

Guide to the

Dow Jones **Islamic Market Indexes**SM

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01. Introduction

The Dow Jones Islamic Market (DJIM) Indexes intend to measure the global universe of investable equities that pass screens for Shari'ah compliance. The family includes regional, country, industry and market-cap-based indexes, all of which are subsets of the Dow Jones Islamic Market World (DJIM World) Index.

The purpose of the Dow Jones Islamic Market World Index is to provide a definitive standard for measuring stock market performance for Islamic investors on a global basis, in accordance with Dow Jones Indexes's established index methodology and the Islamic investment guidelines established by the Dow Jones Islamic Market Index Shari'ah Supervisory Board. The methodology used to construct and maintain the index aims to produce an investable index in which all constituent stocks are readily accessible and well traded.

1.1 Index Descriptions

The Dow Jones Islamic Market Index family includes country-level indexes for each of the 55 entities listed below.

Country-Level Indexes (As of March 23, 2009)

Australia	Austria	Bahrain
Belgium	Brazil	Bulgaria
Canada	Chile	China¹
Czech Republic	Denmark	Egypt
Estonia	Finland	France
Germany	Greece	Hong Kong
Hungary	India	Indonesia
Ireland	Italy	Japan
Jordan	Kuwait	Lithuania
Malaysia	Malta	Mexico
Morocco	Netherlands	New Zealand
Norway	Oman	Philippines
Poland	Portugal	Qatar
Romania	Russia²	Singapore
Slovenia	South Africa	South Korea
Spain	Sri Lanka	Sweden
Switzerland	Taiwan	Thailand
Turkey	UAE	United Kingdom
United States		

¹Includes B shares traded in Shanghai or Shenzhen, Chinese companies listed only on U.S. exchanges, ADRs of Chinese companies, H shares and Red Chips.

²Comprised of DRs traded on the London Stock Exchange.

02. Key Features

2.1 Base Date and Value

Back-tested historical index values are available daily back to December 31, 1995, the date at which the base value of each index is set at 1000.

2.2 Index Formula

The index is calculated with Laspeyres's formula. A detailed explanation of the formula is provided in section 8.2 of Guide to the Dow Jones Global Indexes.

2.3 Weighting

The Dow Jones Islamic Market Indexes are weighted by free-float market capitalization, rather than full market capitalization, to reflect the actual number of shares available to investors. Detail on the free-float rules is provided in section 7 of Guide to the Dow Jones Global Indexes.

2.4 Prices and Currency Values

The Dow Jones Islamic Market World Index is calculated on a price-return and a total-return-net-of-taxes basis. The Index is computed on the basis of last prices and latest available currency rates.

In the event of a suspension of a quotation during a trading session, the last traded price is used for all subsequent index computations. If a quotation is suspended before trading begins, the closing price (or adjusted closing price, if there are corporate actions) from the previous day is used to calculate the index. If there is a stock exchange holiday, the last available stock price is used for the index calculation. All stock prices are converted into U.S. dollars. The currency rates are taken on a real-time basis, and for each currency the bid price is used.

Dividend payments are not taken into account in the price index, whereas dividend payments net of taxes are reinvested in the index sample of the total-return index. Only extraordinary and special cash dividends are included in the index. Special dividends from non-operating income continue to be included in the index calculation. The adjustment protects the index from the effects of changes in index composition and the impact of corporate actions.

A table of the tax rates used to adjust the dividends paid in each country is published on the Dow Jones Indexes web site at www.djindexes.com.

2.5 Publication

The Dow Jones Islamic Market World Price Return Index is calculated real-time and is disseminated as soon as the first

opening price for a component is received. The real-time values and intraday high and low values for the price index are disseminated every 5 minutes to the CME for further dissemination to downstream information vendors. To ensure that the last traded prices of all stocks are included in the last index calculation of the day, the index is calculated until 5:30 p.m. (New York time). The net total return index is calculated only at the end of day using the index's official closing prices.

The official closing value for the index is calculated using the closing price of each component stock. For stocks that did not trade on the current day, the closing prices or adjusted closing prices from the previous trading day are used.

At 5:30 p.m. (New York time), the closing values of the price and net total return indexes are calculated and disseminated via a summary message. The summary message also includes intraday highs and lows and 52-week highs and lows.

The Dow Jones Islamic Market World Index is calculated real-time and is disseminated as soon as the first opening price for a component is received. The index calculation week begins at 6:00 p.m. New York time on Sunday and ends at 5:00 p.m. New York time on Friday. The real-time values and intraday high and low values are disseminated every 5 minutes to the CME for further dissemination to downstream vendors. The closing values of the Dow Jones Islamic Market World Indexes are calculated on a 24-hour day that ends at 5:00 p.m. New York time, using the official WM closing spot rates as reported by Reuters and each component stock's closing price on its primary market during the previous 24-hour period. The WM Company's closing spot rates, which are widely used for portfolio valuation and investment performance measurement, are based on the rates at 4:00 p.m. U.K. time each trading day and are published at 4:15 p.m. U.K. time.

2.6 Computational Precision

Index values are rounded to two decimal places and divisors are rounded to eight integers. Any values derived by the index engine from a corporate action used for divisor adjustments and index computations are rounded to seven decimal places. Component share values reflect the full numbers.

03. Universe Creation and Component Selection

3.1 Definition of the Index Universe

The selection universe for the DJIM World Index includes the components of 55 country-level benchmark indexes, each of which covers approximately 95% of the float-adjusted market capitalization of the underlying market.

DJIM World Index components are selected by filtering the index universe through screens for business activities and financial ratios to remove stocks that are not suitable for Islamic investment purposes.

3.2 Screens for Acceptable Business Activities

Based on the DJIM Index Shari'ah Supervisory Board established parameters, the businesses listed below are inconsistent with Shari'ah law. The majority of Shari'ah scholars and boards hold that these industries and their financial instruments are inconsistent with Shari'ah precepts and hence are not suitable for Islamic investment purposes. Although no universal consensus exists among contemporary Shari'ah scholars on the prohibition of tobacco companies and the defense industry, most Shari'ah boards have advised against investment in companies involved in these activities.

- Alcohol
- Tobacco
- Pork-related products
- Conventional financial services (banking, insurance, etc.)
- Weapons and defense
- Entertainment (hotels, casinos/gambling, cinema, pornography, music, etc.)

During the component selection process, each company in the index universe is examined based on its revenue allocation. If the company has business activities in any one of the following sectors defined by the Industry Classification Benchmark (ICB), it is considered inappropriate for Islamic investment purposes and is excluded from the index.

- 2717 Defense
- 3533 Brewers
- 3535 Distillers & Vintners
- 3577 Food Products
- 3745 Recreational Products
- 3785 Tobacco
- 5337 Food Retailers & Wholesalers
- 5553 Broadcasting & Entertainment
- 5555 Media Agencies

- 5752 Gambling
- 5753 Hotels
- 5755 Recreational Services
- 5757 Restaurants & Bars
- 8355 Banks
- 8532 Full Line Insurance
- 8534 Insurance Brokers
- 8536 Property & Casualty Insurance
- 8538 Reinsurance
- 8575 Life Insurance
- 8600 Real Estate Development & Holding
- 8773 Consumer Finance
- 8775 Specialty Finance
- 8777 Investment Services
- 8779 Mortgage Finance

3.3 Screens for Acceptable Financial Ratios

After removing companies with unacceptable primary business activities, the remaining stocks are evaluated according to several financial ratio filters. The filters are based on criteria set up by the DJIM Index Shari'ah Supervisory Board to remove companies with unacceptable levels of debts or impure interest income.

All of the following must be less than 33%:

- Total debt divided by trailing 12-month average market capitalization
- The sum of a company's cash and interest-bearing securities divided by trailing 12-month average market capitalization
- Accounts receivables divided by trailing 12-month average market capitalization

Companies passing the screens detailed in sections 3.2 and 3.3 are included as components of the Dow Jones Islamic Market World Index.

04. Periodic Review

4.1 Composition Review Dates and Process

The composition of the Dow Jones Islamic Market World Index is reviewed quarterly with changes implemented on the third Friday in March, June, September and December. Market data from the end of January, April, July and October are used as the basis for the revision process. Changes to the index are implemented after the official closing values have been established. All adjustments are made before the start of the next quarterly cycle.

The review process is carried out by repeating the universe creation and component selection processes as described in Section 3.

Any component removed from the 55 country-level benchmark indexes is subsequently removed from the Dow Jones Islamic Market World Index.

4.2 Announcement Period

Changes, including final shares, float factor and 10%-cap factor are announced on the second Friday of the implementation month (i.e. the second Friday in March, June, September and December).

4.2.2 Factors Considered in Determining a Company's Country Assignment

Questions of country index universe membership will be resolved on a case-by case basis. Factors that may be considered in the analysis include and are not limited to:

1. The country where the company's headquarters and management are located.
2. The company's legal domicile.
3. The stock exchange it trades on, if there is no listing in its home country.
4. The currency in which dividends (if any) are paid, and the tax laws affecting the treatment of those dividends.

4.2.3 Red Chips

As of March 2009, Dow Jones will classify Red Chip companies as Chinese companies. Dow Jones defines a Red Chip as a company based in mainland China, incorporated internationally and having a primary listing on the Hong Kong Stock Exchange.

4.3 Update of Component Weightings

The number of shares is updated quarterly using data from the end of February, May, August, and November.

If there should be a change of more than 10% in the number of shares for one index component, the current number is adjusted immediately on the day the change occurs following an announcement period of at least two days. Otherwise, the changes are made at the next update. All share numbers and all changes are published as soon as they are available. Changes in the share numbers due to stock dividends, splits and other corporate actions are adjusted immediately.

05. Ongoing Review

In addition to the quarterly and annual composition reviews, the Dow Jones Islamic Market World Index is reviewed on an ongoing basis. A change in the index is necessary should an extraordinary event such as a delisting, bankruptcy, merger, takeover, etc. affect an index component. In these cases, the event is taken into account as soon as it becomes effective.

5.1 Change of Primary Market Listing

When a company's primary market listing changes, it is removed from the selection list of its former exchange. It remains in the index only if its new exchange is eligible for the index.

5.2 New Eligible Securities

When a new issue qualifies for and is added to the 55 country-level benchmark indexes, it is evaluated according to the Sharīah analysis described in Section 3 to determine whether it will be included in the Dow Jones Islamic Market World Index.

06. Calculation and Adjustments

6.1 Input Data Sources

Real-time stock prices are provided by Reuters. The latest trading price is used for index calculation.

- The number of shares is determined separately for each class of stock. This information is obtained from regulatory filings and a variety of data vendors. The data also may be sourced from the companies themselves.
- Corporate actions are sourced from public news services, regulatory filings and data vendors. The companies themselves may be used as an additional source.
- Float Data are obtained from a variety of sources including data vendors, exchanges, regulators and the companies themselves.

6.2 Divisor Adjustments

Adjustments to the base date market capitalization (or divisor) are implemented quarterly and annually for the composition and weighting changes of the index to maintain its representation of the underlying market. In addition, to maintain the index's continuity, adjustments to the base date value market capitalization are performed as often as necessary. Adjustments are made whenever there is a change in the composition of the index, such as an addition or deletion. Corporate actions and capital changes such as mergers, acquisitions, spin-offs, rights offerings, repurchases of shares, public offerings and special cash or stock distributions of other than the same stock may also call for adjustments to be made. Such adjustments are necessary to prevent the value of the index from changing due to such events. On the third Friday in a quarter-end month, the index is calculated with the old weightings for the last time. New weightings, following the quarterly review, are applied before the start of the next trading day. By adjusting the base date market capitalization the index value remains constant before and after the event.

The formula for divisor adjustments is provided in Section 8.4.1 of Guide to the Dow Jones Global Indexes; detail on the impact of corporate actions is provided in Section 8.4.2 of that document. The current index divisor is disseminated via major data vendors and at www.djindexes.com.

6.3 Adjustments for Corporate Actions

To maintain a high standard of data integrity, a series of procedures have been implemented to ensure accuracy, timeliness and consistency. Input prices are monitored using a variety of computerized range-check warning systems for both ticker plant and real-time index systems. Redundant sources of market data and corporate action information are also used. Various verifications and audit tasks are performed to ensure the quality of the real-time data feeds and related market data.

While every effort is taken to ensure the accuracy of the information used for index calculation, there is no guarantee that the indexes will be error-proof. An index error may occur due to incorrect or missing data, including trading prices, exchange rates, shares outstanding and corporate actions due to operation errors or other reasons. Detail on Dow Jones Indexes' data correction policy is provided in Section 9 of Guide to the Dow Jones Global Indexes.

07. Decision-Making Bodies

7.1 Changes and Other Matters Regarding the Index

The DJIM Index Shari`ah Supervisory Board counsels Dow Jones Indexes on matters relating to the Shari`ah compliance of the index's eligible components. Dow Jones Indexes provides quarterly updates on the index components to the DJIM Index Shari`ah Supervisory Board and will review new Shari`ah proposals from the board.

7.2 Changes to the Guide

All issues relating to business decisions, including index composition changes, are within the province of the DJIM Steering Committee. The DJIM Index Shari`ah Supervisory Board is encouraged to put forth recommendations for changes to the DJIM Steering Committee which in turn makes the ultimate business decision.

7.3 Members of the DJIM Shari`ah Supervisory Board

Name	Country
Shaykh Nizam Yaquby	Bahrain
Shaykh Dr. Mohd Daud Bakar	Malaysia
Shaykh Dr. Mohamed A. Elgari	Saudi Arabia
Shaykh Abdul Sattar Abu Ghuddah	Syria
Shaykh Yusuf Talal DeLorenzo	United States

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