



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

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

25 Rabiulakhir 1440H – 2nd January 2019

Subject: Bursa Suq Al-Sila' (BSAS): Salam Deposit

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

BSAS is a commodity trading platform that facilitates Islamic financing transactions, deposit takings, and liquidity management.

As part of its efforts to foster the growth of Islamic finance industry, Bursa Malaysia Islamic Services Sdn Bhd (BMIS) has taken the initiative to further expand BSAS capability including to facilitate the deposit taking activities using a Shariah-compliant contract of 'Salam'.

While facilitating Salam contract, the following conditions shall be strictly observed:

Product	That the object of sale is Shariah compliant and it shall not involve gold and silver.
Period	The term of deferment (tenure) is known.
Quality	The characteristic (quality) of the object is known.
Quantity	The amount (quantity) of the object is known.
Price	The price of the object is known.
Payment	The payment shall be paid upfront.
Place	The place of delivery is known or based on the customary practice.

BSAS facilitation of deposit takings adopting the concept of Salam is explained as follows:

- 1) On T-day, a Commodity Trading Participant (“CTP”) enters into Salam contract with a depositor (“Client”) which involves the sale and purchase of a certain quantity of a specified commodity at an agreed Salam price.

Salam contract sample: Customer Purchase X amount of commodity @ Salam price, commodity to be delivered on specified future date (T + n), Salam price shall be paid up front in full (deposit amount).

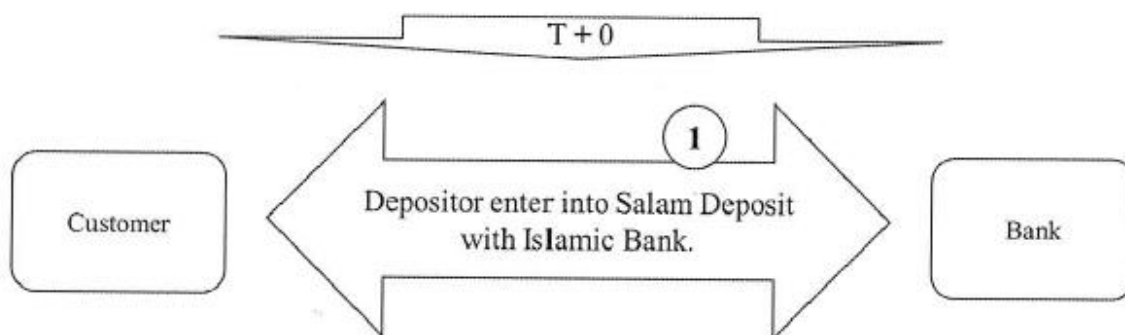
Present Value (“PV”) = Deposit Amount

Maturity Amount = Future Value (“FV”) = Salam price * (1 + rate) ^ tenure

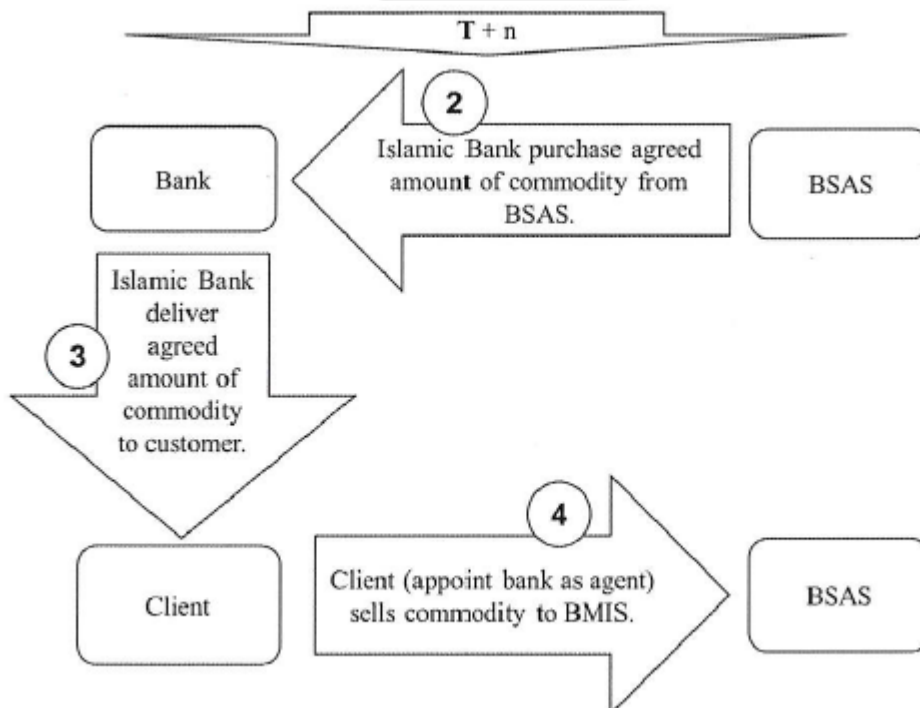
Market Price = Commodity price on BSAS

Quantity = FV / Market Price

Salam Price = PV / Quantity



- 2) At the maturity (T + n) of the Salam contract, the CTP will purchase the agreed quantity of the commodity from Commodity Supplying Participant (“CSP”) of BMIS through BSAS system.
- 3) The CTP will deliver the agreed quantity of the commodity to the Client in accordance with the terms and conditions stipulated in the Salam contract.
- 4) The Client, upon receipt of the commodity will appoint bank as agent to sell the commodity to BMIS through BSAS system or they can choose to sell it through third party.



The Shariah Committee of BMIS has reviewed the structure and mechanism prepared and presented by the BMIS concerning Salam Deposit. We, the members of Shariah Committee of BMIS, to the best of our knowledge, do hereby confirm that it is compliant with Shariah principles.

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 Shariah Committee for review and approval.

And Allah knows best.

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