

**Adoption of AAOIFI Shariah Standard No. 17 pertaining to 'Investment Sukuk'**

In order to standardize and harmonize Shariah practices in IBIs, AAOIFI Shariah Standard No. 17 related to 'Investment Sukuk' has been adopted. The Standard is applicable subject to clarifications/amendments as mentioned hereunder:

1. "The word 'certificates' used in the Standard may be read interchangeably for 'Sukuk'.
2. **Clause 1:** The following clarification is added as footnote to the clause: "As the standard covers various types of Sukuk, in case of any query, the provisions/rulings of relevant mode may be referred. For example, in case of query on Ijarah Sukuk, the Shariah Standard on Ijarah may be referred. Further, AAOIFI Resolution on Sukuk issued in February 2008 which provides necessary explanation to the subject Standard is also adopted with this standard.
3. **Clause 2:** The following is added as footnote to the clause: The phrase 'undivided shares' appearing in the clause may be read as 'undivided share'.
4. **Clause 3/2/2:** The following is added as footnote to the clause which defines Ijarah Mowswoofa fi Zimmah certificates: 'The Ijarah Mowswoofa fi Zimmah' referred to in the clause means Ijarah of described but unidentified assets or services.'
5. **Clause 3/2/3:** The following footnote is added to the clause: "The phrase 'subscription income' used in the clause may be read as 'subscription revenue'."
6. **Clause 4/3:** The following is added as footnote to the clause: "The term 'Sharia-nominated' used in the clause may be read as 'Shariah-compliant'."
7. **Clause 4/4:** The following clarification is made with respect to the clause: "The clause may be read as 'The trading of investment Sukuk is subject to the terms that govern trading of the assets they represent.'"
8. **Clause 5/1/5/2 (c):** The following is added as footnote to the clause: "The holders of these Sukuk listed at a, b, and c of the clause are entitled to the revenue generated by onward sale of these services".
9. **Clause 5/1/5/10 & 5/1/5/11:** The following is added as footnote to the clause: "The phrase 'maintaining cost' in these clauses may be read as 'maintenance cost'.
10. **Clause 5/1/8/4:** The following is added as footnote to the clause: 'Islamic bank investing in such Sukuk shall put in place a mechanism to satisfy itself regarding the Shariah compliance of the Sukuk during its entire duration'.
11. **Clause 5/1/8/7:** The following is added as footnote to the clause: "The clause pertains to Sukuk based on Shirkatul Aqd and not on those based on Shirkatul Milk".
12. **Clause 5/2/2:** The following is added as footnote to the clause: "The impermissibility of undertaking by the issuer to purchase the sukuk at nominal value is not applicable on sukuk based on 'Shariktul Milk' or 'Ijarah'. Further, the term 'negotiable sukuk' used in the clause may be read as 'tradable sukuk'.
13. **Clause 5/2/5:** The following is added as footnote to the clause: "This clause is applicable on sukuk issued on the basis of portfolio of already leased assets only."
14. **Clause 5/2/7:** The following is added as footnote to the clause: "In cases of sukuk based on sale-and-lease-back, the issuer shall not repurchase the leased asset from the sukuk holders before the completion of one calendar year."
15. **Clause 5/2/14:** The following is added as footnote to the clause: "However, trading of Salam sukuk is permissible only after taking delivery of the goods and before their onward sale."