



Effective date: 1 January 2024

GUIDELINES TO BANKS AND FINANCIAL INSTITUTIONS
GUIDELINES NO. SYAFI/G/01/2023

GUIDELINES ON FITNESS AND PROPRIETY FOR SYARIAH ADVISORY BODIES



1. INTRODUCTION

- 1.1 These Guidelines are issued pursuant to section 32 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 These Guidelines serve as guidance for assessing the fitness and propriety of any person proposed to be appointed or reappointed as a member to the SAB of any Bank and Financial Institution.
- 1.3 These Guidelines shall be read together with the following –
 - 1.3.1 Section 15 of the Syariah Financial Supervisory Board Order, 2006;
 - 1.3.2 Section 8(2)(g) of the Islamic Banking Order, 2008;
 - 1.3.3 Section 5(5) of the Takaful Order, 2008;
 - 1.3.4 Section 23(2)(a) of the Securities Markets Order, 2013;
 - 1.3.5 Section 6(2)(g) of the Finance Companies Act (Chapter 89);
 - 1.3.6 Notice on Appointment of Syariah Advisory Bodies (Notice No. SYAFI/N/01/2023);
 - 1.3.7 Notice to Financial Institutions on Syariah Governance Framework (IFAU/N/1/2018); and
 - 1.3.8 Any other notices, directives or guidelines which the Authority may issue from time to time.
- 1.4 These Guidelines takes effect on 1 January 2024.

2. DEFINITIONS

- 2.1 For the purpose of this Guidelines:
 - 2.1.1 **“Authority”** means the Brunei Darussalam Central Bank established under section 3(1) of the Brunei Darussalam Central Bank Order, 2010¹;
 - 2.1.2 **“Bank(s)”** has the meaning assigned to it under section 2 of the Brunei Darussalam Central Bank Order, 2010;

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



- 2.1.3 “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 Perbadanan Tabung Amanah Islam Brunei established under the Perbadanan Tabung Amanah Islam Brunei Act (Chapter 163);
- 2.1.4 “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).
- 2.1.5 “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. FIT AND PROPER CRITERIA

- 3.1 Any person appointed, or proposed to be appointed, as a member to the SAB of a Bank and Financial Institution should meet the fit and proper criteria set out in these Guidelines. For this purpose, Banks and Financial Institutions are expected to obtain, identify, verify through reasonable means and review relevant information necessary to support their **assessment of the first mentioned person’s compliance with the fit and proper criteria** set out in these Guidelines.
- 3.2 A SAB member of a Bank and Financial Institution should carry out his duties efficiently, honestly and fairly. Additionally, he should act in the best interests of the Bank and Financial Institution, relevant stakeholders and the public.
- 3.3 In assessing whether a person is fit and proper, the criteria that is considered includes, but is not limited to, the following –
- 3.3.1 Honesty, integrity and reputation;
 - 3.3.2 Competence and capability; and



3.3.3 Financial soundness.

3.4 In determining whether a person is fit and proper, each person should be assessed individually against the criteria set out in these Guidelines. Failure to meet one criteria may not, on its own, necessarily mean a failure to be deemed as a fit and proper person.

4. HONESTY, INTEGRITY AND REPUTATION

4.1 A person should be able to demonstrate qualities such as honesty, integrity, diligence, independence of mind and fairness.

4.2 In assessing the honesty, integrity and reputation of a person, Banks and Financial Institutions should consider any relevant factors including, but not limited to, whether the person –

4.2.1 Has been refused the right or restricted in his right to carry on any trade, business or profession for which a specific license, registration or other authorization is required by law in any jurisdiction;

4.2.2 Has been prohibited from operating in Brunei Darussalam or elsewhere by the Authority or any other financial services regulatory authority;

4.2.3 Has been censured, disciplined, suspended or refused membership or registration by the Authority, any other regulatory authority, any professional body or government agency, whether in Brunei Darussalam or elsewhere;

4.2.4 Has been the subject of any complaint made reasonably and in good faith, relating to activities that are regulated by the Authority or under any law in any jurisdiction;

4.2.5 Has been the subject of any proceedings of a disciplinary or criminal nature or has been notified of any impending proceedings or of any investigations, which might lead to such proceedings under any law in Brunei Darussalam or elsewhere;

4.2.6 Has contravened any provisions or has been compounded or convicted of any offence under any legislation administered by the Authority, any regulatory body, professional body, government or its agencies whether in Brunei Darussalam or elsewhere;

4.2.7 Has been a director of, or directly concerned in the management of, any company which is being or has been convicted of an offence under any written law in Brunei Darussalam or elsewhere during their tenure of office in that company (unless the person can prove that such offence was committed without knowledge or consent and he was not in a position to prevent the offence);



- 4.2.8 Has had any judgment relating to the finding of fraud or misrepresentation entered against him in any criminal or civil proceedings in Brunei Darussalam or elsewhere, or is a party to any pending proceedings that may lead to such a judgment;
- 4.2.9 Has had any civil penalty enforcement action taken against him by the Authority or any other regulatory authority under any law in any jurisdiction;
- 4.2.10 Has contravened or abetted another person in breach of any laws or regulations, business rules or codes of conduct whether in Brunei Darussalam or elsewhere;
- 4.2.11 Has been the subject of any investigations or disciplinary proceedings or been issued a warning or reprimand by the Authority or any other regulatory Authority, any professional body or government agency, whether in Brunei Darussalam or elsewhere;
- 4.2.12 Has demonstrated an unwillingness to comply with any regulatory requirement or to uphold any professional and ethical standards, whether in Brunei Darussalam or elsewhere;
- 4.2.13 Has engaged in any business practices which are deceitful, oppressive or otherwise improper, whether unlawful or not, or which otherwise reflect discredit on his method of conducting business;
- 4.2.14 Has been a party to any action or decision of the board or management of a business which is detrimental to the interests of the business, its consumers and stakeholders;
- 4.2.15 Has acted in a manner which may cast doubt on his fitness to hold the position of a SAB member, or acted in blatant disregard for proper professional conduct, particularly in dealings with Banks and Financial Institutions;
- 4.2.16 Is free from any business or other relationship which could materially pose a conflict of interest or interfere with the exercise of his judgement when acting in the capacity of a SAB member;
- 4.2.17 Has been dismissed or asked to resign or has resigned from employment or from a position of trust, fiduciary appointment or similar position because of questions of honesty and integrity;
- 4.2.18 Has acted unfairly or dishonestly in his dealings with employers, auditors and the regulatory authority of any jurisdiction;
- 4.2.19 Has held a position of responsibility in the management of a business that has gone into receivership, insolvency or involuntary liquidation during his tenure of office in that business;



- 4.2.20 Has had any bankruptcy proceedings initiated against him in his personal capacity; and
- 4.2.21 Has been a director of, or directly concerned in the management of, any company which is being or has been wound up by a court or other authority competent to do so within or outside Brunei Darussalam, or has been a director of, or directly concerned in the management of, any Bank and Financial Institution where its license has been revoked under any written law.

5. COMPETENCE AND CAPABILITY

- 5.1 A person should be able to demonstrate that he possesses the necessary skills, experience, ability and commitment to carry out the role of member of a SAB.
- 5.2 In assessing the competency and capability of a person, Banks and Financial Institutions should consider any relevant factors including, but not limited to, the following –
 - 5.2.1 **Holds at least a bachelor's degree in Syariah**, Islamic finance, economics, law or any other relevant degrees from an institution recognized by the Government of Brunei Darussalam;
 - 5.2.2 Has professional certification in Islamic finance;
 - 5.2.3 Is able to demonstrate a strong proficiency and knowledge in the Malay and English languages, both written and verbal;
 - 5.2.4 Has good proficiency in the Arabic language;
 - 5.2.5 **Has at least three (3) years'** experience and/or exposure in Islamic finance.

6. FINANCIAL SOUNDNESS

- 6.1 A person should be able to demonstrate that he is able to manage his financial affairs prudently such that there are no defaults or court judgements related to the facilities in his name or any associated parties.
- 6.2 In assessing the financial soundness of a person, Banks and Financial Institution should consider any relevant factors including, but not limited to, whether the person –
 - 6.2.1 Has been declared an undischarged bankrupt or is the subject of any bankruptcy proceedings pending in a Court in Brunei Darussalam or elsewhere;



- 6.2.2 Is or has been unable to fulfil any of his financial obligations, whether in Brunei Darussalam or elsewhere;
- 6.2.3 Has been the subject of a judgement debt which is unsatisfied, either in whole or in part, whether in Brunei Darussalam or elsewhere.

ACTING MANAGING DIRECTOR
BRUNEI DARUSSALAM CENTRAL BANK

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