



1. What is an Islamic Index?

An Islamic Index is an index of companies that are found to be compliant with the stringent rules of Shari'ah. For instance, companies dealing with pork, alcohol, gambling, tobacco, and banks do not qualify to be part of the index.

2. Why an Islamic Index?

To help the Islamic investor community (as well as other interested investors) identify and invest in businesses that are compliant with the Shari'ah laws. In a nutshell, this specialty index provides Shari'ah -friendly businesses an opportunity to reach out to more potential investors. The Index also offers Islamic investors a chance to participate in the businesses of the companies included in the index, without compromising their beliefs.

3. How are companies selected?

Companies are monitored at two levels: (1) by the sector that the company operates, and (2) a few of the operating ratios that the company works with, as found in their annual report. For instance, companies dealing with pork, alcohol, gambling, tobacco, telecommunications, and advertising and media, with some exceptions, are left out of the index. Similarly, banks do not feature in the index, as Islamic investors are not allowed to profit from interest.

4. Why the use of the word 'Islamic'?

Research indicated that the word 'Islamic' is globally accepted in the world of finance. For example, *Islamic Finance and Banking* is an industry specific term used to identify this specialized sector of the broader finance industry. In an effort to eliminate any confusion around (1) the spelling of the word 'Shari'ah' – also referred to as Shariah, Sharia and Syariah, and (2) other words seemingly used to refer to Islamic investing, i.e., ethical or socially responsible – synonymous with "guilt-free", "green" and socially acceptable, the NSE and Lotus Capital opted to use the word most familiar to the audience it is servicing.

5. How large is the "Islamic Capital Market" space?

Global Shari'ah -compliant assets under management has grown from \$150 billion in the mid-90s and is expected to exceed \$1 trillion by 2012.

6. Why is The Exchange interested in launching an Islamic Index?

The Exchange intends to attract investors and fund managers interested in businesses that are compliant with the Shari'ah laws, particularly those from Asia and the Middle East. It also expects to earn revenue from the creation, listing, and trading of financial products created from the index, such as **Exchange Traded Funds**.

7. Is there any Africa-focused Islamic Index?

Yes. The S&P Pan Africa Shariah Index includes stocks from Botswana, Côte d'Ivoire, Egypt, Ghana, Kenya, Mauritius, Morocco, Namibia, Nigeria, South Africa, Tunisia and Zambia.

8. What are some examples of Islamic Investment Indices?

- FTSE Shariah Indices
 - FTSE Global Equity *(Based on the Large and Mid-Cap stocks in the FTSE Global equity Index Series universe)*
 - FTSE Global Islamic Index Series
 - FTSE SGX Shariah Index Series
- S&P Shariah Indices
 - S&P 500 Shariah
 - S&P/TSX 60 Shariah
 - S&P Europe 350 Shariah
- Bombay Stock Exchange
 - Tasis Shariah 50
- Jakarta Islamic Index
 - Jakarta Islamic Index