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

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

14 Syawal 1440H – 18th June 2019
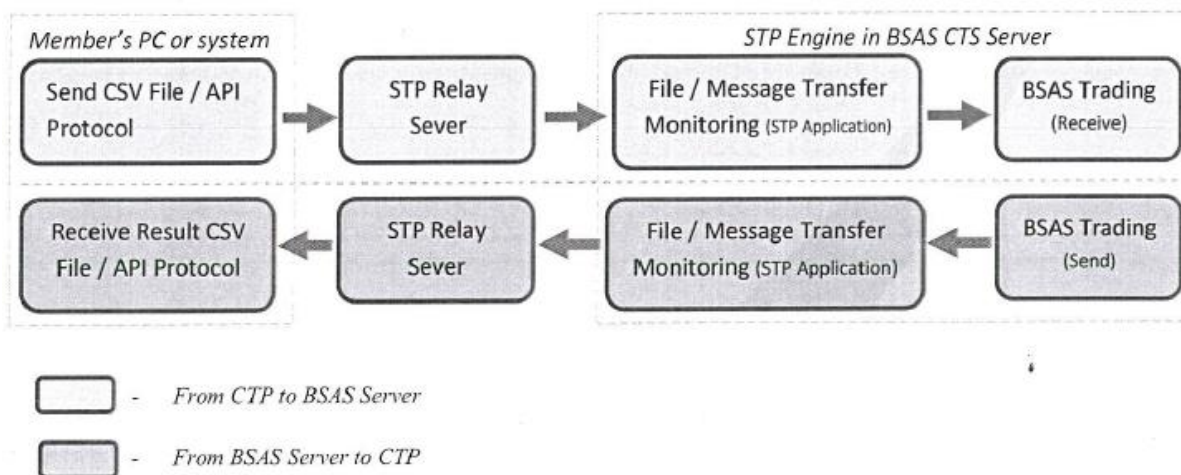
Subject: Straight Through Processing (STP) in Bursa Suq Al-Sila' ("BSAS") System

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 Shariah Committee of Bursa Malaysia Islamic Services Sdn. Bhd. ("BMIS") at its special meetings held on 12 February 2019 and 13 March 2019 has reviewed the structure and mechanism prepared and submitted by the BMIS concerning the STP in the BSAS system.

Following the feedbacks received from market participants, STP is developed to enhance the efficiency of BSAS system. The main point of the STP and its introduction on BSAS System, is to allow the Commodity Trading Participant ("CTP") to automate Commodity *Murabahah* transactions in the system by way of submitting a set of transaction data which consists of all purchasing information required to VSAS server instead of purchasing manually through the normal channel. The data submission process can be either in the form of 'File-Based' or 'Message-Based' STP, which described as follows;

STP Flow Diagram: *from CTP to BSAS Server / From BSAS Server to CTP*

File-Based STP:

Refers to the process of submitting the commodity trading data from CTP to BSAS via the Managed File Transfer (MFT) solution system. The data is submitted in 'csv.' format.

Message-Based STP:

Refers to the process of submitting the commodity trading data from CTP to BSAS via Application Programme Interface (API) service, The data is submitted either with 'JSON' or 'SOAP' protocol.

Please refer to Appendix 1 for format details of File-Based and Message-Based STP.

The STP function herein applies to both type of Bid, either for Bid as Principal or Agent.

Bid as Principal, e.g. Financing
   1) *Leg 1 (CTP purchases commodity directly from CSP(s);*
   2) *Leg 2 (CTP sells commodity to its client at marked up price); and*
   3) *Leg 3 (CTP sells commodity to BMIS as Agent of the client at cost)*

Bid as Agent, e.g. Deposit
   1) *Leg 1 (CTP purchases commodity on behalf of its depositors, directly from CSP(s));*
   2) *Leg 2 (CTP purchases commodity at marked up price from its depositors); and*
   3) *Leg 3 (CTP sells commodity to BMIS at cost)*

This function carries with it ability to perform the Islamic transactions in an efficient, flexible and fast manner depending on the processes dictated by the CTP. For example, in the case of disbursement of financing facility, as follow;

Option 1 (Default): Steps-by-steps instruction in sequence and in a multiple submission into BSAS system for File-Based or Message-Based STP

In the event the CTP wants the system to only execute Leg 1 , whilst the Leg 2 and Leg 3 shall be upon another instruction; the CTP shall provide with the following instruction:

1ˢᵗ instruction – Purchase of commodities by the CTP as Principal

Sale Transaction	Instruction
Leg 1 (CTP purchases commodity directly from CSP(s))	**Y**
Leg 2 (CTP sells commodity to its client)	**N**
Leg 3 (CTP sells commodity to BMIS as Agent of the client)	**N**

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2nd instruction – The Sale from the CTP to its Client at *Murabahah*

Sale Transaction	Instruction
Leg 1 (CTP purchases commodity directly from CSP(s))	**N**
Leg 2 (CTP sells commodity to its client)	**Y**
Leg 3 (CTP sells commodity to BMIS as Agent of the client)	**N**

3rd instruction – The Sale from the CTP's Client to BMIS at Cost

Sale Transaction	Instruction
Leg 1 (CTP purchases commodity directly from CSP(s))	**N**
Leg 2 (CTP sells commodity to its client)	**N**
Leg 3 (CTP sells commodity to BMIS as Agent of the client)	**Y**

By performing Option 1, the time stamp in the server will be recorded in accordance with the time of the submission of File-Based or Message-Based STP into the BSAS System (steps-by-steps).

Option 2: Blanket instruction in a single submission into BSAS system in the form of 'File-Based' or 'Message-Based' STP

Alternatively, in the event the CTP wants the system to proceed with the Leg 1,2, and 3 in a single submission of transaction data, the CTP shall provide with the following instruction:

Sale Transaction	Instruction
Leg 1 (CTP purchases commodity directly from CSP(s))	**Y**
Leg 2 (CTP sells commodity to its client)	**Y**
Leg 3 (CTP sells commodity to BMIS as Agent of the client)	**Y**

By choosing Option 2, the time difference between each leg will be recorded in milliseconds or nanoseconds.

There is no Shariah requirement for any owner to hold any asset bought for a specified period before he can sell it to others, hence, the ownership has been successfully transferred even though the gap is in millisecond.

However, in the event of dispute on the ownership status of the commodity arising from such calamitous events such as fires, hurricanes, and floods; the Committee resolved as follows:

(a) In the case of the STP being executed based on Option 1, the compensation of any insurance/takaful claims shall be made payable to the respective owners of the commodities at the point of the incident happened;

(b) In the case of the STP being executed based on Option 2, the compensation of any insurance/takaful claims shall be made payable to the following parties depending on the scenarios below: -
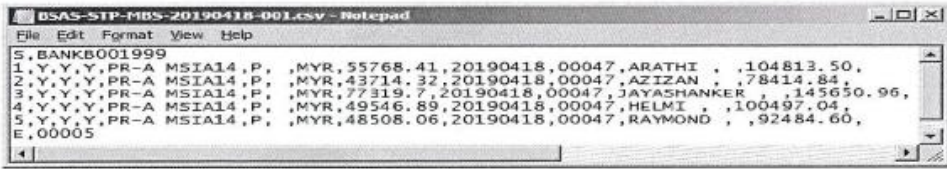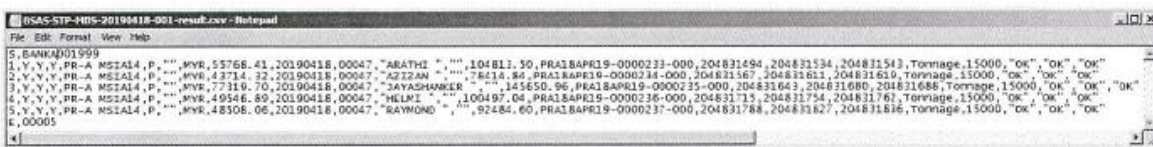
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(i)   If the system used by the affected CSP is able to track the ownership of the commodities in milliseconds or nanoseconds, as the case may be, then the party who will receive the monies will be the respective owner of the commodities at the point of the incident happpened;

(ii)   If the system is not capable in tracking the ownership in milliseconds or nanoseconds, as the case may be, then, the Leg 1 contract shall be considered as valid whilst Leg 2 and Leg 3 contracts will be nulified due to the absence of the technology in tracking the same,

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

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Appendix I: Format details of File-Based and Message-Based STP

File-Based STP:

Send -csv file

```
BSAS-STP-MBS-20190418-001.csv - Notepad
File  Edit  Format  View  Help
S,BANKB001999
1,Y,Y,Y,PR-A MSIA14,P, ,MYR,55768.41,20190418,00047,ARATHI , ,104813.50,
2,Y,Y,Y,PR-A MSIA14,P, ,MYR,43714.32,20190418,00047,AZIZAN , ,78414.84,
3,Y,Y,Y,PR-A MSIA14,P, ,MYR,77319.7,20190418,00047,JAYASHANKER , ,145650.96,
4,Y,Y,Y,PR-A MSIA14,P, ,MYR,49546.89,20190418,00047,HELMI , ,100497.04,
5,Y,Y,Y,PR-A MSIA14,P, ,MYR,48508.06,20190418,00047,RAYMOND , ,92484.60,
E,00005
```

Receive - csv file

```
BSAS-STP-MBS-20190418-001-result.csv - Notepad
File  Edit  Format  View  Help
S,BANKA001999
1,Y,Y,Y,PR-A MSIA14,P,"",MYR,55768.41,20190418,00047,"ARATHI ","",104813.50,PRA18APR19-0000233-000,204831494,204831534,204831543,Tonnage,15000,"OK","OK","OK"
2,Y,Y,Y,PR-A MSIA14,P,"",MYR,43714.32,20190418,00047,"AZIZAN ","",78414.84,PRA18APR19-0000234-000,204831567,204831611,204831610,Tonnage,15000,"OK","OK","OK"
3,Y,Y,Y,PR-A MSIA14,P,"",MYR,77319.70,20190418,00047,"JAYASHANKER ","",145650.96,PRA18APR19-0000235-000,204831643,204831680,204831686,Tonnage,15000,"OK","OK","OK"
4,Y,Y,Y,PR-A MSIA14,P,"",MYR,49546.89,20190418,00047,"HELMI ","",100497.04,PRA18APR19-0000236-000,204831715,204831754,204831762,Tonnage,15000,"OK","OK","OK"
5,Y,Y,Y,PR-A MSIA14,P,"",MYR,48508.06,20190418,00047,"RAYMOND ","",92484.60,PRA18APR19-0000237-000,204831788,204831827,204831836,Tonnage,15000,"OK","OK","OK"
E,00005
```

Message-Based STP:

Send – 1 order in one JSON data (request)	Receive – data for uuid 1 (response)

```
POST /api/process/svc/bch/order HTTP/1.1
Connection: keep-alive
Content-Length: 364
User-Agent:
Cache-Control: no-cache
Content-Type: application/json,charset=UTF-8
Authorization: Bearer 6c741c83-30a8-4dc1-9642-84fac65f4c1f

{
"header":
{
"memberShortName": "SMEBANK",
"uuid": "550e8400-e29b-41d4-a716-446655440000"
}
,
"request": [
{
"serialNumber": "1",
"bidOption": "Y",
"otcOption": "Y",
"stbOption": "Y",
"productCode": "CPO-MSIA-09",
"purchaseType": "A",
"clientName": "PEMBANGUNAN SUMBER MANUSIA BERHAD",
"currency": "MYR",
"bidValue": "200220.27",
"valueDate": "20180618",
"tenor": "00005",
"otcCounterParty": "",
"otcMurabaha": "",
"otcMurabahaValue": "",
"eCertNo": "",
}
]
}
```

```
HTTP/1.1 200 OK
Server: Apache-Coyote/1.1
Access-Control-Allow-Origin: chrome-extension://hfdgjbihjnjbsggehcddcbncdddorrep
Access-Control-Allow-Methods: POST, GET, OPTIONS
Access-Control-Allow-Credentials: true
Content-Type: application/json,charset=UTF-8
Transfer-Encoding: chunked
Date: Thu, 10 May 2018 08:20:17 GMT

|
"header": |{"memberShortName": "SMEBANK",
"uuid": "550e8400-e29b-41d4-a716-446655440000",
"errorCode": "",
"errorMsg": ""
}
,"status":
{
"totalOrderCount": "10",
"processingCount": "8"
},
"response": [{
"serialNumber": "1",
"bidOption": "Y",
"otcOption": "Y",
"stbOption": "Y",
"productCode": "CPO-MSIA-09",
"purchaseType": "A",
"clientName": "PEMBANGUNAN SUMBER MANUSIA BERHAD",
"currency": "MYR",
"bidValue": "200220.27",
"valueDate": "20180618",
"tenor": "00005",
"otcCounterParty": "",
"otcMurabaha": "",
"otcMurabahaValue": "",
"eCertNo": "CPO13JUN18-0000253-000",
"bidErrNo": "",
"bidMsg": "",
"otcErrNo": "",
"otcMsg": "",
"stbErrNo": "",
"stbMsg": "",
"regTime": "123400723",
"orderTime": "123400723",
"resultTime": "123400759",
"purchaseTime": "123736300",
"reportTime": "123736355",
"sellingTime": "123736365",
"unit": "Tonnage",
"price": "2447",}
```