



Effective date: 12 August 2022

**NOTICE TO BANKS AND FINANCIAL INSTITUTIONS
NOTICE NO. SYAFI/N/01/2022**

NOTICE ON APPLICATION PROCESS OF ISLAMIC PRODUCT



1. INTRODUCTION

- 1.1. Section 14 of the Syariah Financial Supervisory Board Order, 2006 provides for all Financial Institution to apply to the Board for approval of its Islamic Products that it is in accordance to Hukum Syara’.
- 1.2. This Notice sets out the application process and is applicable to all Financial Institution as defined hereunder. This Notice is issued pursuant to Section 54 of the Brunei Darussalam Central Bank Order, 2010 [BDCB Order, 2010].
- 1.3. This Notice shall also be read in conjunction with the following:
 - 1.3.1 Guideline on Licensing and Recognition Applications for Collective Investment Schemes [Guideline No. CMU/G-2/2017/2];
 - 1.3.2 Guidelines on Product Transparency and Disclosure for Islamic Banks [Guidelines No. FCI/G1/2019/1];
 - 1.3.3 Guidelines on Product Transparency and Disclosure for Finance Companies [Guidelines No. FCI/G3/2019/1];
 - 1.3.4 Guidelines on Product Transparency and Disclosure for Takaful Operators [Guidelines No. FCI/G4/2019/1]; and
 - 1.3.5 Any other notices, directives or guidelines, which the Authority may issue from time to time.
- 1.4 This Notice supersedes Guidelines on the Islamic Product Approval Process under Section 14 of the Syariah Financial Supervisory Board Order 2006 [Guidelines No. IFAU/G/1/2018] and shall take immediate effect.

2 DEFINITIONS

- 2.1. For the purpose of this Notice:
 - 2.1.1. “Authority” means the Brunei Darussalam Central Bank (BDDB) established under section 3(1) of BDCB Order, 2010.
 - 2.1.2. “Bank(s)” has the same meaning given under section 2 of BDCB Order 2010 which provides Islamic products and services, including but not limited to Islamic banking business, takaful business, Islamic financial business, Islamic development business and such other business as the Authority may authorise.
 - 2.1.3. “Existing Islamic product” means an Islamic product that has been offered by the bank or financial institution.



- 2.1.4. “Financial Institution(s)” has the same meaning given under section 2 of BDCB Order, 2010 which provides Islamic products and services, including but not limited to Islamic banking business, takaful business, Islamic financial business, Islamic development business and any other business as the Authority may authorise, also including Perbadanan Tabung Amanah Islam Brunei (“TAIB”) established under the Perbadanan Tabung Amanah Islam Act [Cap 163].
- 2.1.5. “Islamic product(s)” means Islamic product that has the same meaning assigned to it under section 2 of the Syariah Financial Supervisory Board Order, 2006 and, for the purpose of this Notice includes Islamic financial services.
- 2.1.6. “Immaterial changes” refers to the changes made to the Islamic product which does not affect customers and compliance to BDCB’s requirements and conditions.
- 2.1.7. “Material change” refers to the changes to the product mechanism which may affect customers and compliance to BDCB’s requirements and conditions.
- 2.1.8. “New Islamic product” means an Islamic product that has not been offered by any Bank or financial institution.
- 2.1.9. “Syariah Advisory Body” means:
- (a) A body established pursuant to the requirement of section 8(2)(g) of Islamic Banking Order, 2008;
 - (b) A body established pursuant to the requirement of section 10 (1)(e) of Takaful Order, 2008;
 - (c) A body appointed under section 23(2) of the Securities Markets Order, 2013; or
 - (d) The Syariah Advisory Committee which is established under section 14 of the Perbadanan Tabung Amanah Islam Brunei Act [Chapter 163].
- 2.1.10. “Syariah Financial Supervisory Board [“SFSB”]” means the Syariah Financial Supervisory Board established pursuant to section 3 of the Syariah Financial Supervisory Board Order, 2006.

3 APPLICATION PROCESS

- 3.1. Any submission for approval of SFSB shall be submitted to the Authority.
- 3.2. Requirements under **Appendix 1** applies to the following:

Notice on Application Process of Islamic Product



- 3.2.1. A new Islamic product that is not structured in accordance with Syariah Standard issued by the Authority; or
- 3.2.2. A change of Syariah concept of an existing Islamic product that is not structured in accordance with Syariah standard issued by the Authority.
- 3.3. Requirements under **Appendix 2** applies to the following:
 - 3.3.1 A new Islamic product structured using Syariah Standard issued by the Authority; or
 - 3.3.2 A change of Syariah concept of an existing Islamic product that is structured in accordance with the Syariah Standard issued by the Authority; or
 - 3.3.3 A variation(s) to an existing Islamic product that results in a material change to the structure, features or risk profile.
- 3.4. The Authority shall within a period of forty (40) working days or such extended time, notify the Bank and Financial Institution of the result of the application. The length of time taken to assess any given application depends on the complexity of the Islamic product being submitted.
- 3.5. Bank and Financial Institution shall ensure that any application submitted are in order. Applications that do not comply with requirements as set out in paragraph 3.2 and 3.3, shall be deemed unsatisfactory or incomplete and will be returned to the applicants.
- 3.6. In the event Bank and Financial Institution intend to make any variations to the Islamic product which are already available in the market where such variations only constitute immaterial changes to the structures or features or risk profile, Bank and Financial Institution shall notify the Authority within thirty (30) calendar days before re-launching of the Islamic product.
- 3.7. The Authority shall have the right to request for additional information or to call the Bank and Financial Institution to present the proposed product if necessary and where applicable.

**MANAGING DIRECTOR
BRUNEI DARUSSALAM CENTRAL BANK**

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