

# ***BY-LAWS***



***The Islamic Financial Services Board***

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**ISLAMIC FINANCIAL SERVICES BOARD  
BY-LAWS**

**1. MEMBERSHIP OF THE IFSB**

**Application for membership**

- 1.1 An application for membership of the IFSB shall be made on the form of application as set out in Appendix I and shall be submitted to the Secretariat. The application shall be accompanied by a draft of the Legal Confirmation required to be submitted under by-law 1.7.
- 1.2 The form must be complete in every respect and must state clearly the category of membership for which the application is made.
- 1.3 On receipt of an application for membership, the Secretariat shall check that the application is complete and carry out a provisional assessment as to whether the membership criteria are met. The Secretariat shall seek a confirmation of “no objection” from the lead supervisory authority in the country of the applicant. The Secretariat shall make its report to the Council for consideration at its next meeting together with a recommendation as to whether the applicant should be admitted to membership.
- 1.4 The Secretariat may request the applicant to provide such further information as it considers necessary or appropriate in order to consider the application.
- 1.5 The Council shall make a determination as to whether the applicant shall be admitted to membership of the IFSB. In determining any application, the Council may request the applicant to provide such further information as it considers necessary or appropriate in order to consider the application.
- 1.6 If the Council resolves to admit the applicant to membership, the Secretariat shall, within 14 days of the Council meeting at which the resolution was passed, notify the applicant that its application for membership has been accepted and shall send to the applicant a Membership Agreement for execution by the applicant. The applicant shall sign and return the Membership Agreement to the Secretariat together with the completed Legal Confirmation within 30 days.
- 1.7 The applicant shall be admitted to membership of the IFSB on receipt by the Secretariat of the executed Membership Agreement and the completed Legal Confirmation.

- 1.8 The Secretariat will send notification of the admission of a new member to all members.
- 1.9 If the Council resolves not to admit the applicant to membership the Secretariat shall within 14 days of the Council meeting notify the applicant that its application for membership has been rejected. Such notification shall include a statement of the reasons why the application has been rejected.
- 1.10 Any notification given by the Secretariat to an applicant under by-laws 1.6 or 1.9 shall be given in writing by registered mail, facsimile or electronic mail to the address or facsimile number specified by the applicant on the application form.

### **Membership of the Council: lead supervisory authority**

- 1.11 For the purpose of Article 20 of the Agreement, the lead supervisory authority in a country shall be determined in accordance with the following criteria:
  - (a) The lead supervisory authority shall be the authority which has, whether under the laws of the relevant country or as a matter of practice, responsibility for the supervision of banks and other financial institutions.
  - (b) If there are two or more authorities in the relevant country with responsibility, whether under the laws of the relevant country or as a matter of practice, for the supervision of banks and other financial institutions, the lead supervisory authority shall be the authority which has responsibility for the supervision of banks.
- 1.12 The Secretariat and the Council may rely on confirmation from the applicant that it is the lead supervisory authority in the relevant country.

### **Membership fees**

- 1.13 Membership fees shall be due and payable on 1<sup>st</sup> January of each year.
- 1.14 A new member shall pay the membership fee in full for the year in which it is admitted within 7 days of being admitted to membership of the IFSB. There shall be no pro rata reduction if a member is admitted after 1<sup>st</sup> January.
- 1.15 A member who ceases to be a member of the IFSB for any reason shall not be entitled to any refund of membership fees.

- 1.16 The membership fees for each year shall be determined by the General Assembly at its annual general meeting prior to the beginning of the year in question.
- 1.17 In determining the membership fees for any year, the General Assembly shall seek to ensure that the total revenue of the IFSB will be at least equal to its total expenses for the year in question. The General Assembly shall have regard to the projected revenue and expenses of the IFSB and its constituent organs for the year in question as set out in the budget approved by the Council.
- 1.18 On application by a member, the General Assembly may grant an exemption or reduction in membership fees for an individual member on a case by case basis in accordance with Article 14(c) of the Agreement. In deciding whether to grant an exemption or reduction, the General Assembly shall have regard to such matters as they consider appropriate including, but not limited to:
- (a) the resources of the member;
  - (b) the contribution made by the member to the operation of the IFSB including through participation in the Technical Committee, the provision of staff on secondment or otherwise;
  - (c) such other matters as may appear equitable in any particular case to the General Assembly.

## **2. MEETINGS OF THE GENERAL ASSEMBLY**

### **Notice of meetings**

- 2.1 (a) The notice of any meeting of the General Assembly given by the Secretariat under Article 15 or Article 16 of the Agreement shall specify the date, time and place of the meeting and the general nature of the business to be transacted and, in the case of a meeting under Article 16, specify that the meeting is an extraordinary meeting of the General Assembly.
- (b) Notices convening a meeting under Article 15 shall be sent not less than three months prior to the date of the meeting.
- (c) Notices convening a meeting under Article 16 shall be sent not less than one month prior to the date of the meeting.

- 2.2 The non-receipt of notice of a meeting of the General Assembly by any person entitled to receive notice shall not invalidate the proceedings and resolutions that might be adopted by the General Assembly at that meeting, provided that a quorum is present.
- 2.3 All categories of members are entitled to attend all meetings of the General Assembly.
- 2.4 A majority of Full Members may, at any time between the service of notice of a meeting and the commencement of the meeting, by petition to the Secretariat, adjourn a meeting of the General Assembly, but no business shall be transacted at the postponed meeting other than business which might properly have been transacted at the meeting had the adjournment not taken place.

### **Petition of meetings by members and members' resolutions**

- 2.5 A petition for an extraordinary meeting of the General Assembly made by Full Members under Article 16 shall be in writing and signed by the petitioners. The petition must state the objects of the meeting and any resolution to be moved, and must be accompanied by the proposed resolution in writing. The petition and the proposed resolution shall be sent to the Secretariat.
- 2.6 The Secretariat shall serve notice convening an extraordinary meeting of the General Assembly within 21 days of receipt of a petition under by-law 2.5. The notice shall state the objects of the meeting and shall be accompanied by the proposed resolution.
- 2.7 A Full Member may move a resolution at an annual meeting of the General Assembly by sending the resolution to the Secretariat not less than 21 days before the meeting. The Secretariat shall then send the proposed resolution to all members not less than 14 days before the meeting of the General Assembly.

### **Proceedings at meetings of the General Assembly**

- 2.8 No business shall be transacted at any meeting of the General Assembly unless a quorum is present. A quorum for the purposes of any meeting of the General Assembly shall be two-thirds of all Full Members.
- 2.9 The Chairman of the meeting of the General Assembly shall be determined in accordance with Article 19 of the Agreement.
- 2.10 The Chairman may, with the consent of a meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the meeting of

- the General Assembly from time to time and from place to place, but no business shall be transacted at the postponed meeting other than business which might properly have been transacted at the meeting had the adjournment not taken place.
- 2.11 Each Full Member shall have one vote. Associate Members and Observer Members are not entitled to vote.
  - 2.12 Resolutions of the General Assembly in its meeting shall be effective with a simple majority of Full Members present unless the resolution relates to either Article 53 or 54 of the Agreement, which require the consent of three-quarters of Full Members.
  - 2.13 A Full Member may not appoint another member or any other person as a proxy for a meeting of the General Assembly.
  - 2.14 A resolution put to the vote at a meeting of the General Assembly shall be decided on a show of hands unless a secret ballot is demanded by the Chairman or by at least one-tenth of the Full Members present.
  - 2.15 The Chairman shall have a casting vote in the event of a tie in respect of any matter put to a vote in a meeting of the General Assembly.
  - 2.16 The minutes of each meeting of the General Assembly shall be circulated to all members no later than 21 days after the meeting.

### **Written resolution**

- 2.17 If three-quarters of the Full Members who would have been entitled to vote at a meeting of the General Assembly sign a written resolution, this shall be valid and effective as if it had been passed at a meeting of the General Assembly provided that such resolution shall have been sent to all members. This document may consist of several documents in the like form each signed by one or more Full Members. The text of a resolution passed under this by-law shall be circulated to all members within 7 days.

### **Election of Chairman of the General Assembly**

- 2.18 The Chairman of the Council at the time of the inaugural meeting shall be the Chairman of the inaugural meeting of the General Assembly in accordance with Article 19 of the Agreement.
- 2.19 At the end of each meeting of the General Assembly, the Chairman shall seek nominations from Full Members present to act as Chairman for the next meeting, whether annual or extraordinary. The Chairman shall be

elected by a simple majority of Full Members present at the meeting of the General Assembly.

- 2.20 Only Full Members are entitled to stand for the position of Chairman of the General Assembly.
- 2.21 If the Chairman-elect does not attend the meeting of the General Assembly for which he has been elected Chairman, the Full Members present at that meeting of the General Assembly may elect a Chairman from their number at the meeting.

### **3. MEETINGS OF THE COUNCIL**

#### **Notice of meetings**

- 3.1 The notice of any meeting of the Council given by the Secretary-General under Article 22 or Article 23 of the Agreement shall specify the date, time and place of the meeting and the general nature of the business to be transacted and, in the case of a meeting under Article 23, specify that the meeting is an extraordinary meeting of the Council.
- 3.2 A notice convening a meeting under Article 22 shall be sent not less than two months prior to the date of the meeting.
- 3.3 A notice convening a meeting under Article 23 shall be sent not less than one month prior to the date of the meeting.
- 3.4 The non-receipt of notice of a meeting of the Council by any person entitled to receive notice shall not invalidate the proceedings at that meeting.
- 3.5 A majority of members of the Council may, at any time between the service of notice of a meeting and the commencement of the meeting, by petition to the Secretariat, adjourn a meeting of the Council, but no business shall be transacted at the postponed meeting other than business which might properly have been transacted at the meeting had the adjournment not taken place.

#### **Petition of meetings by members and members' resolutions**

- 3.6 A petition for an extraordinary meeting of the Council made by members under Article 23 shall be in writing and signed by the petitioners. The petition must state the objects of the meeting and any resolution to be moved, and must be accompanied by the proposed resolution in writing. The petition and the proposed resolution shall be sent to the Secretariat.



- 3.7 The Secretariat shall serve notice convening an extraordinary meeting of the Council within 21 days of receipt of a petition under by-law 3.4. The notice shall state the objects of the meeting and shall be accompanied by the proposed resolution.
- 3.8 A member of the Council may move a resolution at a meeting of the Council by sending the resolution to the Secretariat not less than 21 days before the Council meeting. The Secretary-General shall then send the proposed resolution to all members of the Council not less than 14 days before the meeting of the Council.

### **Proceedings at meetings of the Council**

- 3.9 No business shall be transacted at any meeting of the Council unless a quorum is present. A quorum for the purposes of any meeting of the Council shall be two-thirds of all members of the Council. Where any member of the Council has invited another Full Member from its country to lead, participate in, or exercise its voting rights as a member of the Council under Article 20(e) of the Agreement in its stead, such invited Full Member shall be deemed to be a member of the Council only for the purposes of that Council meeting.
- 3.10 The Chairman may, with the consent of a meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the meeting of the Council from time to time and from place to place, but no business shall be transacted at the postponed meeting other than business which might properly have been transacted at the meeting had the adjournment not taken place.
- 3.11 Each member of the Council shall have only one vote notwithstanding the number of Full Members from its country.
- 3.12 Resolutions of the Council in its meeting shall be effective with a simple majority of members present.
- 3.13 A member of the Council may not appoint another member of the Council as a proxy for a meeting of the Council. However, a member of the Council may invite another Full Member from its country to lead, participate in, or exercise its voting rights as a member of the Council at any session or meeting of the Council on matters which specifically concern the industry under supervision of the invited Full Member.
- 3.14 The Chairman shall have a casting vote in the event of a tie in respect of any matter put to a vote in a meeting of the Council.

- 3.15 The minutes of each meeting of the Council shall be circulated to all members of the Council no later than 21 days after the meeting.
- 3.16 Subject to any of the preceding by-laws, the Chairman of the Council shall regulate its proceedings as it thinks fit.
- 3.17 The Chairman and Deputy Chairman of the Council shall take office in accordance with the provisions as set out in Article 26 of the Articles of Agreement.
- 3.18 If the Chairman of the Council does not attend a meeting of the Council, the Deputy Chairman shall act as chairman of that meeting. If neither the Chairman nor the Deputy Chairman attends a meeting of the Council, the chairman of the meeting shall be elected from the members of the Council present at the meeting.
- 3.19 The Council may resolve to enable any member of the Council to attend any meeting of the Council by simultaneous attendance and participation at a satellite meeting place anywhere in the world. A member present in person at satellite meeting places shall be counted in the quorum for, and entitled to vote at, the meeting in question, and that meeting shall be duly constituted and its proceedings valid if the chairman of the meeting is satisfied that adequate facilities are available throughout the meeting to ensure that members attending at all the meeting places are able to:
  - (a) participate in the business for which the meeting has been convened;
  - (b) hear and see all persons who speak (whether by the use of microphones, loudspeakers, audio-visual communications equipment or otherwise) in the principal meeting place and any satellite meeting place; and
  - (c) be heard and seen by all other persons so present in the same way.

### **Written Resolutions**

- 3.20 If three-quarters of the members of the Council who would have been entitled to vote at a meeting sign a written resolution, this shall be valid and effective as if it had been passed at a meeting of the Council provided that such a resolution shall have been sent to all members of the Council. This document may consist of several documents in the like form each signed by one or more members of the Council. The text of a resolution passed under this by-law shall be circulated to all members of the Council within 7 days.

## **4. TECHNICAL COMMITTEE**

### **Appointment of members**

- 4.1 Before any appointment of any person as a member of the Technical Committee, the Chairman of the Council shall invite all Full Members to submit nominations for the members of the Technical Committee within [6 weeks].
- 4.2 The Council shall assess and review all nominations and appoint the member or members of the Technical Committee in accordance with the criteria for selection of members of the Technical Committee set out in Article 29 of the Agreement.

### **Appointment of Chairman**

- 4.3 The Council shall from the members of the Technical Committee designate one person representing a permanent member of the Council to act as Chairman and one person representing a Full Member to act as Deputy Chairman of the Technical Committee. In the event that the Chairman of the Technical Committee does not attend a meeting of the Technical Committee, the Deputy Chairman shall act as chairman of that meeting.

### **Secretary**

- 4.4 The Secretariat shall act as secretary of the meetings of the Technical Committee.

### **Dismissal of members**

- 4.5 In the event that a member of the Technical Committee fails to attend two consecutive meetings of the Technical Committee, the Council shall consider the reasons of the member for failing to attend the meetings.
- 4.6 The Council may remove the member from office if it considers that the member of the Technical Committee failed to attend without just cause.

## **Meeting Venue**

- 4.7 The venue for any meeting of the Technical Committee shall be determined by the Chairman of the Technical Committee after consultation with the Secretariat.
- 4.8 The Chairman or in his absence he Deputy Chairman, may resolve to enable any member of the Technical Committee to attend any meeting of the Technical Committee by simultaneous attendance and participation at a satellite meeting place anywhere in the world. A member present in person at satellite meeting places shall be counted in the quorum for, and entitled to vote at, the meeting in question, and that meeting shall be duly constituted and its proceedings valid if the chairman of the meeting is satisfied that adequate facilities are available throughout the meeting to ensure that members attending at all the meeting places are able to:
- (a) participate in the business for which the meeting has been convened;
  - (b) hear and see all persons who speak (whether by the use of microphones, loudspeakers, audio-visual communications equipment or otherwise) in the principal meeting place and any satellite meeting place; and
  - (c) be heard and seen by all other persons so present in the same way.

## **Quorum**

- 4.9 No business shall be transacted at any meeting of the Technical Committee unless a quorum is present. A quorum for the purposes of any meeting of the Technical Committee shall be five members of the Technical Committee, one of whom shall be the Chairman or Deputy Chairman of the Technical Committee.

## **5. THE SECRETARY-GENERAL**

### **Appointment of the Secretary-General**

- 5.1 The Council shall at its first meeting ratify the appointment of the Secretary-General designate made by the Founding Members. Subsequently, the Secretary-General shall be appointed by the Council in accordance with the procedures set out in this by-law 5.

- 5.2 All salaries, expenses and disbursements of the Secretary-General and the Secretariat incurred prior to the execution of the Agreement shall be borne by the IFSB.
- 5.3 The age of retirement of the Secretary-General shall be 60. However, the Council may continue to employ a Secretary-General beyond 60 on a case-by-case basis.
- 5.4 The Chairman of the Council shall invite Full Members to nominate candidates for the position of Secretary-General of the Secretariat. Each Full Member shall have one nomination.
- 5.5 Any Full Member who wishes to nominate a candidate shall submit his nomination to the Chairman of the Council within 30 days of receipt of the invitation.
- 5.6 The Chairman of the Council shall appoint a selection and interview committee to prepare a short list and will send all nominations received to that committee. The selection and interview committee shall consist of such representatives of members of the Council as the Council shall agree. The selection and interview committee shall, in accordance with guidelines prescribed by the Council (if any), review and assess all nominations and prepare a shortlist of candidates who shall be invited for interview before the selection and interview committee.
- 5.7 The selection and interview committee shall interview all candidates on the shortlist and notify each member of the Council in writing of details of the shortlisted candidates together with the committee's ranking of the shortlisted candidates in order of preference.
- 5.8 Subject always to by-law 5.9, each member of the Council shall provide its written approval or rejection (as the case may be) of the recommendation of the selection and interview committee within 21 days of notification under by-law 5.7.
- 5.9 Any member of the Council may by petition to the Secretariat within 14 days of notification under by-law 5.7 convene an extraordinary meeting of the Council at which the members of the Council shall discuss and approve or reject (as the case may be) the recommendation of the selection and interview committee. The Secretariat shall give not less than one month's notice of such a meeting and shall invite all the members of the Council to attend. Any such meeting shall be conducted in accordance with Article 24, the by-laws and the procedural rules applied at the previous Council meeting.

5.10 The Secretary General shall be appointed upon the approval of a majority of the members of the Council, either in writing under by-law 5.8 or by a resolution passed at a meeting convened under by-law 5.9.

### **Selection criteria**

5.11 A candidate for the position of Secretary-General of the Secretariat shall:

- (a) Have a university degree or professional qualification in economics, finance or related fields;
- (b) Have work experience in central banks, regulatory authorities, international organisations, standard setting institutions or comparable institutions;
- (c) Demonstrate knowledge of the Islamic financial services industry, preferably in the area of regulation and supervision of the industry;
- (d) Demonstrate a good understanding of international financial markets; and
- (e) Be reputable and recognised by the international Islamic financial services industry.

## **6. THE SECRETARIAT**

### **Functions of the Secretariat**

6.1 The Secretariat shall be responsible for the day-to-day operation and administration of the IFSB.

6.2 The age of retirement of members of the Secretariat shall be 60. However, the Council may continue to employ members of the Secretariat beyond the age of 60 on a case-by-case basis.

### **Secondment of staff**

6.3 Upon request by the Council, each Full Member shall use reasonable endeavours to second personnel with suitable qualifications and experience to the Secretariat for such period and on such terms as the Council and the Full Member shall agree.

6.4 When making a request under by-law 6.3, the Council shall consider the equitable apportionment of requests among Full Members having regard to the respective resources of the Full Members.

- 6.5 The salaries, expenses and disbursements of the Secretariat and the Secretary-General and any seconded member shall be paid from the budget of the IFSB.

### **Confidentiality**

- 6.6 Unless required by law or authorised by the Secretary-General, all members of the Secretariat including, without limitation, the Secretary-General, senior Secretariat staff and administrative and support staff shall be subject to a duty to keep confidential all matters they know or ought reasonably to know to be confidential relating to the affairs of the IFSB or any member of the IFSB during and after their involvement with the IFSB.
- 6.7 The contract of employment of all members of the Secretariat shall include an undertaking by the employee to comply with the obligations imposed by this by-law.

## **7. BUDGET OF THE IFSB AND ACCOUNTS**

- 7.1 In accordance with Article 39, the budget of the IFSB shall comprise membership fees, grants, contributions donations and other funds received by the IFSB.
- 7.2 The Secretariat shall be responsible for keeping proper records and accounts of the IFSB's budget and expenditure and for implementing appropriate internal control procedures with respect to the budget.
- 7.3 The accounts of the IFSB shall disclose all technical assistance provided to members under Article 38 in the year to which the accounts relate.
- 7.4 Following approval of the accounts by the General Assembly in accordance with Article 14(a), the final audited accounts of the IFSB shall be signed by the Chairman of the relevant meeting of the General Assembly and the Secretary-General. In the absence of the Secretary-General, the Council shall appoint a member of the Council to sign the final audited accounts with the Chairman.

## **8. NOTICES**

- 8.1 Any notice served on a member under the Agreement or these by-laws shall be sent in writing by registered mail, facsimile or electronic mail to the address or facsimile number specified by the member for this purpose and notified by the member to the Secretariat from time to time.

- 8.2 Any notice served on a member of the Council under the Agreement or these by-laws shall be sent in writing by registered mail, facsimile or electronic mail to the address or facsimile number specified by the member for this purpose and notified by the member to the Secretariat from time to time.

## 9. INTERPRETATION

- 9.1 In these by-laws, terms defined in the Agreement shall have the same meaning and:

**Agreement** means the Agreement establishing the Islamic Financial Services Board dated 3 November 2002;

**Legal Confirmation** means a confirmation provided by an appropriately qualified internal or external legal adviser to the applicant substantially in the form set out in Appendix II (or in such other form as the Council may approve from time to time) that the applicant has the power and authority to enter into the Membership Agreement and to perform its obligations under the Agreement;

**Membership Agreement** means an agreement substantially in the form set out in the Appendix III or in such other form as the Council may approve from time to time.



## Appendix I

### ISLAMIC FINANCIAL SERVICES BOARD

#### Application for Membership

Information must be typewritten

1.

Full name of applicant:			
Postal code:	City:	Country:	
Street:			
Telephone(s):	Country Code:	Area Code:	Numbers:
Telex:			Fax:

hereby applies for membership of the Islamic Financial Services Board (the IFSB) pursuant to 1.1 of the IFSB's by-laws.

2. Indicate the category of membership the applicant is applying for:

Full Membership	<input type="checkbox"/>
Associate Membership	<input type="checkbox"/>
Observer Membership	<input type="checkbox"/>

3. If the applicant is applying for Full Membership, please confirm that:

(a) the applicant is the lead supervisory authority in its country (determined in accordance with 1.12 of the IFSB's by-laws)

Yes  No

(b) the applicant's country recognises Islamic financial services in law or in practice

Yes  No

4. If the applicant is applying for Associate Membership, please state whether the applicant is:

Central Bank


Monetary Authority


Financial Supervisory Organisation

Regulatory Organisation

International Organisation

Other (please describe)

5. If the applicant is applying for Observer Membership:

(a) please state whether the applicant is a professional or industry association on the following scale:

Regional


National

International

(b) Please indicate the nature of the applicant's activities:

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6. The following are principal contacts for the applicant:

	Telephone: Fax: e-mail:
--	-------------------------------

	Telephone: Fax: e-mail:
	Telephone: Fax: e-mail:

7. This application is accompanied by a draft confirmation in the form specified by the IFSB that the applicant has the capacity to enter into the Membership Agreement.
8. The applicant confirms that the particulars given in this application including all documents attached hereto are accurate and complete in every respect.

Date of signing:	Authorised signatory(ies) for and on behalf of applicant:
Place of signing:	Full name(s) and title(s) of signatory(ies):

10. The completed application form must be sent by registered mail to:

Islamic Financial Services Board  
 c/o Bank Negara Malaysia  
 Jalan Dato' Onn  
 P.O. Box 10922  
 50929 Kuala Lumpur  
 Malaysia

All applications will be acknowledged by the IFSB. Incomplete applications will not be considered.

11. Indicate the contact regarding this application:

Name and title:		
Address (if different from that in 1.):		
Telephone:	Telex:	Telefax:

## Appendix II

### Form of Legal Confirmation

To: Islamic Financial Services Board  
c/o Bank Negara Malaysia  
Jalan Dato' Onn  
P.O. Box 10922  
50929 Kuala Lumpur  
Malaysia

[Date]

Dear Sirs

#### Application for membership of the Islamic Financial Services Board

We refer to:

- (a) an agreement dated [ ] establishing the Islamic Financial Services Board (the **Agreement**);
- (b) a membership agreement (the Membership Agreement) to be entered into between the Islamic Financial Services Board and [name of institution] (the **Applicant**) in connection with our application for membership of the Islamic Financial Services Board; and
- (c) the by-laws of the Islamic Financial Services Board (the **By-laws**).

In this letter the Agreement, the Membership Agreement and the By-laws are referred to as the **Agreements**.

1. We have examined:

- (a) the Agreements; and
- (b) the constitutional documents of the Applicant.

2. Having considered the documents listed in paragraph 1 above and having regard to all applicable laws of [country] we are pleased to confirm that in our opinion:

- (a) the Applicant was established in [country] on [ ] and is a separate legal entity, is subject to suit in its own name, and no steps have

been, or are being, taken in relation to any receivership, administration, liquidation, winding up or analogous proceedings under the laws of [country] in relation to the Applicant or a material part of its undertaking;

- (b) the Applicant has the necessary power and authority, and all necessary corporate and other action has been taken, to enable the Applicant to sign and deliver Membership Agreement and to perform the obligations undertaken by it under the Agreements;
- (c) the execution by the Applicant of the Membership Agreement and the performance by the Applicant of its obligations under the Agreements will not cause:
  - (i) any limit on the Applicant or its directors (whether imposed by the documents constituting the Applicant, statute or regulation, or, to the best of our knowledge, agreement or otherwise) to be exceeded;
  - (ii) any applicable law, rule, regulation or order to which the Applicant is subject to be contravened;
  - (iii) any default under any agreement or other instrument or any judgment or other requirement known to us to which the Applicant is a party or by which it or any of its assets is bound;
- (d) the Membership Agreement has been properly signed and delivered on behalf of the Applicant and the obligations on the part of the Applicant contained in the Agreements, assuming them to be valid and binding according to Malaysian law by which they are expressed to be governed, are valid and legally binding on and enforceable against the Applicant under the laws of [jurisdiction of applicant] and the courts of jurisdiction of applicant].

Yours faithfully

## Appendix III

### Form of Membership Agreement

This **MEMBERSHIP AGREEMENT** is made on [ ]

#### **BETWEEN**

**THE ISLAMIC FINANCIAL SERVICES BOARD** of Bank Negara Malaysia, Jalan Dato' Onn, P.O. Box 10922, 50929 Kuala Lumpur, Malaysia (the **IFSB**); and

[ ] whose [principal place of business] is at \_\_\_\_\_ (the **Member**)

IT IS AGREED AS FOLLOWS:

#### INTERPRETATION

1. In this Membership Agreement, the Agreement means the document establishing the IFSB and the By-laws are those by-laws formed under that Agreement and words and expressions defined in the Agreement and the By-laws shall have the same meanings in this Membership Agreement.

#### ADMISSION TO MEMBERSHIP

2. The IFSB hereby admits the Member to membership of the IFSB as [a Full Member] [an Associate Member] [an Observer Member] in accordance with and subject to the Agreement and the By-laws with effect from [ ]

#### MEMBER'S UNDERTAKING, ACKNOWLEDGEMENT, REPRESENTATION AND WARRANTY

- 3.1 The Member undertakes to the IFSB to comply in all respects and at all times with and to be bound by the Agreement and the By-laws in force as at the date hereof and as amended from time to time.
- 3.2 The Member represents and warrants that the information provided by it in connection with its application for membership of the IFSB is accurate and complete in every respect.

#### GOVERNING LAW

4. This Agreement shall be governed in accordance with the laws of Malaysia.

This Agreement has been executed by the parties on the dates set out below.

SIGNED for and on behalf of the  
IFSB

Date: .....  
By: .....  
Name: .....  
Title: Secretary-General

SIGNED for and on behalf of the  
Member

Date: .....  
By: .....  
Name: .....  
Title: .....