They are technically very knowledgeable and proactive too. They are very prompt, available and the quality of the work is very high.

—Chambers and Partners

At Shepherd and Wedderburn, we have been structuring and advising on Shariah-compliant financings for Islamic institutions and investors for over a decade.

We are a leading UK law firm delivering comprehensive, multi-jurisdictional legal advice across every business sector, as well as offering the full range of private client and wealth management services.

Our team has the pre-eminent Scottish practice in Islamic finance, with unrivalled experience in supporting participants in the sector with innovative solutions, and is a trusted adviser in England and Wales with international reach.

We structured the first Shariah-compliant retail mortgage and savings products operating under Scots law and carried out the first purely Islamic commercial property financing in Scotland.

Our Islamic finance group works in collaboration with Shariah scholars and supervisory boards to provide pragmatic and commercial advice which observes the principles of justice, equity and fairness inherent in the Shariah.

We invite you to find out more about our expertise in Islamic finance and the first-class service we deliver to our clients.
Widely recognised as delivering a market-leading service for financings of real estate assets and corporate businesses, we are ranked in the top-tier for Banking & Finance in Scotland by Legal 500. Our team of dedicated banking and finance lawyers is the largest in Scotland and is also highly regarded for advice on English law, operating from offices in Edinburgh, Glasgow, Aberdeen and London.

Combined with our size, our depth of experience gives us the ability to provide responsive, practical advice tailored to our clients’ business objectives.

We support banks, funds, financial institutions, corporate clients and sponsors on a variety of bespoke financings which are structured in compliance with principles and policies approved by Shariah supervisory committees, including commodity murabaha facilities, diminishing musharakah facilities and hybrid structures combining both conventional debt and Shariah-based finance.

Bespoke financings for business and investment

Examples of our work

EDUCATION PREMISES
Acting for a UK-based Islamic bank in the refinancing of educational premises in Glasgow owned by a charitable foundation based on a diminishing musharakah (decreasing partnership) structure, which was the first fully Shariah-compliant commercial real estate financing in Scotland.

AEROSPACE SITE
Acting for a German bank in refinancing the £50m plus acquisition of an aerospace site using a hybrid structure involving a commodity murabaha facility (a sale of goods with an agreed mark-up on the cost price) provided by a special purpose vehicle and funded by way of a conventional loan facility, to supplement an Islamic equity investment.

OFFICE ACCOMMODATION
Acting for an Islamic investment bank as sponsor in the refinancing of two office buildings with institutional tenants in Aberdeen by way of a £30m plus commodity murabaha facility provided to a Jersey-incorporated special purpose vehicle by the UK branch of a Bahrain-based bank.

MULTI-LET INVESTMENT PROPERTY
Advising a Shariah-compliant financial institution on the secured financing of a multi-let investment property in Scotland by way of a diminishing musharakah facility to facilitate a corporate acquisition of the property owning vehicle by a trust registered as a Scottish charity.
Our Financial Sector team is an integrated group of more than 30 lawyers with extensive financial sector knowledge and experience working across the different divisions in the firm.

Our work covers the full breadth of the financial sector – from the establishment, acquisition and disposal of relevant businesses, through regulation, systems, documentation and operations, to resolving disputes and problems and acting for those dealing with financial sector entities.

We have been at the forefront of developments in Islamic banking products for retail customers in Scotland since the inception of the first Shariah-compliant mortgages for Scottish home financings in the early 2000s. We act for providers of regulated home purchase plans, buy-to-let purchase plans and Shariah-compliant current and savings accounts.

Acting for Al Rayan Bank PLC, we developed their home and buy-to-let purchase plans for Scotland using a diminishing musharakah structure based on trust and co-ownership principles in order to overcome Scottish statutory restrictions on creating long-term leases of residential properties.

We advised United National Bank Limited on the terms of their Islamic bank accounts in Scotland using the Shariah principles of qard (a benevolent loan) and mudaraba (an investment partnership where one partner provides the capital and the other provides the management).

INNOVATION IN LEGISLATION

Our team was consulted by HM Treasury in relation to the impact of stamp duty land tax on Islamic mortgages which culminated in the enactment of provisions in the Finance Act 2005 aimed at creating a tax neutral environment for certain diminishing musharakah-based home financings in Scotland.

ENGAGEMENT WITH REGULATORS

We liaised with the Financial Conduct Authority on the structure and mechanics of Islamic mortgages in Scotland with a view to resolving shortcomings in the statutory definition of “home purchase plan” with respect to the regulation of Scottish home financings.

SOLUTIONS FOR ISLAMIC BANKS

Drawing on our Banking & Finance team’s extensive experience of acting on structured finance transactions, our firm provided a written critique to the Bank of England in response to their proposals to establish Shariah-compliant central bank liquidity facilities.

Scott is a partner in our Real Estate group with broad commercial property experience advising investors and financiers, both Islamic and conventional, on development (site acquisition, set up and disposal), leasing (landlord and tenant), asset management and investment acquisitions/disposals. His strong technical skills and commercial awareness have been demonstrated in a number of high value complex transactions.

Graham is a recognised expert in banking and finance law, specialising in particular in structured finance and capital markets, along with debt trading and financial product documentation. He pioneered the legal development of Islamic finance within Scotland on which he is now considered the country’s leading expert, facilitating the availability of Islamic home financing to the Scottish community. He chairs the Advisory Board of the Islamic Finance Council UK where he leads the award winning ethical finance work stream. Chambers & Partners conferred on Graham the accolade of “Senior Statesman” in banking and finance law in Scotland, the only lawyer so recognised.
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