



البنك السعودي للاستثمار
The Saudi Investment Bank

Shariah Committee Charter

The Shariah Committee Charter has been issued in both Arabic and English. In the event of discrepancy in the interpretation of the two texts, the Arabic text prevails



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In the name of Allah, the Most Gracious, the Most Merciful

1. Introduction

1.1 Definitions

Bank: The Saudi Investment Bank.

Board of Directors: The Board of Directors of the Saudi Investment Bank.

Chief Executive Officer: Chief Executive Officer of the Saudi Investment Bank.

Committee: The Shariah Committee of the Saudi Investment Bank.

Charter: Charter of the Shariah Committee of the Saudi Investment Bank. This Charter.

Secretariat of the Shariah Committee: It is the administrative body supporting the work of the Shariah Committee.

Shariah Control: Shariah Audit and Control Unit

Resolution: All the decisions of The Shariah Committee that written and signed by its members, either by an agreed resolution or minutes.

The Preparatory Committee: The committee concerned with overseeing the plans and tasks of the Shari'ah Committee and the Shariah control.

1.2 Charter Purpose

The purpose of this charter is to provide guidance to effectively operate and manage the Shariah Committee of The Saudi Investment Bank

1.3 SAIB documents for use in tandem

- The Shariah Committee Framework
- Policy and procedures of Sharia Secretariat
- Policy and procedures of Sharia Control

1.4 Regulatory Documents for Reference

- Finance Companies Control Law. (Article 3)
- Finance Lease Law. (Article 3)
- Real Estate Finance Law. (Article 3)

1.5 Ownership and Amendments

- This charter is owned by the Governance function which shall be responsible for updating it in co-ordination with the Secretary of the Shariah Committee

2. Charter Body

2.1 Committee Introduction

2-1-1 The Committee shall be called: (the Shariah Committee of the Saudi Investment Bank). For purposes of this charter, it shall be referred to hereinafter as the (Shariah Committee)

2-1-2 The Shariah Committee aims to verify compliance with the provisions of the virtuous Islamic Shariah to all the transactions referred to it from the Bank, and to provide advice and guidance thereto in order to achieve the purposes of the precepts of Shariah law.

2.2 Composition

2.2.1 Requirements

2-2-1-1 Shariah Committee members shall be selected from the body of clerics and scholars acclaimed for their in-depth knowledge of Shariah, integrity, familiarity and command of jurisprudence of transactions and interest in investment banking business.

2-2-1-2 The Shariah Committee shall be formed by a decision of the Board of Directors.

2-2-1-3 The Shariah Committee shall enjoy the status of an independent body in its particular area of competence from all departments of the Bank, and shall technically and administratively report to the CEO of the Bank.

2.2.2 Members

2-2-2-1 The Shariah Committee shall consist of a maximum of (4) members and a minimum of three (3) members including the chairman.

2-2-2-2 Membership in the Shariah Committee shall terminate in one of the following cases:

1. Completion of the term in office of the Shariah Committee.
2. Resignation, disability or death of a Committee member.
3. By a decision of the Board of Directors.
4. Absence from three consecutive meetings without a legitimate excuse.

2-2-2-3 The Committee may nominate one or more members to a maximum of four members. This nomination shall be submitted to the Governing Council for consideration of the adoption of its membership.

2-2-2-4 If the position of a member of the Committee becomes vacant, the members of the Committee shall nominate a replacement. The nomination shall be presented at the first meeting of the Board of Directors to consider the adoption of its membership.

2.2.3 Chairman and Secretary

2-2-3-1 The Chairman of the Committee will be:

- The Shariah Committee shall select one of its members as chairman in its first meeting.

2-2-3-2 The Vice Chairman of the Committee will be:

- The chairman shall select one of the Committee members as the Vice Chairman of the Committee who shall take over the duties of the Chairman during his absence. In case the members are four.

2-2-3-3 The Secretariat of the Committee will be:

- Recommended by the CEO
- Approved by the Sharia Committee, who shall be entrusted with the following functions and tasks:
 1. Prepare agenda for activities and meetings of the Shariah Committee.
 2. Provide members with the agenda of meetings, relevant studies and documents and the like within a deadline of two weeks prior to the stated date of the meeting;
 3. Prepare and follow up minutes of meetings for ratification by the Shariah Committee;
 4. Receive all questions, inquiries and correspondence from the Bank to be presented to the Shariah Committee.
 5. Supervision and follow-up of the tasks of Sharia Control and implementation plans.

2.2.4 Preparatory committee

2-2-4-1 A Preparatory committee shall be formed and shall be in charge of setting up and processing all the tasks that call for holding meetings of the Shariah Committee. And Supervising the plans and tasks of the Shariah control and Secretariat of the Shariah Committee and following up on their implementation.

2-2-4-2 The Preparatory committee shall consist of three members, as follows:

1. A member of the Shariah Committee (Chairman)
2. Secretariat of the Shariah Committee
3. Shariah Controller

2-2-4-3 The Committee shall have the right to invite any staff within the Organization to attend the Committee meeting(s), as deemed necessary, subject to the approval of its Chairman

2.3 Roles and Responsibilities

2.3.1 Shariah Committee Responsibilities

2-3-1-1 Provide the Islamic Shariah opinion on transactions submitted to the Committee with subsequent contracts, agreements, forms and the like and issue legal decisions thereto based on the precepts of Shariah.



- 2-3-1-2 Verify the Bank's commitment to the decisions and legal opinions (Fatwas) of the Shariah Committee and ensure their proper implementation.
- 2-3-1-3 Provide advice and guidance to the Bank with respect to inquiries submitted to the Shariah Committee regarding matters of Shariah legitimacy.
- 2-3-1-4 Receive comments and problematic issues related to aspects of legitimacy from Shariah standpoint within and outside the Bank, and respond to them as it deems appropriate.
- 2-3-1-5 Take decisions on Shariah legitimate performance reports received by the Shariah Committee from competent bodies.
- 2-3-1-6 Prepare reports on the activities of the Shariah Committee in the Bank and the results reached for submission to the Board of Directors.

2.3.2 Shariah Control Unit

A Shariah control Unit whose members are nominated by the CEO and approved by the Board, and administratively administrated to the Shariah committee Secretariat, the Shariah control Unit shall be entrusted with the following functions and tasks:

- 2-3-2-1 Conduct field supervisory visits to the branches and points of sale to verify that their operations are carried out in conformity with the decisions of the Shariah Committee.
- 2-3-2-2 Educate and train the staff to accommodate the required procedures for products and ensure that they comply with the decisions of the Shariah Committee.
- 2-3-2-3 Submit reports of periodic quarterly and annual supervisory visits to the Bank's management and the Shariah Committee.
- 2-3-2-4 Attend meetings of the Shariah Committee and the Preparatory committee and follow up the implementation of decisions and tasks issued by the Shariah Committee.
- 2-3-2-5 Keep record of all the decisions and minutes of meetings of the Shariah Committee.
- 2-3-2-6 Develop plans and procedures for the Shariah control and audit function.

2.4 Meeting Frequency

- 2.4.1 The Secretary of the Committee shall convene the meetings of the Committee, manage the sessions, follow up the work of the Commission and report its decisions and recommendations to the Bank's departments.
- 2.4.2 The Bank's management may call for an emergency meeting of the Shariah Committee as needed or at the request of the Chief Executive Officer of the Bank or his designated representative, at the request of the Preparatory Committee of the Shariah Committee or at the request of two members of the Committee. Call for a meeting shall be made within a deadline of two weeks from the date of the request.
- 2.4.3 The meeting of the Committee shall be attended by a majority of its members. The Committee shall issue its decisions by a majority of those present. On an equal footing, the side comprising the Chairman of the

Committee is likely The other opinion holder may record his opinion and justifications in the minutes of the meeting.

- 2.4.4 The Committee may invite a non-member to observe an interest in his or her presence but not to vote
- 2.4.5 The Committee shall adopt the dates of its scheduled meetings annually and submitted to it by the Secretary of the Committee, with an average of six meetings per year
- 2.4.6 All documents to be submitted to the Committee shall be sent at least two weeks prior to the meeting.

2.5 Term

The duration of the membership of the Committee is one year renewable automatically.

2.6 Reporting Provisions

- 2.6.1 The committee shall report to the Board of Directors and make available its minutes of meetings to the Board of Directors. The Chairman of the committee shall brief the Board on any significant matters arising
- 2.6.2 Shariah control reports are submitted quarterly to the Sharia committee.
- 2.6.3 The Committee shall issue its annual report of the Shariah compliance

2.7 Financial provisions

- 2.7.1 At the beginning of the term of the Shariah committee, the Bank shall determine, by a decision of Nomination & Remuneration Committee, the remuneration of the members of the Committee shall be notified to them.

2.8 General Provisions:

- 2.8.1 Research, responses or decisions of the Shariah Committee shall be proprietary rights of the Bank and shall be strictly used in serving the stated objectives of the Bank.
- 2.8.2 All deliberations in the meetings of the Committee are confidential and may not be used outside the scope of the Bank's business.
- 2.8.3 No member of the Shariah Committee shall be entitled to pronounce a decision, or publish a research work under his title as a member of the Bank's Shariah Committee.
- 2.8.4 This Charter shall replace the previous Regulations and shall come into effect as of the date of its approval by the Board of Directors.