

**SPECIFIC TERMS AND CONDITIONS FOR TERM DEPOSIT-i  
BASED ON TAWARRUQ  
(Effective Date: 22 November 2018)**

**3.0 DEFINITIONS**

In this Specific Terms and Conditions governing *Tawarruq*, the following words shall have the meanings stated thereto:

“**Agent**” means the Bank which shall be appointed by the Accountholder to do such acts on behalf of the Accountholder under the Shariah contract of *Wakalah* in matters pertaining to *Tawarruq* in accordance to the terms herein.

“**Term Deposit-i (TD-i)**” means Term Deposit products based on the Shariah concept of *Tawarruq* which may be offered by the Bank from time to time including but not limited to *Term Deposit-i*, *Junior Term Deposit* and other new Term Deposit which may be offered by the Bank from time to time.

“**Accountholder**” means the Bank’s customers whose application for TD-i has been accepted by the Bank and such TD-i is maintained with the Bank.

“**Commodity**” means Shariah compliant goods and/or commodities (excluding *ribawi* items in the category of medium of exchange such as currency, gold and silver) acceptable to the Bank, purchased under the platform of any commodity trader appointed by the Bank and duly approved by the Shariah Advisory Committee (SAC) of the Bank which will be transacted as the underlying asset to facilitate the *Tawarruq* transaction.

“**Commodity Trading**” means the sale and purchase transactions performed in accordance to the Shariah concept of *Tawarruq*.

“**Hamish Jiddiyah**” refers to a Security Deposit (SD) placed to secure the undertaking to purchase an asset before execution of sale and purchase contract.

“**Maturity Date**” refers to the date of maturity of TD-i as specified in the Term Deposit Advice and includes any renewal to its initial Maturity Date.

“**Murabahah**” refers to a sale and purchase of a Commodity where the acquisition/purchase cost and the mark-up are disclosed to the purchaser.

“**Purchase Price**” refers to the amount equivalent to the deposit placement / renewal amount which will be used to purchase the Commodity on the Trading Day.

“**Purchase Transaction**” refers to when Accountholder purchases the Commodity (via the Bank acting as his/ her agent) from any commodity trader at the Purchase Price.

“**Rebate (Ibra’)**” represents the “waiver on rights of claim” accorded by a person to another person that has an obligation which is due to him.

“**Sale Transaction**” refers is when the Customer sells the Commodity (via the Bank acting as his/her agent) to the Bank at the Selling Price.

“**Selling Price**” means the sum payable by the Bank to acquire the Commodity from the Customer on *Murabahah* basis which comprise of the Purchase Price of the Commodity and the profit.

“**Tawarruq**” consists of two sale and purchase contracts where the first involves the sale of an asset to a purchaser on a deferred basis and the subsequent sale involves sale of the asset to a third party on a spot and cash basis. Under this product, the Customer will purchase the Commodity at Purchase Price from any commodity trader and thereafter, sell the Commodity to the Bank at Selling Price on the basis of *Murabahah* which shall be paid to the Customer at the Maturity Date (after taking into consideration any rebates, if any). The Bank shall thereafter sell the Commodity to a third party on a cash and spot basis.

The Specific Terms and Conditions mentioned herein are applicable to all Term Deposit-i (TD-i) products based on the Shariah concept of *Tawarruq* offered by the Bank. All of these products are governed by the relevant laws of Malaysia and Shariah principles.

This Specific Terms and Conditions shall be read together with the General Terms and Conditions for TD-i. All definitions used in the General Terms and Conditions shall have the same meaning when used in these Specific Terms and Conditions.

The Bank and the Customer hereby irrevocably agrees and acknowledge that as at the date hereof, this Specific Terms and Conditions, the underlying structure herein and the Commodity Trading are Shariah compliant. Accordingly, each of the parties hereto agrees that it shall not henceforth raise any dispute or issue in relation to the Shariah compliancy of these Specific Terms and Conditions and the Commodity Trading.

This Specific Terms and Conditions shall be additional to the Terms and Conditions of each type of the product/ Accounts appearing in the General Terms & Conditions. In the event of any discrepancy, ambiguity or dispute in the interpretation of these Specific Terms and Condition and the said Terms and Conditions for each type of product/Accounts appearing in the General Terms & Conditions, the said Specific Terms and Conditions for each product/Accounts shall prevail.

**1.0 GENERAL**

1.1 The TD-i shall be operated in accordance with the Shariah concept of *Tawarruq* whereby the Accountholder appoints the Bank under *Wakalah* (agency) contract, as his/her agent to buy Commodity from any commodity traders and thereupon to sell the Commodity to the Bank under *Murabahah* contract on deferred payment.

Under the arrangement:

- i the Bank acts an agent will purchase the Commodity on behalf of the Customer for the Purchase Price of the Commodity in the amount deposited with the Bank;
- ii the Bank will thereafter on its own capacity purchase the Commodity from the Bank (as agent to Customer) at the Selling Price which shall be paid to the Customer upon maturity;
- iii the Bank may thereafter sell the Commodity to a third party;

1.2 The Accountholder applying for the opening of the TD-i with the Bank shall be bound by these Terms and Conditions governing the operations of the TD-i in force from time to time.

1.3 These Terms and Conditions are also intended to be read together with, pamphlets, brochures or any other relevant Terms and Conditions issued by the Bank which may be imposed from time to time that are applicable to the particular TD-i opened by the Customer.

**2.0 MALAYSIA DEPOSIT INSURANCE CORPORATION (“PIDM”)**

2.1 This deposit product is covered by Malaysia Deposit Insurance Corporation (“PIDM”).

2.2 Subject to the latest version of Guidelines issued by PIDM and includes any statutory amendment or re-enactment thereof, any capital will be insured up to a maximum of Ringgit Malaysia Two Hundred Fifty Thousand (RM250,000) inclusive of the initial capital and any dividend (profit) there from.

“**Trading Day**” refers to the days where Commodity Trading is executed from Monday to Sunday and on which the commodity trading platform is open for trading.

“**Wakalah**” means an agency contract in which a party mandates another party as her/his agent to perform a particular task in matters that may be delegated voluntarily or with imposition of fee.

“**Wa’d**” means a promise or undertaking, refers to expression of commitment given by one party to another to perform certain action(s) in future.

#### 4.0 APPOINTMENT AS AN AGENT

4.1 Based on the concept of *Wakalah*, the Accountholder (acting as the “Principal”) agrees to appoint the Bank (acting as the “Agent”) and the Bank agrees to accept the appointment as an agent of the Accountholder for the purchase and sale transaction of the Commodity (“Commodity Trading”) in accordance with this Terms and Conditions. The Bank will only act as the Accountholder’s agent and will not assume, or be deemed to have assumed, any additional obligations to, or to have any special relationship with the Accountholder other than those that is envisioned in this Terms and Conditions.

4.2 As the Accountholder’s agent, the Bank shall, during the tenure or any renewal thereof, have the following powers and authority:-

- i to do and execute all acts with respect to the purchase of the Commodity on a cash and spot basis through purchase agreement, certificate and other instrument and to negotiate with commodity trader on behalf of the Accountholder in relation thereto; and
- ii to sell the Commodity on deferred payment to the Bank at cost plus profit (“Selling Price”) on behalf of the Accountholder and to do and execute all acts in relation thereto (“Sale Transaction”)

4.3 The Bank will look after the best interest of the Accountholder and acts in good faith in performing its obligations in buying and selling of Commodity.

4.4 The Accountholder shall be entitled to request and take physical delivery of the Commodity. In the event the Accountholder were to exercise such right to take physical delivery, all costs and expenses in respect thereof shall be borne by the Accountholder.

4.5 The Accountholder indemnifies the Bank against all losses, actions, proceedings, damage, costs and expenses whatsoever claimed by any party and/or incurred or sustained by the Bank as a result of the purchase of Commodity under any transaction hereunder as an agent of the Accountholder and/or in the event of breach by the Accountholder of any of his obligations herein. The indemnity given shall survive termination of this Terms and Conditions and any sum payable under it shall not be subject to any deduction either by way of set off counter claim or otherwise.

4.6 The Accountholder shall not revoke the appointment of the Bank as agent as long as the TD-i remains available. The appointment of the Bank as agent of the Accountholder shall cease upon closure of the TD-i;

4.7 The Bank shall not be obliged to enter into any transaction or follow any instruction by the Accountholder, if in the opinion of the Bank that the entering into such transaction, may cause the Bank or its affiliates to breach of any law, policy, rule or regulation.

#### 5.0 COMMODITY TRADING TRANSACTION

5.1 As the Accountholder’s agent, the Bank shall enter into the Purchase Transaction, during the tenure or any renewal thereof, has the following power and authority:-

- i The Bank shall enter into a *Tawarruq* transaction on the Trading Day following the deposit placement date; and
- ii The Bank shall enter into a *Tawarruq* transaction on the Trading Day following the renewal of the placement.

5.2 Upon payment by the Accountholder of the commodity price which is equivalent to the deposit amount to the Bank, the Bank undertakes to purchase the commodity from the commodity trader or supplier;

5.3 The Bank in its capacity as agent to Accountholder will then sell the commodity to the Bank under *Murabahah* contract on deferred payment. The Selling Price represents:

- i the deposit amount; and
- ii the profit on the deposits

On the Maturity Date, the Bank shall pay the Selling Price to the Accountholder. The computation of the Selling Price will be based on the following formula:-

- iii Calculation of the Profit:

$$\text{Profit} = P \times R \times T/365 \text{ or } 366$$

Where:

P = Principal Amount

R = Profit Rate (%) given upon the placement

T = Tenure (number of days, from placement date to maturity date)

- iv Calculation of the Selling Price:

$$\text{Selling Price} = \text{Deposit Amount} + \text{Profit (total profit received)}$$

Illustration:

Deposit Amount	RM10,000.00
Profit Rate	3.40% p.a.
Tenure	12 months
No of Days	365
Placement date	1/1/2018
Maturity date	1/1/2019
Profit Payment	RM340.00
Selling Price	RM10,340.00

5.4 In view the Trading Day is later than the date the Purchase Price is deposited to the Bank; the Purchase Price will be treated as *Qard* (loan) to the Bank prior to the Purchase Transaction. In this regard, the Customer consents for the Bank to deal with the Purchase Price in any manner deemed fit by the Bank.

5.5 In connection with each Purchase Transaction, the Bank (as the “Commodity Purchaser”) shall provide a promise (*Wa’d*) to the Customer and agree to purchase the Commodity from the Customer upon completion of the Purchase Transaction.

#### 6.0 REBATE (*IBRA'*)

6.1 Prior to 1 January 2019, the Accountholder shall consent to grant rebate under the concept of *Ibra'* subject to the occurrence of the below events including but not limited to:-

- i For placement where the contracted tenure is below three (3) months, no profit will be paid if the placement is withdrawn / uplifted prior to the full completion of the contracted period; or
- ii For placement tenure exceeding three (3) months where the said placement is withdrawn / uplifted before the completion of three (3) months, no profit shall be paid; and
- iii For placement tenure of more than three (3) months, eligible profit payable will be calculated at half of the prevailing Board Rate for all completed months, provided that the minimum three (3) months placement has been completed.

The computation of rebate (*ibra*) is based on the following formula:-

$$\text{Rebate (ibra')} = \text{Selling Price} - [(P \times R \times T/365 \times 50\%) + P]$$

Where:

Selling Price = Principal Amount + Profit

P = Principal Amount

T = Number of completed days

R = Profit Rate (Prevailing Board Rate for completed months)

Illustration on computation of rebate during premature withdrawal:-

Original placement:-

Deposit Amount	RM10,000.00
Contracted Profit Rate	3.40% p.a.
Tenure	12 months
No. of Days	365
Placement date	1/1/2018
Maturity date	1/1/2019
Profit Payment (a)	RM340.00
Selling Price upon maturity (b)	RM10,340.00

In the event of premature withdrawal:-

Early / premature withdrawal	On 1/7/2018
No. of completed days	181
Prevailing Board rate for completed months	3.25% p.a.
Profit payment upon premature withdrawal (c) (RM10,000 x 3.25% x 181/365 x 50%)	RM 80.58
Rebate ( <i>ibra</i> ') (d) = (a) - (c)	RM 259.42
Total Selling Price upon premature withdrawal (b) – (d)	RM10,080.58

- 6.2 Effective 1 January 2019 onwards, no profit will be paid for early upliftment / premature withdrawal prior to maturity for all TD-i placements.

## 7.0 PROFIT RATE

- 7.1 The profit rate of the TD-i shall be subject to the prevailing profit rate for respective products or campaigns which will be made known to the Accountholder upon opening of the Account and shall be determined by the Bank from time to time.
- 7.2 Accountholder may withdraw the profit paid during the tenure; however, in the event the Accountholder decides to terminate the TD-i prior to the maturity of the tenure, the Bank reserves the right to retract the profit withdrawn by the Accountholder from the principal amount during Account upliftment.
- 7.3 The profit for these products will be credited Monthly / Quarterly / Semi Annually / Upon Maturity / In Advance or Upfront.
- 7.4 For TD-i with profit paid in advance or upfront, the Bank will pay Accountholder the Security Deposit (*Hamish Jiddiyah*) in the amount which is equivalent to the profit derived from the Commodity Trading Transaction or any other amount as agreed by both parties. The security deposit placed by the Bank is to secure the undertaking to purchase an asset before execution of sale and purchase contract. The Bank reserves the right to set-off the Security Deposit against the profit derived from the Commodity Trading Transactions which is payable to the Accountholder.

## 8.0 RENEWAL OF DEPOSIT

- 8.1 Accountholder agrees that all Term Deposits plus the accrued profit not withdrawn on Maturity Date will be automatically renewed by entering into a new Commodity Murabahah Transaction under the same Tenure at the prevailing profit rate at the time of the renewal. Such renewal is however subject to provisions set out in Section 5.0 above.

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