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# London Stock Exchange Group

## Potential Halal Investment Opportunities

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As with all investments, your capital is at risk

# Exchange Traded Products

Hetal V Patel

Head of ETP Business Development



LONDON  
STOCK  
EXCHANGE

February 2024

# LSE ETP Overview – Strong Listing and Trading Activities

Turnover has grown to **16%** of total LSE order book turnover. **2100+** ETP listings have AUM greater than **\$1trillion**

**2,169**  
ETP listings

There are now **1,724 ETFs** (available as 2,570 lines through multi-currency offerings) and **445 ETCs/ETNs** (available as 852 lines) on our London market.



**196 ETP listings 2023**

**168** new ETFs and **28** new ETCs/ETNs were listed in 2023. **86** new ETFs listed with an **ESG** methodology.

**£134.2bn**

Total ETP orderbook value traded in 2023.  
ADVT: **£535m**, **16% lower YoY**

London Stock Exchange was voted **“Exchange of the Year”** at the ETF Stream Awards 2023.

**48 Issuers**

There are 48 ETP issuers on our market.

**18 Registered Market Makers**

Provide continuous pricing and high-quality pool of liquidity on our orderbook.

**61% USD Trading**

34% GBP trading  
5% EUR trading  
(orderbook turnover breakdown by trading currency)

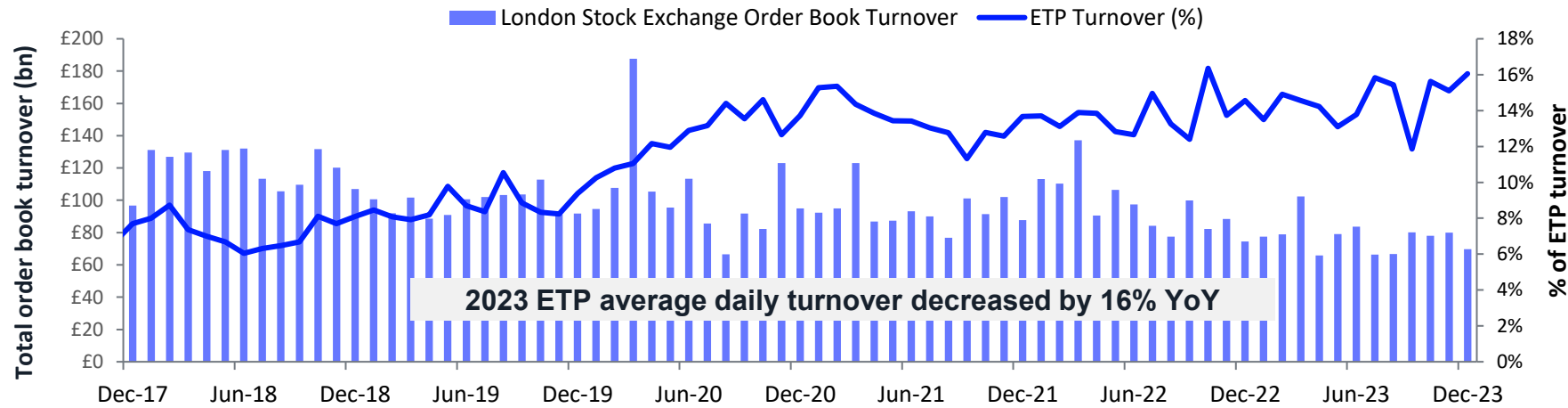
**67% Equity Trading**

25% Fixed Income trading  
8% Commodity Trading  
(orderbook turnover breakdown by underlying asset class)

# ETP Trading

## Growing ETP orderbook turnover

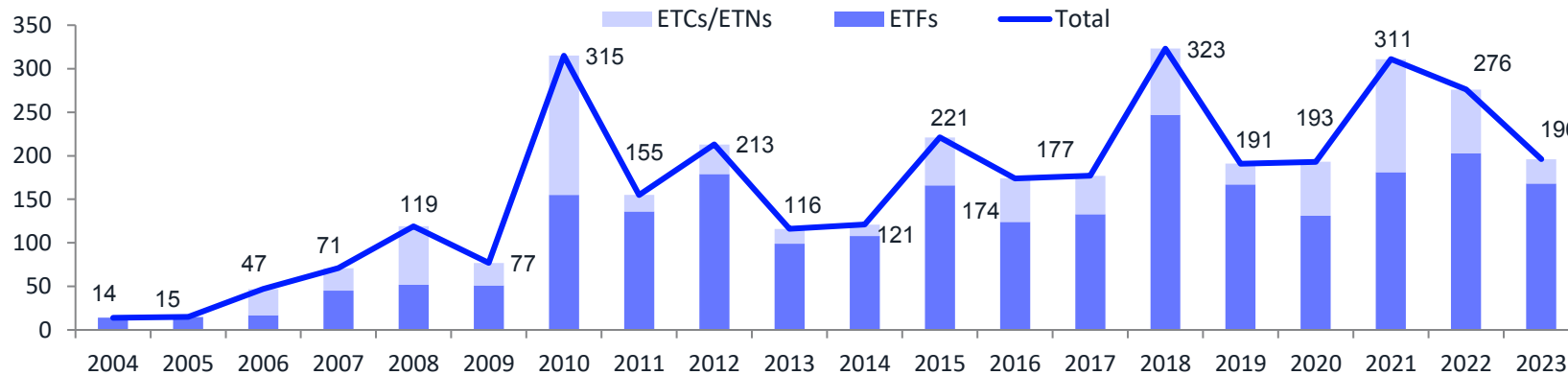
ETP Turnover as a % of Total London Stock Exchange Orderbook Turnover



£535m

2023 average daily traded value for ETPs, which accounts for 16% of total London Stock Exchange average daily turnover

ETP new listings on London Stock Exchange since 2004



196 ETPs

New ETPs were listed in 2023



Past performance is not indicative of future results.

# ESG ETF Market

January – December 2023

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## Current ESG ETF Issuers



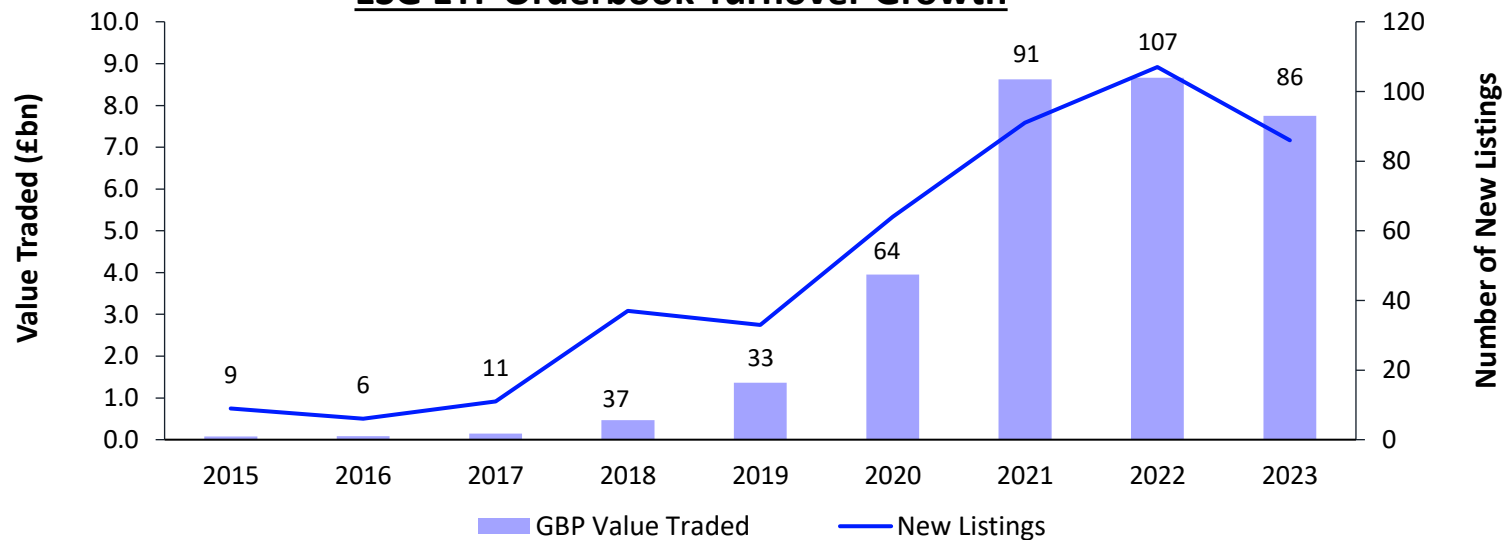
**454**  
ESG ETF Listings  
on our market  
following 86 new  
listings in  
2023

Assets invested in  
London listed ESG  
ETFs were  
**\$119bn**

**£31m**  
2023 ADVT in ESG  
ETFs down by 8%  
YoY

iShares have 8 of top  
ten most traded ESG  
ETFs and 8 of top ten  
ESG ETFs by AUM  
on our market

## ESG ETF Orderbook Turnover Growth



Source: London Stock Exchange database, December 2023  
ESG ETF AUM data as of 30 November 2022

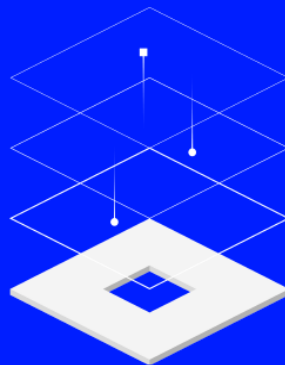
# London Stock Exchange Trading Innovation – ETPs

## RFQ 2.0

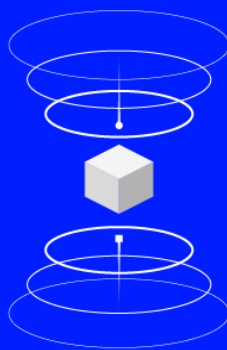
Transform the way you trade, integrate the next generation of automated RFQ with order book sweep.



Order-book sweep



CCP clearing



Auto complete RFQ

**£3.8bn**

Total Value Traded

**311k** Trades

**86%** Fill Rate

**£14.3m**

A new daily record via RFQ 2.0 order type

**1,867**

Instruments traded using RFQ 2.0

**8%**

Of all RFQs executed against Hidden Limit Orders

**1.2bps**

Average RFQ price improvement vs BBO

**27.9bps**

Average Spread

**53%**

of RFQs price improvement vs BBO

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# Potential Halal Investment Opportunities

Gateway to an alternative Investment space



# About IFSG & RizqX

## IFSG:

- Ecosystem builder on Islamic Finance in Singapore

## RizqX:

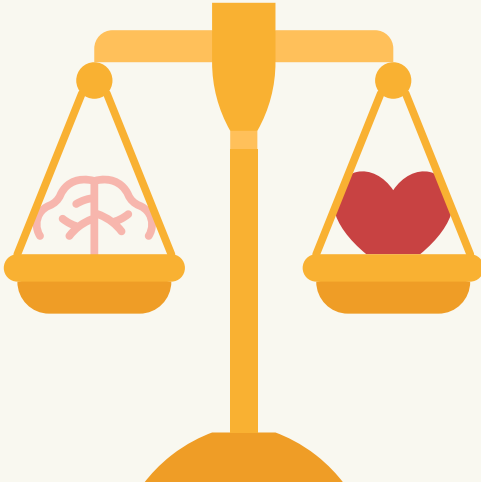
- Gateway to Shariah Compliant investments for SEA.

# What's halal?

Not just:



For Muslims



Ethical finance



ESG

# How has it performed?



Source: S&P Global, taken on 16 December 2023

# How has it performed?

GRAPH VIEW <b>TABLE VIEW</b>		LATEST CLOSE	<b>LATEST MONTH-END</b>	RISK	CORRELATION	EXPORT	COMPARE	SPICE
As of Nov 30, 2023		1 MTH	3 MTH	YTD	1 Year	3 Year Annualized	5 Year Annualized	10 Year Annualized
S&P 500		8.92%	1.33%	18.97%	11.95%	8.04%	10.60%	9.72%
S&P 500 ESG Index (USD)		8.89%	1.33%	20.90%	13.64%	9.51%	12.18%	10.35%
S&P 500 Shariah Index		9.23%	0.85%	26.11%	17.85%	9.62%	13.30%	11.21%
S&P 500 Shariah Industry Exclusions Index (USD)		9.26%	0.72%	27.30%	18.66%	9.83%	13.62%	11.04%
S&P 500 ESG Shariah Index (USD)		9.25%	0.69%	29.12%	20.49%	11.38%	15.12%	11.69%

# How it works?



Business Filter

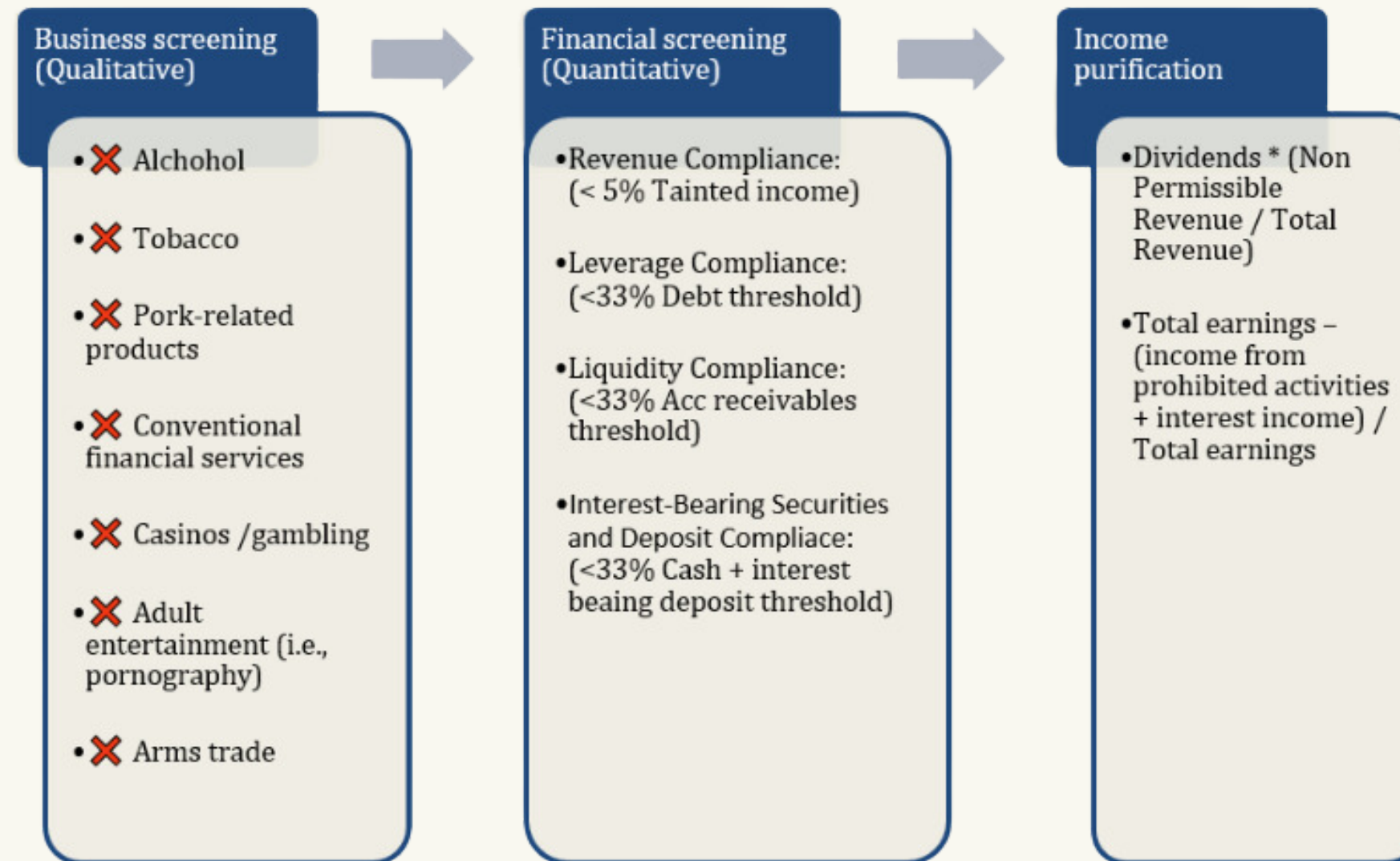


Financial Filter



Income Purification

# How it works?





Benchmarks	AAOIFI <sup>1</sup>	DJIA <sup>2</sup>	S&P <sup>3</sup>	MSCI Index series <sup>4</sup>	MSCI Index M-Series	Securities <sup>6</sup> Commission	FTSE <sup>5</sup>
<b>Tainted income: Finance income and income from non-compliant business activity</b>	$\frac{5\%}{\text{Total income}}$	$\frac{5\%}{\text{Total income}}$	$\frac{5\% *}{\text{Total income}}$ *5% excludes finance income	$\frac{5\%}{\text{Total income}}$	$\frac{5\%}{\text{Total income}}$	$\frac{5\%}{\text{Total income}}$	Tainted income: Finance income and income from non-compliant business activity
<b>Debts</b>	30%	33%	33%	Current: 33.33% Non-constituents: 30%	Current: 33.33% Non-constituents: 30%	33%	33.333%
<b>Accounts receivable</b>	Nil	33%	49%	Current: 33.33% Non-constituents: 30%	46%	Nil	50%
<b>Cash &amp; short-term investments</b>	30%	33%	33%	Current: 33.33% Non-constituents: 30%	Current: 33.33% Non-constituents: 30%	33%	33.333%
<b>Denominator</b>	Market Capitalisation	24 Month Market Capitalisation	36 Month Market Capitalisation	Total assets or 36 Months Market Capitalisation		or 36 Months Market Capitalisation	Total Assets

**References:**

1. AAOIFI Shariah Standards (21) 3/4
2. [Dow Jones Screening Methodology](#)
3. [S&P Shariah Screening Methodology](#)
4. [MSCI Shariah Indices](#)
5. [FTSE Shariah Indices](#)
6. [Securities Commission screening methodology](#)

# Types of Halal ETFs



US



Global



Developed Markets



Emerging Markets



Europe



REITs



Gold



Sukuks



India

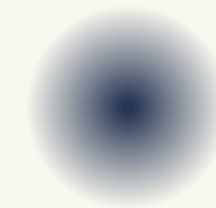


Actively Managed

# Future of Halal ETFs



More ESG Focused



Lower Expense fees



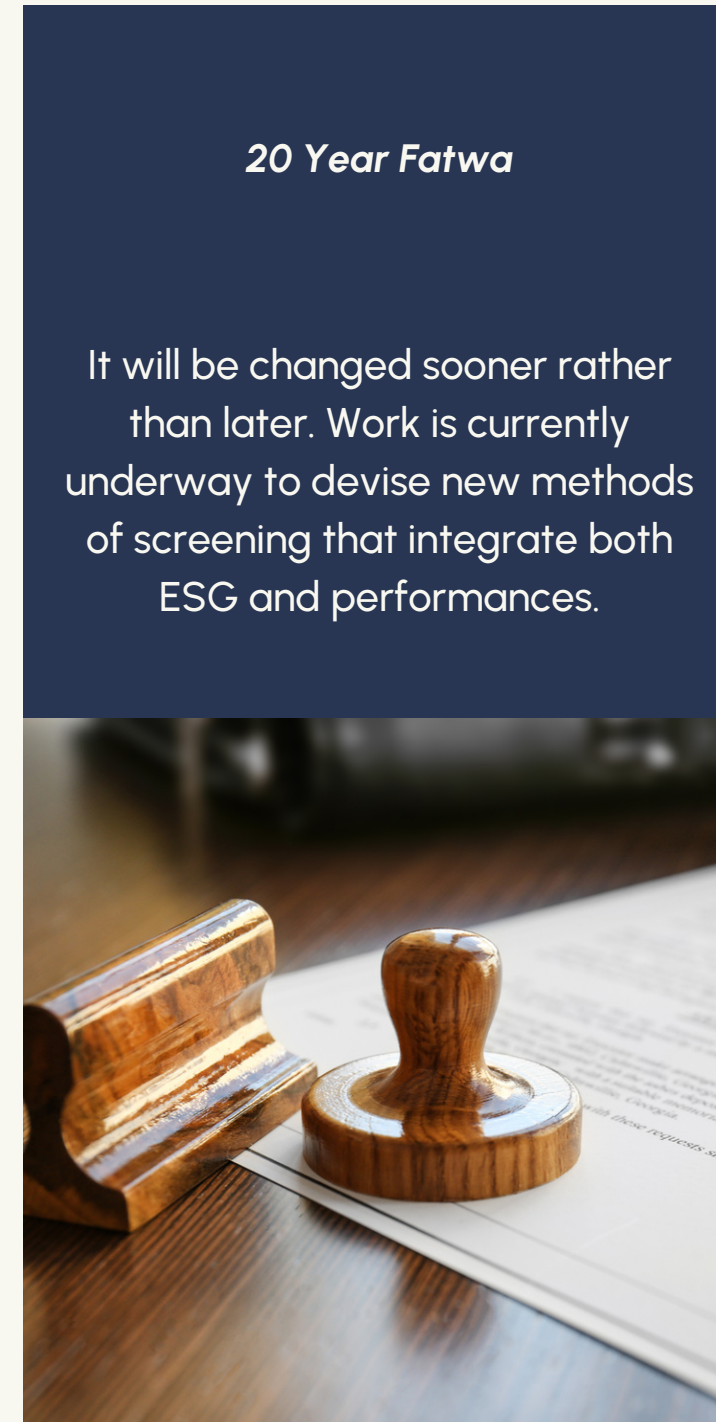
A.I / Quants focused ETFs

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# What to consider before investing in halal ETFs

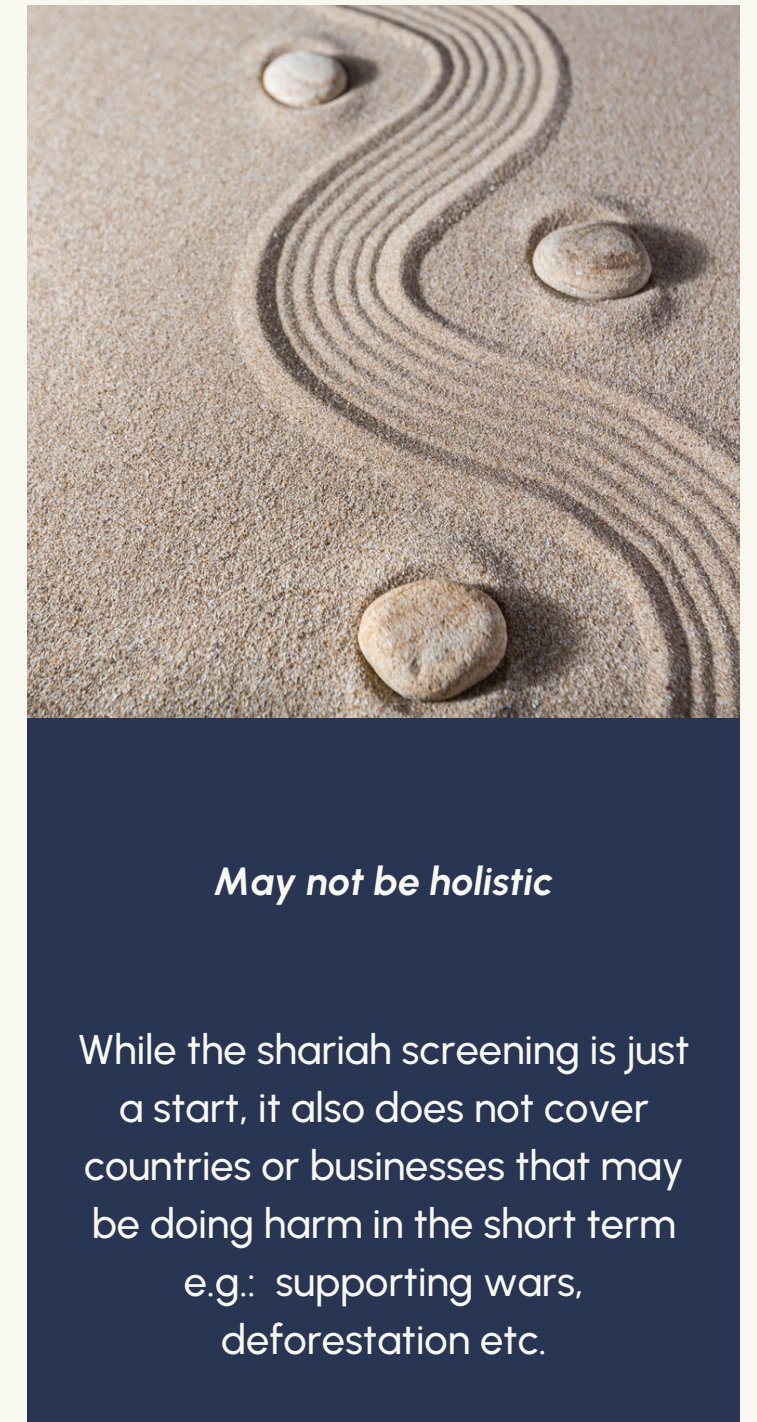
For Muslim investors:

- Purify your dividends
- Monitor for Shariah Non-Compliance annually
- Higher expense ratios
- Annual alms



## *20 Year Fatwa*

It will be changed sooner rather than later. Work is currently underway to devise new methods of screening that integrate both ESG and performances.



## *May not be holistic*

While the shariah screening is just a start, it also does not cover countries or businesses that may be doing harm in the short term e.g.: supporting wars, deforestation etc.

# Thank You



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