



BANK NEGARA MALAYSIA
CENTRAL BANK OF MALAYSIA

Rahn
(Shariah Requirements and Optional Practices)
Exposure Draft

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As part of the objective to strengthen the Shariah-compliance practices among Islamic financial institutions (IFIs), Bank Negara Malaysia (the Bank) is embarking on an initiative to develop a Shariah-based regulatory framework. The purpose of the framework is to ensure that the IFI comply with Shariah. In this regard, the Bank is issuing a series of policy documents on Shariah contracts to enhance end-to-end compliance with Shariah.

This Exposure Draft (ED) outlines the Shariah requirements and optional practices relating to *rahn* to facilitate IFIs in developing Islamic financial services and products including the features of *rahn* and its arrangement with other Shariah contracts or concepts.

The Bank invites written comments from your institution on this ED, including suggestions for particular issues, areas to be further clarified/ elaborated and any alternative proposal that the Bank should consider. To facilitate the Bank's assessment, please support each comment with clear rationale, accompanying evidence or illustrations, as appropriate.

Written comments in the form of a softcopy are preferable and may be submitted to shariahstandard@bnm.gov.my by 2nd November 2015. Hardcopy of the written feedback may also be submitted to:

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PART A OVERVIEW

1. Introduction

- 1.1 Compliance with Shariah requirement is a prerequisite in ensuring the legitimacy and integrity of Islamic financial products and services. In particular, the avoidance of prohibited elements such as *riba* and elimination of *gharar* (contractual ambiguity) are the cornerstones of a valid Islamic financial transaction from Shariah perspective. In meeting this expectation, it is essential for an IFI to establish the necessary operational framework and infrastructure to ensure that the conduct of Islamic financial transactions is consistent with Shariah.
- 1.2 The formulation of the Shariah contract-based regulatory policies aims to outline the essential regulatory requirements founded based on Shariah rulings to preserve the sanctity Shariah contract and promote consistent application in Islamic financial transactions. The fulfilment of these requirements support to attain validity of the Shariah contract, enhance the contracts' certainty and strengthen Shariah compliance by IFIs.
- 1.3 The Shariah contract-based regulatory policy consists of the Shariah requirements and optional practices of a specific Shariah contract. The policy documents highlight the salient features and essential conditions of the contract including arrangement of the contract with other Shariah contracts or concepts.
- 1.4 *Rahn* is a contract between a pledgor (*rahin*) and a pledgee (*murtahin*) whereby an asset is pledged as collateral (*marhun*) to the pledgee to provide assurance that the liability or obligation against the pledgee will be fulfilled.

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2. Policy objectives

The objectives of this document are to:

- 2.1 outline the Shariah requirements and optional practices relating to *rahn* to be observed by the Islamic financial institutions (IFIs) in developing Islamic financial services and products;
- 2.2 cover the arrangement of *rahn* with other Shariah contracts or concepts; and
- 2.3 facilitate the understanding of the Shariah requirements relating to *rahn* that must be adhered to by IFIs in order to ensure its validity.

3. Scope of policy document

- 3.1 This policy document provides mandatory Shariah requirements to ensure the validity of *rahn* and its optional practices.

4. Applicability

- 4.1 This policy document is applicable to all IFIs as defined in paragraph

5. Legal provisions

- 5.1 The requirements in this policy document are:
 - a) specified pursuant to sections 29(1) of the Islamic Financial Services Act 2013 (IFSA); and
 - b) issued pursuant to section 126 and constitute as a direction pursuant to section 129(3) of the Development Financial Institutions Act 2002 (DFIA).

6. Effective date

- 6.1 The consultation period for this Exposure Draft ends on 2nd November 2015.

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7. Interpretation

7.1 The terms and expressions used in this policy document shall have the same meanings assigned to them in the Financial Services Act 2013 (FSA), IFSA and DFIA unless otherwise defined in this document.

7.2 For the purpose of this document:

“**S**” denotes a standard, requirement or specification that must be complied with. Failure to comply may result in one or more enforcement actions;

“**G**” denotes guidance which may consist of such information, advice or recommendation intended to promote common understanding and sound industry practices which are encouraged to be adopted.

“**Islamic financial institutions**” or “IFIs” means –

- a) licensed Islamic banks and licensed takaful operators under the IFSA;
- b) licensed banks and licensed investment banks under the FSA which are approved under section 15(1)(a) FSA to carry on Islamic banking business; and
- c) prescribed institutions under the DFIA which are approved under section 129(1) DFIA to carry on Islamic banking business or Islamic financial business.

[A glossary of terms used in the policy document is set out in Appendix 2]

8. Related legal instruments and policy documents

8.1 This policy document must be read together with the following Shariah rulings and policy documents:

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- a) any Shariah Advisory Council (SAC) rulings published by the Bank;¹ and
- b) Shariah Governance Framework for Islamic Financial Institutions.

9. Policy documents superseded

9.1 Not applicable.

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¹ Including Shariah resolutions on Islamic finance, standards, circulars or any directive pertaining to a Shariah matter issued by the Bank.

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PART B SHARIAH REQUIREMENTS AND OPTIONAL PRACTICES

10. Compliance with this Part

- S** 10.1 An IFI which uses *rahn* as part of the underlying contract for its products and services shall ensure that such products and services are in compliance with this policy document.

DEFINITION AND NATURE OF RAHN

11. Definition

- S** 11.1 *Rahn* is a contract between a pledgor (*rahin*) and a pledgee (*murtahin*) whereby an asset is pledged as collateral (*marhun*) to the pledgee to provide assurance that the liability or obligation against the pledgee will be fulfilled.

12. Nature

- S** 12.1 The specific inherent nature of *rahn* is to provide assurance that a pledgor will fulfill the obligation to meet the pledgor's liability to the pledgee.
- S** 12.2 *Rahn* is binding on the pledgor (*rahin*) upon entering into the contract. The pledgor does not have the right to revoke the *rahn* contract without the consent of the pledgee (*murtahin*).

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COMPONENTS OF *RAHN*

13. Contracting parties

- S** 13.1 In a *rahn* contract, there shall be a pledgor (*rahin*) and a pledgee (*murtahin*).
- S** 13.2 The contracting parties shall have the legal capacity⁵ to enter into the *rahn* contract.
- S** 13.3 The contracting parties in the *rahn* contract shall be a natural person or a legal entity.
- G** 13.4 The contracting parties in the *rahn* contract may involve more than one pledgor or pledgee.
- G** 13.5 Any contracting party in the *rahn* contract may conclude the contract through an agent.

14. Offer (*ijab*) and acceptance (*qabul*)

- S** 14.1 The *rahn* contract shall be entered into through an offer and acceptance between the pledgor and the pledgee.
- G** 14.2 The offer and acceptance may be expressed verbally, in writing or in any other methods which could be evidenced by appropriate documentation or record.
- S** 14.3 Any term or condition of the *rahn* contract that has been mutually agreed upon by the contracting parties and does not contravene the Shariah shall be binding on the contracting parties

⁵ *The legal capacity of a person, from Shariah perspective, is defined as capacity to assume rights and responsibilities; and capacity to give legal effect to his action. Among the important conditions are that the person must possess sound mind and the capacity to distinguish between what is harmful or beneficial to one's interests. Legal capacity of a legal entity is defined as eligibility of an entity to acquire rights and assume responsibilities. In Malaysia, the legal capacity is governed by the Contracts Act 1950 and the Age of Majority Act 1971.*

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15. Requirements of collateral (*marhun*)

- S** 15.1 The collateral (*marhun*) in a *rahn* contract shall be an asset which is recognised by Shariah valuable, in existence, identifiable, and deliverable.
- 15.2 Notwithstanding paragraph 15.1:
- G** a) shares of companies with mixed asset comprised of Shariah-compliant and Shariah-non-compliant assets may be accepted as *marhun* provided that the core business of the company is of Shariah-compliant activities; and
- G** b) a mixed asset comprised of Shariah-compliant assets and Shariah-non-compliant assets may be used as *marhun* provided that the portion of Shariah compliant and Shariah non-compliant can be separated and the collateral is valued up to the amount of the Shariah compliant portion only.
- 15.3 Pursuant to paragraph 15.2 (b):
- S** a) the collateral value for interest bearing debt based asset such as conventional fixed deposit certificate and conventional bonds is limited to the principal amount of the instrument; and
- S** b) the collateral value for Shariah-non-compliant unit trust is limited to the value of investors' initial and subsequent/additional investment.
- S** 15.4 The *marhun* shall be an asset owned by the pledgor.
- G** 15.5 Notwithstanding paragraph 15.4, a third-party asset may be pledged.
- S** 15.6 Pursuant to paragraph 15.5, the consent of the third party owner must be obtained.
- G** 15.7 The *marhun* may be an asset that will be owned by the pledgor in the future.

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- S** 15.8 Pursuant to paragraph 15.7 the future *marhun* must arise from an asset that is already in existence.
- G** 15.9 An undivided asset that is jointly owned by the pledgor with other owner may be pledged proportionate to the value of the pledgor's ownership.
- S** 15.10 The pledgor is liable to transfer the possession of the *marhun* to the pledgee upon entering into the *rahn* contract.
- G** 15.11 Notwithstanding 15.10, the pledgor may, with the consent of the pledgee, transfer the possession of the *marhun* after entering into the *rahn* contract.
- S** 15.12 The legal ownership of the *marhun* shall remain with the pledgor.
- S** 15.13 In relation to paragraph 15.10 and 15.11, possession of the *marhun* shall either be in the form of:
- a) physical possession; or
 - b) constructive possession.
- G** 15.14 The *marhun*, with the consent of the contracting parties may be kept by a third party.
- S** 15.15 In relation to paragraph 15.14, any contracting party shall not transfer the *marhun* kept by a third party without the consent of the other.
- S** 15.16 The *marhun* in a *rahn* contract shall be held in custody either by the pledgee or the third party.
- S** 15.17 In relation to paragraph 15.16, the pledgee or the third party shall not be held liable in the event of loss or damage of the *marhun* except if the loss or damage is due to his misconduct (*ta`addi*), negligence (*taqsir*), or breach of specified terms (*mukhalafah al-shurut*) in the *rahn* contract.

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- G** 15.18 The *marhun* may include:
- (a) physical/tangible assets such as buildings, vehicles and machines; and/or
 - (b) financial assets such as shares, unit trusts, and current accounts or investment accounts.
- G** 15.19 Takaful benefits may be assigned to the creditor to fulfil the debt obligation in the case of default of the debtor.
- G** 15.20 A *marhun* may be used to secure more than one obligation of the pledgor.
- S** 15.21 In relation to paragraph 15.20, if there is more than one pledgee and all of them are of the same rank, the consent of all pledgees must be obtained, and the pledgees' rights in the *marhun* will be shared in proportion to their respective debts.
- S** 15.22 In relation to paragraph 15.20, if the pledgees are ranked in a way that the right of claim of the preceding pledgees is prioritized over the succeeding pledgee, the consent of the succeeding pledgee only shall be obtained.
- S** 15.23 The pledgee shall have no right to keep the *marhun* upon the pledgor's fulfilment or discharge of his obligations under the *rahn* contract.
- G** 15.24 Notwithstanding paragraph 15.23, the contracting parties may agree that the *marhun* is kept by the pledgee as *marhun* for any subsequent obligation of the pledgor within a period agreed by the contracting parties.

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16. Requirements of the obligation (*marhun bih*)

- S** 16.1 *Marhun bih* (the financial liability or obligation which must be fulfilled by the pledgor) shall be in the form of either:
- a) *al-dayn* (debt liability); or
 - b) *al-ayn* (delivery of a physical asset) such as delivery of *istisna`* or *salam* asset to the purchaser.
- S** 16.2 In relation to paragraph 16.1 (b), the *marhun bih* shall not be an asset held in trust under a *wadi`ah* contract.
- S** 16.3 The *marhun bih* shall be known and specified by the contracting parties.
- S** 16.4 The *marhun bih* shall not arise from Shariah-non-compliant contracts or activities.
- G** 16.5 The *marhun bih* may include liabilities arising from a loan contract (*qard*), exchange contract (*mua`wadat*), or compensation on misconduct (*ta`addi*), negligence (*taqsir*) or breach of specified terms (*mukhalafah al-shurut*).
- S** 16.6 The *marhun bih* shall be a financial liability or obligation that is already established (*dayn lazim*) and/or that will be established (*ma ya`ul ila al-luzum*) in the future.

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MANAGEMENT OF *RAHN*

17. Utilisation of *marhun*

- S** 17.1 All the benefits, usufruct, income generated or growth of the *marhun* shall belong to the owner(s) of the asset.
- S** 17.2 In the event that the pledgee has physical possession on the *marhun*, the pledgor may utilize the *marhun* with the consent of the pledgee.
- S** 17.3 In the event the pledgee has constructive possession on the *marhun*, the pledgor may utilize the *marhun* with or without the consent of the pledgee provided that the utilisation does not affect the rights of the pledgee on the *marhun*.
- S** 17.4 The pledgee shall not utilise the *marhun* except with the consent of the pledgor.
- S** 17.5 Notwithstanding paragraph 17.4, in the event the financial liability or obligation arises from a loan (*qard*) contract, the pledgee shall not utilise the *marhun*, even with the consent of the pledgor.
- S** 17.6 The consent of the pledgee must be obtained if the pledgor decides to conduct a transaction such as a sale, *hibah* or *waqf* that will result in a transfer of ownership of the *marhun*.

18. Expenses in *rahn*

- S** 18.1 Expenses in *rahn* are categorised into:
- a) expenses incurred in relation to the the maintenance⁶ of the *marhun*; and
 - b) expenses incurred in relation to the *rahn* contract such as safekeeping, documentation and liquidation of the *marhun*.

⁶ This is maintenance that would have to be done even if the asset were not being used as the *marhun* in a *rahn* contract.

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- S** 18.2 All expenses incurred in relation to the maintenance of the *marhun* shall be borne by the owner of the *marhun*.
- G** 18.3 In case the owner fails to cover the expenses incurred in relation to the maintenance of the *marhun*, the pledgee may advance the maintenance cost of the *marhun*.
- S** 18.4 In relation to paragraph 18.3, any advance provided by the pledgee to cover the maintenance cost incurred shall be considered as a debt owed by the pledgor to the pledgee and the pledgee reserves the right to claim it from the pledgor.
- G** 18.5 The contracting parties may agree that the expenses incurred in relation to the maintenance of the *marhun* shall be provided by the pledgee, who will be reimbursed by the pledgor upon claim made by the pledgee.
- S** 18.6 All expenses incurred in relation to the safekeeping, documentation and liquidation of the *marhun* shall be borne by the pledgee except when the contracting parties mutually agree otherwise.

19. Liquidation of the *marhun*

- G** 19.1 The contracting parties may mutually agree that the *marhun* is liquidated by the pledgee, his agent or any other third in the case of default.
- G** 19.2 The mutual agreement on the matters set out in paragraph 19.1 may be made at the time of entering the *rahn* contract or upon the event of default.
- G** 19.3 The liquidation of the *marhun* may be done wholly or partially.
- S** 19.4 In respect of paragraphs 19.1 and 19.3, the pledgee has the right to claim the proceeds from the liquidation of the *marhun* to settle the financial liability or obligation of the pledgor.

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- G** 19.5 In the event that the proceeds from the liquidation of the *marhun* are inadequate to meet the financial liability or obligation of the pledgor, the pledgee may demand the differential amount from the pledgor.
- S** 19.6 In the event that the proceeds from the liquidation of the *marhun* exceed the financial liability or obligation of the pledgor, the excess amount shall be returned to the pledgor.

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ARRANGEMENT OF *RAHN* WITH OTHER CONTRACTS OR CONCEPTS

20. Arrangement of *rahn* in *qard*

- G** 20.1 A *rahn* contract may be arranged as a security in *qard*.
- S** 20.2 The *marhun* shall be utilised to recover payment of the outstanding debt amount arising from the *qard* in the event of default.
- S** 20.3 The pledgee shall not charge any fee in the *rahn* contract which implicates *bai` wa salaf* (making an exchange contract contingent to a *qard*) arrangement such as charging a fee linked to the amount of *qard* that includes profit.
- G** 20.4 Notwithstanding paragraph 20.3, the pledgee may claim any actual cost incurred.

21. Arrangement of *rahn* in *murabahah*, *tawarruq* and *bai` `inah*

- G** 21.1 A *rahn* contract may be arranged as a security in *murabahah*, *tawarruq* and *bai` `inah*.
- S** 21.2 The *marhun* shall be utilised to recover payment of the outstanding debt amount arising from *murabahah*, *tawarruq* or *bai` `inah* in the event of default.
- G** 21.3 The contracting parties may agree to include the claim on actual costs incurred for the recovery of the outstanding debt payment from the *marhun*.

22. Arrangement of *rahn* in *istisna`*

- G** 22.1 A *rahn* contract may be arranged as security in an *istisna`* contract.
- S** 22.2 The *marhun* shall be utilised as follows:
- (a) to recover payment of the outstanding debt amount from the purchaser in the event of default; or

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(b) to guarantee delivery of the *istisna`* asset by the seller.

- G** 22.3 Pursuant to paragraph 22.2 (a), the contracting parties may agree to include the claim on actual costs incurred for the recovery of the outstanding debt payment from the collateral.

23. Arrangement of *rahn* in *ijarah*

- G** 23.1 A *rahn* contract may be arranged as security in an *ijarah* contract.

- S** 23.2 The *marhun* shall be utilised as follows:

- (a) to recover payment of rental due in the event of default; and/or
(b) to pay any other amount due arising from the lessee's misconduct (*ta`addi*) or negligence (*taqsir*) or breach of terms (*mukhalafah al-shurut*).

- G** 23.3 In relation to paragraph 23.2 (a), the contracting parties may agree to include the claim on actual costs incurred for the recovery of the rental due from the collateral.

24. Arrangement of *rahn* with *kafalah*

- G** 24.1 In a *kafalah* contract with recourse, the guarantor may request the guaranteed party to place an asset as *marhun* at the inception of the *kafalah* contract.

- G** 24.2 In relation to 24.1, if the guaranteed party fails to settle the recourse amount within the agreed period, the guarantor may liquidate the *marhun* to settle the debt due.

25. Arrangement of *rahn* in *mudarabah*, *musyarakah* or *wakalah bi al-istithmar*

- S** 25.1 A *rahn* contract shall not be arranged in a *mudarabah*, *musyarakah*, or *wakalah bi al-istithmar* contract to guarantee the capital and/or profit.

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- G** 25.2 Notwithstanding paragraph 25.1,
- (a) the *rabbul mal* (capital provider) may take collateral from the *mudarib* (entrepreneur) in *mudarabah*;
 - (b) each partner may be required to provide collateral in *musyarakah*; or
 - (c) the *muwakkil* may take collateral from the *wakil* (agent)
- provided that the collateral could only be liquidated in the event of losses due to misconduct (*ta`addi*) or negligence (*taqsir*) or breach of terms (*mukhalafah al-shurut*) of contract by the *mudarib*, partner(s), or *wakil*.

26. Arrangement of *rahn* with takaful

- G** 26.1 Takaful coverage may be arranged in a *rahn* contract in order to provide takaful cover on the *marhun* in the event of damage or impairment.
- G** 26.2 In relation to paragraph 26.1, subject to the terms of the *rahn* contract, the contracting parties may mutually agree on who will bear the cost of takaful coverage of the *marhun*.

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DISSOLUTION (*FASAKH*) AND COMPLETION (*INTIHA'*) OF THE *RAHN* CONTRACT

27. Dissolution of *rahn*

- S** 27.1 The *rahn* contract is dissolved under the following circumstances:
- (a) destruction of the *marhun* caused by force majeure or by action which is not due to misconduct (*ta`addi*) or negligence (*taqsir*) or breach of terms (*mukhalafah al-shurut*);
 - (b) termination of the *rahn* contract by the pledgee;
 - (c) termination or mutual cancellation (*iqalah*) of the contract that the *rahn* is pledged to; or
 - (d) disposal of the *marhun* by the pledgor with the consent of the pledgee, resulting in the transfer of ownership of the *marhun* through contracts such as sale, *hibah* and *waqf*.
- S** 27.2 The demise or dissolution of either contracting party as the case may be does not dissolve the *rahn* contract. The legal heirs or successors shall assume the rights and obligations of the demised or dissolved party.

28. Completion of *rahn*

- S** 28.1 The *rahn* contract ends under the following circumstances:
- (a) settlement of the financial liability or obligation by the pledgor, his guarantor, or through the transfer of the pledgor's financial liability or obligation to a third party (*hiwalah al-dayn*);
 - (b) liquidation of *marhun* to fulfil the financial liability/obligation of the pledger;
 - (c) set-off (*muqassah*) of full debt obligations between the pledgor and the pledgee; or
 - (d) the pledgee waiving the right (*ibra'*) to claim the whole financial liability or obligation from the pledgor.

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- S** 28.2 Except for 28.1(b), in the circumstances set out in paragraph 28.1 above, the pledgee shall return the *marhun* to the pledgor.
- S** 28.3 Upon completion of the *rahn* contract, the contracting parties shall be absolved from any contractual obligations.

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APPENDICES

Appendix 1 Legitimacy of Rahn

- i. The legitimacy of the *rahn* contract is derived from the Quran and founded on the Sunnah of Prophet Muhammad (peace be upon him), and further supported by the consensus of Muslim jurists (*ijma`*).

The Quran

- ii. The following verse of the Quran implies the permissibility of the *rahn* contract:

وَإِنْ كُنْتُمْ عَلَى سَفَرٍ وَلَمْ تَجِدُوا كَاتِبًا فَرِهَانٌ مَّقْبُوضَةٌ فَإِنْ أَمِنَ بَعْضُكُمْ بَعْضًا فَلْيُؤَدِّ
الَّذِي أَوْثِقَ أَمَانَتَهُ وَلْيَتَّقِ اللَّهَ رَبَّهُ وَلَا تَكْتُمُوا الشَّهَادَةَ وَمَنْ يَكْتُمْهَا فَإِنَّهُ آثِمٌ قَلْبُهُ وَاللَّهُ
بِمَا تَعْمَلُونَ عَلِيمٌ

“If you are on a journey and cannot find a scribe to write the document, then [transact your business on the security of] a pledge in hand, but if you decide to trust one another, then let the one who is trusted fulfil his trust; let him be mindful of God, his Lord. Do not conceal evidence: anyone who does so has a sinful heart, and God is fully aware of everything you do”.⁷

The Sunnah of Prophet Muhammad (peace be upon him)

- iii. The following *hadith* implies the general permissibility of *rahn*.

عَنْ عَائِشَةَ رَضِيَ اللَّهُ عَنْهَا أَنَّ النَّبِيَّ صَلَّى اللَّهُ عَلَيْهِ وَسَلَّمَ اشْتَرَى طَعَامًا مِنْ يَهُودِيٍّ
إِلَى أَجَلٍ وَرَهْنَهُ دِرْعًا مِنْ حَدِيدٍ.

“Aishah (r.a.) narrated that the Prophet (peace be upon him) bought some grain from a Jew on deferred payment, and he pledged steel armour as security for it” (Bukhari and Muslim).

⁷ Surah al-Baqarah (2), verse 283.

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The Consensus of Muslim Jurists (*Ijma`*)

- iv. Muslim jurists have reached *ijma`* on the permissibility of *rahn* in general, as cited by Ibn Qudamah.⁸

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⁸ *Ibn Qudamah, al-Mughni, 4/362.*

Appendix 2 Glossary

Terms	Explanation
<i>Hibah</i>	Gift.
<i>Ijarah</i>	Lease contract.
<i>Ijma`</i>	Consensus of Muslim jurists.
<i>Istisna`</i>	Manufacturing sale.
<i>Kafalah</i>	Guarantee contract.
<i>Marhun</i>	Collateral.
<i>Marhun bih</i>	Financial liability/obligation which must be fulfilled by the pledgor.
<i>Mudarabah</i>	Profit-sharing contract.
<i>Mukhalafah al-shurut</i>	Breach of terms and conditions.
<i>Murabahah</i>	Mark-up sale.
<i>Murtahin</i>	Pledgee.
<i>Musharakah</i>	Profit-and-loss-sharing contract.
<i>Muwakkil</i>	Principal in an agency contract.
<i>Qiyas</i>	Analogy.
<i>Rahin</i>	Pledgor
<i>Rahn</i>	Pledge - A contract between a pledgor (<i>rahin</i>) and a pledgee (<i>murtahin</i>) whereby an asset of the pledgor is pledged as collateral (<i>marhun</i>) to the pledgee to provide assurance that the pledgor will fulfil his financial liability/obligation (<i>marhun bih</i>) to the pledgee.
<i>Rahn hiyazi</i>	A <i>rahn</i> contract that is based on constructive possession of the collateralized asset.
<i>Rahn rasmi</i>	A <i>rahn</i> contract that is based on physical possession of the collateralized asset.
<i>Ta`addi</i>	Misconduct.
<i>Ta`widh</i>	Compensation
<i>Taqsir</i>	Negligence.
<i>Tawarruq</i>	Commodity <i>murabahah</i> /monetization.
<i>Wa`d</i>	Promise or undertaking.
<i>Wakil</i>	Agent in an agency contract
<i>Waqf</i>	Endowment.

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Appendix 3 Related legal instruments and policy documents

1. Shariah Advisory Council (SAC) rulings published by the Bank⁹;
2. Shariah Governance Framework for Islamic Financial Institutions.

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⁹ Including Shariah resolutions in Islamic Finance, standards, circulars or any directive pertaining to Shariah matters issued by the Bank.