

NOTES ON PANEL DISCUSSION

ADFIMI - QDB Joint Workshop on “Shariah Compliance Issues of Crypto Assets” held in Doha, Qatar on 11 March 2019

Attention: Mr. Nuri Birtek

March 25, 2019

This document reflects the notes of Solak&Partners (“Notes”) on the Closing Panel Discussion (“Panel”) held on March 11, 2019 during the ADFIMI – QDB Joint Workshop on “Shariah Compliance Issues of Crypto Assets” (“Workshop”). The Notes are shared solely for informative purposes and may not reflect the exact and final opinion or comments of the panel participants on the subjects discussed on the Workshop.

Participants:

Mr. Bernard Barbour	Managing Director, Head of Legal&Sharia’a Affairs, Corporate Secretary, QInvest LLC, Qatar
Mufti Muhammad Abu Bakar	Sharia Consultant, Specialist in Islamic Finance, FinTech and Halal, Pakistan
Dr. Ziyaad Mahomed	International Centre for Education in Islamic Finance, Malaysia
Dr. Mahmoud Bekri	Research Economist from IRTI/IsDB
Mr. Abdul Haseeb Basit	Co-founder, Elipses, United Kingdom
Dr. Farrukh Habib	Researcher, International Sharia’ah Research Academy for Islamic Finance (ISRA), Malaysia
Ms. Elçin Karatay (moderator)	Lawyer and Partners, Solak&Partners, Turkey

A. Subject of the Panel and a General Outlook on the Workshop

The Panel mainly focused on the final remarks of the speakers of the Workshop which included two sessions prior to the Panel: *(i)* Islamic FinTech Regulatory Landscape and *(ii)* Cryptocurrencies from the Sharia Perspective.

The regulatory environment on crypto assets and blockchain in general is not precise as the newly emerging technology introduced distributed databases and verification nodes unlike the standard centralized system that is currently used by the governments or the payment institutions such as banks; and a new perspective on understanding, issuing and distributing assets. The session on the regulatory landscape was mainly focused on the developments on codification trends and the applicability and interpretation of current contracts, banking and securities laws and regulations.

The session on Sharia perspective on crypto assets mainly focused on the current interpretations of the Sharia Law on crypto assets and the interpretations of the speakers. The main discussions are based on the classification of crypto assets; compliance pursuant to the underlying commodities, project or businesses; reliance upon debt; mutual alignment of profit and loss sharing; and the involvement of governments by adoption of specific laws and regulations for crypto assets.

The Panel acted as a medium for the panelists to share their final thoughts on the issue and give detailed insights to the participants of the Workshop. The main questions directed to the panelists are based on their final comments and issuance of a Sharia compliant crypto asset.

B. Closing Remarks on the Panel

B.1. Dr. Mahmoud Bekri

As his final remarks on the Workshop, Dr. Mahmoud Bekri pointed out the importance and necessity for the advancement and development of copyright and patent protection for FinTech solutions. As for the Shariah compliance of crypto assets, he noted that the initiatives may greatly contribute to the research and development of the studies on blockchain and crypto assets. He also noted that collaboration between different parties from the FinTech environment and the advancement of small focused workshops can benefit the FinTech community and create a platform for corporate funds to be involved in FinTech solutions and these solutions' compliance with Sharia Law.

B.2. Mr. Abdul Haseeb Basit

During his final remarks, Mr. Abdul Haseeb Basit emphasized on the importance of finding a consensus on what currently works for Sharia compliant crypto assets and blockchain projects; and the works which shall be completed to have guidelines and general rules on that subject. He noted that the collaboration of different parties is required to review, interpret and understand the present state. On the issue of Sharia compliance of crypto assets, Mr. Haseeb shared his view on how reviewing and evaluating the blockchain projects based on the real economic impact that they create and their social usefulness may direct the discussions on a different spectrum. As a final comment on the discussions, he stated that it is the early stages of an emerging technology and further investment on research is essential.

B.3. Mr. Bernard Barbour

Following his speech and detailed reviews on the first session regarding the regulations on the crypto assets, during the Panel, Mr. Bernard Barbour focused on the effects of crypto assets on our daily lives, and the evolution of the monetary system. Upon giving the example regarding the asset “gold”, he emphasized the importance of asset backed stores of value. As his final remarks, he emphasized the requirement for further research on the review of regulations on crypto assets and importance of applicable solutions for further development on the subject.

B.4. Dr. Farrukh Habib

As his final remarks, Dr. Farrukh Habib emphasized the opportunity for the FinTech companies and countries to innovate their own Sharia compliant products. He noted that for the adoption of blockchain based financial solutions, there is a requirement for collaboration, especially for cross-border transactions. As for the issues concerning Sharia compliance of crypto assets and blockchain projects, he shared that the researches on the term “usable property” is of significant importance. For the development of the FinTech environment and the community, he underlined the requirement for platforms for the scholars and researchers to convene in order to share and discuss their views on the controversial subjects.

B.5. Dr. Ziyaad Mahomed

As his final remarks, Dr. Ziyaad Mahomed noted the importance of consultative working groups to work on Sharia compliance issues of crypto assets and blockchain projects and the requirement for a holistic approach during these collaborations. He shared his thoughts on development of a code of conduct for blockchain projects and how it can enhance the institutional involvement. Dr. Ziyaad Mahomed also noted that the tokenization of the economy shall be reviewed from the perspective of

the impacts that it will create and the protection of the parties involved in the transactions; and that it is important to have quantitative analysis while reviewing the projects.

B.6. Mr. Muhammad Abu Bakar

Mr. Muhammad Abu Bakar emphasized the importance of appreciating and benefiting from the emerging technologies pursuant to the Sharia ruling, as his final remarks. On this subject, he noted that, in order to embrace blockchain and the new advancements it has introduced, the technology shall be reviewed and understood in depth. As per the take-aways from the Workshop, he underlined that more collaboration and a balanced approach will be beneficial for the assessment of Sharia compliance issues on crypto assets

Please do not hesitate to contact us should you have any queries. You may reach us through info@solakpartners.com or +90 212 317 47 34.

Kind regards,

Elçin Karatay
Attorney at Law