

**TERMS AND CONDITIONS (“T&C”) FOR
COMMODITY MURABAHAH DEPOSIT-i (“CMD-i”) TRANSACTIONS**

CMD-i Transaction

- 1) CMD-i shall operate in accordance with the Shariah Principle of *Murabahah* and *Wakalah* via *Tawarruq*’ mechanism whereby the Customer appoints and authorises the Bank to act as the Customer’s agent (*Wakil*) for the purchase and sale of certain asset or commodities (“Commodities”) in accordance with these Terms and Conditions. Commodities shall be Shariah-compliant commodities which are traded on Bursa *Suq Al-Sila*’ (BSAS), AbleAce Raakin Sdn Bhd (AAR) or any other recognised commodity trading platforms.
- 2) Types of commodities traded shall include, but not limited to, crude palm oil, plastic resin, copper, aluminium, tin, nickel and zinc. The list is not exhaustive but shall exclude *ribawi* items in category of medium of exchange such as currency, gold and silver.
- 3) The Bank will also act as the Purchaser under the *Murabahah* principle and will give an undertaking based on the concept of *Wa’d Mulzim* (Binding Promise) for the purchase of the Commodities from the Customer as the Seller at the *Murabahah* Sale Price.
- 4) The Customer will instruct the Bank as the agent (*Wakil*) to purchase the Commodities on spot basis and will provide the cash by depositing it into the Bank’s account. The Bank or any appointed sub-agent (as the *Wakil*) will purchase the Commodities on spot basis from Commodity Supplier at BSAS, AAR or any other recognised commodity trading platforms at the cost price of the Commodities (“Purchase Price”) (which is equivalent to the amount deposited in the Bank’s account) on behalf of Customer (as the Seller). The Customer shall then sell the Commodities on a deferred payment to the Bank (as the Purchaser) at cost plus profit of the Commodities (“*Murabahah* Sale Price”). The deferred payment of the *Murabahah* Sale Price shall be made by the Bank (as the Purchaser) at a time agreed by both parties (“Payment Due Date” or “Maturity Date of the CMD-i”) into the Customer’s deposit account with the Bank.
- 5) The Bank or any appointed sub-agent under the *Wakalah* principle will only act as the Customer’s agent (*Wakil*) and will not assume, or be deemed to have assumed, any additional obligations to, or to have any special relationship with the Customer other than those for which specific provision is made in these Terms and Conditions. The rights and responsibilities arising from that transaction and the intended effect of the transaction shall be assumed by the Customer.
- 6) As the Customer’s agent (*Wakil*), the Bank or any appointed sub-agent shall during the tenure of the deposit or any renewal thereof, have the following power and authority:
 - a) to do and execute all acts with respect to the purchase of the Commodities on a cash basis (“Purchase Transaction(s)”) as fully as the Customer could do himself / itself and to negotiate with the commodity traders or suppliers (“the Supplier”) on behalf of the Customer in relation thereto; and
 - b) to sell the Commodities on a deferred payment to the Bank (as the Purchaser) at *Murabahah* Sale Price (“Sale Transaction(s)”) and to do and execute all acts in relation thereto. The deferred payment made by the Bank (as the Purchaser)

shall be paid on the Payment Due Date, from Shariah-compliant investment and trading activities.

Note: *Murabahah* Sale Price is a principal amount plus profit of which profit is computed based on the following formula:

$$\text{Profit} = \text{Principal Amount} \times \text{Profit Rate} \times \frac{\text{No. of Days}}{365}$$

[Profit Rate shall be agreed between Parties prior to the CMD-i Transaction]

- 7) The Bank will, in performing its obligations and activities in the Purchase Transaction(s) and/or Sale Transaction(s), look after the best interest of the Customer and act in good faith.
- 8) The Customer shall be liable for the sale and purchase of Commodities entered into by the Bank or any appointed sub-agent (*Wakil*) in accordance with these Terms and Conditions.
- 9) As the Customer's agent (*Wakil*), the Bank or any appointed sub-agent shall not be held liable except in the event of misconduct (*ta'addi*), negligence (*taqsir*) or breach of specific terms (*mukhalafah al-shurut*).
- 10) Upon Payment Due Date, the Bank will pay the Customer the full *Murabahah* Sale Price.
- 11) In the event that the Customer makes an early demand for the payment of *Murabahah* Sale Price before the Payment Due Date, the Customer shall agree to grant Rebate/*Ibra'* to the Bank (as a Purchaser) based on the following formula:

$$\text{Rebate/Ibra}' = \text{Murabahah Sale Price} - [(P \times R \times T / 365 \times 0.5) + P]$$

Where:

| | | |
|-----------------------------|---|------------------------------|
| <i>Murabahah</i> Sale Price | = | Principal Amount plus Profit |
| P | = | Principal Amount |
| T | = | Number of Completed Days |
| R | = | Profit Rate |

- 12) The Customer hereby agrees that the Bank's calculation of any amount payable to the Customer under CMD-i shall be final, conclusive and binding on the Customer, save for any manifest error.
- 13) The Customer and the Bank agrees that no proceeds from the sale of the Commodities or any transactions contemplated herein shall be invested in Shariah non-compliant securities or financial instruments.
- 14) In the event that the Bank is unable to execute the *Tawarruq* transaction on the same day on which the fund is received from Customer due to the following circumstances:
 - a) Normal close of business/operation including public holidays and other state holidays; and/or

- b) Unexpected disruptions to operations e.g. system breakdown, force majeure event and unexpected holiday;

the fund received from the Customer shall be treated as *Qard* (Loan) and any profit gained from the utilisation of the fund may be given to the Customer at the discretion of the Bank in the form of *Hibah* (Gift).

- 15) These Terms and Conditions are intended to be Shariah-compliant. The Customer and the Bank agree that their intention, respective rights and obligations are in compliance with the Shariah as determined by Shariah Advisory Councils of Bank Negara Malaysia and Securities Commission of Malaysia as well as the MIDF Shariah Committee.
- 16) Where there are two (2) or more persons or parties included or comprised in the expression “the Customer”, these Terms and Conditions shall be binding upon such persons or parties jointly and severally.
- 17) Words applicable to natural persons include any body, person, company, corporation, firm or partnership, corporate or otherwise and vice versa.
- 18) These Terms and Conditions for CMD-i transactions shall remain in full force until and unless:
- a) the Customer has given at least fourteen (14) days notice in writing to the Bank for termination of the Bank service as an agent (*Wakil*) to the Customer for execution of CMD-i transactions on his / its behalf; and/or
 - b) the Customer has officially closed his / its CMD-i account with the Bank.

Application and Condition of *Wa'd Mulzim* (Binding Promise) in CMD-i Transactions

- (i) With the application of *Wa'd Mulzim* in CMD-i transactions, the Bank, as a Promisor (*Wa'id*), is obligated to purchase the Commodities from the Customer, as a Promisee (*Maw'ud lahu*), at the *Murabahah* Sale Price upon Customer's fulfillment of *Wa'd* Condition.
- (ii) The Condition for the performance of *Wa'd Mulzim* is fulfilled when the Bank, acting as agent (*Wakil*), purchases the Commodities at the Purchase Price on behalf of the Customer from the Commodity Supplier.
- (iii) The subject matter of *Wa'd Mulzim* shall be the Bank's commitment to purchase the said Commodities at the *Murabahah* Sale Price from the Customer to be paid on the Payment Due Date of the CMD-i.
- (iv) The Bank shall purchase the Commodities from the Customer at the *Murabahah* Sale Price immediately (or on the same day) after the Bank, acting as agent (*Wakil*), successfully concluded the purchase the Commodities at the Purchase Price on behalf of the Customer from the Commodity Supplier.
- (v) *Wa'd Mulzim* is fulfilled when the Bank executes the purchase of Commodities at the *Murabahah* Sale Price from the Customer at or after 4.00 p.m. on the same day of the CMD-i placement, regardless of whether the Customer invokes the *Wa'd*.

- (vi) The Bank shall not unilaterally revoke its *Wa'd Mulzim* without Customer's consent.
- (vii) *Wa'd Mulzim* is revoked when the Customer agrees to the Bank's revocation of *Wa'd*; or the Bank does not execute the purchase of Commodities at the *Murabahah* Sale Price from the Customer and the Customer does not invoke the *Wa'd Mulzim*.
- (viii) While the Customer has the right to invoke *Wa'd Mulzim*, the Customer shall notify the Bank of its invocation of *Wa'd* before the fulfillment of *Wa'd*, i.e. no later than 4.00 p.m. on the day of the CMD-i placement.
- (ix) Upon fulfillment or revocation of *Wa'd Mulzim*, the Bank shall be free from any obligation under *Wa'd*.
- (x) *Wa'd Mulzim* is breached by the Bank when the Bank does not execute the purchase of Commodities at the *Murabahah* Sale Price from the Customer, despite *Wa'd* being invoked by the Customer, unless due to certain circumstances as specified in Clause 14 above.
- (xi) In the event that the Bank breaches its *Wa'd Mulzim*, the Customer is entitled to claim compensation for any actual loss suffered. The actual loss shall be determined based on costs which are directly attributable to the failure of the Bank to purchase the Commodities at the *Murabahah* Sale Price, such as the cost of legal action, storage cost of the commodities and any shortfall between the disposal price and the Purchase Price (if any). However, the actual loss shall not include indirect costs such as allocated overhead costs or salary or opportunity cost i.e. cost of funds.
- (xii) Under the *Wa'd Mulzim* arrangement, the Bank has no recourse to the Customer.

Customer's Declaration

I/We hereby confirmed that the Bank or any appointed sub-agent, as my/our agent (*Wakil*), shall during the tenure of the CMD-i transaction or any renewal thereof, have the following power and authority:

- a) to do and execute all acts with respect to the purchase of the Commodities on a cash basis ("Purchase Transaction(s)") at the Purchase Price as fully as the Customer could do himself / itself and to negotiate with the commodity traders or suppliers ("the Supplier") on behalf of the Customer in relation thereto; and
- b) to sell the Commodities on a deferred payment to the Bank (as the Purchaser) at *Murabahah* Sale Price ("Sale Transaction(s)) and to do and execute all acts in relation thereto. The deferred payment by the Bank shall be paid on the Payment Due Date.

Authorised Signatory

Authorised Signatory

Stamp of Business/Company/Society

Date: _____

Account Name