

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

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

19 Rabiulawal 1438H – 19<sup>th</sup> December 2016

**Subject: Shariah Committee Endorsement on Bursa Suq Al-Sila’ Process**

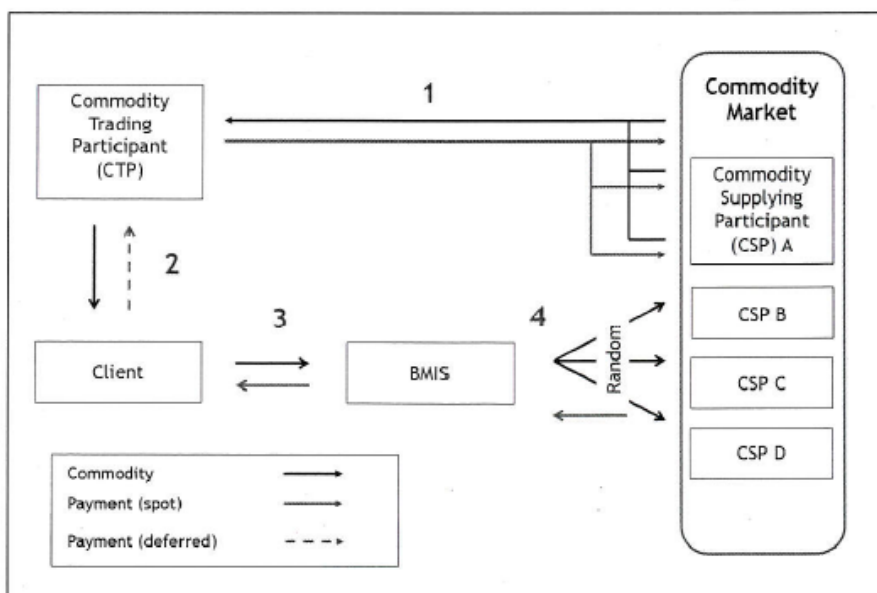
*All praise is due to Allah, prayers and peace be upon the last Prophet Mohammad, and be upon his relatives and all his companions,*

The Shariah Committee of Bursa Malaysia Islamic Services Sdn. Bhd. (“BMIS”) has reviewed the structure, mechanism and documentation prepared and submitted by the BMIS concerning Bursa Suq Al-Sila’ (“BSAS”). We, the members of Shariah Committee of BMIS, to the best of our knowledge, do hereby confirm that it is compliant with Shariah principles.

BSAS is a commodity trading platform that can facilitate financing transactions, deposit takings, issuances of sukuks, and secondary trading of sukuk Murabahah under *bay’ al-dayn bi al-sila’*.

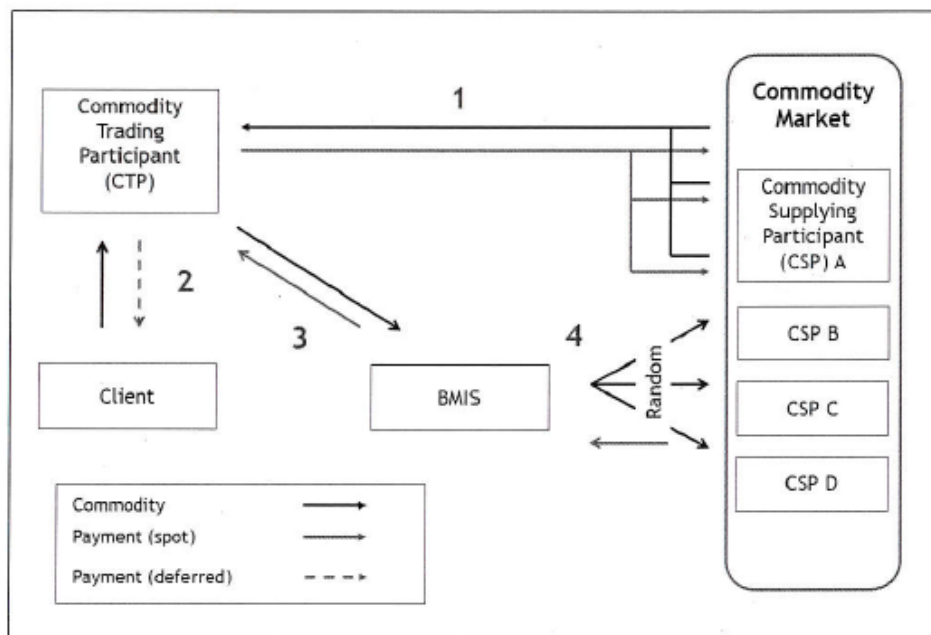
The following are the standard flows of commodity and consideration of two common transactions on BSAS:

**Scenario 1: Financing Structure**



Step	Description
1	(a) All assets are deliverable as per the terms and conditions of the contract. (b) CSP makes offers of commodities in the system. CTP places bids to purchase available commodities. (c) Bids and offers are matched automatically by the system. (d) CSPs sell commodity directly to CTP on cash, ownership transfers to CTP. (e) BMIS as settlement agent of CSPs collects payment from CTP. (f) E-Certificate (A) generated by system detailing trade information.
2	(a) CTP sells commodity to Client at cost price plus profit on deferred payment basis. (b) CTP reports sales transaction into the system. (c) Ownership transfers top Client [E-Certificate (B)].
3	(a) Client (if CTP) or an appointed agent (CTP) sells the commodity to BMIS on cash. (b) BMIS makes payment to Client. (c) Ownership transfers to BMIS [E-Certificate (C)].
4	(a) BMIS offers (to sell) & CSPs bid (to purchase): matching done on random basis, i.e., there is no pre-agreement or documented arrangement that the commodity will be sold to original CSP. (b) Ownership transfers to CSP. (c) Commodity may or may not be reoffered into system.

## Scenario 2: Deposit Structure



Step	Description
1	<ul style="list-style-type: none"> <li>(g) All assets are deliverable as per the terms and conditions of the contract.</li> <li>(h) CSP makes offers of commodities in the system. CTP on behalf of Client places bids to purchase available commodities.</li> <li>(i) Bids and offers are matched automatically by the system.</li> <li>(j) CTP as an agent of Client buys commodity from CSP on cash, ownership transfers to Client.</li> <li>(k) BMIS as settlement agent of CSPs collects payment from through CTP.</li> <li>(l) E-Certificate (A) generated by system detailing trade information.</li> </ul>
2	<ul style="list-style-type: none"> <li>(d) Client sells the commodity to CTP at cost price plus profit on deferred payment basis.</li> <li>(e) CTP reports sales transaction into the system.</li> <li>(f) Ownership transfers to CTP [E-Certificate (B)].</li> </ul>
3	<ul style="list-style-type: none"> <li>(d) CTP sells the commodity to BMIS on cash.</li> <li>(e) BMIS makes payment to CTP.</li> <li>(f) Ownership transfers to BMIS [E-Certificate (C)].</li> </ul>
4	<ul style="list-style-type: none"> <li>(d) BMIS offers (to sell) &amp; CSPs bid (to purchase): matching done on random basis, i.e., there is no pre-agreement or documented arrangement that the commodity will be sold to original CSP.</li> <li>(e) Ownership transfers to CSP.</li> <li>(f) Commodity may or may not be reoffered into system.</li> </ul>



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.*