



بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

Effective date: 12 August 2022

**GUIDELINES TO BANKS AND FINANCIAL INSTITUTIONS
GUIDELINES NO. SYAFI/G/03/2022**

SYARIAH STANDARD WAKALAH



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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.
- 1.2 These Guidelines are designed as a reference in providing best practice to structure any financial product based on *Wakalah* in accordance with Hukum *Syara'* and to provide customer protection.
- 1.3 All Banks and Financial Institutions offering Islamic products and services are advised to adhere to the principles set out in these Guidelines.
- 1.4 These Guidelines should be read together with other relevant notices and guidelines issued by the Authority, in particular:
 - 1.4.1 Notice on Application Process of Islamic Product [SYAFI/N/01/2022];
 - 1.4.2 Notice to Financial Institution on Syariah Governance Framework [IFAU/N/1/2018]; and
 - 1.4.3 Notice and Guidelines on Internal Syariah Audit Framework for Financial Institutions [IFAU/N/2/2018 and IFAU/G/3/2018].
- 1.5 These Guidelines are not exhaustive and subject to revision from time to time as deemed necessary by the Authority.
- 1.6 Banks and Financial Institutions should ensure that any aspect not covered by these Guidelines are addressed in accordance with Hukum *Syara'*.
- 1.7 These Guidelines are provided in both English and Malay. In the event of inconsistencies between both versions, the Malay version of these Guidelines will prevail.
- 1.8 These Guidelines takes effect on 14 Muharram 1444 / 12 August 2022.

2. DEFINITIONS

- 2.1 For the purpose of these Guidelines:
 - 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 same meaning assigned to it under section 2 of the Brunei Darussalam Central Bank Order, 2010;
 - 2.1.3 "Financial Institution(s)" has the same 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 “*Hibah*” means the transfer of the possession of a property of the donor made voluntarily and without any consideration by the donor to the donee during the lifetime of the donor;
- 2.1.5 “*Hukum Syara*” has the same meaning assigned to it under section 2 of the Syariah Financial Supervisory Board Order, 2006;
- 2.1.6 “*Ijab*” means an offer;
- 2.1.7 “*Ijma*” means a unanimous agreement of the mujtahid of the Muslim community of any period following the demise of Prophet Muhammad *Shallallahu ‘alaihi wa sallam* on any ruling according to *Hukum Syara*’;
- 2.1.8 “*Kaafil*” means a guarantor;
- 2.1.9 “*Mudharabah*” means a partnership contract between the *Rabbul mal* and the *Mudharib* whereby the *Rabbul mal* would contribute capital to a venture that is to be managed by the *Mudharib*;
- 2.1.10 “*Mudharib*” means an entrepreneur of a *Mudharabah* venture;
- 2.1.11 “*Muwakkil*” means a principal;
- 2.1.12 “*Qabul*” means acceptance;
- 2.1.13 “*Rabbul mal*” means capital provider;
- 2.1.14 “Special Purpose Vehicle” means a separate legal entity. A special purpose vehicle is a distinct company with its own legal status and assets and liabilities. “SPV” shall be read accordingly;
- 2.1.15 “*Sukuk*” means certificates that represent a proportional undivided ownership or investment in assets which are in accordance with *Hukum Syara*’;
- 2.1.16 “Syariah Advisory Body” 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];
- 2.1.17 “*Tabarru*” means the donation or takaful contribution that will be donated into a takaful product’s fund (risk fund/takaful fund) to help other participants in the event of misfortune;
- 2.1.18 “Takaful” has the same meaning assigned to it under section 2(1) of the Takaful Order, 2008;
- 2.1.19 “*Wakalah Bi al-Istithma*” means a *Wakalah* contract made for investment purposes;
- 2.1.20 “*Wakalah Bi al-Ujrah*” means a *Wakalah* contract which is subject to a fee;
- 2.1.21 “*Wakalah Muthlaqah*” means a *Wakalah* contract where the *Wakeel* is appointed by a *Muwakkil* to perform a particular task without any specific restrictions or conditions;
- 2.1.22 “*Wakalah Muqayyadah*” means a *Wakalah* contract where the *Wakeel* is appointed by the *Muwakkil* to perform a particular task with specific restrictions or conditions; and
- 2.1.23 “*Wakeel*” means a person who carries out a business on another party’s behalf, with or without a fee.

3. DEFINITION AND LEGITIMACY OF A *WAKALAH* CONTRACT

Definition of *Wakalah* contract

- 3.1 A *Wakalah* contract is an agency contract where a party, as *Muwakkil*, appoints another party, as *Wakeel*, to carry out a business on his behalf. The *Wakalah* contract can be subject to a fee or without a fee.
- 3.2 An example of a *Wakalah* contract structure can be found in **Appendix 1**.

Legitimacy of *Wakalah* contract

- 3.3 The legitimacy of a *Wakalah* contract is derived from the Al-Qur’an, Hadith and *Ijma*’.
- 3.4 Al-Qur’an

وَإِنْ خِفْتُمْ شِقَاقَ بَيْنِهِمَا فَأَبْعَثُوا حَكَمًا مِّنْ أَهْلِهِ وَحَكَمًا مِّنْ أَهْلِهَا إِنْ يُرِيدَا إِصْلَاحًا يُوَفِّقِ اللَّهُ بَيْنَهُمَا إِنَّ اللَّهَ كَانَ عَلِيمًا خَبِيرًا



“If you fear a breach between them twain [the man and his wife], appoint [two] arbitrators, one from his family and the other from hers, if they both wish for peace, Allah will cause their reconciliation. Indeed, Allah is Ever All-Knower, Well-Acquainted with all things.” [An-Nisa; 35]

3.5 Hadith

عَنْ عُرْوَةَ أَنَّ النَّبِيَّ صَلَّى اللَّهُ عَلَيْهِ وَسَلَّمَ أَعْطَاهُ دِينَارًا يَشْتَرِي لَهُ شَاةً فَأَشْتَرَى لَهُ شَاتَيْنِ فَبَاعَ إِحْدَاهُمَا بِدِينَارٍ فَأَتَى النَّبِيَّ صَلَّى اللَّهُ عَلَيْهِ وَسَلَّمَ بِدِينَارٍ وَشَاةٍ فَدَعَا لَهُ رَسُولُ اللَّهِ صَلَّى اللَّهُ عَلَيْهِ وَسَلَّمَ بِالْبَرَكَةِ . قَالَ فَكَانَ لَوْ اشْتَرَى التُّرَابَ لَرَبِحَ فِيهِ .

“Urwah reported that the Prophet (Peace Be Upon Him) gave him a dinar to buy a sheep. He bought two sheep, sold one of them for a dinar, and brought him a sheep and a dinar. So the Prophet (Peace Be Upon Him) invoked a blessing on him in his business dealing, and he was such that if he brought dust he would make a profit from it.” [Sahih Bukhari: 3642, Sunan Abi Daud: 3386, Jami’ at-Tirmidzi: 1258].

3.6 *Ijma’*

Muslim jurists have reached *Ijma’* among themselves on the permissibility of the *Wakalah* contract.

4. GENERAL GUIDELINES FOR WAKALAH CONTRACTS

Contracting parties

- 4.1 The Contracting parties in a *Wakalah* contract should comprise of a *Muwakkil* and a *Wakeel*.
- 4.2 Contracting parties should have competency according to Hukum Syara’ and the laws of Brunei Darussalam to enter into a contract. This includes corporate entities, statutory bodies and unions.
- 4.3 The *Muwakkil* should consent to the *Wakeel* acting on his behalf. This may be done by appointment of the *Wakeel* under a *Wakalah* contract. The details of the task, duration, fee, and other matters relating to the appointment should be clearly set out to avoid uncertainty.
- 4.4 The *Muwakkil* may appoint more than one *Wakeel* under a *Wakalah* contract.
- 4.5 Each *Wakeel* under a *Wakalah* contract should perform their tasks accordingly and any decision should be made collectively unless the *Muwakkil* has only authorised one *Wakeel* to be the decision maker.



- 4.6 The Wakeel may appoint a sub-Wakeel to act on his behalf in executing tasks subject to the prior approval of the *Muwakkil*.

Ijab and Qabul

- 4.7 A *Wakalah* contract is executed immediately after *Ijab* and *Qabul* takes place, subject to Hukum *Syara'* and the laws of Brunei Darussalam.
- 4.8 *Ijab* and *Qabul* may be executed verbally, in writing or any other methods that result in the execution of a contract.

Subject matter

- 4.9 The subject matter of the *Wakalah* contract should be Syariah-compliant and should be known and accepted by the Wakeel.

5. KEY FEATURES OF A WAKALAH CONTRACT

Commitment of the *Muwakkil*

- 5.1 The *Muwakkil* should bear any losses and liabilities arising from the Wakeel performing his duties under the *Wakalah* contract.
- 5.2 The *Muwakkil* should bear all expenses relating to the *Wakalah* contract such as taxes, transportation and logistics.
- 5.3 The *Muwakkil* should compensate the Wakeel if the Wakeel uses his own money to pay for any expenses referred to in paragraph 5.2.

Commitment of the Wakeel

- 5.4 The Wakeel should perform his duties as specified in the *Wakalah* contract.
- 5.5 The Wakeel should compensate the *Muwakkil* for any loss or damage suffered by the *Muwakkil*, including actual loss, due to any misconduct, negligence or breach of any terms and conditions by the Wakeel.
- 5.6 Notwithstanding paragraph 5.5 above, the Wakeel should disclose to the *Muwakkil* if the breach of any terms and conditions results in a gain.

6. TYPES OF WAKALAH CONTRACT

Wakalah Bi al-Ujrah

- 6.1 In case of *Wakalah Bi al-Ujrah*, the *Wakalah* fee should be clearly stated.
- 6.2 The *Wakalah* fee may be set at a fixed amount, expressed as a percentage of a benchmark or according to the prevailing market rate.



- 6.3 The mode of payment of the *Wakalah* fee should be mutually agreed by both the *Muwakkil* and the *Wakeel*. The *Wakalah* fee should be paid either upfront, periodically or by any other payment mode mutually agreed by the *Muwakkil* and the *Wakeel*.
- 6.4 The *Muwakkil* may agree to a performance fee in favour of the *Wakeel* where actual returns from any investment is above the expected returns or above thresholds. Notwithstanding this, the *Wakeel* may not retain any amounts in excess of the agreed *Wakalah* fee unless it is expressly agreed to by the *Muwakkil*.
- 6.5 In the event the *Muwakkil* terminates the *Wakalah* contract before completion of the *Wakalah* contract:
- 6.5.1 Without reasonable reasons, the *Wakeel* should be entitled to the full *Wakalah* fee;
- 6.5.2 With reasonable reasons, the *Wakeel* should be entitled to a portion of the *Wakalah* fee proportional to the work he had performed.
- 6.6 The *Wakeel* may waive the *Wakalah* fee at his discretion.

***Wakalah* in Takaful**

- 6.7 Where a *Wakalah* contract is used in takaful, the takaful operator as the *Wakeel* may receive both a *Wakalah* fee for managing the takaful fund and a performance fee in its capacity as *Wakeel* subject to the *Muwakkil's* agreement.
- 6.8 An example of a *Wakalah* contract in takaful can be found in **Appendix 2**.

Sukuk *Wakalah*

- 6.9 Where Sukuk is structured based on a *Wakalah* contract ("*Sukuk Wakalah*"), the underlying assets should consist of both tangible and intangible assets. The ratio of tangible assets to total assets should be endorsed by the Syariah Advisory Body of the Issuer.
- 6.10 The issuer of *Sukuk Wakalah* should be required to replace the underlying assets immediately in the event that such assets become Syariah non-compliant.
- 6.11 Returns under *Sukuk Wakalah* may be distributed periodically or in accordance with any other agreed timeline during the tenure of the *Sukuk Wakalah*.
- 6.12 An example of *Sukuk Wakalah* can be found in **Appendix 3**.

Tasarruf Fuduli

- 6.13 *Tasarruf Fuduli* occurs when:
- 6.13.1 A *Wakeel* appoints a sub-*Wakeel* without a *Muwakkil's* consent;



- 6.13.2 An appointed *Wakeel* performs tasks beyond the authorisation given by a *Muwakkil*; or
- 6.13.3 A *Wakeel* carries out the business of a *Muwakkil* after termination of the *Wakeel*'s appointment.
- 6.14 Where *Tasarruf Fuduli* occurs, a *Muwakkil* may approve or reject:
 - 6.14.1 In the case of paragraph 6.13.1, any transaction made by the sub-*Wakeel*;
 - 6.14.2 In the case of paragraph 6.13.2 and 6.13.3, any unauthorised transaction made by the *Wakeel*.
- 6.15 Where a *Muwakkil* rejects a transaction:
 - 6.15.1 The transaction undertaken should become void and unenforceable;
 - 6.15.2 The sub-*Wakeel* or appointed *Wakeel* in paragraph 6.13.1 and 6.13.2 should return amount of money being used in the transaction; and
 - 6.15.3 The sub-*Wakeel* or appointed *Wakeel* should be accountable for the transaction.

7. ARRANGEMENTS OF WAKALAH CONTRACT WITH OTHER SYARIAH CONTRACTS

***Wakalah* and sales contract**

- 7.1 Where a *Wakalah Muthlaqah* is used in relation to a sales contract:
 - 7.1.1 The *Wakeel* should ensure assets are sold at market price if the *Muwakkil* does not disclose the selling price of the assets;
 - 7.1.2 The *Wakeel* should not be held liable for any damages to the assets except in cases of misconduct or negligence.
- 7.2 An example of a *Wakalah* contract used in relation to a sales contract can be found in **Appendix 4**.

Wakalah Bi al-Istithmar

- 7.3 In a *Wakalah Bi al-Istithmar*, the amount and term of investment should be determined before entering into the contract. The amount may be paid as a lump sum, by instalments or any other methods as may be mutually agreed by the *Muwakkil* and *Wakeel*.
- 7.4 The *Wakeel* should not guarantee the capital or return under a *Wakalah Bi al-Istithmar*.
- 7.5 In the case of misconduct, negligence or breach of contract by the *Wakeel* that results in a lower profit amount, calculated based on any agreed rate, the *Wakeel* should be required to execute the following actions:



- 7.5.1 Repay the capital to the *Muwakkil*;
- 7.5.2 Pay to the *Muwakkil* the actual profit gained up to the date the misconduct, negligence or breach occurred; and
- 7.5.3 Compensate the *Muwakkil* for any actual losses it has suffered as a result of the misconduct, negligence or breach.
- 7.6 Where a breach of any term and condition of a *Wakalah Bi al-Istithmar* has occurred which results in a higher profit amount beyond what has been agreed, the *Wakeel* may receive a performance fee.
- 7.7 The *Wakeel* may appoint an external party to act as *Kaafil* with the aim to mitigate any risk associated with the investments. The *Kaafil* should be an independent third party who is unrelated to the *Wakeel* and should be appointed in a separate contract.
- 7.8 A reserve may be created and managed by the *Wakeel* under a *Wakalah Bi al-Istithmar* by allocating a portion of the returns or profit from the investment activities of the *Wakeel*. This should be made subject to the consent of the *Muwakkil*.
- 7.9 The reserve referred to in paragraph 7.8 should be paid to the *Muwakkil* upon completion or dissolution of the *Wakalah Bi al-Istithmar*. The *Muwakkil* may however waive his entitlement to the reserve and grant the same to the *Wakeel* as a performance fee.
- 7.10 An example of an *Wakalah Bi al-Istithmar* can be found in **Appendix 5**.

Tabarru', Mudharabah and Wakalah

- 7.11 Arrangements that incorporate *Tabarru', Mudharabah* and *Wakalah* are commonly applied in savings takaful products.
- 7.12 An example of an arrangement incorporating *Tabarru', Mudharabah* and *Wakalah* can be found in **Appendix 6**.

8. DISSOLUTION OF WAKALAH CONTRACT

- 8.1 A *Wakalah* contract may be dissolved under the following circumstances:
 - 8.1.1 Demise, dissolution or loss of competency of the *Muwakkil*;
 - 8.1.2 Demise, dissolution or loss of competency of the *Wakeel*;
 - 8.1.3 The *Muwakkil* and *Wakeel* mutually agree to terminate the *Wakalah* contract;
 - 8.1.4 The *Muwakkil* loses his rights towards the asset;



- 8.1.5 The *Muwakkil* chooses to terminate the *Wakalah* contract due to misconduct, negligence or breach of specified terms and conditions of the *Wakalah* contract by the *Wakeel*; and
- 8.1.6 The *Wakeel* withdraws from the *Wakalah* contract due to a breach of specified terms and conditions of the *Wakalah* contract by the *Muwakkil*.

9. COMPLETION OF WAKALAH CONTRACT

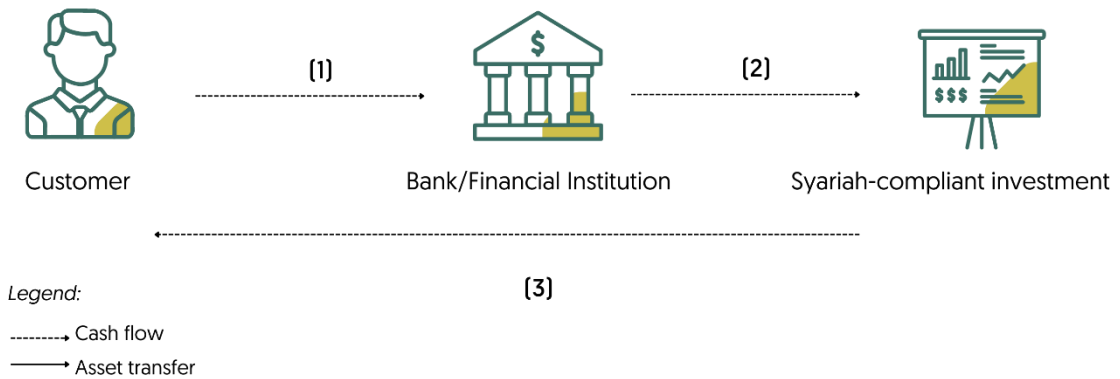
- 9.1 A *Wakalah* contract is considered completed under the following circumstances:
 - 9.1.1 All obligations under the *Wakalah* contract have been fulfilled; and
 - 9.1.2 Maturity date as agreed by the contracting parties.

**MANAGING DIRECTOR
BRUNEI DARUSSALAM CENTRAL BANK**

Issue Date: 14 Muharram 1444 / 12 August 2022



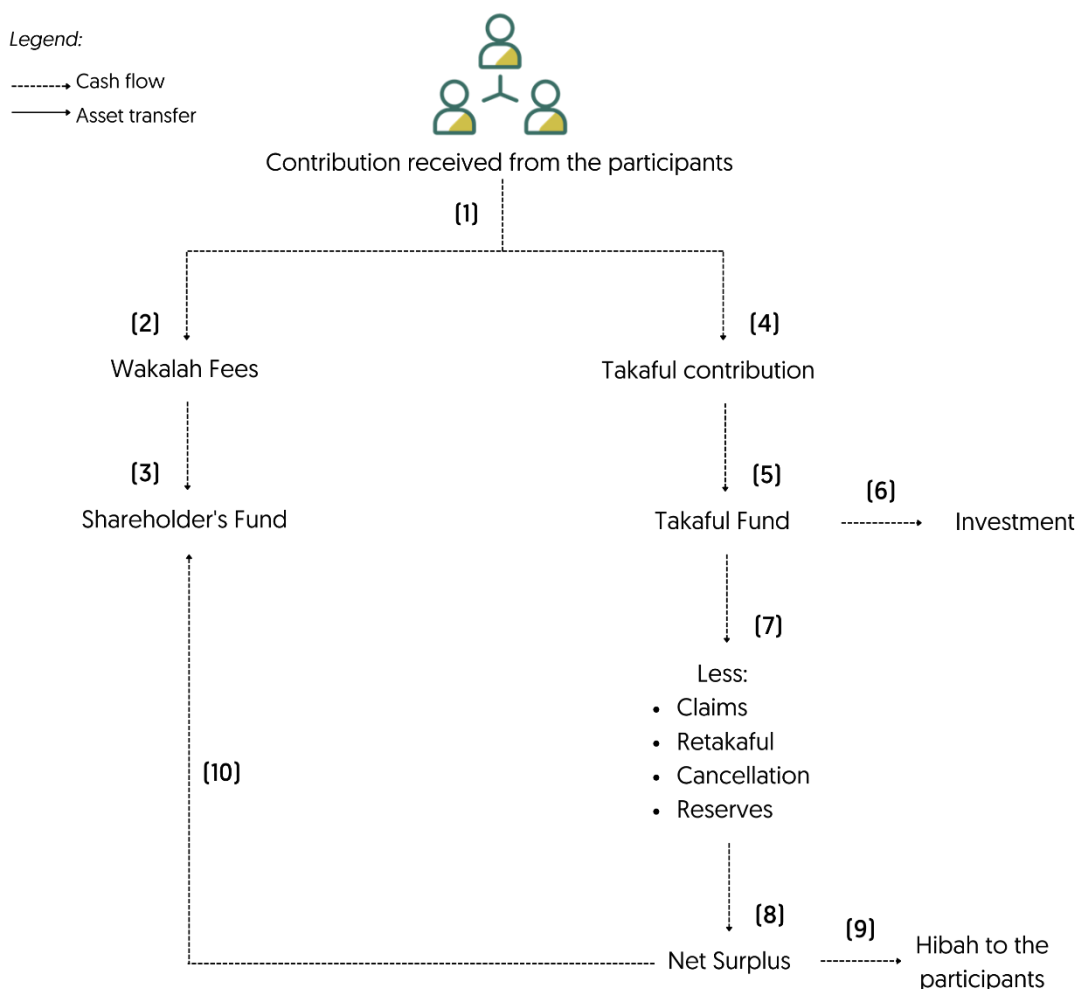
APPENDIX 1: EXAMPLE OF *WAKALAH* CONTRACT IN DEPOSIT ACCOUNT



No.	Description
1	<p>Customer will enter into a <i>Wakalah</i> contract with a Bank or Financial Institution and deposit a certain amount of money with the Bank or Financial Institution. A <i>Wakalah</i> contract will be constituted as follows:</p> <ul style="list-style-type: none"> a) Customer will appoint the Bank or Financial Institution as a <i>Wakeel</i> and entrusted the deposit amount to be invested in Syariah-compliant investment; and b) Subject to the terms and agreements, the Bank or Financial Institution agrees to be <i>Wakeel</i> on behalf of the customer to utilize the fund in Syariah-compliant transactions and to offer the customer the expected profit rate from the investment of the fund.
2	<p>Bank or Financial Institution will utilise the deposit amount in profitable Syariah compliant transactions and gain profits (if any).</p>
3	<p>Customer will receive his deposit amount together with the profit he earns (if any) according to the anticipated rate of return from the investment.</p>



APPENDIX 2: WAKALAH CONTRACT IN TAKAFUL



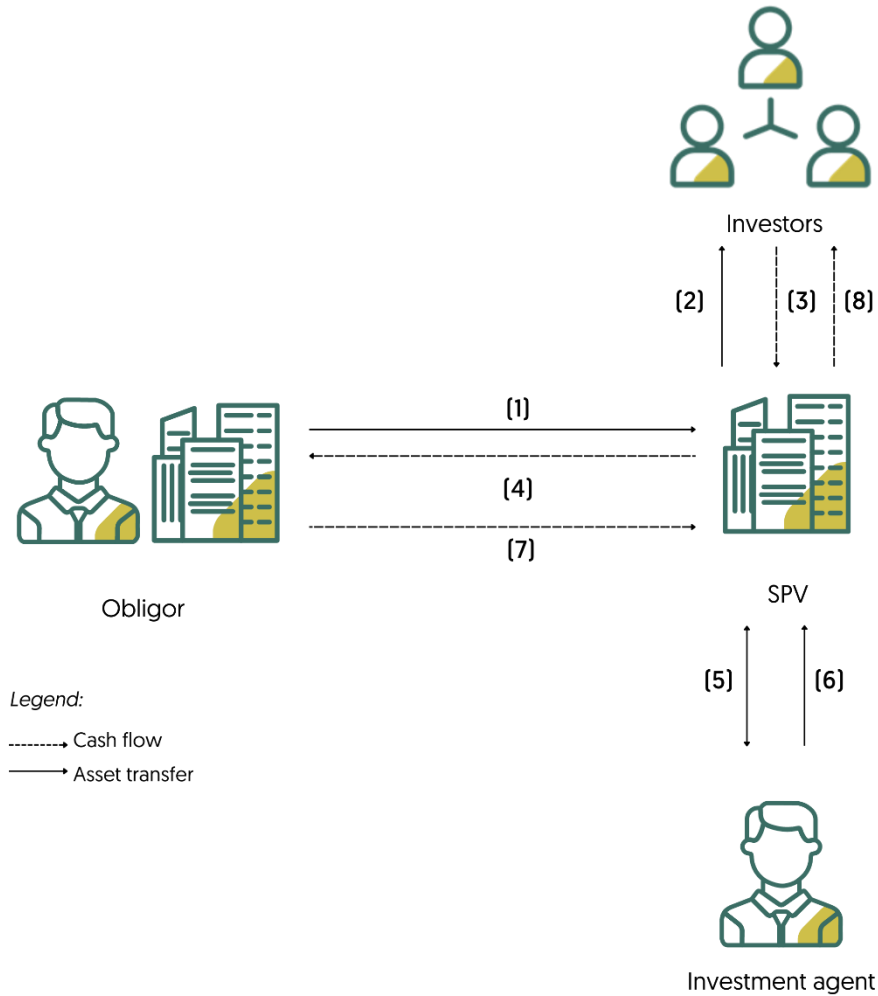
No.	Description
1	Takaful contributions received from the participants upon their agreement to participate in a takaful product and acceptance of the completed proposal form.
2	A <i>Wakalah</i> fee of x% is taken from the takaful contribution for the takaful operator acting on behalf of participant as a <i>Wakeel</i> to manage the takaful fund.
3	The <i>Wakalah</i> fee of x% is credited into the shareholder's fund to cover the expenses in administering, managing and investing Syariah compliant investments and distributing the claims to the eligible participants.
4	While the remaining of the takaful contribution received will be donated or contributed to the takaful fund as <i>Tabarru'</i> to help the eligible participants in the same group.



5	<p><i>Tabarru'</i> contribution will be credited into the takaful fund and to be used for paying the takaful benefits in the event of claim subject to terms and conditions of the takaful certificates.</p>
6	<p>The takaful operator will invest the takaful fund into Syariah-compliant investments as approved by the Syariah Advisory Body of the takaful operator. Any profit will be credited back to takaful fund.</p>
7	<p>Claim payment, claim reserve, retakaful expenses, certificate cancellation are the operational process and expenses borne by the takaful fund.</p>
8	<p>All the expenses mentioned in the item 7 above are deducted from the takaful fund to determine the net surplus (if any) of the fund.</p>
9	<p>The net surplus from the takaful fund (if any) is distributed to the takaful participants as <i>Hibah</i> as approved by the Syariah Advisory Body (SAB) of the takaful operator.</p>
10	<p>Participant may give the surplus to the takaful operator as a performance fee for the good management of the takaful fund.</p>



APPENDIX 3: SUKUK WAKALAH



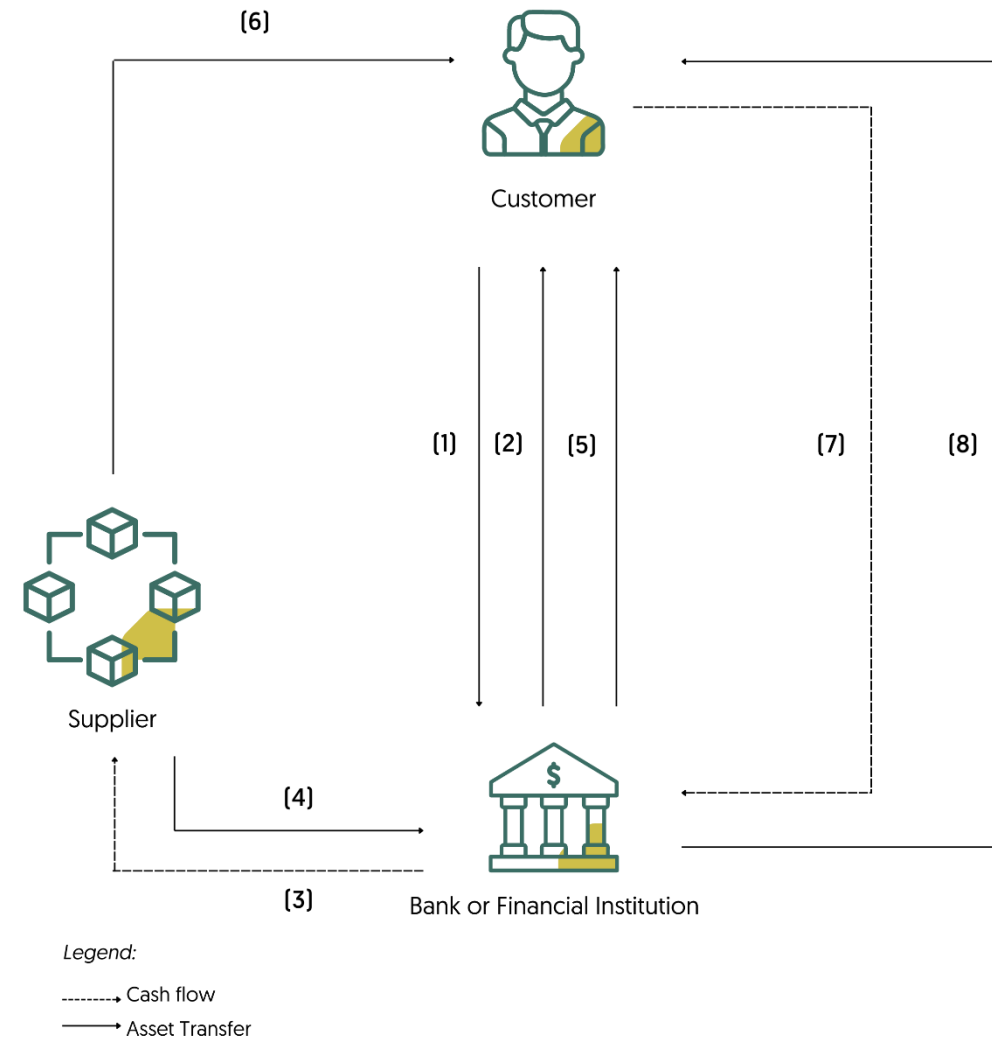
No.	Description
1	Obligor will sell the beneficial rights, interests and benefits of the underlying asset of Sukuk <i>Wakalah</i> to the SPV.
2	SPV will issue Sukuk <i>Wakalah</i> which represents ownership or right to the underlying asset of the Sukuk <i>Wakalah</i> .
3	The investors will be given the rights to subscribe to the Sukuk <i>Wakalah</i> issued by the SPV by paying the issue price i.e. proceeds.
4	The SPV will pay the obligor using the proceeds from the issuance of Sukuk <i>Wakalah</i> to purchase the beneficial rights, interest and benefits of the Sukuk <i>Wakalah</i> portfolio.



5	The issuer SPV enters into a <i>Wakalah</i> contract with an investment agent to manage the underlying asset during the duration of the programme in accordance to the investment mandate.
6	Upon the maturity of the Sukuk <i>Wakalah</i> or during the event of default, the investment agent will transfer the beneficial rights, interests and benefits of the Sukuk <i>Wakalah</i> portfolio to the issuer SPV.
7	The obligor will then exercise the purchase undertaking to buy the beneficial rights, interests and benefits of the Sukuk <i>Wakalah</i> portfolio from the issuer SPV at the exercise price.
8	The issuer SPV will pay out the redemption amount to the investors.



APPENDIX 4: WAKALAH AND SALES CONTRACT



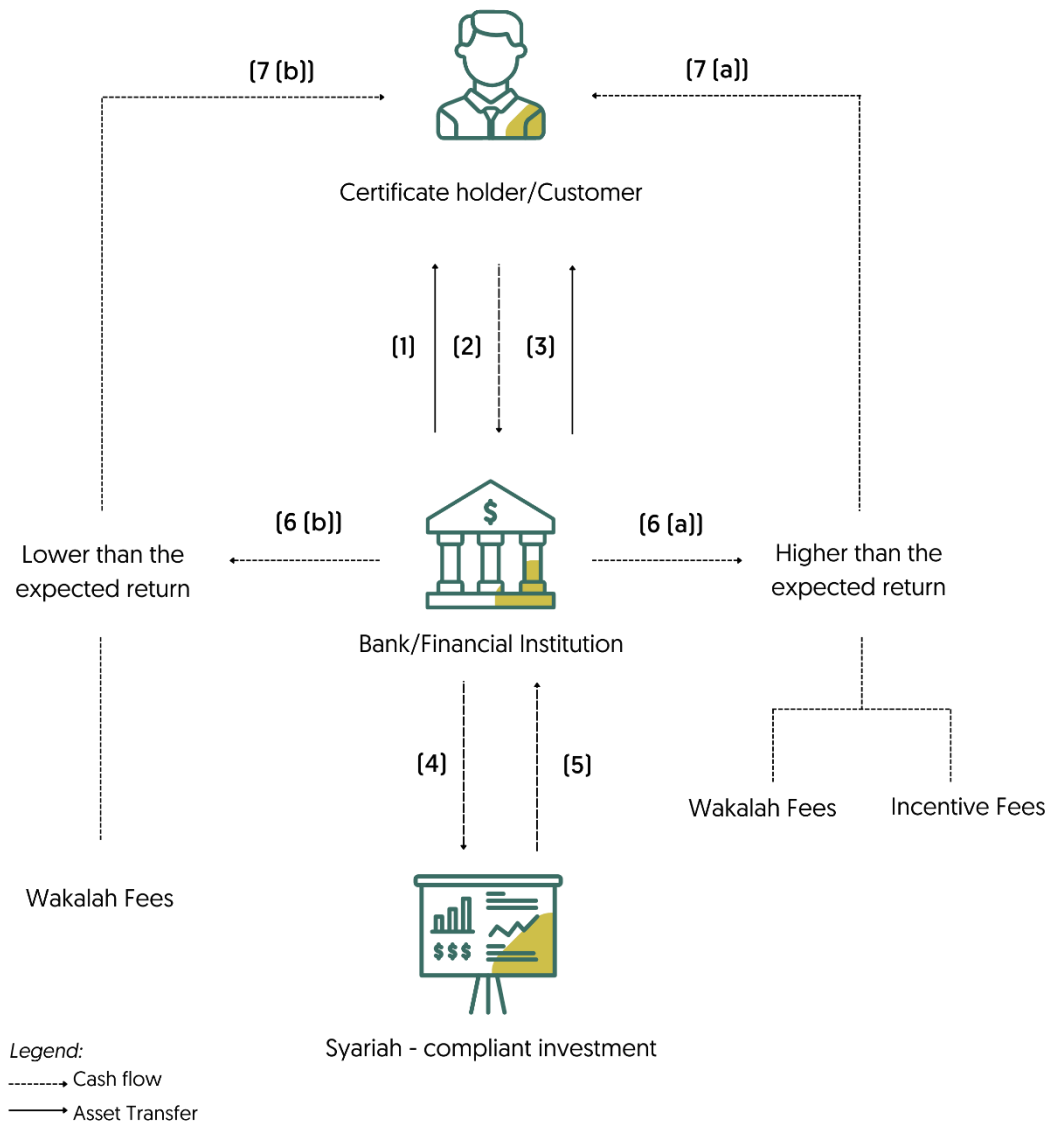
No.	Description
1	The customer applies for financing with the Bank or Financial Institution using a <i>Murabahah</i> contract.
2	The Bank or Financial Institution appoints the customer to be the <i>Wakeel</i> to provide quotation to the Bank or Financial Institution.
3	The Bank or Financial Institution will purchase the Syariah-compliant asset from the supplier.
4	The supplier will sell the Syariah-compliant asset to the Bank or Financial Institution.



5	The Bank or Financial Institution will disclose the cost price plus profit to the customer.
6	The supplier delivers the asset to the customer.
7	The customer will pay the Bank or Financial Institution either on spot or deferred basis.
8	Once the customer has paid the full price, the Bank or Financial Institution will transfer the ownership of the asset to the customer.



APPENDIX 5: WAKALAH BI AL-ISTITHMAR



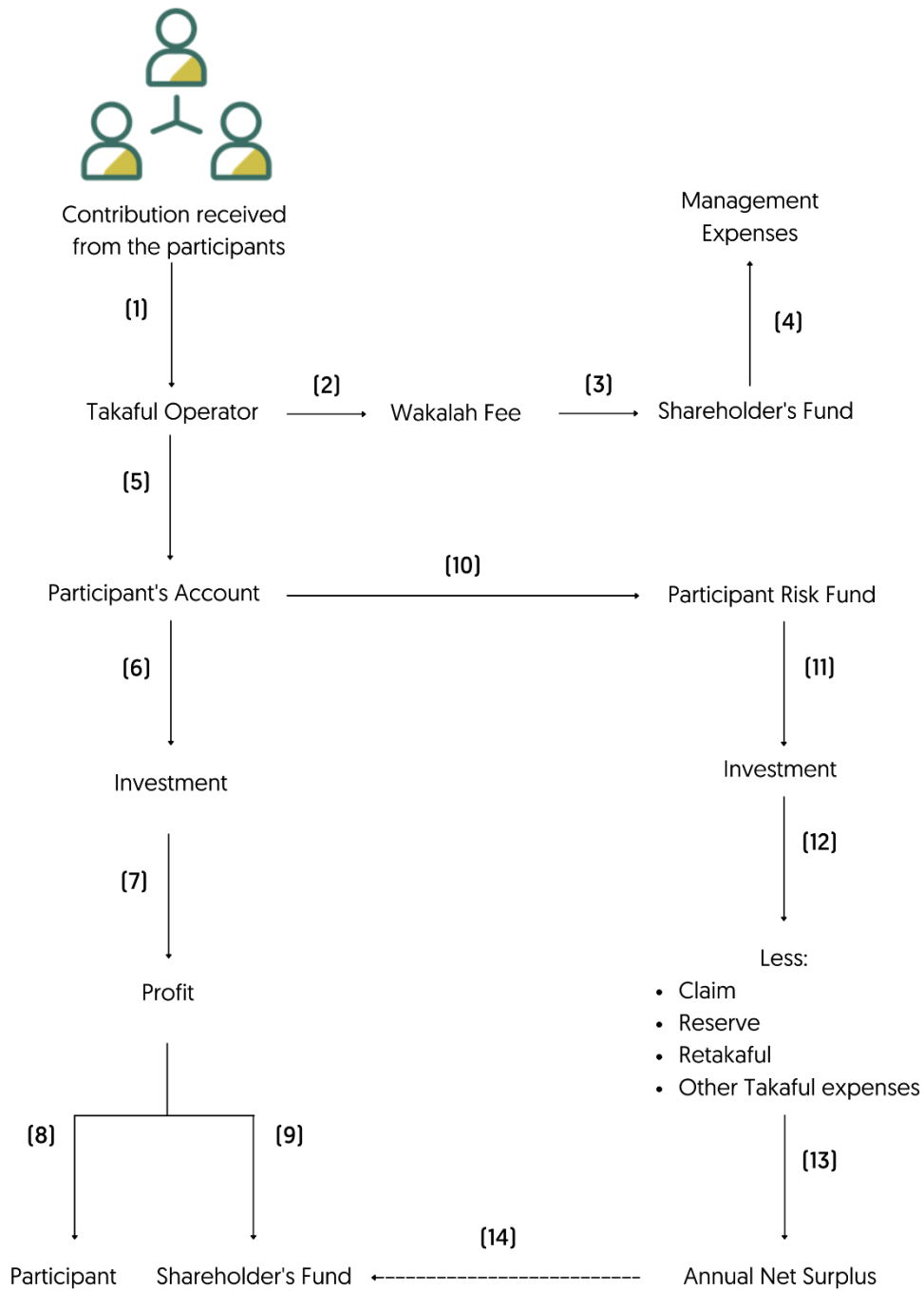
No.	Description
1	Customer will enter into a <i>Wakalah</i> contract with the Bank or Financial Institution where the customer will appoint the Bank or Financial Institution as a <i>Wakeel</i> to invest their deposits in Syariah-compliant investments.
2	The customer will make a deposit to the Bank or Financial Institution.
3	The Bank or Financial Institution will issue certificate of deposit or investment certificates to customers participating in the Syariah-compliant investment activities.



4	The Bank or Financial Institution will invest the deposit into Syariah-compliant investments.
5	The Bank or Financial Institution will collect any returns from such investments.
6	<p>(a) If the actual return is higher than expected return, the Bank and Financial Institution will receive the <i>Wakalah</i> fees. The certificate holder or customer may give to the Bank or Financial Institution the excess returns from the investment as performance fee.</p> <p>(b) If the actual return is lower than expected return, the Bank or Financial Institution will only receive the <i>Wakalah</i> fee.</p>
7	<p>Upon maturity:</p> <p>(a) The certificate holder or customer will redeem their certificates and the Bank or Financial Institution will pay the amount deposited and the return. Excess return will be kept by the Bank or Financial Institution as performance fee.</p> <p>(b) The certificate holder or customer will redeem their certificate and the Bank or Financial Institution will pay the amount deposited and return.</p>



APPENDIX 6: TABARRU', MUDHARABAHAND WAKALAH





No.	Description
1	Takaful contributions received from the participants upon their agreement to participate in the takaful product and acceptance of the complete proposal form. Further, participant appoints takaful operator as <i>Wakeel</i> to manage the contribution.
2	The takaful operator who acts as a <i>Wakeel</i> will be entitled to a <i>Wakalah</i> fee which is deducted from the contribution amount paid by the participant.
3	The <i>Wakalah</i> fee will be credited to the shareholder fund.
4	The <i>Wakalah</i> fee will be used for management expenses.
5	The remaining contribution after deducting the <i>Wakalah</i> fee will be split into two: participant's account (Item 6) and participant risk fund (Item 10).
6	The participant's account belong to the participant himself for the purpose of saving. By applying contract of <i>Mudharabah</i> , participant will act as <i>Rabbul mal</i> and takaful operator will act as the <i>Mudharib</i> to run the Syariah compliant investment activities.
7	The investment will generate profit (if any).
8 and 9	Any profit generated from the investment activities will be shared between the participant and takaful operator based on pre-agreed percentage.
10	A certain percentage from the participant's account will be credited to the risk takaful fund for the purpose of <i>Tabarru'</i> .
11	The participant risk fund will be invested in Syariah compliant investment and any profit generated will be credited back to the fund.
12	The participant risk fund will be used to run the takaful activities such as claim payment, reserve, retakaful and other takaful expenses.
13	All the expenses stated in item (12) above are deducted from the participant risk fund to determine the net surplus (if any).



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The participant may give the surplus to the takaful operator as performance fee for the good management of the participant risk fund.