


ISSC Resolution		 إدارة الرقابة الشرعية الداخلية Internal Sharia Control Division	قرار لجنة الرقابة الشرعية الداخلية	
The Fatwa of Salam Microfinance Product			فتوى منتج السلم للتمويلات الصغيرة	
Date	13/7/2023		2023/7/13	التاريخ
Ref. No.	85-2023-SR-Siraj			الإشارة


بسم الله الرحمن الرحيم
الحمد لله والصلاة والسلام على نبينا محمد وعلى آله وأصحابه أجمعين ومن والاه الى يوم الدين.


The Internal Sharia Supervision Committee of Siraj Finance (the "ISSC") reviewed the fatwa issued by the previous ISSC regarding the Salam Microfinance Product, Annexed to the request:	اطلعت لجنة الرقابة الشرعية الداخلية لشركة سراج للتمويل ("اللجنة") على الفتوى الصادرة عن اللجنة الشرعية السابقة بشأن تسهيل منتج السلم للتمويلات الصغيرة، وقد أرفق بالطلب ما يلي:
- Salam Microfinance Product.	
The ISSC Resolution:	قرار اللجنة:
The ISSC decided to endorse the Attached fatwa..	قررت اللجنة اعتماد الفتوى المرفقة.
And, Allah knows the best	والله اعلم بالصواب.

لجنة الرقابة الشرعية الداخلية

Internal Sharia Supervision Committee


فضيلة الشيخ / عبد الناصر احمد
المناعي - عضو اللجنة


فضيلة الشيخ/ محمد بحر الدين بن بدري
نائب رئيس اللجنة


فضيلة الشيخ الدكتور/ فضل رحيم عبد الرحيم
الرئيس والعضو التنفيذي للجنة

Attachments:

(1) Copy of The Fatwa of Salam Microfinance Product.

المرفقات:

(1) نسخة من فتوى منتج السلم للتمويلات الصغيرة.



22nd September 2017

Siraj Finance PJSC
P.O.Box 63622
Abu Dhabi
United Arab Emirates

Kind Attention: **Mr. Mohammed Fyroze Rusan**

Dear Mr. Rusan,

Re: Salam Microfinance Product (the Product)

This is to certify the Sharia compliance of the Product and sets the modus operandi from a Sharia perspective.

1. **PROCESS FLOW**

The Product has been structured to be adopted on the DMCC Salam Platform (the **Salam Platform**) to provide solution for the offering of the Sharia compliant Salam based financing to the customers of Siraj Finance (the **Siraj Finance Salam Product**).

The following shall be performed outside the Salam Platform, namely:

1. The execution of the Salam Agreement between the Customer and Siraj Finance.
2. The execution of the Agency Agreement between the Customer and the Customer Agent (for and on behalf of the Customer).
3. The issuance of the Master Purchase Undertaking by DMCC (Eligible Member) in favour of Siraj Finance obliging to purchase the commodities upon the exercise of Siraj Finance (the **MPU**).
4. All payments of the Salam Sale Price, the Purchase Price and the Sale Price.

1.1. On-line Steps to be executed by Siraj Finance, Customer and Customer Agent

The following steps leading to the disbursement of the finance amount through Salam financing:

1. Under the Agency Agreement, each Customer shall appoint Customer Agent (for and on behalf of the Customer) to act on its behalf as its agent.
2. The Salam Agreement is executed between the Siraj Finance and Customer with agreed future dates on which Customer is obliged to deliver the specified commodities by each accepting the document thereby concluding the Salam Agreement.
3. Siraj Finance disburses Salam Sale Price to Customer on the date of the Salam Agreement based on the execution of the Salam Agreement.

1.2. Step-by-Step Sequential Process Flow on the Salam Platform

From a Salam Platform perspective, the following main actions pertaining to the Siraj Finance Salam Product on the Salam Platform (in addition to the other ancillary actions (as highlighted in the step-by-step process flow) :

1. The issuance of the Master Sale Undertaking by Supplier (Supplier (the Registered Supplier)) in favour of Customer (being duly represented by the Customer Agent (for and on behalf of the Customer)) obliging to sell the commodities upon the exercise of Siraj Finance (the **MSU**).
2. The issuance of the Delivery Expectation Notice by Siraj Finance to Customer Agent (for and on behalf of the Customer) (the **Delivery Expectation Notice**).
3. The exercise under the MSU by issuance of Exercise Notice by the Customer Agent (for and on behalf of the Customer) for the purchase of the commodities on the relevant delivery date in order to fulfill the relevant delivery obligation of the Customer under the Salam Agreement (the **MSU Exercise Notice**).
4. The issuance of the acceptance notice by the Supplier (Supplier (the Registered Supplier)) to the Customer (being duly represented by the Customer Agent (for and on behalf of the

Customer)) responding and accepting the MSU Exercise Notice (the **MSU Acceptance Notice**).

5. The delivery of the commodities on the relevant delivery date by the Customer Agent (for and on behalf of the Customer) (of behalf of the Customer) in order to fulfill the relevant delivery obligation of the Customer under the Salam Agreement (the **Delivery**).
6. The exercise under the MPU by issuance of Exercise Notice by Siraj Finance (sent through the Salam Platform on behalf of Siraj Finance) obliging the DMCC (Eligible Member) to purchase the commodities on the relevant delivery date (the **MPU Exercise Notice**).
7. The issuance of the acceptance notice by the DMCC (Eligible Member) to Siraj Finance responding and accepting the MPU Exercise Notice (the **MPU Acceptance Notice**).

The process flow is divided into two components, namely:

1. **Document (Contract) Initiation:** This is the phase where all the relevant documents on the Salam Platform are duly initiated.
2. **Delivery Processing:** This is the phase where the relevant notices are exchanged and the deliveries are made on the Salam Platform.

1.2.1. Document (Contract) Initiation on the Salam Platform

Under this phase, the following steps are entailed:

1. MPU is executed by the DMCC (Eligible Member) in favour of the Siraj Finance outside the Salam Platform. In MPU document, DMCC (Eligible Member) undertakes to purchase the specified commodities on agreed future dates. These future date will coincide with the date on which Siraj Finance receives the delivery of such specified commodities under Salam Agreement.
2. The MSU is issued by the Supplier (the Registered Supplier) irrevocably undertaking to the Customer Agent (for and on behalf of the Customer) that it will sell the described commodities on agreed future dates. These future dates will coincide with the date on which Customer is obliged to deliver the specified commodities under Salam Agreement to the Siraj Finance.

3. Siraj Finance sends Agency Agreement and MSU request documents to Customer Agent (for and on behalf of the Customer).
4. Siraj Finance sends these documents as a batch for multiple Salam Agreements of the same or different Customers.
5. Customer Agent (for and on behalf of the Customer) sends the MSU issuance request to Supplier (the Registered Supplier) requesting the Supplier (the Registered Supplier) to issue the MSU (the **MSU Issuance Request**).
6. In response the Supplier (the Registered Supplier) issues the MSU in favour of the Customer Agent (for and on behalf of the Customer).
7. Customer Agent (for and on behalf of the Customer) sends the MSU issuance confirmation to the Siraj Finance confirming the receipt of the MSU (the **MSU Issuance Confirmation**).
8. Siraj Finance sends the MPU Schedule Issuance Request to DMCC (Eligible Member)
9. DMCC (Eligible Member) issues the tentative MPU Schedule to the Siraj Finance, which is part of the MPU.

1.2.2. Delivery Processing

Under this phase, the following steps are entailed:

1. Customer deposits purchase price of commodities to Siraj Finance for the benefit of the Customer Agent to act under the Agency Agreement to purchase the relevant commodities for delivery to Siraj Finance on the relevant delivery date (the **Purchase Price**).
2. Siraj Finance sends Delivery Expectation Notice to Customer Agent (for and on behalf of the Customer). The notice will be a batch containing the delivery expectation for multiple Salam Agreements of the same or different Customers.
3. The Customer Agent (for and on behalf of the Customer) sends MSU Exercise Notice to the Supplier (the Registered Supplier) exercising its right under the MSU.

4. Supplier (the Registered Supplier) may accept the MSU Exercise Notice by providing the MSU Acceptance Notice. Upon the issuance of the MSU Acceptance Notice the ownership and possession of specified commodities shall transfer from Supplier (the Registered Supplier) to Customer (duly represented by the Customer Agent). This will be through a batch of all the relevant Customers and shall be evidenced by a legally recognized warrant on the Salam Platform.
5. Upon receiving the ownership and possession of the commodities, the Customer Agent (for and on behalf of the Customer) shall provide the Delivery of the relevant commodities to Siraj Finance under the Salam Agreement using the Salam Platform on behalf of the relevant Customers, which shall result in the transfer of ownership and possession of the relevant commodities from the relevant Customers (duly represented by the Customer Agent) to Siraj Finance. This will be through a batch of all the relevant Delivery of the Customers and shall be evidenced by a legally recognized warrant on the Salam Platform.
6. Upon receiving the Delivery, Siraj Finance through the Salam Platform (by an authorized action) shall provide the MPU Exercise Notice exercising its right under MPU by sending the MPU Exercise Notice to the DMCC (Eligible Member).
7. If DMCC (Eligible Member) accepts the Exercise Notice, this shall result in the issuance of the MSU Acceptance Notice, which shall result in the transfer of ownership and possession of the relevant commodities from Siraj Finance to DMCC (Eligible Member). This will be evidenced by a legally recognized warrant on the Salam Platform.
8. DMCC (Eligible Member) shall pay the Sale Price to Siraj Finance with respect to the commodities purchased pursuant to the exchange of the MPU Exercise Notice and the MPU Acceptance Notice.
9. Upon having purchased the commodities from Siraj Finance, DMCC (Eligible Member) as owner of the commodities shall be free to do any of the following:
 - Retain the Commodities.
 - Sell the Commodities on open market using the Salam Platform.
 - Sell the Commodities outside the Salam Platform.

2. Transfer of Ownership and Possession of Commodities

The sequence of the transfer of the ownership and possession of commodities under the entire Siraj Finance Salam Product has been highlighted as below:

S.No.	From	To	Document Issued
1	Supplier (the Registered Supplier)	Customer Agent (for and on behalf of the Customer)	MSU Exercise Notice and the MSU Acceptance Notice.
2	Customer Agent (for and on behalf of the Customer)	Siraj Finance	Customer Agent (for and on behalf of the Customer) and Siraj Finance (Delivery Confirmation)
3	Siraj Finance	DMCC (Eligible Member)	MPU Exercise Notice and the MPU Acceptance Notice.

General Notes

- All transaction documents shall be in accordance with the AAOIFI Sharia standards.

Allaho A'alam.

Yours truly,

For and on behalf of Sharia Supervisory Board



Dr. Hussain Hamid Hassan, Chairman,