



Pronouncement of the Shariah Committee of Bursa Malaysia Islamic Services Sdn Bhd

In the Name of Allah, the Most Gracious the Most Merciful

16 Jamadil Akhir 1434H – 27th April 2013

Subject: Approval of Trading Approach for Timber in Bursa Suq Al-Sila'

All praise is due to Allah, prayers and peace be upon the last Prophet Mohammad, and be upon his relatives and all his companions,

The Shari'ah Committee of Bursa Malaysia Islamic Services Sdn Bhd ("BMIS") in its meetings held on 14/12/2012 and 8/4/2013 at its Main Office in Kuala Lumpur, reviewed the structure and mechanism prepared and submitted by the BMIS concerning the execution of trading process of timber commodity as offered under Bursa Suq Al-Sila' ("BSAS").

It was noted that the Securities Commission via their letter dated 22nd June 2010 confirmed that the Shari'ah Advisory Council of the Securities Commission in its 103rd meeting has approved timber as one of the acceptable commodities to be traded under BSAS.

Upon revision and deliberations on the documents, the Committee hereby decided as follows:

1. Approval of the trading approach for timber in Bursa Suq al-Sila's is granted.
2. The Trading shall not be based on the category of woods, i.e., soft, medium, and hard. This is due to the fact that there is more than one type of woods under each category with different price tag. Hence, trading based on merely the category of wood will lead to *gharar* (uncertainty) in the subject matter of the trading.
3. The trading shall be based on specific type of wood. For this purpose, BMIS will only offer one type of wood for "Softwood" and "Hardwood" timber for every trading transaction. For instance, if the softwood timber is offered, it is tagged to a single type of wood e.g., "Seraya Putih" only. Likewise, if the hardwood timber is offered, it is tagged to a single type of wood e.g., "Merbau". Depending on availability of wood type on the trading day, that particular type of wood will be keyed-in into the system accordingly.



4. Should there be any changes in or additions to the trading process, structure, or mechanism as what has been presented; it must be submitted to the Shari'ah Committee for review and approval.

And prayers and peace be upon the last Prophet Mohammad, and be upon his relatives and all his companions.