

DIRECTIVES IN RELATION TO THE PURCHASE OF ISLAMIC EXCHANGE-TRADED FUND (“ISLAMIC ETF”) BASED ON GOLD AND SILVER	No. 7.02(1)-001
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Relevant to : Rule 7.02(1)(d), Rule 9.09(2) and Rule 10.03(5)
Introduced with effect from : 30 November 2017
Amended : N/A
POs’ Circular No(s). : R/R 10 of 2017
Refer also to Directive No(s). : N/A

1. Introduction

- (1) Paragraphs 4.05 and 4.06 of the Shariah Parameters on Islamic Exchange-Traded Fund Based on Gold and Silver issued by the Securities Commission on 7 October 2014 (“**the Shariah Parameters**”), state that –
 - (a) the trading of the Islamic ETF units between the buyer and the seller must be carried out in cash and on spot basis; and
 - (b) the Islamic ETF units can only be traded if the buyers have cash accounts or margin facility (via third-party financing).
- (2) In line with the requirements stated above, this Directive sets out the timing for a buyer of Islamic ETF based on gold or silver to make payment.
- (3) The Shariah Parameters is available on the Securities Commission’s website at: https://www.sc.com.my/wp-content/uploads/eng/html/icm/Shariah_Parameters_7October14.pdf

2. Rule 7.02(1)(d), Rule 9.09(2) and Rule 10.03(5)

- (1) Rule 7.02(1)(d) states that all securities admitted for quotation on the stock market of the Exchange will be traded on the basis of the clearing and settlement of the securities being carried in accordance with FDSS as stipulated under Schedules 2 and 3 of the Rules.
- (2) Rule 9.09(2) further states that if a Participating Organisation is a buyer in a Contract, the buying Client must pay the Participating Organisation by the day and time as stipulated in Schedule 2 of the Rules.
- (3) In relation to Direct Business Transactions, Rule 10.03(5) states that if a Participating Organisation is a buyer in a Direct Business Transaction, the Participating Organisation must receive the payment in full from the buying Client by the day and time stipulated in Schedule 3, if securities are delivered in accordance with Rule 10.03(2).
- (4) In discharging the obligations in the above Rules in relation to a purchase of Islamic ETF based on gold or silver, instead of the day and time stipulated in Schedules 2 and 3 respectively for payment by the buying Client, a Participating Organisation must ensure that either –
 - (a) the buying Client makes payment via cash upfront; or
 - (b) the buying Client relies on Margin Financing given by the Participating Organisation to purchase the Islamic ETF based on gold or silver.
- (5) For the purpose of this provision, cash upfront means full payment by the buying Client to the buying Client’s Participating Organisation for the purchase of securities prior to the entry of the

Annexure 1
New Directives

in relation to the purchase of Islamic ETF based on gold and silver

order to purchase into the ATS. The full payment must be in the form of cash or any other mode of payment where clearance of or good value is given to the mode of payment prior to the entry of the order.

[End of Directives]