

INTRODUCTION

The Central Bank of Malaysia Act 2009 (the Act) has recognised the Shariah Advisory Council of Bank Negara Malaysia (SAC) as the highest authoritative body in ascertainment of matters relating to Shariah issues in Islamic finance. In this regard, Bank Negara Malaysia had published *Shariah Resolutions in Islamic Finance (Second Edition)* to serve as an important Shariah reference for Islamic finance industry practitioners, courts and arbitrators. This is in line with the requirement of the Act that requires all financial institutions, courts and arbitrators to refer to the SAC on any matters or proceedings relating to Islamic financial business.

This book contains the decisions of the SAC since its establishment in 1997 to 2009. It has been revised and endorsed by the SAC as the latest edition and applicable as reference on Shariah rulings relating to Islamic finance. This edition supersedes the *Shariah Resolutions in Islamic Finance (First Edition)* which was published in 2007 and the *Summary of National Shariah Advisory Council Decisions for Islamic Banking and Takaful (Summary of SAC Decisions)* which was released in 2002. Accordingly, all new Islamic financial products that will be offered by Islamic financial institutions or any existing products to be offered to new customers must comply with the rulings of this *Shariah Resolutions in Islamic Finance (Second Edition)*. However, for Islamic financial products which have been contracted between the customers and Islamic financial institutions based on the Shariah rulings published in the *First Edition* and the *Summary of SAC Decisions*, the contracts remain in force until maturity.

In the event where there are any inconsistencies between the English and Bahasa Melayu versions, the Bahasa Melayu version shall prevail.

Any queries relating to *Shariah Resolutions in Islamic Finance (Second Edition)* may be submitted to the SAC Secretariat via e-mail: **sac.secretariat@bnm.gov.my**

ABBREVIATIONS

AAOIFI	Accounting and Auditing Organisation for Islamic Financial Institutions
AITAB	<i>Al-ijarah thumma al-bai'</i>
BBA	<i>Bai' bithaman ajil</i>
BNNN-Ijarah	Bank Negara Negotiable Notes based on the concept of <i>ijarah</i>
Cagamas	National Mortgage Corporation
CGC	Credit Guarantee Corporation (Malaysia) Berhad
CMH	Commodity <i>Murabahah</i> House
CPO	Crude palm oil
Danajamin	Danajamin Nasional Berhad
FAST	Fully Automated System for Issuing/Tendering
IBS	Islamic Banking Scheme
INID	Islamic Negotiable Instrument of Deposit
IT	Information technology
MII	<i>Mudarabah</i> Interbank Investment
NIDC	Negotiable Islamic Debt Certificate
n.d.	No date
no.	Number

OIC	Organisation of the Islamic Conference
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PIDM	Perbadanan Insurans Deposit Malaysia (Malaysia Deposit Insurance Corporation)
PER	Profit Equalisation Reserve
'r'	Rate of return of financial institutions
RENTAS	Real Time Electronic Transfer of Funds and Securities
SAC	Shariah Advisory Council of Bank Negara Malaysia
SAW	<i>Sallallahu `alaihi wasallam</i>
SPV	Special Purpose Vehicle
SWT	<i>Subhanahu wa ta`ala</i>
T+2	Two days after the transaction date
v.	Volume