

World's first shariah-law compliant firm

By Joshua Scott, Rashida Yosufzai | Tuesday, 4 August 2009

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United Arab Emirates-based law firm Agha & Shamshi is believed to be the first firm in compliance with Islamic law, a move which the firm's founding partner, Oliver Agha, said is motivated by principle and philosophy. "The vision is to create a firm that lives true to the principles of Islamic finance, which means having an ethically based law firm that ensures it is practicing law. Also, not engaging in activities that are impermissible under the shariah," Agha said in a radio interview with talk show FM station, Dubai Eye.

But just how does a firm operate in compliance with shariah principles? Agha said that Agha & Shamshi abstains from investing the funds at its disposal in conventional instruments. More significantly, the firm turns away clients and legal work that does not comply with Islamic principles, like those in the casino or interest-lending businesses.

"We have had to turn work away," Agha said. "We have had to say 'no' to conventional finance work. Large banks asked us to represent them on conventional transactions, which in my past life would have been fantastic. We have had to say 'no' to dispute resolution matters that entailed pursuing a debt with interest. So these are the sort of things that we have had to decline ... because we're sticking to our principles."

Agha said that even with having to turn away work as a result of its shariah-compliance policy, there is still more than enough on offer. "We believe that in this region there ought to be enough business to allow a small firm like ours to get by," he said. "Let's not forget that a huge amount of law has nothing to do with interest-bearing debt. You have projects, construction and EPC contracts, energy projects, and project finance done through Islamic financing. There is a lot that we can keep busy with and we will be able to do that."

Agha also made headlines late last year, after walking away from a top position as [DLA Piper's](#) head of Islamic Finance. In January, he opened his own firm and formed an alliance with US firm Pillsbury, citing the "right cultural and strategic fit" between the two businesses. At the time, Agha had intended to develop his firm "based on ethical Islamic principles."

But this is not the only legal business to have signalled interest in structuring itself along shariah-law lines. In late July 2009, UK firm [Norton Rose](#) highlighted the importance of Islamic finance to its long-term Gulf strategy, and strongly implied that a similar model may be on the cards. "The spread of Islamic finance and principles in international business is set to continue," said Middle East international managing partner and head of finance, Campbell Steedman. "An understanding of Islamic culture and the development of shariah-compliant products throughout all our practice areas will be an essential part of both our development and the development of the market, in the years ahead."

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