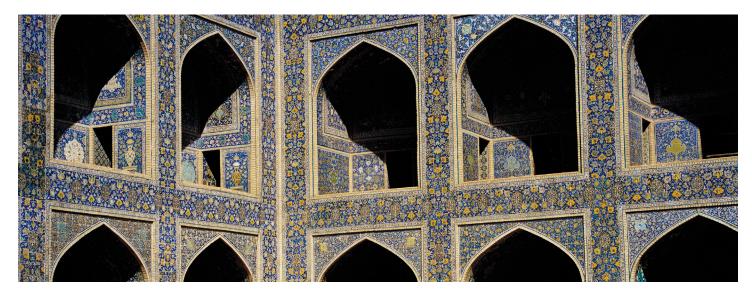
Bermuda as a center for Islamic finance



Islamic finance is currently experiencing unprecedented growth on the global stage. The growth of Islamic finance has expanded to include takaful, retakaful/retrotakaful, private equity, project finance, the origination and issuance of sukuk, and fund, asset and wealth management activities.

The Bermuda Government and Bermuda Business are currently actively engaged in promoting the development of Islamic finance in Bermuda and ways to support its growth. These initiatives build on the existing relationship between Bermuda and the Gulf Cooperation Council (GCC) countries.

Investors from GCC countries already invest in the Bermuda hospitality industry, and investment funds and financing vehicles originating from the GCC countries use Bermuda exempt companies and trusts in sukuk, investment holding and wealth management structures.

Bermuda is attractive as an international finance jurisdiction because it seeks to strike the right balance between maintaining an effective regulatory framework that meets relevant international standards and ensures high standards of behavior, while fostering an environment that remains attractive to business and enables them to grow and develop successfully.

Why Bermuda?

- **Recognition** Bermuda has received international recognition for its successful efforts to get onto the Organisation of Economic Cooperation and Development (OECD) "white list".
- Political stability Bermuda is a self-governing British Overseas Territory; the legal system is based on English common law, the doctrines of equity and Bermuda statute law dating from 1612.

- Experience and expertise An unmatched collection of talent and intellectual capital in key sectors, including insurance, financial services, and electronic commerce.
- Infrastructure A substantial infrastructure of professional services has developed to support the financial industry in Bermuda.
- Economic stability Over the past decade, Bermuda's economic growth has surpassed that of the US and UK; Bermuda enjoys a high standard of living with all the amenities and conveniences of a Western economy.
- Potential tax benefits Bermuda companies are not subject to corporate, income, capital or dividend tax and individuals are not subject to personal taxation.
- Accessibility Bermuda's situation geographically (with easy access to and from New York and London) serves as a hub for the insurance/reinsurance and asset management industries.

Takaful and Retakaful/Retrotakaful

Innovation, entrepreneurialism and the leadership of Bermuda insurers and the Bermuda government have fostered a highly successful (re)insurance industry. Today, Bermuda is home to more than 50 major international insurance and reinsurance firms and there are 1200 international insurers and reinsurers listed here.

As the largest offshore reinsurance and general insurance domicile, Bermuda offers a range of opportunities for retakaful/retrotakaful operators to assist in the growth and expansion of takaful insurance. A number of Bermuda-based insurance and reinsurance companies, as well as global insurance firms with a Bermuda presence are establishing relationships with GCC countries.

Bermuda is also the world's leading captive insurance market, with over 900 captive insurers, making it an attractive center to service the relatively untapped captive takaful and retakaful market.



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Sharia-compliant investment funds

As one of the world's leading jurisdictions for the alternative fund industry and the receptive attitude of the Bermuda Government to new entrants to the market, the Bermuda regulatory framework provides a favorable environment for the establishment of Sharia-compliant funds. Sharia-compliant fund sponsors benefit from the presence in Bermuda of world-class asset management firms, fund administrators and other professionals. Funds can be listed on the Bermuda Stock Exchange (BSX), and Bermuda umbrella funds as segregated account companies can be created.

Bermuda boasts a wealth of expertise in the area of mutual funds, hedge funds, private equity funds and real estate funds. Bermuda is home to hundreds of fund managers, nearly two thousand funds are registered here, and still thousands more administered by its world class fund administration professionals. Bermuda has long recognized the changing needs of investors, including calls for greater transparency and regulatory oversight, while maintaining an efficient and entrepreneurial environment that allows funds and fund managers to flourish.

Sukuk

Already recognized as a centre of excellence for the domicile, management, administration and listing of investment funds and financing structures, Bermuda is a natural choice as a jurisdiction for sukuk issuers.

Bermuda companies and trusts are attractive for various sukuk structures such as Mudarabah (partnership/ finance trusteeship), Musharaka (joint venture), Ijara (leasing), Murabaha (purchase order), Istisna (manufacturing or project finance), and Wakala (agency). Besides the modern corporate and trust legislations, Bermuda also offers listing facilities for sukuk on the BSX, which has developed into a major offshore exchange for the listing of international securities. The BSX specializes in listing and trading capital market instruments such as stocks, bonds, mutual fund (including hedge fund structures), insurancelinked products and depository receipt programs.

How can PricewaterhouseCoopers help?

At PricewaterhouseCoopers, we have a dedicated, multidisciplinary team of industry experts, including actuaries, tax and advisory specialists, who specialize in Islamic finance. Our industry experts have extensive global experience in offering assurance and advisory services within the Islamic finance industry. The members of our team span multiple lines of service and have the knowledge to assist with a variety of areas including operations, compliance, tax, distribution and fund set up.

PwC Bermuda is the leading provider of audit and assurance, advisory and tax services to Bermuda's insurance and reinsurance industry. We provide audit services to 58% of the leading insurance and reinsurance companies in Bermuda and have ongoing advisory and other relationships with a vast majority of the remainder.

As part of the PwC global asset management group, we provide a broad range of assurance, tax and advisory services to our investment management clients, which include investment partnerships and trusts, private equity funds, hedge funds, pension funds, treasury operations and investment managers, advisors, and banks.

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