Shariah Standards
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Why?

- Differences in interpreting Shari’ah has led to a diverse legal and regulatory landscape as well as diversified practice of Islamic finance.
- Harmonization is needed:
  - Lack of consensus and consistency in Shari‘ah rulings has created uncertainties and confusion.
  - The consistent Shari‘ah rulings will stimulate the growth
  - The absence of globally accepted Shari‘ah standards is one of the factors that impedes the realisation of the full potential of Islamic finance.
Objectives of Shariah Standards

- To solve the general confusion created by the heterogeneous interpretations of the fundamental Shariah rules resulting in differences in financial reporting, auditing and accounting treatments by Islamic banks.

- To streamline practices and products of Islamic financial institutions.

- To serve as a GUIDE for product development as well as for Shari’ah reviewers, Shari’ah auditors and external auditors when they review and audit the whole operations of Islamic financial institutions.
Shariah Standards of BNM

- Concept Paper on Shariah Parameter Reference 4: Musharakah Contract
- Concept Paper on Shariah Parameter Reference 5: Istisna' Contract
- Concept paper on Shariah Requirements, Optional Practices and Operational Requirements of Musharakah
- Concept paper on Shariah Requirements, Optional Practices and Operational Requirements of Mudarabah
- Concept paper on *Ijarah* *Istisna’* Concept Paper on *Wadi’ah*
- *Mudarabah*
- *Musyarakah*
- Concept Paper on *Wakalah Rahn* (Shariah Requirements and Optional Practices) - Exposure Draft
- *Bai’ al-Sarf* (Shariah Requirements and Optional Practices) - Exposure Draft
- Concept Paper on Hibah
- Concept Paper on Qard
- Concept Paper on Wa'd
- Concept paper on Kafalah
- Shariah Standard on Mudarabah
- Tawarruq
- Murabahah
Countries where AAOIFI standards are either mandatory or recommended include:

- Bahrain, Malaysia, UAE, Saudi Arabia, Lebanon, Syria, Sudan and Jordan.
AAOIFI Shariah Standards

1. **TRADING** in Currencies
2. Debit Card, Charge Card and Credit Card
3. Procrastinating Debtor
4. Settlement of Debt by Set-Off
5. Guarantees
6. Conversion of a Conventional Bank to an Islamic Bank
7. Hawalah
8. Murabahah
9. Ijarah and Ijarah Muntahia Bittamleek
10. Salam and Parallel Salam
11. Istisna’a and Parallel Istisna’a
12. Sharikah (Musharakah) and Modern Corporations
13. Mudarabah
14. Documentary Credit
15. Jua’lah
16. Commercial Papers
17. INVESTMENT Sukuk
18. Possession (Qabd)
19. LOAN (Qard)
20. Commodities in Organised Markets
21. Financial Papers (Shares and Bonds)
22. Concession Contracts
23. Agency
24. Syndicated Financing
25. Combination of Contracts
26. Islamic Insurance
27. Indices
28. Banking Services
29. Stipulations and Ethics of Fatwa in the Institutional Framework
30. Monetization (Tawarruq)
31. Controls on Gharar in Financial Transactions
32. Arbitration
33. Waqf
34. Hiring of Persons
35. Zakah
36. Impact of Contingent Incidents on Commitments
37. Credit Agreement
38. Online Financial Dealings
39. Mortgage and its Contemporary Applications
40. Distribution of Profit in Mudarabah-based investment Accounts
41. Islamic Reinsurance
42. Financial Rights and How They Are Exercised and Transferred
43. Insolvency
44. Obtaining and Deploying Liquidity
45. Protection of Capital and investment
46. Al-Wakalah Bi Al-Istithmar Investment Agency)
47. Rules for Calculating Profit in Financial Transactions
48. Options to Terminate Due to Breach of Trust (Trust-Based Options)
49. Unilateral and Bilateral Promise
50. Irrigation Partnership (Musaqat)
51. Options to Revoke Contracts Due to Incomplete Performance

52. Options to Reconsider (Cooling-Off Options, Either-Or Options, and Options to Revoke Due to Non-Payment)

53. Arboun (Earnest Money)

54. Revocation of Contracts by Exercise of a Cooling-Off Option