

REGULATORY AND SHARIAH FRAMEWORK OF ISLAMIC CAPITAL MARKET : THE EXPERIENCE OF MALAYSIA

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Abstract

To be a leader in the Islamic finance industry in the world, Malaysia has developed a comprehensive Islamic finance infrastructure, by having the various components of the financial system, the banking system, Islamic insurance (takaful), financial markets, the bond market, and the equity market. Over and above Malaysia has also established comprehensive the supervisory, regulatory and shariah framework to ensure governance structure for compliance. All this is supported by legal infrastructure to offer a complete Islamic financial system. Malaysia believes that for any Islamic capital market to operate efficiently and achieve optimal allocation of resources there needs to be an effective legal and regulatory framework. An effective legal, regulatory and supervisory framework provides the essential foundation for the functioning of a modern capital market.