



TERMS AND CONDITIONS
SPECIAL INVESTMENT ACCOUNT (MUDARABAH) (“SIA MUDARABAH”)
(Not protected by PIDM)

Effective December 2020

IMPORTANT NOTICE:

THIS IS AN INVESTMENT ACCOUNT PRODUCT THAT IS TIED TO THE PERFORMANCE OF THE ALLOCATED ASSETS, AND IS NOT A DEPOSIT PRODUCT.

1. Definition

In this terms and conditions, unless otherwise provided, the following words shall have the meaning as set out below:

“**Bank**” means Bank Islam Malaysia Berhad (Company No. 198301002944).

“**IFSA**” means the Islamic Financial Services Act 2013 and includes any amendments thereto.

“**Investment Account**” means an account under which money/ principal is paid and accepted for the purposes of investment, including for the provision of finance, in accordance with Shariah on terms that there is no express or implied obligation to repay the money in full and:

- a. either only the profits, or both the profits or losses, thereon shall be shared between the person paying the money and the person accepting the money; or
- b. with or without any return.

“**Investment Account Holder**” or “**IAH**” means the account holder of an Investment Account.

“**Investor Suitability Assessment Form**” means the assessment form to assess the suitability of the prospective IAH on the Investment Account product.

“**Product Disclosure Sheet**” or “**PDS**” means the product disclosure sheet containing the relevant information and disclosure of the main terms of the relevant Investment Account product.

“**Unrestricted Investment Account**” means a type of Investment Account where the investment account holder provides the Bank with the mandate to make the ultimate investment decision without specifying any particular restrictions or conditions.

“**Special Investment Account (Mudarabah)**” or “**SIA Mudarabah**” means this Investment Account product offered by the Bank based on the Shariah contract of Mudarabah.

“**Mudarabah**” means a form of contract between the capital provider (rabbul mal) and an entrepreneur (mudarib) under which the rabbul mal provides capital to be managed by the mudarib and any profit generated from the capital is shared between the rabbul mal and mudarib according to a mutually agreed profit sharing ratio whilst financial losses are borne by the rabbul mal provided that such losses are not due to the mudarib’s misconduct, negligence or breach of specific terms.



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2. Opening of Account

- 2.1 Any application to open SIA Mudarabah shall be made by using the prescribed form together with the relevant documents as may be requested by the Bank.
- 2.2 Unless otherwise exempted, any application to open SIA Mudarabah shall be accompanied by a duly completed Investor Suitability Assessment Form.
- 2.3 By making an application to open SIA Mudarabah, the IAH confirms that he/she has read and understood the PDS related to SIA Mudarabah.
- 2.4 The Bank may, to the extent permitted by law and Shariah principles accept the opening or continuance of the SIA Mudarabah.

3. Investment Activities

- 3.1 The SIA Mudarabah is an Unrestricted Investment Account product that is based on the Shariah contract of Mudarabah.
- 3.2 Under the SIA Mudarabah, the IAH as the capital provider or rabbul mal shall provide capital to be managed by the Bank acting as the entrepreneur or mudarib with a view of sharing profits arising from the investment activities managed by the Bank.
- 3.3 The IAH acknowledges that he/she fully understands the risks associated with the SIA Mudarabah including the possibility to incur financial losses in whole or in part of his/her capital investment in SIA Mudarabah.

4. Profit Payment

- 4.1 Any profits deriving from the investment activities, if any, shall be shared between the Bank and the IAH in accordance with the agreed profit sharing ratio as set out in the PDS.
- 4.2 The profit sharing ratio and the calculation of profits shall be as set out in the PDS.
- 4.3 The profits, if any, shall be paid at maturity or such other interval as set out in the PDS.
- 4.4 Profits generated from the investment are shared in accordance with the terms in the contract and losses (if any) are borne solely by the IAH and the Bank will not be responsible or liable to bear any losses except for losses which are due to or arising from any act of misconduct, negligence or breach of specific terms by the Bank.

5. Investment Objectives and Strategies

The SIA Mudarabah shall be governed by the investment objectives and strategies as set out in the PDS.



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6. Fees and Charges

The IAH agrees that the Bank shall be entitled to charge a fee for any of its services provided to the IAH at the rates imposed by the Bank (as approved by Bank Negara Malaysia) and as set out in the PDS and/or Bank’s website. The Bank shall have the right to debit the IAH’s account for the said charges.

7. Valuation Method and Frequency

Valuation will be carried out in line with the recognition and measurement criteria of the applicable Malaysian Financial Reporting Standards (MFRS). IAH will be able to obtain information pertaining to the Investment account from Bank Islam website on www.bankislam.com.my.

8. Investment Tenure, Redemption and Suspension

- 8.1 The IAH may redeem the investment at maturity where the IAH may receive the principal investment amount together with his/her profit payment (if any) arising from the investment activities undertaken by the Bank, provided that the SIA Mudarabah does not suffer any losses in whole or in part of the investment.
- 8.2 The IAH may reinvest the principal investment account with or without profits for such further tenure as the IAH may deem fit.
- 8.3 The IAH may receive a sum of less than their initial investment if the IAH redeems all or part of the investment before its maturity. The actual amount that the IAH will be receiving depends on the market value of the underlying asset of which the investment is linked to at the point of redemption less any charges payable, arising from the premature redemption.
- 8.4 All redemption requests made before 12.00 p.m. will be treated as received on that business day and redeemed at the rate applicable for that business day. Any redemption request made after 12.00 p.m. will be treated as received on the following business day and redeemed at the rate applicable for the following business day.
- 8.5 Notwithstanding the foregoing or anything contained herein, the Bank shall have the right to suspend any redemption of the SIA Mudarabah under any of the following circumstances:
- a. market wide failure or financial/ economic crisis which includes but not limited to stock market crash or asset-price crash; or
 - b. exceptional operational failure such as wide-scaled black-out or system failure; or
 - c. underlying assets shall not be capable of being liquidated at appropriate price; or
 - d. the IAH’s interest will be at jeopardy if redemption is not suspended; or
 - e. any other event or circumstances which the Bank may at its reasonable discretion determine.



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9. Dormant Account and Unclaimed Monies

- 9.1 IAH shall transact at least once a year. The Bank shall consider the account as dormant if the account is not active for a period of 1 year from the last transaction date.
- 9.2 Any credit balance standing in the SIA Mudarabah which has not been operated for 7 years will be transferred to the Unclaimed Monies Registrar under the Unclaimed Monies Act (UMA) 1965.
- 9.3 Subject to Clause 6, an annual service charge shall be imposed and deducted from the account for so long as it remains dormant. The service charge will be charged (auto deduction) until the remaining balances are sent to the Registrar of Unclaimed Monies.

10. Freezing and Closing of Account

- 10.1 The Bank may freeze, hold, suspend, close and/or place any other appropriate tagging on IAH’s account whatsoever and dealing with the balances in the IAH’s account at the Bank’s discretion upon receipt of the notice of death, insanity, bankruptcy and winding-up or upon being served with order from court, relevant authorities, enforcement agencies or at the Bank’s opinion proper and necessary to do so (where it is final and binding).
- 10.2 The Bank may also close/ terminate the account upon occurrence of any of the following events:
- a. The IAH is insolvent or in liquidation; or
 - b. Cheque is returned or dishonoured; or
 - c. Withdrawal by the IAH of all or part of the investment amount; or
 - d. The IAH commits breach of any of the terms and conditions herein; or
 - e. The IAH does not accept any alteration and/or amendment to any parts of the terms and conditions; or
 - f. Instruction from any law enforcement agencies; or
 - g. Any other events which the Bank deems appropriate.

11. Disclosure of Information

- 11.1 The Bank will not reveal personal data of the IAH including address, telephone number or email address to any external party other than parties listed below (the “Authorized Parties”) other than for the Purpose connected with the operation of the IAH’s account, unless the Bank has the IAH permission, or is under either a legal obligation or any other duty to do so:
- a. any officer, employee, agent or director of Bank Islam Group which includes the holding company(s) of the Bank, its subsidiaries, associated companies, affiliates, representatives and branch offices;



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- b. relevant third parties such as professional advisers, strategic business partners and alliances, service providers, insurers/ Takaful operator or insurance/ Takaful brokers, outsourced agents, merchants, vendors, business partners and business agents who supports the operational activities of the Bank and whom are under legal obligation to the confidentiality of your data;
 - c. any actual or potential participants or assignee, novatee or transferee of the Bank’s rights and/or obligations under any transaction between the Bank and you (or any agents or professional advisers);
 - d. any rating agency or direct/ indirect provider of credit protection to the Bank;
 - e. any party as required by any law or any government, quasi-government, administrative, regulatory/ supervisory body or authority, court or tribunal;
 - f. any credit reference agency that the Bank uses for credit assessment or credit review of you and parties related to the facilities provided by the Bank to you;
 - g. any financial crime references agencies, other financial institution and any of their respective agents; and
 - h. any guarantor or collateral provider for your facilities.
- 11.2 The IAH hereby expressly consents to such disclosure and hereby confirms and declares that the terms contained therein shall be subject to the Privacy Statement in connection with the Personal Data Protection Act 2010 signed with the Bank and in the event of any inconsistency between the terms contained herein with the terms as set out in the Privacy Statement, the terms and conditions in the Privacy Statement shall prevail.
- 12. Instructions**
- Any instructions from the IAH to the Bank in respect of the SIA Mudarabah shall be in writing and signed by the IAH. Any such instructions shall be effective only upon receipt by the Bank.
- 13. Governing Law**
- These terms and conditions shall be governed by the laws of Malaysia.
- 14. Miscellaneous**
- 14.1 The SIA Mudarabah shall further be governed by and subject to the rules, regulations and guidelines issued by the Bank Negara Malaysia from time to time. The IAH agrees that the services currently and/or at any time offered by the Bank to IAH shall be dependent upon and subject to the said rules, regulations and guidelines.
- 14.2 Subject to the Shariah rules and contracts, the Bank reserves the right to vary any or all the terms and conditions at any time. Any such variation shall be communicated to the IAH at least 21



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calendar days prior to the effective date of such variation. The notice of variation may be communicated by way of display of such notices in the Bank’s premises or website or advertised or by any other modes of communication as the Bank may deem fit.

- 14.3 If there is any change in the IAH’s personal data for e.g. address, the IAH should notify the Bank immediately. This is important to ensure that all communications reach the IAH promptly.
- 14.4 The Bank shall provide a fund performance report to the IAH on a quarterly basis. The format and contents of the fund performance report shall be in such form as may be determined by the Bank.

WARNING:

THE RETURNS ON THIS INVESTMENT ACCOUNT WILL BE AFFECTED BY THE PERFORMANCE OF THE ALLOCATED ASSETS. THE PRINCIPAL AND RETURNS ARE NOT GUARANTEED AND THE INVESTMENT ACCOUNT HOLDER RISKS EARNING NO RETURNS AT ALL OR LOSING PART OR THE ENTIRE PRINCIPAL SUM INVESTED. IF THE INVESTMENT IS REDEEMED EARLY, THE INVESTMENT ACCOUNT HOLDER MAY SUFFER LOSSES IN PART OR THE ENTIRE PRINCIPAL SUM INVESTED.