



Effective date: 1 January 2024

**NOTICE TO BANKS AND FINANCIAL INSTITUTIONS
NOTICE NO. SYAFI/N/01/2023**

NOTICE ON APPOINTMENT OF SYARIAH ADVISORY BODIES



1. INTRODUCTION

- 1.1 This Notice is issued pursuant to section 54 of the Brunei Darussalam Central Bank Order, 2010 and applies to Banks and Financial Institutions that have appointed or reappointed, or intend to appoint or reappoint, any person as a member to its Syariah Advisory Body.
- 1.2 This Notice shall be read together with the following –
- 1.2.1 Section 15 of the Syariah Financial Supervisory Board Order, 2006;
 - 1.2.2 Section 8(2)(g) of the Islamic Banking Order, 2008;
 - 1.2.3 Section 5(5) of the Takaful Order, 2008;
 - 1.2.4 Section 23(2)(a) of the Securities Markets Order, 2013;
 - 1.2.5 Section 6(2)(g) of the Finance Companies Act (Chapter 89);
 - 1.2.6 Guidelines on Fitness and Propriety for Syariah Advisory Bodies (Guidelines No.SYAFI/G/01/2023);
 - 1.2.7 Notice to Financial Institutions on Syariah Governance Framework (IFAU/N/1/2018); and
 - 1.2.8 Any other notices, directives or guidelines which the Authority may issue from time to time.
- 1.3 This Notice shall take effect on **1 January 2024**.

2. DEFINITIONS

- 2.1 For the purpose of this Notice:
- 2.1.1 “Authority” means the Brunei Darussalam Central Bank established under section 3(1) of the Brunei Darussalam Central Bank Order, 2010;
 - 2.1.2 “Bank(s)” has the meaning assigned to it under section 2 of the Brunei Darussalam Central Bank Order, 2010;
 - 2.1.3 “Board” means the Board of Directors of a Bank and Financial Institution;
 - 2.1.4 “Financial Institution(s)” has the meaning assigned to it under section 2 of the Brunei Darussalam Central Bank Order, 2010. For the avoidance of doubt, this also includes

¹ The Authority acts as the Secretariat to the Syariah Financial Supervisory Board (SFSB).

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Perbadanan Tabung Amanah Islam Brunei established under the Perbadanan Tabung Amanah Islam Brunei Act [Chapter 163];

- 2.1.5 “Syariah Advisory Body” or “SAB” means –
- (a) A body established pursuant to section 8{2}{g} of the Islamic Banking Order, 2008;
 - (b) A body established pursuant to section 10{1}{e} of the Takaful Order, 2008;
 - (c) A body appointed pursuant to section 23{2} of the Securities Markets Order, 2013;
 - (d) A body established under section 14 of the Perbadanan Tabung Amanah Islam Brunei Act [Chapter 163]; and
 - (e) A body appointed pursuant to section 6{2}{g} of the Finance Companies Act [Chapter 89].
- 2.1.6 “Syariah Financial Supervisory Board” or “SFSB” means the Syariah Financial Supervisory Board established pursuant to section 3 of the Syariah Financial Supervisory Board Order, 2006.

3. PURPOSE

- 3.1 This Notice sets out the general requirements for Banks and Financial Institutions’ SABs.
- 3.2 This Notice further sets out the application process for the appointment and reappointment of SAB members by Banks and Financial Institutions and other related requirements.

4. REQUIREMENTS

- 4.1 Banks and Financial Institutions shall ensure its SAB consists of a minimum of three (3) members. The majority of members, including the Chairman, must be experienced in matters relating to Fiqh al-Muamalat.
- 4.2 Banks and Financial Institutions may appoint additional SAB members who are experienced in Islamic banking and finance, economics, law or any other related discipline.
- 4.3 The members shall be appointed for a term of 3 years and may be re-appointed.
- 4.4 Banks and Financial Institutions shall ensure that its SAB members are fit and proper at all times.



5. APPLICATION PROCESS

- 5.1 Banks and Financial Institutions shall obtain the approval of SFSB prior to appointing or reappointing any members to its SAB. Applications for approval must be made in such manner as the Authority may direct and must be accompanied by –
 - 5.1.1 The relevant forms and documents as determined by the Authority and any other information as may be required; and
 - 5.1.2 A declaration in writing that the proposed SAB member is a fit and proper person.
- 5.2 Banks and Financial Institutions shall –
 - 5.2.1 Ensure that its proposed SAB members are fit and proper; and
 - 5.2.2 Obtain their Board of Director's approval, prior to submitting an application under paragraph 5.1.
- 5.3 Banks and Financial Institutions shall ensure that any applications submitted pursuant to paragraph 5.1 is submitted at least ninety (90) calendar days prior to the proposed appointment or reappointment date of the SAB member.
- 5.4 Where necessary, the Authority may interview the proposed SAB member.
- 5.5 The Authority shall within a period of thirty (30) working days or such extended time notify the Bank and Financial Institution of the approval or rejection of the application. Such period will commence from the date the Bank or Financial Institution submits its application complete with all the required information and documents.
- 5.6 If it appears to the Authority that any person proposed to be appointed or reappointed as a SAB member is not fit and proper, the Authority shall serve on the Bank or Financial Institution a preliminary notice in writing stating that –
 - 5.6.1 It appears to the Authority that such person is not "fit and proper"; and
 - 5.6.2 The Bank and Financial Institution must, within thirty (30) calendar days from the date of service of the preliminary notice, make representations to the Authority.
- 5.7 When assessing an application for the appointment or reappointment of a proposed SAB member, the Authority may, in addition to the fit and proper criteria set out in the Guidelines on Fitness and Propriety for Syariah Advisory Bodies [Guidelines SYAFI/G/01/2023], consider any factors that may be relevant including –
 - 5.7.1 Whether the proposed SAB member has good standing in his profession or any formal qualifications;

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5.7.2 Whether the propose SAB member has been convicted of any offence involving fraud, breach of trust or dishonesty or any other criminal offence; and

5.7.3 Any assessment from the Bank and Financial Institution on the performance of the proposed SAB.

6. TRANSITIONAL ARRANGEMENT

6.1 This Notice shall not apply to Banks and Financial Institutions in respect to any persons that were appointed to the SAB of that Bank and Financial Institution prior to the effective date of this Notice (“exempted person”).

6.2 Notwithstanding paragraph 6.1, Banks and Financial Institutions shall comply with this Notice in respect to exempted persons immediately upon the expiry of the membership of that exempted person to the relevant SAB.

**ACTING MANAGING DIRECTOR
BRUNEI DARUSSALAM CENTRAL BANK**

Issue Date: 9 Zulhijjah 1444 / 28 June 2023