BANK NEGARA MALAYSIA
CENTRAL BANK OF MALAYSIA

Telefon 60(3) 2698-8044
Faksimili 60(3) 2693-3826
Web www.bnm.gov.my

Jalan Dato' Onn
50480 Kuala Lumpur
Malaysia

Bilangan Kami: JPIT/PB/10/10/GPS1
15 December 2004

Ketua Pegawai Eksekutif,
Bank-bank Islam
Bank-bank SPI
Pengendali-pengendali takaful

السلام عليكم ورحمة الله وبركاته

Tuan / Puan,

Guidelines on the Governance of Shariah Committee for the Islamic Financial Institutions

In the efforts to create an effective and conducive Shariah framework, Bank Negara Malaysia (the Bank) has enhanced the roles and functions of the Bank's Shariah Advisory Council (the SAC) and the Shariah Committees of the industry. The "Guidelines on the Governance of Shariah Committee for the Islamic Financial Institutions" (to be known as BNM/GPS1) is issued to regulate the governance of the Shariah framework. All Islamic financial institutions must comply with these Guidelines by **1 April 2005**.

2. The Guidelines cover the following main areas:

(a) Establishment of Shariah Committee;

(b) Duties and Responsibilities of Shariah Committee;

(c) Duties and Responsibilities of Islamic Financial Institution; and

(d) Working Relationship between the SAC and Shariah Committee

3. The appointment of new Shariah Committee members requires the Bank's prior approval. In this respect, we wish to draw your attention to Paragraph 19 of the Guidelines that restricts the appointment of the following persons as members of an Islamic financial institution's Shariah Committee: -

i) any member of the SAC, in line with prohibition under section 16B(6) of the Central Bank of Malaysia Act 1958 (the list of the SAC members is attached for your reference); and/or

ii) any member of Shariah Committee of another institution within the same industry.

Pending the establishment of new Shariah Committee or until 31 March 2005 whichever is the earlier, the existing Shariah bodies/advisers at the Islamic financial institutions may continue to function. As an interim measure, the Bank hereby exempts the members of the SAC and the existing Shariah bodies/advisers from the restrictions in item (i) and (ii) above for such period.

4. To facilitate the appointment of the new Shariah Committee members, the Islamic financial institutions are required to submit the application immediately to the Bank using the prescribed form BNM/JKS 1.

5. If you have any queries on the Guidelines, please contact **Encik Ismail Nik** at **03-2698 8044** ext. **7866** or e-mail to **ismailnik@bnm.gov.my**.

Please be guided accordingly.

Yang benar,

(Bakarudin Ishak)
Pengarah
Jabatan Perbankan Islam dan Takaful

10/75/15

Appendix

Shariah Advisory Council for Islamic Banking and Takaful
Bank Negara Malaysia
(2004 - 2006)

1. **Dato' Dr. Abdul Halim Ismail**
   Executive Director,
   BIMB Securities Sdn. Bhd

2. **Associate Professor Dr. Abdul Halim Muhammad**
   Lecturer,
   National University of Malaysia

3. **Dato' Abdul Hamid Haji Mohamad**
   Federal Court Judge,
   Federal Court of Malaysia

4. **Datuk Dr. Abdul Monir Yaacob**
   Director General,
   Institute of Islamic Understanding Malaysia (IKIM)

5. **Datuk Sheikh Ghazali Abdul Rahman**
   Director General,
   Shariah Judiciary Department Malaysia

6. **Dato' Haji Hassan Haji Ahmad**
   State Mufti,
   Penang

7. **Datuk Haji Md. Hashim Haji Yahaya**
   Academic Fellow,
   International Islamic University Malaysia

8. **Dr. Mohd Ali Hj. Baharum**
   Deputy Chairman,
   National Co-operative Organisation of Malaysia (ANGKASA)

9. **Associate Professor Dr. Mohd Daud Bakar**
   Deputy Rector,
   International Islamic University Malaysia

10. **Dr. Mohd Parid Sheikh Ahmad**
    Lecturer,
    International Islamic University Malaysia