JICL Journal of Indonesian Comparative of Syari'ah Law
Jurnal Ilmu Syariah & Ilmu Hukum
Volume 8 Number 3

p-ISSN : 2621 - 3311
e-ISSN : 2621 - 329X

Published by Department of Comparative School of Jurisprudence Faculty of Syariah Universitas Darussalam Gontor

THE IMPACT OF INTERNATIONAL ORGANIZATION OF SECURITIES COMMISSIONS (IOSCO) PRINCIPLES ON SUKUK

Authors:

Suhaili bin Haji Momin
University Islam Sultan Sharif Ali – Brunie Darussalam
suhaili@alwady.com

Hakimah Yaacob
University Islam Sultan Sharif Ali – Brunie Darussalam
hakimah.yaacob@unissa.edu.bn

Article Info

History :
Submitted: 14-10-2025
Revised : 19-12-2025
Accepted : 19-12-2025

Keyword :
IOSCO, Sukuk, Syariah

Kata Kunci
IOSCO, Sukuk, Syariah

Page: 869-886

Doi:
10.21111/jicl.v8i3.15192

Abstract

Regulatory failures linked to market failures provide the economic rationale for interventions, including additional regulations, though these often result in higher costs and lower benefits than anticipated, leading to net harmful effects. The International Organization of Securities Commissions (IOSCO) serves as a global partnership of regulatory bodies to establish standards for efficient, orderly, and fair markets. This study analyzes the impact of IOSCO Core Principles on the development of Sukuk—Shariah-compliant bonds that have grown rapidly over the past two decades. While flexible for conventional markets, their application to Shariah securities remains uncertain. Using a comprehensive analytical approach, this research evaluates the compatibility of IOSCO principles with Islamic financial products, demonstrating that structural adjustments and adaptive regulations can enhance the credibility, transparency, and sustainable growth of Sukuk. The findings emphasize coordination among regulators for an inclusive supervisory framework that integrates Shariah principles with global standards, promoting the fair integration of Islamic financial markets into the global system.

Abstrak

Kegagalan regulasi terkait kegagalan pasar menjadi dasar intervensi ekonomi, termasuk regulasi tambahan, meskipun sering kali menimbulkan biaya lebih tinggi dan manfaat lebih rendah dari ekspektasi, sehingga dampak netto justru merugikan. Organisasi Internasional Komisi Sekuritas (IOSCO) dibentuk sebagai kemitraan global lembaga pengawas untuk menetapkan standar pasar yang efisien, teratur, dan adil. Penelitian ini menganalisis dampak Prinsip-Prinsip Inti IOSCO terhadap perkembangan Sukuk obligasi syariah yang tumbuh pesat dalam dua dekade terakhir. Meskipun fleksibel untuk pasar konvensional, penerapannya pada sekuritas syariah masih menimbulkan ketidakpastian. Dengan pendekatan analitis komprehensif, penelitian ini mengevaluasi kompatibilitas prinsip IOSCO dengan produk keuangan Islam, menunjukkan bahwa penyesuaian struktural dan regulasi adaptif dapat meningkatkan kredibilitas, transparansi, dan pertumbuhan Sukuk secara berkelanjutan. Temuan menekankan koordinasi antar pengawas untuk kerangka supervisi inklusif yang mengintegrasikan prinsip syariah dengan standar global, mendorong integrasi pasar keuangan Islam ke dalam sistem global yang adil.

INTRODUCTION

The global sukuk market has shown significant growth in recent years and is becoming increasingly important in the international financing landscape. According to market reports, the sukuk market was valued at approximately US$915 billion in 2022 and is projected to increase substantially to around US$2.276 trillion by 2028, reflecting the growing demand for Shariah-compliant financial instruments and the increasingly strong integration between conventional capital markets and Islamic finance.[1] This growth has been driven by several factors: national policies promoting Islamic financial inclusion and the issuance of Shariah instruments by the government, cross-border capital flows from institutional investors seeking diversification and Shariah compliance, and advances in capital market technology that have expanded access for retail investors and streamlined issuance and transaction processes. In this context, sukuk serve not only as an alternative financing tool but also as a bridge between Shariah principles and global capital market standards.[2]

Conceptually and structurally, sukuk differs from conventional bonds because it represents ownership of assets, rights to the economic returns from those assets, or claims to certain benefits rather than an interest-bearing credit relationship. These differences give rise to a number of legal, accounting, governance and disclosure implications that are relevant to capital market regulators. For example, determining the existence of asset ownership, the allocation of income and risk between sukuk holders, and sharia dispute resolution mechanisms are technical issues that affect investor protection, market transparency and the enforceability of sukuk holders' rights in various jurisdictions.[3]

International securities regulation principles, as formulated by the International Organisation of Securities Commissions (IOSCO), emphasise core objectives: investor protection, market integrity, and market efficiency through disclosure, governance, oversight, and enforcement frameworks. Meanwhile, standard-setting bodies that specifically address the needs of the Islamic finance sector — such as the Islamic Financial Services Board (IFSB) and other technical organisations — develop guidelines that emphasise Shariah compliance, risk management specific to Islamic instruments, and aspects of Shariah governance. These two areas of standards have macro-level alignment in their objectives but differ in their technical approaches and terminology; therefore, there is potential for misalignment when securities regulatory principles are applied

[1] "Sukuk Market Size, Share, Growth, Outlook 2025-2033," accessed December 19, 2025, https://www.imarcgroup.com/sukuk-market.

[2] Mohamed Metoui and Ahmed Ghorbel, "Does Sukuk Sector Stimulate Economic Growth?Empirical Evidence from MENA and Southeast Asia Region," *International Journal of Empirical Economics* Vol. 2, no. 2 (2023): 1–41, https://doi.org/dx.doi.org/10.1142/S2810943023500075.

[3] Fatima Elmorabit et al., "The Potential Role of Sukuk in Promoting Economic Growth: Evidence from Malaysia And Bahrein," *JOURNAL OF ECONOMICS, FINANCE AND MANAGEMENT STUDIES* 06, no. 01 (January 2023), https://doi.org/10.47191/jefms/v6-i1-49.

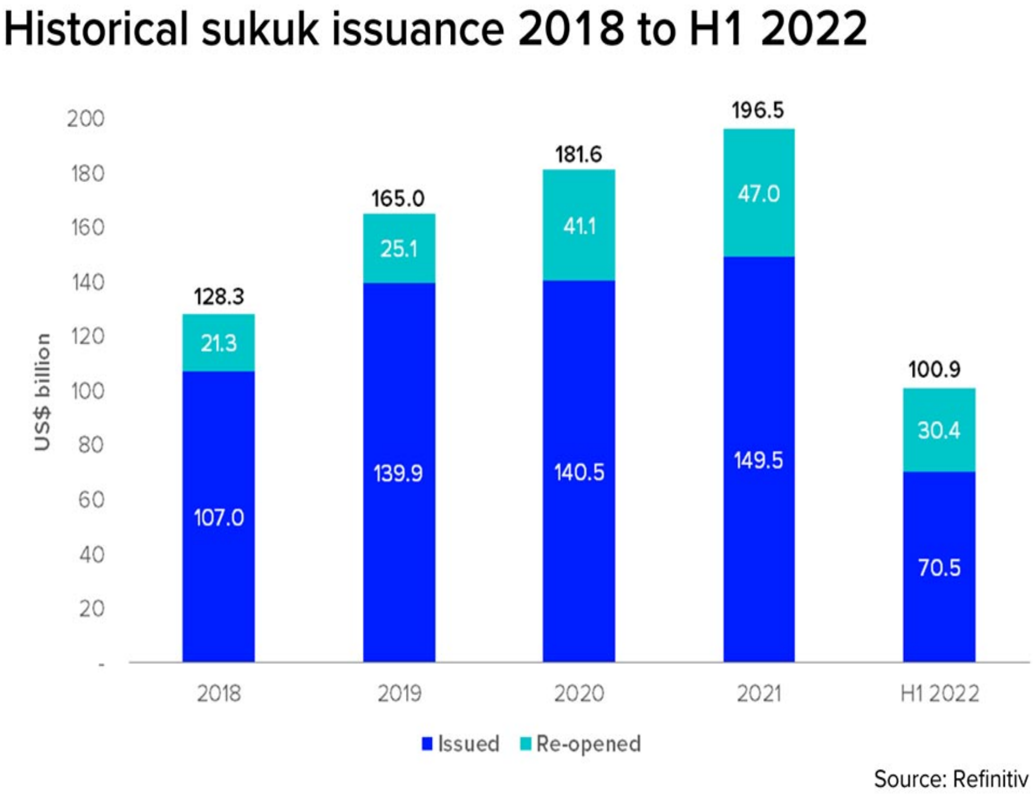
directly to sukuk instruments without technical adaptations that take into account Shariah characteristics. For reference, IOSCO's principles document.[4]

The research gap that has emerged is the lack of systematic analysis that maps IOSCO principles to the operational features of sukuk and at the same time offers concrete technical recommendations for harmonisation between international securities standards and Islamic finance guidelines. In regulatory practice, issues that often arise include: (1) the adequacy of disclosure of underlying assets and cash flows related to sukuk to meet transparency standards; (2) protection of sukuk holders' rights in default scenarios involving asset ownership; (3) Shariah governance mechanisms and how these are integrated with capital market governance. Differences in practices between jurisdictions for example, the dominant sukuk issuance models in the Gulf Cooperation Council (GCC), Malaysia, and Southeast Asian countries add to the complexity of harmonization.

Makalah ini bertujuan untuk (a) menilai kompatibilitas Prinsip IOSCO dengan karakteristik utama sukuk; (b) mengidentifikasi kesenjangan teknis dan praktik pelaksanaan yang berpotensi mengurangi efektivitas perlindungan investor dan integritas pasar; serta (c) mengusulkan rekomendasi kebijakan dan desain teknis untuk menyelaraskan standar sekuritas internasional dengan kerangka kepatuhan Syariah tanpa mengurangi tujuan regulasi inti. Kontribusi utama penelitian ini adalah penyusunan kerangka peta kesesuaian (mapping) antara Prinsip IOSCO dan fitur-fitur sukuk, diikuti oleh rekomendasi operasional—termasuk template pengungkapan aset, pedoman tata kelola bagi komite Syariah dan trustee/agency, serta mekanisme koordinasi antar regulator untuk supervisi lintas-batas.

Methodologically, this study combines document analysis (IOSCO terms of reference and IFSB guidelines), regulatory comparisons across several key jurisdictions, and case studies of significant public and corporate sukuk issuances. To enrich the findings, the paper also utilises brief structured interviews with market practitioners (regulators, issuers, underwriters, and Shariah advisors) to test hypotheses regarding implementation barriers and the need for technical harmonisation. This combined approach allows for the identification of both normative (principles) and technical (market implementation) regulatory gaps.

[4] "IOSCO Objectives and Principles of Securities Regulation and the IOSCO Assessment Methodology," accessed December 19, 2025, https://www.iosco.org/v2/about/?subsection=display_committee&cmtid=19&subSection1=principles.



Further to understand that Sukuk is similar to conventional corporate bonds in terms of the parties involved and the purpose of bond issuance, which is to obtain finance[5]. In the process of compliance in the market, just like Bonds, which need to comply with the principles of compliance with the standards outlined by the IOSCO principles. In order to accommodate the variations in the conventional securities market, the IOSCO Core Principles are designed to be flexible enough as there is a degree of uncertainty about how the IOSCO Core Principles can be applied to the Islamic securities market. However, IOSCO sets a mandate to assess the compatibility of IOSCO's core principles with Islamic financial products and practices[6].

According to IOSCO,

"IOSCO"s vision is for markets which operate across the world on sound principles and standards, and regulators who can cooperate and exchange information across borders. It aims to ensure that markets are fair, efficient and transparent; to protect investors; and to reduce systemic risk. It is recognized as the global securities standard setter by the international financial community and in particular the Financial Stability Forum, the World Bank and the International Monetary Fund. It has developed 30 broad

---

[5] https://www.tmf-group.com/en/news-insights/articles/2021/july/global-islamic-finance-market-sukuk-bonds/ retrieved on 07th April 2023 at 5.03am

[6] https://www.iosco.org/library/pubdocs/pdf/IOSCOPD280.pdf retrieved on 07th April 2023 5.35am

Principles for securities regulation and promotes the full implementation of these in the regulatory framework of every member jurisdiction. IOSCO is also interested in examining how compatible the IOSCO 30 Principles for securities regulation are with Islamic finance securities products and an informal working group is examining this issue led by the UK Financial Services Authority."[7]

RESULT AND DISCUSSIONS

1. Understanding Sukuk

Sukuk is an Islamic financial Certificate, similar to bonds in Western finance, that complies with Sharia, Islamic religious law.[8] Because traditional Western interest-paying bond structures are not permitted by sharia (Islamic) law, sukuk issuers sell certificates to groups of investors, who then lease them back to the issuer at a predetermined rental fee[9]. The issuer also makes a contractual promise to buy back the bonds at a future date at par value[10].

From a linguistic standpoint, the term *sukuk* derives from the Arabic root *sakk*, which has Persian origins and is associated with the idea of two entities colliding with tremendous force. In classical Arabic usage, *sakk* refers to the act of sealing or stamping a document, thereby signifying its authenticity and formal recognition. As such, the term broadly encompasses any kind of written legal or financial instrument. A well-known narration transmitted by Imam Malik in *Al-Muwatta* describes *sukuk* as a documented financial instrument that entitles its holders to a share of proceeds generated from market-based activities or trade.[11]

The term "sukuk" derives from the Arabic plural of "sakk," originally denoting a written instrument representing value; in contemporary Islamic finance, sukuk are understood as Sharia-compliant securities that confer proportional ownership in specified assets, income streams, or services, entitling holders to benefits and imposing obligations in proportion to their share. Typically issued in uniform nominal units, sukuk ensure equality of rights and duties among holders, so that entitlements to returns and any attendant obligations are allocated fairly according to the number of units owned. Legally, sukuk are treated as indivisible vis-à-vis the issuer: if title becomes shared through inheritance, gift, or testamentary disposition, such fractional coexistence is not directly recognized by the issuer, and co-owners must appoint a single authorized representative to exercise the collective rights before the issuer. At the same time, sukuk are generally

---

[7] https://www.iosco.org/library/pubdocs/pdf/IOSCOPD280.pdf retrieved on 07th April 2023 6.13am

[8] Nida Khan et al., "Tokenization of Sukuk: Ethereum Case Study," *Global Finance Journal* 51 (February 2022): 100539, https://doi.org/10.1016/j.gfj.2020.100539.

[9] Yusuf Sani Abubakar et al., "The Concept of Sukuk and Its Applications in Contemporary Islamic Financial System," *The Asian Institute of Research Law and Humanities Quarterly Reviews* Vol. 2, no. No. 3 (2023): 39–54, https://doi.org/10.31014/aior.1996.02.03.70.

[10] Managing Shariah Compliant Investment in Tabung Amanah Pekerja, Haji Suhaili bin Haji Momin, Master in Islamic Banking and Finance (2018), Faculty of Business and Management Science, Universiti Islam Sultan Sharif Ali, Brunei Darussalam.

[11] B.S. Sairally et al., *Sukuk: Principles and Practices*, Kuala Lumpur (International Shari'ah Research Academy for Islamic Finance (ISRA), 2017).

transferable on secondary markets, providing liquidity and permitting owners to assign their holdings without requiring the issuer's consent or additional governmental approvals, which makes tradability a central practical attribute. Most sukuk are issued with a specified term, distinguishing them from ordinary equity which has no predetermined maturity, although a small subset of sukuk structures may be issued without a fixed duration. Crucially, sukuk represent participatory ownership in underlying assets or benefits rather than a debt obligation: this ownership dimension—rather than creditor status—constitutes the primary legal and economic distinction from conventional bonds and carries important implications for investor rights, dispute resolution, and the handling of jointly held interests and transfers in the market.[12]

According to Hukum Syara' that Sukuk must be able to link the return and cash flow of the financing to the purchased asset, or the return generated from the purchased asset. This is because buying and selling on debt is prohibited under Shariah. Therefore, financing can only be obtained for identifiable assets.[13]

As it is commonly known that Sukuk in its modern form, achieves asset monetization or securitization where the ability to transform the asset's future cash flow into current cash flow opens up opportunities not only in existing assets but also in specific assets available in the future. The fundamental difference between Sukuk and conventional Bonds is that while the former is an obligation to repay the loan, the latter can be structured to form part ownership in:

- debt (Sukuk Murabaha)
- Asset (SukukAl Ijara)
- Investment (Sukuk Al Istithmar)
- Project (Sukuk Al Istisna)
- Business (Sukuk Al Musharaka)

2. International Organization of Securities Commissions (IOSCO)

IOSCO was established in 1983. IOSCO consist of more than 95% of the world's securities markets in more than 115 jurisdictions[14]. The membership comes from the global securities regulators in developing markets. For Brunei, the regulating body is the BDCB, the Brunei Darussalam Central Bank which was formerly known as The Monetary Authority of Brunei Darussalam (AMBD)[15] and in Malaysia, it comes from the Securities Commissions (SC).

---

[12] Zuhair Khalid Afifi, "Financial Sukuk: Concept, Legal Principles, and Types," *Asian Journal of Economics, Business and Accounting* Vol. 24, no. 2 (2024): 98–106, https://doi.org/10.9734/AJEBA/2024/v24i21224.

[13] Managing Shariah Compliant Investment in Tabung Amanah Pekerja, Haji Suhaili bin Haji Momin, Master in Islamic Banking and Finance (2018), Faculty of Business and Management Science, Universiti Islam Sultan Sharif Ali, Brunei Darussalam.

[14] Thomas Papadopoulos, "International Organization of Securities Commissions (IOSCO)," in *Max Planck Encyclopedia of Public International Law - Oxford Public International Law* (2014).

[15] Hereinafter will be referred to as AMBD.

The International Organization of Securities Commissions ("IOSCO") is an international body that unites the world's securities regulators and is recognized as a global standard setter for the securities sector. IOSCO has developed and grew, implemented and promoted compliance with internationally recognized securities standards. In enhancing IOSCO's credibility in complying with these standards, the body also works intensively with the G20 and the Financial Stability Board (FSB) to provide the agenda for global regulatory reform to reduce emerging financial risks and vulnerabilities that enable and affect global financial stability. [16]

IOSCO helps form and join international financial regulatory bodies. In 1996 it co-founded the Joint Forum with the Basel Committee on Banking Supervision (BCBS) and International Association of Insurance Supervisors (IAIS) to address cross-sector issues such as supervision of financial conglomerates, publishing Principles for the Supervision of Financial Conglomerates in 2012. IOSCO board and Emerging Markets Committee representatives also sit on the IFRS Foundation's Monitoring Board to support the development of high-quality global accounting standards while preserving the IASB's independence. Together with BCBS, IAIS, the European Commission and the World Bank, IOSCO helped create the Monitoring Group to improve international audit quality and confidence; the Group monitors International Federation of Accountants (IFAC) reforms, assesses their effectiveness, appoints and oversees the Public Interest Oversight Board via its Nominating Committee, advises the Public Interest Oversight Board (PIOB) on regulatory and policy matters, and meets to discuss audit quality and related market developments.

At the beginning of the formation of IOSCO in 1983, the body was previously known as the Inter -American Regional Association; formed in 1974 until it's expansion of operations for global cooperation to the level IOSCO is now. The first countries among the American foreign regulators to join IOSCO were Indonesia, France, Korea, and the United Kingdom In July 1986 was the first IOSCO Annual conference held outside the United States which was held in Paris, France. Further enhancing its function as a global financial regulator, IOSCO approved the IOSCO Principles, which set the benchmark for securities markets around the world, which was created in 1998. From IOSCO's actions, IOSCO continued to launch a methodology on how to achieve the benchmark. This achievement of IOSCO has been praised by the highest levels of government, especially after the events of 9/11, This is because transactions between different countries have become something that requires serious improvements in surveillance and regulatory control.[17]

3. Syariah Compliant

Sharia is the entirety of norms, rules, and principles of life derived from Islamic teachings that serve as moral, religious, and legal guidelines for Muslims; it encompasses ways that are considered in accordance with God's will for regulating human relationships

---

[16] Thomas Papadopoulos, "International Organization of Securities Commissions (IOSCO)."

[17] Thomas Papadopoulos, "International Organization of Securities Commissions (IOSCO)."

with God and with one another. In practical terms, Sharia is not only a set of ritual rules but also includes guidelines on social, economic and legal matters intended to ensure the welfare of the community.[18]

In the verses mentioned, the term "sharia" remains general in nature and does not yet carry the specific meaning commonly understood today. Etymologically, Hasbi as-Shiddieqy describes sharia as "*the path where a spring issues or the channel through which a waterfall flows*," which in Arab tradition is also known as at-tariqah al-mustaqîmah the straight path that leads people to goodness.[19] Yusuf al-Qaradawi distinguishes two general senses: first, sharia as the scope of religion encompassing belief, worship, morals, legal order, and interpersonal relations all of which are contained in the Qur'an and Hadith and elaborated by scholars in the fields of aqidah, fiqh, and ethics; second, sharia understood specifically as the legal dimension that governs worship and social relations. This distinction has led institutions such as the Faculties of Ushuluddin and Shari'ah at Al-Azhar to separate the study of creed from the study of practical law.[20]

The more normative or "practical" meaning of sharia is seen as the divine rules and provisions revealed to guide human life so that people may attain happiness and welfare in this world and the hereafter; these rules are found in the Qur'an and the Prophet's Sunnah. Understanding God's revelation requires more than a literal reading of the texts; it demands deep scholarly knowledge so that their implementation in everyday life is appropriate a task developed through the disciplines of fiqh and usul al-fiqh. Because social contexts, times, and circumstances change, the application of the law is likewise dynamic, allowing interpretations and the practical application of Islamic law to evolve in line with the ijtihad of scholars.

The relationship between sharia and fiqh is very close: sharia essentially refers to Islamic law sourced directly from the Qur'an and Sunnah prior to being processed by human reasoning, whereas fiqh is the product of understanding and interpreting those texts, involving processes of ijtihad and rational consideration. In other words, fiqh reflects the efforts of mujtahids to translate the purposes and provisions of sharia into practical rules responsive to the needs of the times, so that while grounded in fixed sources, the application of Islamic law retains an adaptive and evolutionary character through the methods and expertise of its interpreters.[21]

Shariah is related to finance including investment, which the law does not allow or prohibit to take interest or is seen to take far-fetched speculation. And Shariah also does not allow the acceptance of interest rates or payments for loans. It is forbidden to allow investment and financing of businesses that create, sell or deal in products that are contrary to Islamic principles (for example tobacco, weapons and haram goods). Islam is

---

[18] Dwi Langgeng Jauhari and Muhammad Alfreda Daib Insan Labib, "Understanding Terms and Meanings in Law   (Analysis Study of Sharia Terms and Qanun)," *Jurnal Supremasi Hukum: Jurnal Penelitian Hukum* Vol. 33, no. 1 (January 2024): 1–10, https://doi.org/doi.org/10.33369/jsh.33.1.1-10.

[19] M. Hasbi As-Shiddieqy, *Pengantar Ilmu Fiqih* (Jakarta: Bulan Bintang, 1978). p 20

[20] Yusuf Qardhawi, *Dirasat Fi Fiqh Maqashid Asy-Syari'ah*, 3rd ed (Cairo: Dar Asy-Syuruq, 2008). p 19-20

[21] Desi Asmaret, "Otonomi Hukum Islam," *Jurnal Al-Himayah* Vol. 2, no. 1 (2018).

inclined to wealth should be created through legitimate trade in assets. And according to Syara' that all forms of interest are prohibited, the financial model of Sharia financing works based on the premise of risk sharing, where the risk is shared between the customer and the financial institution in relation to the asset or product being financed, based on mutually agreed terms and any profits are then divided between each parties.[22]

4. Islamic Finance and Capital Market

It must be ensured that Islamic Finance is a type of financing activity that must comply with Sharia (Islamic Law). It is common practice that Islamic finance and banking coexist with Islamic foundations. Commercially, the establishment of formal Islamic finance only took place in the 20th century and to date, the Islamic finance sector is growing at 15%-25% per year, while Islamic financial institutions oversee over $2 trillion.[23] Practically, some practices and principles used in conventional finance are completely prohibited under Sharia law which is the main difference between conventional finance and Islamic finance.[24] As for the principle of Islamic Finance, it must strictly comply with Sharia law, which according to contemporary Islamic Finance is based on several prohibitions that are not always against the law as follows:[25]

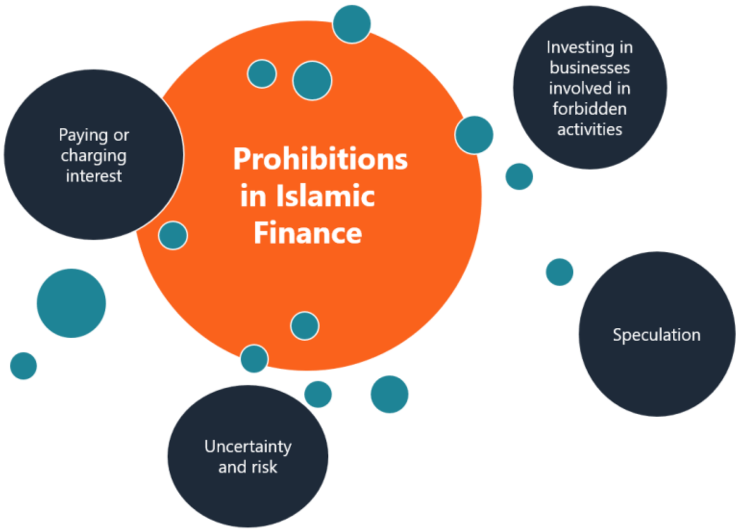
i. Paying or charging an interest
ii. Investing in businesses involved in prohibited activities
iii. Speculation (*maisir*)
iv. Uncertainty and risk (*gharar)*

[22] https://www.tradefinanceglobal.com/finance-products/shariah-and-islamic-finance/ retrieved on 09th April 2023 at 21.56

[23] https://corporatefinanceinstitute.com/resources/capital-markets/islamic-finance/ retrieved on 10th April 2023 at 12.11

[24] Omneya Abdelsalam and Mohamed El-Komi, "Islamic Finance: Introduction and Implications for Future Research and Practice," *Journal of Economic Behavior & Organization* Vol 132 (2016): 1–3, https://doi.org/doi.org/10.1016/j.jebo.2016.11.004.

[25] Melisa Tiran, "Islamic Economics: Principles and Applications in Contemporary Finance," *International Journal of Science and Society* 5, no. 3 (August 2023): 180–88, https://doi.org/10.54783/ijsoc.v5i3.735.



Referring to Islamic finance in investment, Shariah has established the same prohibitions that many conventional investment vehicles such as bonds, options, and derivatives are prohibited in Islamic finance. The main investment vehicles in Islamic finance are 2, namely: I) Equities: Shariah legalizes investing in company shares. However, such investments are only companies that do not engage in business activities prohibited by Islamic law, such as lending with interest, gambling, alcohol or pork production. And Islamic Finance also legalizes private equity investment. II) Fixed Incomes instruments: Because Shariah prohibits lending with interest payments, of course there are no conventional bonds in Islamic finance, but towards compliance with Shariah', sukuk was introduced which is equivalent to a bond where the Bond represents partial ownership in an asset, not a debt obligation.[26]

5. IOSCO 38's Principles

The IOSCO's 38 Principles of Securities Regulations were set out with 3 primary objectives; protecting the investors, ensuring market fairness, efficiency and transparency, and last but not least; reducing the systemic risk inherent in these particular types of investments. [27] In 2008 IOSCO commissioned a study aimed at exactly the same objective of this current study: to analyse the suitability of applying the same principles to Islamic Securities products. Its findings were concurring with the ICMTF report which stated that : "[there is] …no need to formulate separate regulatory principles [as] IOSCO"s objectives and principles of securities regulation can be applied to Islamic

[26] Norchaeva Sabrina Norchaevna, "Islamic Finance: Principles, Governance, Sustainability and Investment Insights," *European Journal of Management, Economics and Business* 1, no. 3 (November 2024): 206–16, https://doi.org/10.59324/ejmeb.2024.1(3).17.

[27] Afrasiab Ahmed Rana, "Scope and Objective of IOSCO Principles and Effectiveness in Pakistan," *SSRN Electronic Journal*, ahead of print, 2020, https://doi.org/10.2139/ssrn.3683464.

capital markets.[28] Several more studies have been carried out after 2008, some of which will be analysed further in the theoretical review of this research.

The 38 Principles - objectives and Principles of Securities Regulation [29]

The Method – Implementation Assessment of the 38 Principles

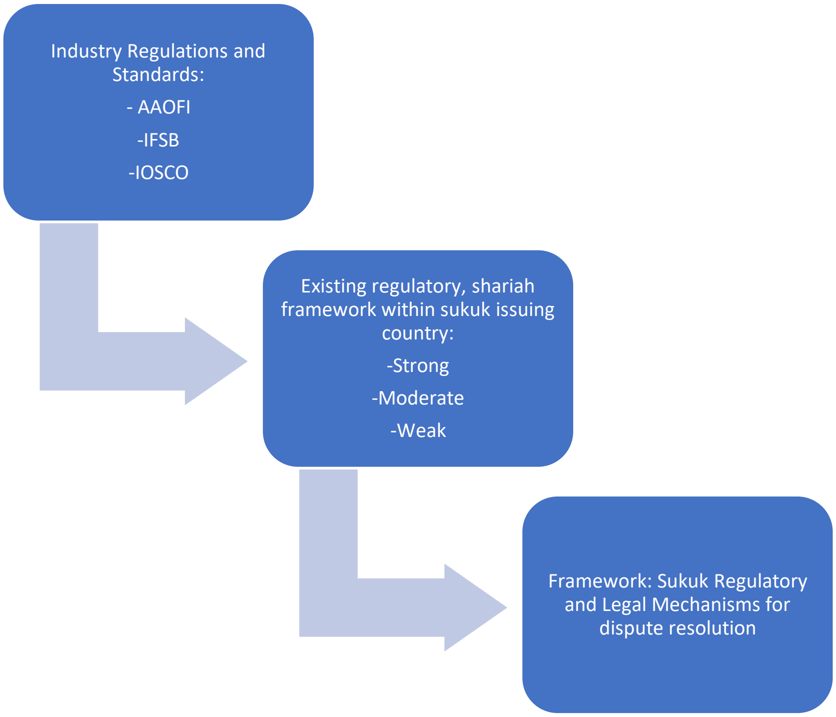


Table 1.
The 38 Principles IOSCO and ISB

[28] David Zaring, "Securities Regulation: Cooperation Instead of Harmonization," in *The Globalized Governance of Finance* (Cambridge: Cambridge University Press, n.d.), 2019.
[29] https://www.iosco.org/library/pubdocs/pdf/IOSCOPD323.pdf

	IOSCO Equivalent	IFSB-21
Principles relating to the regulator	IOSCO 1	CPICM 1: The responsibilities of the Regulator should be clear and objectively stated.
	IOSCO 2	CPICM 2: The Regulator should be operationally independent and accountable in the exercise of its functions and powers. (IOSCO 2)
	IOSCO 3	CPICM 3: The Regulator should have adequate powers, proper resources and the capacity to perform its functions and exercise its powers. (IOSCO 3)
	IOSCO 4	CPICM 4: The Regulator should adopt clear and consistent regulatory processes
	IOSCO 5	CPICM 5: The staff of the Regulator should observe the highest professional standards, including appropriate standards of confidentiality. (
	IOSCO 6	CPICM 6: The Regulator should have or contribute to a process to identify, monitor, mitigate and manage systemic risk, appropriate to its mandate
	IOSCO 7	CPICM 7: The Regulator should have or contribute to a process to review the perimeter of regulation regularly.
	IOSCO 8	CPICM 8: The Regulator should seek to ensure that conflicts of interest and misalignment of incentives are avoided, eliminated, disclosed or otherwise managed
Principles for Self-Regulation	IOSCO 9	CPICM 9: Where the regulatory system makes use of Self-Regulatory Organisations (SROs) that exercise some direct oversight responsibility for their respective areas of competence, such SROs should be subject to the oversight of the Regulator and should observe standards of fairness and confidentiality when exercising powers and delegated responsibilities.
Principle Relating to Sharīʻah Governance		CPICM 10: The Regulator should require that Sharīʻah governance is upheld for all products, activities, services and/or institutions implicitly or explicitly claiming Sharīʻah compliance in the Islamic capital market

Principles for the Enforcement of Securities Regulation	IOSCO 10	CPICM 11: The regulator should have comprehensive inspection, investigation and surveillance powers.
	IOSCO 11	CPICM 12: The regulator should have comprehensive enforcement powers
	IOSCO 12	CPICM 13: The regulatory system should ensure an effective and credible use of inspection, investigation, surveillance and enforcement powers and implementation of an effective compliance programme
Principles for Cooperation in Regulation	IOSCO 13	CPICM 14: The Regulator should have authority to share both public and non-public information with domestic and foreign counterparts
	IOSCO 14	CPICM 15: Regulators should establish information sharing mechanisms that set out when and how they will share both public and non-public information with their domestic and foreign counterparts.
	IOSCO 15	CPICM 16: The regulatory system should allow for assistance to be provided to foreign Regulators who need to make inquiries in the discharge of their functions and exercise of their powers.
Principles for Issuers	IOSCO 16	CPICM 17: There should be full, accurate and timely disclosure of financial results, risk and other information, which is material to investors' decisions
	IOSCO 17	CPICM 18: Holders of securities in a company should be treated in a fair and equitable manner.
	IOSCO 18	CPICM 19: Accounting standards used by issuers to prepare financial statements should be of a high and internationally acceptable quality
		CPICM 20: Ṣukūk should be subject to specific disclosure requirements commensurate with their specific nature and risk characteristics and which provide sufficient disclosures and transparency in all aspects related to compliance with Sharīʿah requirements.
Principles for Auditors, Credit Rating Agencies, and Other Information Service Providers	IOSCO 19	CPICM 21: Auditors should be subject to adequate levels of oversight

	IOSCO 20	CPICM 22: Auditors should be independent of the issuing entity that they audit.
	IOSCO 21	CPICM 23: Audit standards should be of a high and internationally acceptable quality
	IOSCO 22	CPICM 24: Credit rating agencies should be subject to adequate levels of oversight. The regulatory system should ensure that credit rating agencies whose ratings are used for regulatory purposes are subject to registration and ongoing supervision
	IOSCO 23	CPICM 25: Other entities that offer investors analytical or evaluative services should be subject to oversight and regulation appropriate to the impact their activities have on the market or the degree to which the regulatory system relies on them.
Principles for Islamic Collective Investment Schemes	IOSCO 24	CPICM 26: The regulatory system should set standards for the eligibility, governance, organisation and operational conduct of those who wish to market or operate an Islamic collective investment scheme.
	IOSCO 25	CPICM 27: The regulatory system should provide for rules governing the legal form and structure of Islamic collective investment schemes and the segregation and protection of client assets
	IOSCO 26	CPICM 28: Regulation should require disclosure, as set forth under the CPICM for issuers, which is necessary to evaluate the suitability of an Islamic collective investment scheme for a particular investor and the value of the investor's interest in the scheme
	IOSCO 27	CPICM 29: Regulation should ensure that there is a proper and disclosed basis for asset valuation and the pricing and the redemption of units in an Islamic collective investment scheme
Principles for Market Intermediaries	IOSCO 28	CPICM 30: Regulation should provide for minimum entry standards for market intermediaries
	IOSCO 29	CPICM 31: There should be initial and ongoing capital and other prudential requirements for market intermediaries that reflect the risks that the intermediaries undertake.
	IOSCO 30	CPICM 32: Market intermediaries should be required to establish an internal function that delivers compliance with standards for internal organisation and operational conduct, with the aim of protecting the interests of clients

		and their assets and ensuring proper management of risk, through which management of the intermediary accepts primary responsibility for these matters
	IOSCO 31	CPICM 33: There should be procedures for dealing with the failure of a market intermediary in order to minimise damage and loss to investors and to contain systemic risk.
Principles for Secondary and Other Markets	IOSCO 32	CPICM 34: The establishment of trading systems including securities exchanges should be subject to regulatory authorisation and oversight
	IOSCO 33	CPICM 35: There should be ongoing regulatory supervision of exchanges and trading systems, which should aim to ensure that the integrity of trading is maintained through fair and equitable rules that strike an appropriate balance between the demands of different market participants.
	IOSCO 34	CPICM 36: Regulation should promote transparency of trading
	IOSCO 35	CPICM 37: Regulation should be designed to detect and deter manipulation and other unfair trading practices
	IOSCO 36	CPICM 38: Regulation should aim to ensure the proper management of large exposures, default risk and market disruption.

6. The impact of IOSCO into Sukuk

Efforts in thematic work on disclosure standards for Islamic funds and Sukuk are recommended. due to the lack of a uniform approach to Islamic capital market regulation is not in itself a problem; Conventional financial market regulations also differ between jurisdictions. However, there are some initiatives in this matter but generally there is a lack of information exchange and awareness about Islamic financial products and practices. In general, IOSCO can encourage further information exchange and cooperation between regulators[30].

[30] https://www.iosco.org/library/pubdocs/pdf/IOSCOPD280.pdf retrieved on 07th April 2023 5.35am

Therefore, IOSCO's 38 Principles of Securities[31] Regulations were set out with 3 primary objectives; protecting the investors[32], ensuring market fairness, efficiency and transparency, and finally; reducing the systemic risk inherent in these particular types of investments.

These three objectives are for many conditions to help and ensure a fair, efficient and sincere market to protect investors and reduce risk systemically. And these three objectives are also interconnected in some respects, overlapping. Towards reducing such systemic risk, many measures provide protection to investors, especially in matters such as comprehensive oversight and compliance programs, effective enforcement and close cooperation with other regulators are needed to enhance the effectiveness of these three objectives which are included in the 38 principles for meet the above objectives in being explored in more detail in the context of the actual market structure and arrangement.[33]

CLOSSING

Back to these exposure standards, IOSCO is concerned about this issue due to the global expanding securities market and the need or requirements of widely accepted international exposure standards play an important role in facilitating cross -border capital generation.

In response to the risks, trends, and vulnerabilities identified in its 2023 Risk Outlook, the IOSCO Board identified Private Finance as one new priority – under the theme of 'Strengthening financial Resilience' – for inclusion in the 2023-24 Work Program. The renewed regulatory interest stems from the unprecedented growth of private finance activities and its increasing role in funding the real economy, combined with emerging concerns around the increasing interconnectivity of the sector with regulated public markets at a time of inflationary pressures, recessionary concern and monetary tightening.

With respect to sustainability-related issues in capital markets, the work program calls on IOSCO to continue its efforts in contributing to the urgent goal of improving the completeness, consistency, and comparability of sustainability reporting under the stewardship of its Board level Sustainability Taskforce by the IFRS International Sustainability Standards Board (ISSB) can act as a global framework standard for sustainability related disclosures.

---

[31] Ibid For convenience, in this Document, the words "securities markets" are used, where the context permits, to refer compendiously to the various market sectors. In particular, where the context permits they should be understood to include reference to the derivatives markets. The same applies to the use of the words "securities regulation." (See IOSCO By-Laws, Explanatory Memorandum). https://www.iosco.org/library/pubdocs/ pdf/IOSCOPD561.pdf, dated 21st August 2020 at 10.51am, retrieved.

[32] Ibid The term "investor" is intended to include customers or other consumers of financial services. https://www.iosco.org/library/pubdocs/ pdf/IOSCOPD561.pdf, dated 21st August 2020 at 10.52am, retrieved.

[33] https://www.iosco.org/library/pubdocs/pdf/IOSCOPD154.pdf retrieved dated 22nd August 2020 at 9.43am

In this regard, with the international agreement on exposure standards can benefit publishers towards the global market faster and secure internationally protected internationally protected. The International Securities Commission Organization (IOSCO) has recognized that reliable and timely disclosure of information that is accessible to the liquid and efficient market by enabling investors to make investment decisions based on all information that will be material to their decision.

BIBLIOGRAPHY

B.S. Sairally, F. Habib, H.K Hassan, M. Z. Othaman, and M. Muhammad. *Sukuk: Principles and Practices*. Kuala Lumpur. International Shari'ah Research Academy for Islamic Finance (ISRA), 2017.

David Zaring. "Securities Regulation: Cooperation Instead of Harmonization." In *The Globalized Governance of Finance*, 2019. Cambridge: Cambridge University Press, n.d.

Desi Asmaret. "Otonomi Hukum Islam." *Jurnal Al-Himayah* Vol. 2, no. 1 (2018).

Dwi Langgeng Jauhari and Muhammad Alfreda Daib Insan Labib. "Understanding Terms and Meanings in Law (Analysis Study of Sharia Terms and Qanun)." *Jurnal Supremasi Hukum: Jurnal Penelitian Hukum* Vol. 33, no. 1 (January 2024): 1–10. https://doi.org/doi.org/10.33369/jsh.33.1.1-10.

Elmorabit, Fatima, Mohamed Boussetta, Fatima Zahra Achour, Economist, Central Bank of Pakistan, Karachi, Pakistan, and Faculty of Legal, Economic and Social Sciences, Ibn Tofail University, Kénitra, Morocco. "The Potential Role of Sukuk in Promoting Economic Growth: Evidence from Malaysia And Bahrein." *JOURNAL OF ECONOMICS, FINANCE AND MANAGEMENT STUDIES* 06, no. 01 (January 2023). https://doi.org/10.47191/jefms/v6-i1-49.

"IOSCO Objectives and Principles of Securities Regulation and the IOSCO Assessment Methodology." Accessed December 19, 2025. https://www.iosco.org/v2/about/?subsection=display_committee&cmtid=19&subSection1=principles.

M. Hasbi As-Shiddieqy. *Pengantar Ilmu Fiqih*. Jakarta: Bulan Bintang, 1978.

Melisa Tiran. "Islamic Economics: Principles and Applications in Contemporary Finance." *International Journal of Science and Society* 5, no. 3 (August 2023): 180–88. https://doi.org/10.54783/ijsoc.v5i3.735.

Mohamed Metoui and Ahmed Ghorbel. "Does Sukuk Sector Stimulate Economic Growth?Empirical Evidence from MENA and Southeast Asia Region." *International Journal of Empirical Economics* Vol. 2, no. 2 (2023): 1–41. https://doi.org/dx.doi.org/10.1142/S2810943023500075.

Nida Khan, Bilal Kchouri, Nissar Ahmad Yatoo, Zsofia Kräussl, Anass Patel, and Radu State. "Tokenization of Sukuk: Ethereum Case Study." *Global Finance Journal* 51 (February 2022): 100539. https://doi.org/10.1016/j.gfj.2020.100539.

Norchaevna, Norchaeva Sabrina. "Islamic Finance: Principles, Governance, Sustainability and Investment Insights." *European Journal of Management, Economics and Business* 1, no. 3 (November 2024): 206–16. https://doi.org/10.59324/ejmeb.2024.1(3).17.

Omneya Abdelsalam and Mohamed El-Komi. "Islamic Finance: Introduction and Implications for Future Research and Practice." *Journal of Economic Behavior & Organization* Vol 132 (2016): 1–3. https://doi.org/doi.org/10.1016/j.jebo.2016.11.004.

Rana, Afrasiab Ahmed. "Scope and Objective of IOSCO Principles and Effectiveness in Pakistan." *SSRN Electronic Journal*, ahead of print, 2020. https://doi.org/10.2139/ssrn.3683464.

"Sukuk Market Size, Share, Growth, Outlook 2025-2033." Accessed December 19, 2025. https://www.imarcgroup.com/sukuk-market.

Thomas Papadopoulos. "International Organization of Securities Commissions (IOSCO)." In *Max Planck Encyclopedia of Public International Law - Oxford Public International Law*. 2014.

Yusuf Qardhawi. *Dirasat Fi Fiqh Maqashid Asy-Syari'ah*. 3rd ed. Cairo: Dar Asy-Syuruq, 2008.

Yusuf Sani Abubakar, Seeni Mohamed Nafees, Sulaiman Dorloh, and Rajali Haji Aji. "The Concept of Sukuk and Its Applications in Contemporary Islamic Financial System." *The Asian Institute of Research Law and Humanities Quarterly Reviews* Vol. 2, no. No. 3 (2023): 39–54. https://doi.org/10.31014/aior.1996.02.03.70.

Zuhair Khalid Afifi. "Financial Sukuk: Concept, Legal Principles, and Types." *Asian Journal of Economics, Business and Accounting* Vol. 24, no. 2 (2024): 98–106. https://doi.org/10.9734/AJEBA/2024/v24i21224.