

Terms and Conditions for Hong Leong Short Term Commodity Murabahah Placement-i (“STCMP-i”) - Global Islamic Markets

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This Terms and Conditions for Hong Leong Short Term Commodity Murabahah Placement-i (“**STCMP-i**”) are to be read as a whole with the General Terms and Conditions of Accounts for Deposits and Islamic Banking Deposits and any other relevant terms and conditions as Hong Leong Islamic Bank Berhad (“**HLISB**”) may impose from time to time with prior notice, as well as other rules and regulations binding on **HLISB**.

1.0 Definitions and Interpretations

1.1 Definitions

In this Terms and Conditions, the following terms and expression shall have the meaning designated to them unless the context requires otherwise:

“**Agent**” means **HLISB** which shall be appointed by the Customer(s) to do such acts on behalf of the Customer(s) under the Shariah principle of Wakalah Mutlaqah or Unrestricted Agency which is not restricted to any conditions and not confined to certain circumstances or time limit in accordance to the terms herein.

“**Commodity**” means goods or assets that are approved by the Shariah Committee of **HLISB**. The type of commodity to be purchased is at **HLISB**'s sole discretion as the agent for the Customer(s) on the agreed price.

“**Commodity Trading Platform**” means a multi-commodity trading platform such as Bursa Suq Al-Sila' or any other commodity trading platform, which, facilitates Tawarruq transactions and has been approved by the Shariah Committee of **HLISB**.

“**Tawarruq**” or also known as “**Murabahah (via Tawarruq arrangement)**” means a transaction under the Shariah principles of Tawarruq and Murabahah in accordance to **HLISB**'s deposit procedure where **HLISB** acting as an Agent shall purchase the Commodity on behalf of the Customer(s) upon receipt of monies from the Customer(s) for the price of the Commodity which is deemed as deposit in **HLISB**'s account. **HLISB** shall thereafter as an agent to the Customer(s) sell the commodity to **HLISB** on Murabahah (cost plus) basis at the Selling Price which shall be paid to the Customer(s) upon maturity of the **STCMP-i**. **HLISB** shall thereafter sell the Commodity to a third party on cash basis.

“**Selling Price**” means the sum payable by **HLISB** to acquire the Commodity from the Customer(s) which shall comprise of the price of the Commodity and the profit.

“**Supplier**” means the commodity trader and/or supplier registered with the relevant exchange and/or any other parties acceptable to **HLISB**.

“**Trading Day(s)**” means the day(s) where the Tawarruq transactions are executed from Mondays to Fridays except for the gazetted public holidays in Kuala Lumpur.

2.0 STCMP-i Accounts

- 2.1 This is a short term deposit account based on the Shariah principle of Murabahah via Tawarruq arrangement.
- 2.2 Any placement made under the **STCMP-i** shall be in Ringgit Malaysia (“**RM**”) and approved foreign currency with the minimum sum prescribed for the corresponding tenure as may be determined by **HLISB** from time to time with prior notice.

- 2.3 The placement of deposit shall be effective on the date the placement is done.
- 2.4 A deposit slip detailing the deposit placement will be printed upon completion of placement.
- 2.5 Upon request, the placement / renewal advice detailing the deposit placement will be sent to the Customer(s).
- 2.6 The Customer(s) must examine all entries in the statement of account and to immediately report to HLISB any error found therein.
- 2.7 The tenure of deposit shall range from **one (1) day** to a maximum of **three hundred sixty five (365) days** as may be elected by the Customer(s) and determined by HLISB from time to time with prior notice. The acceptance and/or renewal of such placements, tenure(s), and rate(s) quoted for STCMP-i is entirely at the absolute discretion of HLISB.
- 2.8 HLISB pays the profit from the STCMP-i account to the Customer(s) upon maturity of the placement.
- 2.9 Tawarruq transactions shall be executed on Trading Day(s). HLISB may first use its own money to complete the Murabahah trading. The amount advanced by HLISB will be set off against the proceeds to be received from the Customer on value date.
- 2.10 If Customer(s) withdraws the deposits before the maturity date, the Customer(s) agrees to waive his right to claim any profit.
- 2.11 Upon maturity, partial withdrawal is allowed subject to a minimum of **Ringgit Malaysia Ten Thousand (RM10,000)** or any other amount to be determined by HLISB at any time or from time to time with prior notice; with the remaining balance to be placed as per Customer(s)'s instruction.
- 2.12 The instruction letter is to be provided by Customer(s) upon maturity for any withdrawal or renewal.
- 2.13 Request for Delivery of Commodity:-
- (a) Customer(s) have the right to request and take physical possession and delivery of the Commodity subject to fulfilling minimum requirements and compliance with the rules and regulations of the Commodity Trading Platform provider;
 - (b) request for delivery of Commodity can be done at any HLISB or HLBB branches during normal business hours; and
 - (c) the delivery arrangement is to be made between the Customer(s) and Commodity Trading Platform provider at the Customer(s)' own costs.
- 2.14 The Customer(s) hereby agrees that HLISB's determination of any amount payable to the Customer(s) under STCMP-i save for manifest error shall be final, conclusive and binding against the Customer(s). The Customer(s) must examine all entries in the placement advice, renewal advice and statement of account(s) and to immediately report to HLISB any error found therein. If the Customer(s) does not, within fourteen (14) days (or such other period specified by HLISB) after the receipt of the same, object to any entry therein, the Customer(s) shall be deemed to have accepted the entries made in the placement advice, renewal advice and statement of account as correct and discharge HLISB from all liabilities.
- 2.15 Customer(s) agrees that the deposits shall be automatically paid back on maturity date unless instructions from the Customer(s) is received by HLISB. For the purpose of Tawarruq transaction, the Customer(s) has agreed to appoint HLISB as the Agent for the purchase and sale of the Commodity without the utterance of offer and acceptance between seller and buyer, following the principle of bai' mu'atah (sale by conduct) in accordance with these Terms and Conditions.

- 2.16 The Customer(s) agrees that HLISB shall act only as the absolute and undisclosed Agent of the Customer(s) for the Tawarruq transactions. Each sale and purchase contract in the Tawarruq transaction is binding in nature and shall not be terminated unilaterally by any of the contracting parties.
- 2.17 HLISB, as the Customer(s)'s Agent, shall look after the best interest of the Customer(s) and in good faith during the placement of the deposit or any renewal thereof, perform transactions to purchase the Commodity on cash basis (“**Purchase Transaction**”) through purchase agreements, certificates and other instruments as fully as the Customer(s) could do himself/ itself and to negotiate with the Supplier on behalf of the Customer(s) in relation thereto.
- 2.18 The Customer(s) hereby offers to sell the Commodity to HLISB upon constructive possession of Commodity through its Agent as proven by e-cert (or any other evidence of ownership) from the Supplier at an agreed Selling Price (cost plus profit) determined upon placement of deposit.
- 2.19 The Commodity will be sold on an “as is where is” basis without any representation or warranty in respect thereof and upon issuance of the purchase agreements, certificates and other instruments; the parties agree to waive the liability of the seller for any defect on the Commodity before entering into the sale and purchase contract. All risk shall pass to the purchaser and the seller shall be freed from any liabilities, responsibilities or obligations relating to the Commodity in any form or manner whatsoever. Any defects or non-delivery or any disputes whatsoever in relation to the Commodity shall not in any way affect or absolve the contracting parties obligations or undertakings herein.
- 2.20 HLISB hereby promise to purchase the Commodity from the Customer(s) upon constructive possession of Commodity through its Agent as proven by e-cert (or any other evidence of ownership) from the Commodity Trading Platform at an agreed Selling Price (cost plus profit) determined upon placement of deposit.
- 2.21 The Customer(s) agrees to indemnify HLISB against:-
- (a) all actions, claims, demands, liabilities, losses, damages, costs and expenses of whatever nature which HLISB may sustain, suffer or incur as a result of acting as the Customer(s)'s Agent in the Tawarruq transactions; or
 - (b) for any breach of the Customer(s)'s obligations. This indemnity shall continue in spite of the termination of HLISB's agency;
- except for any losses or damages for default, omission, negligence, breach of contract by HLISB. In the event the Customer(s) is held liable by a court of competent jurisdiction for any damages notwithstanding the foregoing, the total amount of the Customer's entire liability shall not exceed the principal amount of the transaction involved which gave rise to the claim.
- 2.22 In the event of any conflict or discrepancy between this Terms and Conditions and the General Terms and Conditions of Accounts for Deposits and Islamic Banking Deposits, this Terms and Conditions shall prevail to the extent of such conflict or discrepancy.
- 2.23 For more information on insurance coverage for deposits, please refer to PIDM's Deposit Insurance System (“DIS”) Brochure at our website at www.hlisb.com.my or www.pidm.gov.my.

Member of Perbadanan Insurans Deposit Malaysia.

Protected by PIDM up to RM250,000 for each depositor.