

Adoption of AAOIFI Shariah Standards Nos. 4, 7, 16, 22, 48, 51 & 52

In order to standardize and harmonize Shariah practices in Islamic Banking Institutions (IBIs), AAOIFI Shariah Standards No. 4 – Settlement of Debts by Set-Off, No. 7 – Hawalah, No. 16 – Commercial Papers, No. 22 – Concession Contracts, No. 48 – Options to Terminate Due to Breach of Trust (Trust-Based Options), No. 51 – Options to Revoke Contracts Due to Incomplete Performance and No. 52 – Options to Reconsider (Cooling-Off Options, Either-Or Options, and Options to Revoke Due to Non-Payment) have been adopted. These Shariah Standards are applicable with the following clarifications and amendments as mentioned against each clause(s) of respective Standard:

AAOIFI Shariah Standard No. 4 – Settlement of Debts by Set-Off

1. **Clause 1:** The following is added as a footnote to the clause:

This clause may be read as follows:

“Scope of the Standard

This standard covers the settlement of debt by way of set-off. The standard shall not apply to discharge of liability by way of transfer, waiving of obligation, settlement through reconciliation of debt, acquisition of a right payable or bilateral cancellation of a contract, as they are covered by their respective Standards.”

2. **Clause 2:** The following is added as a footnote to the clause:

This clause may be read as follows:

“Definition of Set-Off and Its Various Forms

To extinguish a debt receivable for a person from his debtor against a debt payable on that person to his debtor. It is divided into two main forms: mandatory set-off and contractual set-off.”

3. **Clause 2/1:** The following is added as a footnote to the clause:

This clause may be read as follows:

“Mandatory set-off

A mandatory set-off is a set-off that occurs without the need for bilateral agreement or consent of both indebted parties and, in some cases of mandatory set-off, it is one party that is forced to comply with the request of the other party for set-off. It is divided into (1) compulsory set-off (on both parties) and (2) and set-off on demand.”

4. **Clause 2/1/2:** The following is added as a footnote to the clause:

This clause may be read as follows: “The conditions of the permissibility of compulsory set-off are the following:

a) Each party should be a creditor and debtor of each other.

b) Both debts should be equal in kind, type, description and maturity. However, if the two debts are not equal in amount, a set-off will take place of an equivalent amount on both sides, and the party that is owed the larger debt will remain a creditor for the remaining balance.

c) Neither of the two debts should be encumbered by an obligation to a third party, with an intention to avoid damage to the third party such as the right of a mortgagee.

d) The set-off should not be arranged in a manner that results in violation of a rule of Shari’ah, such as Riba (usury) or Shubhat al-Riba (a transaction potentially involving Riba).”

5. **Clause 2/1/3:** The following is added as footnote to the clause:

This clause may be read as follows: “A set-off on demand is the discharge of two debts at the request of the creditor for the superior debt and his consent to forgo from the feature which

distinguishes his right. This set-off will take place whether or not the creditor of the inferior debt consents.”

6. **Clause 2/1/4:** The following is added as footnote to the clause:

This clause may be read as follows: “The conditions of permissibility of a set-off on demand are the following:

- a) Each party should be a creditor and debtor of each other.*
- b) The person with the superior right agrees to forgo his right in superiority e.g. in terms of the characteristics of the debt such as his debt is secured through mortgage or guarantee or superiority in tenure of debt such as tenure of his debt is shorter or his debt has become due and the other debt is deferred.*
- c) Both debts should be similar in kind and type, but not in quality and date of maturity. However, if the two debts are not equal in amount, a set-off will take place of an equivalent amount on both sides, and the party that is owed the larger debt will remain a creditor for the remaining balance.*
- d) The set-off should not be arranged in a manner that results in violation of a rule of Shari’ah, such as Riba (usury) or a transaction potentially involving Riba (شبهة الربا).”*

7. **Clause 2/2/2:** The following is added as footnote to the clause:

This clause may be read as follows: “The conditions of the permissibility of a contractual set-off are the following:

- a) Each party should be a creditor and debtor of each other.*
- b) The two parties should mutually consent to the set-off.*
- c) The set-off should not be arranged in a manner that results in violation of a rule of Shari’ah, such as Riba or a transaction potentially involving Riba (شبهة الربا).”*

8. **Clause 2/2/3:** The following is added as a footnote to the clause:

This clause may be read as follows: “A contractual set-off is permissible even without the need for two debts to be similar in kind, type, description or maturity. This is because the agreement on contractual set-off means that each party has agreed to relinquish any extra privilege associated with his debt. A contractual set-off is also permissible if the two debts are not equal in terms of amount, in which case a set-off will take place of an equivalent amount on both sides, and the party that is owed the larger debt is entitled to demand payment of the remaining balance. [see item 2/10 (a) of the Shari’ah Standards on Trading in Currencies].”

9. **Clause 3:** The following is added as a footnote to the clause:

This clause may be read as follows:

“Bilateral Exchange of Promises to Conclude a Set-Off in the Future

Bilateral promise between the institution and its customers or between the institution and other institutions on settlement of debts that may be created between them in the future is permissible, in this case all the conditions mentioned in the items 2/1 and 2/2 will be applicable. However, if the currencies of the two debts differ, a bilateral exchange of promise of set-off should be concluded on the basis that a set-off will take place based on the prevailing exchange rate at the time of settlement. This ruling is to prevent from the possible concealment of Riba.”

10. **Clause 4:** The following is added as a footnote to the clause:

This clause may be read as follows:

“Contemporary applications of rules of set off (Muqassa)

Following are some contemporary applications for the rules of set-off:”

11. **Clause 4/1:** The following is added as a footnote to the clause:

This clause may be read as follows: “Stipulating set-off between the customer and the Institution in respect of debts to the Institution arising out of sales on deferred payment. The agreement on

contractual set-off of future debts, commonly known as set-off and consolidation, is a practice employed by a large number of financial Institutions. This form of set-off may take place either compulsorily or contractually according to the condition of any of the two forms. Moreover, by pre-stipulating this type of set-off in the agreement, a fresh agreement may be avoided at the time of set-off when the two currencies are different or when one of the debts is superior to the other.”

12. **Clause 4/2:** The following is added as a footnote to the clause:

This clause may be read as follows: “A set-off may take place between a financial Institution accepting a cheque and the drawer of the cheque, through the clearing-house. This form of set-off may also take place either compulsorily or contractually according to the condition of any of the two forms.”

13. **Clause 4/3:** The following is added as a footnote to the clause:

This clause may be read as follows: “Set-off that is concluded among financial Institutions through international or national networking systems, such as credit card or debit card organisations. This form of set-off may be either compulsory or contractual according to the condition of any of the two forms.”

14. **Clause 5:** The following is added as a footnote to the clause:

This clause may be read as follows:

“Swaps

The swaps that are concluded on the basis of Riba are not permissible. This is because in this process it is the set-off between interests of interest-based securities.”

AAOIFI Shariah Standard No. 7 – Hawalah

1. **Clause 1:** The following are added as footnotes to the clause:

This clause may be read as follows:

“Scope of the Standard

This standard covers Hawalah transactions that involve a change of debtor, i.e. assignment of debt. The scope of this standard does not cover transfer of rights and banking remittances except the remittances that take the form of Hawalah (transfer of debt).”

Following is added for clarity:

“This standard does not, in any way, permit fund transfers through Hawala/Hundi, which are illegal.”

2. **Clause 2:** The following is added as a footnote to the clause:

This clause may be read as follows:

“Definition of Hawalah

Hawalah of debt is the assignment of debt from the assignor (Muheel) to the assignee (Muhall Alaihi). In this, the debtor changes to another debtor and it differs from transfer of right which is replacement of a creditor with another creditor.”

3. **Clause 3/2:** The following is added as a footnote to the clause:

This clause may be read as follows: “The acceptance of Hawalah is recommended for the creditor if the assignee is known to be solvent and a person who honours payments. This is because Hawalah benefits the creditor and gives relief to the debtor.”

4. **Clause 3/3:** Following is inserted as Clause 3/3 to make it consistent with Arabic text, which is as follows:

This clause may be read as follows: "If the financial status and creditworthiness of the assignee is not known to the creditor, then Hawalah becomes Mubah (permissible)."

5. **Clause 4/1:** The following is added as a footnote to the clause:
This clause may be read as follows: "A contract of Hawalah can be concluded by an offer from the assignor and acceptance from the creditor (Muhall) and the assignee in a manner that offer and acceptance fulfill its requirement and indicates transfer of the debt from the obligation of one party towards the obligation of other party without the requirement of the usage of word Hawalah in itself."
6. **Clause 4/2:** The following is added as a footnote to the clause:
This clause may be read as follows: "Hawalah is a binding contract. Therefore, it is not permissible for any party to terminate or void it unilaterally."
7. **Clause 4/3:** The following is added as a footnote to the clause:
This clause may be read as follows: "It is a requirement that a transfer of debt take effect immediately, not to be contingent, time bound or commencing on a future date. However, it is permissible to defer payment of the assigned debt until a future specified date."
8. **Clause 5/1/1:** The following is added as a footnote to the clause:
This clause may be read as follows: "Restricted Hawalah: It is a transaction where the assignee is restricted to settling the amount of the assigned debt from the amount of a debt or a tangible asset that belongs to the assignor and is in the possession of the assignee. Restricted Hawalah is permissible by Shari'ah."
9. **Clause 5/1/2:** The following is added as a footnote to the clause:
This clause may be read as follows: "Unrestricted Hawalah: It is a transaction where the assignee does not have any debt or tangible asset belonging to assignor and he undertakes to pay the debt owed by the assignor from his own funds and to have recourse afterwards to the assignor for whatever he has paid on behalf of the assignor, provided that the assignment for payment was made on the order of the assignor. Unrestricted Hawalah is permissible by Shari'ah."
10. **Clause 5/1/3:** The following is added as a footnote to the clause:
This clause may be read as follows: "It is permitted to conclude a Hawalah on a spot payment basis. This is a Hawalah in which the debt transferred to the assignee becomes payable on the spot whether the debt has already fallen due and the obligation is then assigned to the assignee for immediate settlement, or the assigned debt is yet to fall due and the creditor has required, as a condition for accepting the assignment, that it be paid immediately by assignee."
11. **Clause 5/1/4:** The following is added as a footnote to the clause:
This clause may be read as follows: "It is permissible to conclude a Hawalah contract on a deferred payment basis. This is a Hawalah in which the debt assigned to the assignee is to be paid in the future, whether the payment of the debt is not yet due and was assigned as such to the assignee, or the payment of such debt is due but the assignee required that it should be transferred for future agreed date. In the latter case, the assignee cannot be asked for payment before the agreed date."
12. **Clause 6/1:** The following is added as a footnote to the clause:
This clause may be read as follows: "The permissibility of Hawalah requires the consent of all the three parties, namely the assignor, the creditor and the assignee."
13. **Clause 6/2:** The following is added as a footnote to the clause:

This clause may be read as follows: "The permissibility of a Hawalah requires that the assignor be a debtor to the creditor. Therefore, an assignment by a person, who is a non-debtor, is an agency contract for collection of the debt and not an assignment of debt."

14. **Clause 6/3:** The following is added as a footnote to the clause:
This clause may be read as follows: "It is not a condition in a Hawalah that the assignee be a debtor to the assignor. If the assignee is not a debtor to the assignor, the Hawalah will be an unrestricted Hawalah. [see item 5/1/2]."
15. **Clause 6/4:** The following is added as a footnote to the clause:
This clause may be read as follows: "It is a condition that assignee, assignor and creditor should be competent to act."
16. **Clause 6/5:** The following is added as a footnote to the clause:
This clause may be read as follows: "It is a condition in Hawalah that both the assigned debt and the debt to be used for settlement be known and transferable."
17. **Clause 6/6:** The following is added as a footnote to the clause:
This clause may be read as follows: "It is a condition for concluding restricted Hawalah that the assigned debt or the assigned portion of the debt be equal to the debt owed to the assignee in terms of kind, type, quality and quantity. However, the assignor may assign a lesser amount of a debt owed to the assignee to be settled from a larger amount owed by the assignor on condition that the assignee be entitled only to the equivalent amount of his debt."
18. **Clause 7/1:** The following is added as a footnote to the clause:
This clause may be read as follows: "A valid Hawalah discharges the assignor from both the debt liability and any claims in respect of it. In other words, the creditor will have no right of recourse against the assignor for payment. However, if the acceptance of the transfer was based on the condition that the assignee must be solvent, then the creditor will have a right of recourse if the assignee is found to be insolvent."
19. **Clause 7/2:** The following is added as a footnote to the clause:
This clause may be read as follows: "The creditor is entitled to have a right of recourse against the assignor if the debt becomes irrecoverable, even if the recourse is not stipulated in the contract. The irrecoverability of debt is death of the assignee in bankruptcy, or liquidation of an Institution in the case of bankruptcy before payment of the debt, or he denies concluding the Hawalah contract and has taken a judicial oath to this effect and there is no evidence to prove otherwise or the assignee is declared as bankrupt in his lifetime, or the Institution (that is the assignee) is declared bankrupt by a court order."
20. **Clause 8:** The following is added as a footnote to the clause:
The clause may be read as follows:
"Effect of Hawalah on the Relationship between the assignor and the assignee"
After the conclusion of a restricted Hawalah, the assignor is no longer entitled to reclaim from the assignee an amount transferred to the assignee in respect of the debt to be settled, because the right to receive this amount has now passed to the creditor."
21. **Clause 9:** The following is added as a footnote to the clause:
The heading may be read as "Effect of Hawalah on the Relationship between the Creditor and the assignee"
22. **Clause 9/1:** The following is added as a footnote to the clause:

This clause may be read as follows: "The creditor is entitled to claim the amount of the debt assigned to him through Hawalah from the assignee in accordance with conditions of Hawalah contract. The assignee, on the other hand, is obliged to pay him and has no right to refuse payment."

23. **Clause 9/2:** The following is added as a footnote to the clause:

This clause may be read as follows: "The assignee takes the place of the assignor in respect to all rights, legal protections and obligations. The creditor in restricted Hawalah takes the place of the assignor in respect to all rights, legal protections and obligations against the assignee."

24. **Clause 10:** The following is added as a footnote to the clause:

*The heading may be read as "**Effect of Death and Insolvency on a Hawalah Transaction**"*

25. **Clause 10/1:** The following is added as a footnote to the clause:

This clause may be read as follows: "A Hawalah shall not be annulled by the death of the assignor or liquidation of an assignor institution. This debt which is on the assignor is now exclusively for the creditor and this assigned debt shall not be included in the distribution amongst the other creditors of the assignor."

26. **Clause 10/2:** The following is added as a footnote to the clause:

This clause may be read as follows: "A Hawalah transaction shall not be annulled due to the death of the assignee or the liquidation of the Institution acting as assignee. The creditor will have the recourse on the inheritance of the assignee if whatever assets he leaves behind has the capacity to pay off his debts or on the personal guarantor of the assignee, if available, or on the assets of the liquidated institution. However, if the assignee dies in the state of declared insolvency/bankruptcy or the assignee institution is liquidated due to declared insolvency/bankruptcy, then the creditor shall be entitled to have recourse to the assignor [see item 7/2]."

27. **Clause 10/3:** The following is added as a footnote to the clause:

This clause may be read as follows: "A Hawalah transaction shall not be annulled due to the death of the creditor and the heirs shall replace the creditor. The Hawalah will also not be void in case of liquidation of a creditor Institution in which case the liquidator takes the place of the Institution for settlement."

28. **Clause 11:** The following is added as a footnote to the clause:

This clause may be read as follows:

"Conclusion of a Hawalah

A Hawalah will come to an end by settlement of the debt to the creditor or by a mutual agreement of assignor and creditor to terminate it or by the debt being written-off by the creditor in favour of assignee."

29. **Clause 12:** The following is added as a footnote to the clause:

*The heading may be read as "**Modern Applications of Hawalah**"*

30. **Clause 12/1:** The following is added as a footnote to the clause:

This clause may be read as follows:

"Withdrawals from a current account

An issuance of a cheque against a current account is considered as a form of Hawalah if the beneficiary is a creditor of the issuer (withdrawer or the writer of the cheque) or the account holder for the amount of the cheque, in which case the withdrawer would be the assignor and the

bank would be assignee and the beneficiary would be the creditor. If the beneficiary is not a creditor to the issuer of the cheque, then this is not a Hawalah transaction because Hawala of debt cannot be considered without an existence of a debt. However, it would be considered as an agency contract for possession which is permissible by Shariah.”

31. **Clause 12/2:** The following is added as a footnote to the clause:

This clause may be read as follows:

“Overdrawing from an account or overdraft

If the beneficiary of the amount of a cheque is a creditor to the issuer, then issuing a cheque against the account of the issuer without a balance is unrestricted Hawalah if the bank accepts the overdraft. If the bank rejects the overdraft, then this is not considered a Hawalah, in which case the holder of the cheque will have recourse to the issuer.”

32. **Clause 12/3:** The following is added as a footnote to the clause:

This clause may be read as follows:

“Travellers’ cheques

The holder of a travellers’ cheque, the value of which has been paid by him to the issuing Institution, is a creditor to such an Institution. If the holder of the travellers’ cheque endorses the cheque in favour of his creditor, it becomes a transfer of debt in favour of a third party against the issuing Institution that is a debtor to the holder of the traveller’s cheque. This is a restricted Hawalah and the amount of the debt is the value of the cheque for which the Institution received payment.”

33. **Clause 12/4/1:** The following is added as a footnote to the clause:

This clause may be read as follows: “A bill of exchange is considered a form of Hawalah if the beneficiary is a creditor to the drawer on whose instructions the bill of exchange is issued. The drawer is, in this case, the assignor who gives orders to the drawee to pay a certain sum of money at a specified date to the defined beneficiary. The party which is obliged to pay the ascertained amount (drawee) is the assignee whereas the beneficiary, i.e. the holder of the bill of exchange, is the creditor. If the beneficiary is not a creditor of the drawer, then the issuance of the bill of exchange becomes an agency contract to recover or collect the amount of the bill of exchange on behalf of the drawer.”

34. **Clause 12/4/2:** The following is added as a footnote to the clause:

This clause may be read as follows: “In the absence of a debt obligation between the drawer and the drawee, the bill of exchange would be considered as an unrestricted Hawalah.”

35. **Clause 12/5/3:** The following is added as a footnote to the clause:

This clause may be read as follows: “Subject to item 12/5/1, it is permissible for the first beneficiary of a bill of exchange to endorse it in favour of any other party. The second beneficiary may also endorse such a bill of exchange in favour of a third party and so on, in which case the subsequent endorsements are a form of successive Hawalah which is not objectionable in Shari’ah.”

36. **Clause 12/5/4:** The following is added as a footnote to the clause:

This clause may be read as follows: “It is not permissible to discount bills of exchange by transferring the ownership of their value by its holder, before their due date, to an Institution or others for a discounted immediate payment. This is because the transaction in this manner is a form of Riba.”

37. **Clause 12/6:** The following is added as a footnote to the clause:

This clause may be read as follows:

“Transfer of money (remittances)

The request of a customer for the Institution to transfer a certain amount of money in the same currency from his current account to a particular beneficiary is a Hawalah when the customer is a debtor to such a beneficiary. The fee that the Institution charges in this situation is the consideration against delivery of the amount to the creditor and it is not an additional amount gained by the Institution over the amount transferred. However, if it is not in the same currency, then the transaction consists of a combination of Sarf and Hawalah which is permissible. [see item 2/11 of the Shari’ah Standard on Trading in Currencies]”

AAOIFI Shariah Standard No. 16 – Commercial Papers

1. The word “Commercial papers” may be read as “Negotiable Instruments (Commercial Papers)” under the title and throughout the text of AAOIFI Shariah Standard No. 16.
2. **Clause 2/1:** The following are added as footnotes to the clause:
This clause may be read as follows: “Bill of exchange: A written, signed, and unconditional order from a person to another person to pay a certain sum of money at sight or at a particular or determinable date to a third person or to the order of that third person or to the bearer of that instrument.”
Following is added for clarity:
“Wherever the terms ‘cheque’, ‘bill of exchange’ and ‘promissory note’ appear in the standard, they will subject to the definition as per Negotiable Instruments Act 1881.”
3. **Clause 2/3:** The following is added as a footnote to the clause:
This clause may be read as follows: “Cheque: A certificate that is issued to a particular person, containing an order issued by a person (the drawer) to another person (bank-the drawee) to pay a certain sum of money to a third person (the beneficiary) at sight. In Shari’ah characterisation, it is considered a restricted Hawalah if the drawer is a creditor to the drawee. Otherwise, it is considered an unrestricted Hawalah with respect to the drawer.”
4. **Clause 3/1:** The following is added as a footnote to the clause:
This clause may be read as follows: “It is permissible to undertake transactions in commercial papers of the three types (bill of exchange, promissory note and cheque) on the condition that it does not amount to the contravention of the Shari’ah, like Riba or delay that is prohibited by Shariah in accordance with the details provided in the following paragraphs.”
5. **Clause 3/3:** The following is added as a footnote to the clause:
This clause may be read as follows: “It is permitted to use a cheque in the following types of transactions and situations:
3/3/1) A cheque, where the owner has a balance, when drawn by the client against the bank or by the bank against another bank or against itself or against one of its branches.
3/3/2) A cheque, where the owner has no balance, when drawn by the client against a bank or is drawn by the bank against another bank or against itself or against one of its branches (the so-called overdraft). From Shari’ah perspective, it is a loan (Qard) which is permissible if it is void of Riba.
3/3/3) A crossed cheque that binds the payee bank to fulfil its conditions.
3/3/4) An account payee cheque that binds payee bank to fulfil its conditions by crediting the amount of the cheque to the beneficiary’s account.

3/3/5) Travellers' cheques. It is permissible for the institution issuing it to take commission in lieu of intermediation in such issuance or at the time of its payment provided this does not include Riba."

6. **Clause 5:** The following is added as a footnote to the clause:
This clause may be read as follows:
"Collection of the Amount of Commercial Papers
The collection of the amount of commercial papers is considered an agency with the beneficiary appointing the institution as an agent to collect the value of the paper on his behalf. The institution is entitled to commission that is agreed upon between the beneficiary and the institution. In the absence of an agreement between them, the practice prevalent among institutions is to be acted upon."
7. **Clause 6/1:** The following is added as a footnote to the clause:
This clause may be read as follows: "It is not permissible to discount commercial papers, but it is permitted to pay an amount that is less than the value of the paper to the first beneficiary (creditor) prior to the date of maturity."
8. **Clause 8/2:** The following is added as a footnote to the clause:
This clause may be read as follows: "All parties whose signatures appear on the commercial paper including the drawer, the endorser and the guarantor are jointly responsible to pay to the holder the value of the paper in accordance with rules of liability, thus, the holder is entitled to have recourse to them severally or jointly after the refusal of the drawee (or the issuer in case of a promissory note) to pay."

AAOIFI Shariah Standard No. 22 – Concession Contracts

1. **Clause 5/2/5:** The following is added as a footnote to the clause:
This clause may be read as follows: "The State may offer exploration or utilization concessions directly, and without resorting to the above-mentioned procedures."
2. **Clause 5/2/6:** The following is added as a footnote to the clause:
This clause may be read as follows: "When the State requests a specialized body to conduct survey or exploration on its behalf, the contractual relationship becomes subject to the rulings of "Ijarah" or "Ju'alah". In this case Shari'ah Standard No. (9) on Ijarah and Ijarah Muntahia Bittamleek, as well as Shari'ah Standard No. (15) on Ju'alah, should be referred to."
3. **Clause 5/3:** The following is added as a footnote to the clause:
This clause may be read as follows:
"Shari'ah perspective on utilization concession contracts
Utilization of minerals, water resources and the likes cannot take place without exploration, which entails an unknown amount of effort. Whereas the remuneration to which the holder of concession is entitled, is usually a well-defined amount or percentage share of the output. The Shari'ah classifies such contracts as a form of Ju'alah, where the State is the "Ja'il" (Ju'alah initiator), the licensee Institution is the "Amil" (hired party) and the specific amount to be received by the latter is the "Ju'l" (compensation amount). [see Shari'ah Standard No. (15) on Ju'alah]."
4. **Clause 5/7/2:** The following is added as a footnote to the clause:

This clause may be read as follows: "In addition to its own share in the product according to the concession contract, the State has also the preemptory right of purchasing the quantities, it needs, from the output according to the prevailing prices and contractual terms."

5. **Clause 6/1/2:** The following is added as a footnote to the clause:
The heading may be read as "Forms of construction concession contracts:"
6. **Clause 6/1/2/2:** The following is added as a footnote to the clause:
This clause may be read as follows: "When the licensee constructs the project according to certain specifications on a piece of land owned by the State, and the project and its usufructs become the property of the licensee and will use the usufruct for a specific period after which the ownership of the project (and its usufruct) goes to the state."
7. **Clause 6/2:** The following is added as a footnote to the clause:
*This clause may be read as follows:
"Shari'ah perspective on construction concession contracts:
Construction concession contracts vary with regard to their Shari'ah perspective, according to the following:"*
8. **Clause 6/2/1:** The following is added as a footnote to the clause:
This clause may be read as follows: "If the commitment of the licensee includes construction works as well as provision of materials, which is the predominant case, the contract is that of "Istisna'a". The price of the contract is the right which enables the licensee to utilize the project for one's own benefit for a specific period before handing it over to the State."
9. **Clause 6/3:** The following is added as a footnote to the clause:
The heading may be read as "Shariah perspective of remuneration for construction concession contracts"
10. **Clause 6/3/2:** The following is added as a footnote to the clause:
This clause may be read as follows: "If the price for the construction of a project is determined in terms of a certain amount of money, the licensee retains the custody of the project as security for his right to get the price from the consideration against utilization of the project. Besides, licensee has the right of arranging a set-off between the price and the consideration of utilization with the licensor. If the licensee receives the price before the end of the contract period, then he will hand over the project to the licensor. If the licensee does not receive the price during this period, then he has the right to hold the project as security until price is received."
11. **Clause 7/2:** The following is added as a footnote to the clause:
*This clause may be read as follows:
"Ijarah
Ijarah contract may be applied where the State gives the land on lease to the licensee for a rent payable as a predetermined share of the output. The licensee may give the land on lease to a third party to establish the project thereon (sub-contracting)."*
12. **Clause 7/3:** The following is added as a footnote to the clause:
*This clause may be read as follows:
"Mudarabah
Mudarabah may be applied where the State provides the land to the licensee to utilize it on the basis of a predetermined rate of profit sharing. The Institutions may either implement the project directly or through second Mudarabah."*

13. **Clause 8/1:** The following is added as a footnote to the clause:

This clause may be read as follows:

“Ijarah

In this case, the licensee hires the land from the State with the aim of constructing the project thereon and renting back the project to the State based on Ijarah Muntahia Bittamleek. The licensee may, use a sub-contract of operating Ijarah or Ijarah Muntahia Bittamleek, to rent out the land to another party to construct the project thereon.”

14. **Clause 8/2:** The following is added as a footnote to the clause:

This clause may be read as follows:

“Istisna’a

Istisna’a and Parallel Istisna’a contracts may be applied where the State is “al-Mustasni” and the Institution becomes “al-Sani’ (the licensee is a parallel Mustasni)” and the Istisna’a price is the income generated from the fee or rent collected from the public for provision of the services.”

AAOIFI Shariah Standard No. 48 – Options to Terminate Due to Breach of Trust (Trust-Based Options)

1. **Clause 2/1:** The following is added as a footnote to the clause:

This clause may be read as follows:

“Definition of Khiyar al-Taghrir

The ‘option to revoke on grounds of deception through statement (verbal or written)’ is the right of a buyer to revoke a contract due to deception by the seller or a colluding party, inaccurately describing the subject matter so that the buyer purchases it at a price higher than the market price.”

2. **Clause 2/2:** The following is added as a footnote to the clause:

This clause may be read as follows:

“Examples of Verbal Deception (Taghrir)

2/2/1) Deliberate misinformation regarding the original cost price or expense incurred in a Murabahah (sale on markup), Tawliyah (sale at cost) or Hatitah (sale below cost) sale. [see Shari’ah Standard No. (8) on Murabahah].

2/2/2) Increasing the bid in an auction sale from the person appointed by the seller, without intention to purchase, which is known as Munajashah or Najsh.

2/2/3) Inaccurate statements to mislead the buyer into thinking that the sale item meets his requirements, or falsely claiming that it is no longer available elsewhere in the market.

2/2/4) Announcements of inaccurate (misstatement about financial) results of a company in order to entice the public to buy its shares.”

3. **Clause 2/3:** The following is added as a footnote to the clause:

The heading may be read as “Effects of ‘Option to Revoke on Grounds of Deception through Statement (Verbal or Written)’”

4. **Clause 2/3/1:** The following is added as a footnote to the clause:

This clause may be read as follows: “The buyer has the option to revoke the contract in the event of being deceived through statement (verbal or written).”

5. **Clause 2/4:** The following is added as a footnote to the clause:

The heading may be read as “(Grounds for) Lapses of the ‘option to revoke on grounds of deception through statement (verbal or written)’”

6. **Clause 2/4/1:** The following is added as a footnote to the clause:
This clause may be read as follows: “The ‘option to revoke on grounds of deception through statement (verbal or written)’ lapses if the subject matter is destroyed or consumed by the buyer before the deception is discovered, or if an impediment arises preventing return, or if the buyer fails to return it despite being able to do so.”
7. **Clause 2/4/2:** The following is added as a footnote to the clause:
This clause may be read as follows: “If the option lapses, the full price of the subject matter is compulsory and the buyer is not entitled to any compensation.”
8. **Clause 2/4/3:** The following is added as a footnote to the clause:
This clause may be read as follows: “The seller is liable for expenses relating to the return of the subject matter to the place of sale.”
9. **Clause 2/5:** The following is added as a footnote to the clause:
This clause may be read as follows:
“Transfer of the option
Khiyar al-Taghrir does not transfer to the heir(s) upon death of the option holder.”
10. **Clause 3/1:** The following is added as a footnote to the clause:
This clause may be read as follows:
“Definition
Khiyar al-Tadlis is the option of a buyer to revoke a contract on grounds of deceptive conduct by the seller or a colluding party. Such conduct would be to portray the subject matter different than its actual condition, inducing the buyer to think that it is in a better condition and buy it.”
11. **Clause 3/4:** The following is added as a footnote to the clause:
The heading may be read as “Effects of ‘Option to Revoke on Grounds of Deceptive Conduct’”
12. **Clause 3/5:** The following is added as a footnote to the clause:
This clause may be read as follows:
“Lapse of the option
The ‘option to revoke on grounds of deceptive conduct’ lapses due to any disposal by the buyer in the subject matter after the discovery of deception or if the buyer fails to return it despite being able to do so or if the subject matter is destroyed or consumed by the buyer.”
13. **Clause 4/3/2:** The following is added as a footnote to the clause:
This clause may be read as follows: “Collusion between brokers and sellers that leads to price spike or increase of price above fair market levels.”
14. **Clause 4/4:** The following is added as a footnote to the clause:
The heading may be read as “Effects of ‘Option to Revoke on Grounds of Price Gouging’”
15. **Clause 4/4/1:** The following is added as a footnote to the clause:
This clause may be read as follows: “The party deceived by price gouging has the right to revoke the contract; he may also accept it without any compensation.”
16. **Clause 4/4/2:** The following is added as a footnote to the clause:

This clause may be read as follows: "If the party deceived by price gouging accepts the contract, then he is not entitled to seek any compensation. It is permissible for the two parties (the party deceived by price gouging and the seller) to mutually agree upon an indemnification amount instead of return of subject matter."

17. **Clause 4/5:** The following is added as a footnote to the clause:

This clause may be read as follows:

"Khiyar al-Ghabn lapses in the following situations

4/5/1) Destruction or consumption of the sale item or the occurrence of any change or defect in it. The attachment of a third-party right over the sale item has the same legal effect as its consumption.

4/5/2) No action by the buyer after the knowledge of price gouging during the period in which return was possible.

4/5/3) Any such disposal (or usage) by the deceived which can be executed by an owner of the subject matter after discovering price gouging."

AAOIFI Shariah Standard No. 51 – Options to Revoke Contracts Due to Incomplete Performance

1. **Clause 1:** The following is added as a footnote to the clause:

This clause may be read as follows:

"Scope of the Standard

This Standard covers 'option to revoke due to reasons of defect', 'option to revoke owing to deal fragmentation' and 'option to revoke due to absence of desired attribute(s)'. It does not cover 'option to revoke arising from breach of trust (dishonest inducement, deception and overcharging)' or option of due diligence ('cooling-off option', and 'options to revoke due to non-payment') as they have separate Shari'ah standards dedicated to them."

2. **Clause 2/1:** The following is added as a footnote to the clause:

This clause may be read as follows:

"Definition

It is the option of a buyer to revoke the contract arising from a hidden defect that the buyer did not notice at the time of contract."

3. **Clause 2/2/2:** The following is added as a footnote to the clause:

This clause may be read as follows: "The removal of defect is not possible except by incurring cost."

4. **Clause 2/2/3:** The following is added as a footnote to the clause:

This clause may be read as follows: "The buyer being unaware of the hidden defect at the time of contract, irrespective of the seller's awareness of the defect."

5. **Clause 2/2/4:** The following is added as a footnote to the clause:

This clause may be read as follows: "The seller has not stipulated that he is not liable for defect (Bay' al-Bara'ah- sale on the basis of as is where is). It is prohibited to exclude liability due to defect in Ijarah and Istisna'a."

6. **Clause 2/3:** The following is added as a footnote to the clause:

This clause may be read as follows:

"Scope of the 'option to revoke due to defect'

‘Option to revoke due to defect’ existing in commutative financial contracts such as sale, money exchange (Sarf), lease, division of wealth, settlement of (disputed) wealth against payment in kind and making gift conditional upon consideration (Hibat al-Thawab).”

7. **Clause 2/4:** The following is added as a footnote to the clause:
This clause may be read as follows:
“Time limit
Return due to the ‘option to revoke due to defect’ after taking delivery of the subject matter and appearance of the defect therein, should be within the period of time customarily allowed for revocation on such grounds.”
8. **Clause 2/5:** The following is added as a footnote to the clause:
This clause may be read as follows:
“Effects of ‘option to revoke due to defect’
The buyer has the option either to revoke the contract and return the subject matter or continue with the contract. If the buyer chooses to return the subject matter after taking delivery, revocation is effected by mutual consent or court order. If the buyer has not taken delivery, and he has been aware of the defect before taking delivery, he can unilaterally revoke the contract by giving notice to the seller and is entitled upon revocation to a refund of the whole price by mutual consent or court order.”
9. **Clause 2/6:** The following is added as a footnote to the clause:
The clause may be read as follows:
“Conditions applicable to the return of subject matter
Return of the subject matter is subject to the following conditions:”
10. **Clause 2/6/1:** The following is added as a footnote to the clause:
This clause may be read as follows: “Return of the subject matter not resulting in the deal fragmentation unless the seller has consented. And the buyer shall be entitled to compensation for loss due to the defect (Arsh).”
11. **Clause 2/6/2:** The following is added as a footnote to the clause:
This clause may be read as follows: “No new defect occurs nor the subject matter is destroyed in the possession of the buyer. In this case, the buyer is entitled only to compensation for the defect and is not entitled to return (the subject matter) unless the seller accepts return of the subject matter with new defect.”
12. **Clause 2/6/3:** The following is added as a footnote to the clause:
This clause may be read as follows: “Where there is no addition to the subject matter that leads to price reduction and such addition is physically attached (to the subject matter) and is not generated out of it, such as the erection of a building on land. Return of the subject matter is not barred even if the addition to the subject matter is physically attached to it and grows out of it; or is physically separate from it whether it generates out of it, such as dividends on shares and rent from leased assets, or does not grow out of it.”
13. **Clause 2/6/4:** The following is added as a footnote to the clause:
This clause may be read as follows: “In cases where return due to the defect is very difficult (impractical), the buyer shall be entitled to compensation for loss caused by the defect.”
14. **Clause 2/7:** The following is added as a footnote to the clause:
This clause may be read as follows:

“Impediments to the return of subject matter

The option to return the subject matter is impeded by the non-fulfilment of any of the conditions provided in item 2/2.”

15. **Clause 2/8:** The following is added as a footnote to the clause:
This clause may be read as follows:
“Lapses of ‘option to revoke due to defect’
The ‘option to revoke due to defect’ lapses in the following situations:”
16. **Clause 2/8/1:** The following is added as a footnote to the clause:
This clause may be read as follows: “If the defect ceases to exist before the buyer returns the item or payment of Arsh (compensation for loss).”
17. **Clause 2/8/4:** The following is added as a footnote to the clause:
This clause may be read as follows: “If the buyer implicitly accepts the defective subject matter by committing actions (with regard to the subject matter) that indicate his consent/acceptance, such as continuing to use the defective subject matter, delaying, without any reason, longer than what is customarily acceptable in exercising the option or returning the defective subject matter, utilizing, benefitting from the defective subject matter or transferring its ownership. And all these (above mentioned actions) happen after appearance of the defect.”
18. **Clause 3/1:** The following is added as a footnote to the clause:
This clause may be read as follows:
“Definition
The ‘option to revoke a contract owing to deal fragmentation’ is the option of the buyer to revoke a contract (a complete deal) that no longer includes everything that was contracted for, resulting in the complete deal becoming fragmented.”
19. **Clause 3/3:** The following is added as a footnote to the clause:
*The heading may be read as “**Some scenarios of deal fragmentation in which the option to revoke is granted**”*
20. **Clause 3/3/1:** The following is added as a footnote to the clause:
This clause may be read as follows: “When a person sells his own property along with the property of another person in one deal without the consent of the other person or when a partner sells the partnership property in one deal without the consent of the other partner.”
21. **Clause 3/3/2:** The following is added as a footnote to the clause:
This clause may be read as follows: “Where it transpires that part of the subject matter is the property of a third party.”
22. **Clause 3/3/3:** The following is added as a footnote to the clause:
This clause may be read as follows: “Where part of the subject matter is destroyed before delivery (actual or constructive).”
23. **Clause 3/3/4:** The following is added as a footnote to the clause:
This clause may be read as follows: “Where part of the subject matter in a Salam contract is not available on the delivery date. [see Shari’ah Standard No. (10) on Salam, item 5/8].”
24. **Clause 3/4:** The following is added as a footnote to the clause:
This clause may be read as follows:
“Effects of ‘option to revoke owing to deal fragmentation’

Deal fragmentation entitles the buyer either to revoke the contract or accept what remains of the deal and pay the portion of the price corresponding to it. The buyer is not entitled to any compensation unless there is a defect in what remains of the subject matter”.

25. **Clause 4:** The following is added as a footnote to the clause:
*The heading may be read as “**Option to Revoke Due to Absence of Desired Attribute(s)**”*
26. **Clause 4/1:** The following is added as a footnote to the clause:
This clause may be read as follows:
“Definition
The ‘option to revoke due to absence of desired attribute(s)’ is the option of a buyer to revoke the contract if the subject matter does not meet a condition stipulated in the contract, explicitly or implicitly, such as a car having a specific color.”
27. **Clause 4/2:** The following is added as a footnote to the clause:
*The heading may be read as “**Requirements of desired attribute(s)**”*
28. **Clause 4/2/1:** The following is added as a footnote to the clause:
This clause may be read as follows: “The desired attribute(s) must be permissible by the Shari’ah.”
29. **Clause 4/2/2:** The following is added as a footnote to the clause:
This clause may be read as follows: “The desired attribute(s) must be defined and free from ambiguity (Gharar).”
30. **Clause 4/2/3:** The following is added as a footnote to the clause:
This clause may be read as follows: “The desired attribute(s) must relate to the purpose of the buyer or be the basis of an increase in price or credibility in the subject matter, such as a requirement that a car be automatic.”
31. **Clause 4/2/4:** The following is added as a footnote to the clause:
This clause may be read as follows: “The absence of desired attribute(s) must occur at (or before) the time of delivery (actual or constructive) and not after the delivery.”
32. **Clause 4/3:** The following is added as a footnote to the clause:
*The heading may be read as “**Effects of the ‘option to revoke due to absence of desired attribute(s)’**”*
33. **Clause 4/3/2:** The following is added as a footnote to the clause:
This clause may be read as follows: “If it is impractical to return the subject matter, the buyer is entitled to partial refund due to absence of desired attribute(s) equal to the difference in price between a subject matter that fulfills the desired attribute(s) and one that does not.”
34. **Clause 4/4:** The following is added as a footnote to the clause:
This clause may be read as follows:
“Time limit and lapse of the ‘option due to absence of the desired attribute(s)’
The ‘option due to absence of the desired attribute(s)’ is effective immediately subject to custom, like the ‘option due to defect’, and lapses in the same circumstances in which the ‘option due to defect’ lapses. [see item 2/8].”
35. **Clause 4/5:** The following is added as a footnote to the clause:

This clause may be read as follows:

“Transfer

The ‘option to revoke due to absence of desired attribute(s)’ can transfer to all types of specific and general successors and assignees.”

AAOIFI Shariah Standard No. 52 – Options to Reconsider (Cooling-Off Options, Either-Or Options, and Options to Revoke Due to Non-Payment)

1. **Title:** The following is added as a footnote to the clause:
The title may be read as “AAOIFI Shariah Standard No. 52 – Options to Reconsider (‘Cooling-Off Option’, ‘Either-Or Option’, and ‘Option to Revoke Due to Non-Payment’)”
2. **Clause 2:** The following is added as a footnote to the clause:
The heading may be read as: “Cooling-Off Option”
3. **Clause 2/1:** The following is added as a footnote to the clause:
This clause may be read as follows:
“Definition of ‘Cooling-Off Option’
‘Cooling-off option’ gives one or both of the parties or a third party the right either to continue with the contract or to revoke it within a stipulated period of time. It is effected by any phrase indicating that it is non-binding contract and revocable during the period of the option.”
4. **Clause 2/2:** The following is added as a footnote to the clause:
This clause may be read as follows:
“Conditions of validity
‘Cooling-off option’ is subject to the following conditions:”
5. **Clause 2/3:** The following is added as a footnote to the clause:
This clause may be read as follows:
“Scope of ‘Cooling-Off Option’
‘Cooling-off option’ applies to binding financial contracts, such as sale, lease, transfer of debt, guarantee, division of wealth and Waqf. It does not apply to non-binding contracts such as unpaid agency or contracts which require payment in advance, such as Salam or which require spot payment of both counter-values such as currency exchange.”
6. **Clause 2/4:** The following is added as a footnote to the clause:
The heading may be read as “Effects of ‘Cooling-Off Option’”
7. **Clause 2/4/1:** The following is added as a footnote to the clause:
This clause may be read as follows: “The owner of the option has the right to confirm the contract or revoke it during the stipulated period. If he does not revoke it during this period, the option lapses and the contract becomes binding.”
8. **Clause 2/4/2:** The following is added as a footnote to the clause:
This clause may be read as follows: “The owner of the option may test the subject matter and does not thereby lose his right to revoke the contract except if he does so repetitively without need or conducts himself as the owner of the subject matter in a manner that is contrary to the terms of the contract and/or custom.”
9. **Clause 2/4/3:** The following is added as a footnote to the clause:

This clause may be read as follows: "Where there is a 'Cooling-Off Option', the parties are not required to make delivery (of the subject matter to the buyer and the price to the seller) unless they agree otherwise or make delivery voluntarily. The option does not lapse as a result of making or taking delivery, except if the parties act in a way that indicates their intention to give or take ownership. If one party makes delivery but the other party refuses, the other party will not be forced and the first party shall be entitled to demand return of what has been paid/ delivered."

10. **Clause 2/5:** The following is added as a footnote to the clause:
The heading may be read as "Effects of 'cooling-off option' on ownership"
11. **Clause 2/5/1:** The following is added as a footnote to the clause:
This clause may be read as follows: "If the 'cooling-off option' is owned by both parties or by the seller alone, there is no transfer of ownership in either counter-value. Dispositions related to the subject matter shall have legal effects, if such dispositions are made by the seller, and not the buyer."
12. **Clause 2/5/2:** The following is added as a footnote to the clause:
This clause may be read as follows: "If the option is owned by the buyer alone, ownership of the subject matter transfers from the seller to the buyer. The buyer's disposition in the subject matter serves as confirmation of the contract."
13. **Clause 2/5/3:** The following is added as a footnote to the clause:
This clause may be read as follows: "If the subject matter sold with the option is destroyed while in the possession of the seller, it is the seller's loss. If it is destroyed in the possession of the buyer while the buyer owns the option, he is liable to pay its price. If it is destroyed in the possession of the buyer owing to his negligence or misconduct while the seller owns the option and decides not to continue with the contract, the buyer is liable to pay its market price. However, if it is destroyed in the possession of the buyer without his negligence or misconduct, he is not liable."
14. **Clause 2/6:** The following is added as a footnote to the clause:
The heading may be read as "Rules relating to increase in the subject matter during the option period"
15. **Clause 2/6/1:** The following is added as a footnote to the clause:
This clause may be read as follows: "Any addition that is attached to and generates out of the original (subject matter), such as growth in agricultural produce (crops) or animal produce (livestock) belongs to the buyer if the buyer owns the option and confirms the contract. And it belongs to the seller if the seller owns the option, whether he confirms the contract or not."
16. **Clause 2/6/2:** The following is added as a footnote to the clause:
This clause may be read as follows: "Any addition that is separate from and is not generated out of the original (subject matter), such as compensation for damage to the subject matter caused by a third party during the option period, belongs to the buyer if he chooses to confirm the contract. However, if he chooses to revoke the contract, such addition belongs to the seller."
17. **Clause 2/6/3:** The following is added as a footnote to the clause:
This clause may be read as follows: "Any addition that is separate from and is generated out of the original (subject matter), such as profits on shares and rentals from leased assets belongs to the seller."
18. **Clause 2/7:** The following is added as a footnote to the clause:

The heading may be read as **“Lapse of ‘cooling-off option”**”

19. **Clause 2/7/3:** The following is added as a footnote to the clause:
This clause may be read as follows: “If the subject matter is destroyed before physical or constructive possession, the contract terminates.”
20. **Clause 2/8:** The following is added as a footnote to the clause:
*The heading may be read as **“Some applications of ‘cooling-off option”**”*
21. **Clause 2/8/1:** The following is added as a footnote to the clause:
This clause may be read as follows: “The institution, whether acting as a seller or buyer, stipulates an option to assess whether or not it is suitable to buy or sell the subject matter.”
22. **Clause 2/8/2:** The following is added as a footnote to the clause:
This clause may be read as follows: “The institution stipulates an option to assess when purchasing subject matter from suppliers in order to offer them to its clients without obtaining a binding promise from them to purchase the subject matter. If the clients do not wish to purchase the items, the institution shall be able to return the subject matter to the seller.”
23. **Clause 2/8/3:** The following is added as a footnote to the clause:
This clause may be read as follows: “The institution stipulates an option to assess in relation to the whole or a part of a single deal. If the various items being sold are different from each other, the items to which the option relates must be specified. If they are fungible, such as wheat or rice, the percentage to which the option relates must be specified.”
24. **Clause 2/8/4:** The following is added as a footnote to the clause:
*This clause may be read as follows:
“Definition
It is not permissible to use ‘cooling-off option’ to take a benefit of a subject matter by paying the price to the seller, which may lead to stratagem (حيلة) of taking benefit against loan.”*
25. **Clause 3:** The following is added as a footnote to the clause:
*The heading may be read as **“Option to Revoke Due to Non-Payment of Due Price”***
26. **Clause 3/1:** The following is added as a footnote to the clause:
*This clause may be read as follows:
“Definition of ‘option to revoke due to non-payment of due price’
‘Option to revoke due to non-payment of due price’ is an option that is stipulated by sellers or lessor to enable them to revoke contract if the other party fails to make payment of due price or rent. This option is not exercisable unless stipulated in the contract.”*
27. **Clause 3/2:** The following is added as a footnote to the clause:
*This clause may be read as follows:
“Scope of ‘option to revoke due to non-payment of due price’
‘Option to revoke due to non-payment of due price’ is permissible in contracts that do not require possession of price at the time of contract. Therefore, it is not permissible in Salam and currency exchange contracts.”*
28. **Clause 3/3:** The following is added as a footnote to the clause:
*This clause may be read as follows:
“Effects of ‘option to revoke due to non-payment of due price’*

The seller is entitled to revoke the contract if the buyer does not pay the price within the specified period.”

29. **Clause 3/4:** The following is added as a footnote to the clause:

This clause may be read as follows:

“Transfer

‘Option to revoke due to non-payment of due price’ lapses upon the death of the owner of the option (whether it is the seller or the lessor).”

30. **Clause 4/2:** The following is added as a footnote to the clause:

The heading may be read as “Effects of ‘Either-or option’”

31. **Clause 4/2/1:** The following is added as a footnote to the clause:

This clause may be read as follows: “‘Either-or option’ makes ownership associated with any one of the subject matter, to which the option relates but not to particular subject matter(s). If the buyer takes delivery of all of them, he is liable to pay for one of them and remaining subject matter(s) shall be held by him on trust. If one of them is destroyed or damaged (in his possession), the sale shall become binding on that subject matter against its price. If all subject matters are destroyed and their prices are different, the buyer is liable to pay the proportionate price of each subject matter to the extent of what he has purchased. For example, if there are three subject matters and he purchased one of them without identifying the same, he is liable to pay one third of the price of each subject matter.”

32. **Clause 4/3:** The following is added as a footnote to the clause:

This clause may be read as follows:

“Transfer

‘Either-or option’ transfers to the heir(s) of the owner of the option upon his death who in which case enjoy all the rights of the original owner of the option.”

33. **Clause 5/2:** The following is added as a footnote to the clause:

This clause may be read as follows: “It is permissible to have two or more types of the ‘option to reconsider’ in one contract.”
