

CONVERSION OF HAIQAL TRANSACTIONAL ACCOUNT FROM MUDHARABAH TO TAWARRUQ

Dear Valued Client,

Thank you for your continuous support for Standard Chartered Saadiq Berhad's ("SCSB") Haiqal Transactional Account.

We wish to inform that we will convert your account(s) from Mudharabah to Tawarruq on 19th November 2018.

What is Mudharabah?

Mudharabah is a contract between a capital provider (client) and an entrepreneur (the Bank) under which the client provides capital to be managed by the Bank and any profit generated from the capital is shared between the client and the Bank according to a mutually agreed profit sharing ratio (PSR) whilst financial losses are borne by the client provided that such losses are not due to the Bank's misconduct, negligence or breach of specified terms.

What is Tawarruq?

Tawarruq is the Shariah concept of an arrangement which consists of two sale and purchase contracts. The first involves the sale of an asset by a seller to a purchaser on a deferred basis. Subsequently, the purchaser of the first sale will sell the same asset to a third party on a cash and spot basis.

How does it work?

Step 1: You appoint the Bank as an agent (called Wakeel) to purchase and sell commodity.

Purchase of Commodity

Step 2: The Bank (as your agent) purchases commodity from a commodity trader. The purchase price paid to the commodity trader is equal to your end-of-day deposit balance. You are now the owner of the commodity.

Sale of Commodity

Step 3a: The Bank (on your behalf) may sell the same commodity to the Bank (as principal).

Step 3b: The sale price paid by the Bank (as principal) to you equals to your end-of-day deposit balance plus profit agreed between you and the Bank. (This step is based on 'Murabahah' concept which means Cost plus Profit).

Step 4: The profit arising from the sale of commodity (in step 3b) is paid to you at the end of the 6th and 12th month after the date your application for Haiqal Transactional Account.

What is the profit rate of the product upon conversion?

The profit rate is 4% p.a.

Would there be any impact to the product?

Please be informed that the above Tawarruq arrangement is to meet the Shariah requirements and will not have any impact on your investment with us.



If you continue to operate the account, it is deemed that you are agreeable to the above conversion exercise, the profit rate, Terms and Conditions Governing the Agency Appointment for Haiqal Transactional Account and Murabahah Terms and Conditions for Haiqal Transactional Account. If you do not agree with the conversion, kindly visit the nearest Standard Chartered branch to terminate your account before 19th November 2018.

Your banking relationship is very important to us. We recommend you subscribe to other investment products that suits you.

For further information, please contact Client Care Centre at 1 300 888 888 / +603 7711 8888 (if you are calling from overseas) or simply visit our nearest branch.

Kindly refer to the below FAQ on linkages to the relevant Terms and Conditions.

Thank you for banking with us.



FREQUENTLY ASKED QUESTIONS (FAQ)
Conversion of Haiqal Transactional Account from Mudharabah to Tawarruq

Effective on 19th November 2018, Standard Chartered Saadiq Berhad will convert your Haiqal Transactional Account from Mudharabah to Tawarruq (hereinafter referred as “this Conversion”).

1. When will this Conversion take effect?

The effective date of the Conversion is on 19th November 2018.

2. What is the underlying Shariah contract before the Conversion?

Prior to 19th November 2018, the underlying Shariah contract of Haiqal Transactional Account is Mudharabah.

3. What is the underlying Shariah concept after the Conversion?

The new underlying Shariah concept of Haiqal Transactional Account is Tawarruq.

4. What is Mudharabah?

Mudharabah is a contract between a capital provider (client) and an entrepreneur (the Bank) under which the client provides capital to be managed by the Bank and any profit generated from the capital is shared between the client and the Bank according to a mutually agreed profit sharing ratio (PSR) whilst financial losses are borne by the client provided that such losses are not due to the Bank's misconduct, negligence or breach of specified terms.

5. What is Tawarruq?

Tawarruq is the Shariah concept of an arrangement which consists of two sale and purchase contracts. The first involves the sale of an asset by a seller to a purchaser on a deferred basis. Subsequently, the purchaser of the first sale will sell the same asset to a third party on a cash and spot basis.

6. How does Tawarruq works?

Step 1: You appoint the Bank as an agent (called Wakeel) to purchase and sell commodity.

Purchase of Commodity

Step 2: The Bank (as your agent) purchases commodity from a commodity trader. The purchase price paid to the commodity trader is equal to your end-of-day deposit balance. You are now the owner of the commodity.

Sale of Commodity

Step 3a: The Bank (on your behalf) may sell the same commodity to the Bank (as principal).

Step 3b: The sale price paid by the Bank (as principal) to you equals to your end-of-day deposit balance plus profit agreed between you and the Bank. (This step is based on 'Murabahah' concept which means Cost plus Profit).

Step 4: The profit arising from the sale of commodity (in step 3b) is paid to you at the end of the 6th and 12th month after the date your application for Haiqal Transactional Account.

7. What is the profit rate of the product upon Conversion?

The profit rate is 4% p.a.



8. What do I need to do for this Conversion and do I have to pay any charges against this Conversion?

There is no action required from your end. The Conversion exercise will be performed by the Bank and there will not be any charges incurred.

If you continue to operate your account as usual, it is deemed that you are agreeable to the Conversion exercise, the profit rate, Terms and Conditions Governing the Agency Appointment for Haiqal Transactional Account (item 13) and Murabahah Terms and Conditions for Haiqal Transactional Account (item 13) on the effective date. If you do not agree with the conversion, you may visit the nearest Standard Chartered branch to terminate your account.

9. How does it impact the product?

Please be informed that the above Tawarruq arrangement (item 6) is to meet the Shariah requirements and will not have any impact on your investment with us.

10. Are principal and profit of Haiqal Transactional Account under Tawarruq guaranteed by the Bank?

Yes. Both principal and profit of Haiqal Transactional Account under Tawarruq are guaranteed by the Bank.

11. Where can I obtain further information on my account?

Should you have any enquiry pertaining to this Conversion, you may contact our Client Care Centre at 1 300 888 888 / +603 7711 8888 (if you are calling from overseas) or visit any of our nearest branch.

For more information, kindly visit sc.com/my/haiqalundertawarruq.

12. What are the Terms and Conditions Governing the Haiqal Transactional Account under Tawarruq?

The relevant Terms and Conditions for Haiqal Transactional Account under Tawarruq are as listed below (please click below link(s) to view):

- [Terms and Conditions Governing the Agency Appointment for Haiqal Transactional Account](#)
- [Murabahah Terms and Conditions for Haiqal Transactional Account](#)
- [Saadiq Personal Account Rules and Regulations](#)