

ACT 276

ISLAMIC BANKING ACT 1983

PART VIII - CONSEQUENTIAL AMENDMENTS

Section 59. Amendment of the Central Bank of Malaysia Ordinance 1958.

(1) Section 2 of the Central Bank of Malaysia Ordinance 1958, which in this section is referred to as "the Ordinance", is amended-

(a) by inserting immediately before the semicolon at the end of the definition of "bank" the words "or the Islamic Banking Act 1983";

(b) by inserting immediately after the definition of "Governor" the following new definitions:

' "investment account liabilities" in relation to an Islamic bank means the deposit liabilities at that bank in respect of funds placed by a depositor with that bank for a fixed period of time under an agreement to share the profits or losses of that bank on the investment of such funds;

"Islamic bank" means a bank licensed under the Islamic Banking Act 1983; ' ; and

(c) by inserting immediately after the words "in relation to a bank" in the definition of "other deposit liabilities" the words "other than an Islamic bank" and by inserting immediately after the semicolon at the end of that definition the following words:

"and in relation to an Islamic bank means deposit liabilities at that bank other than savings account, investment account, sight and time liabilities and deposit liabilities from another bank or the Central Bank;"

(2) Section 37 of the Ordinance is amended-

(a) by inserting immediately after the words "payable to or by banks" in paragraph 1)(b) the words "other than Islamic banks";

(b) by inserting immediately after the words "each bank" in paragraph (1)(c) the words ", other than an Islamic bank," and by substituting a semicolon for the full stop at the end of that paragraph;

(c) by inserting immediately after paragraph (1)(c) the following new paragraph (d):

"(d) a reserve to be held by each Islamic bank at the Central Bank comprising such amounts expressed as a percentage of each bank's sight, savings account, investment account, time and other deposit liabilities as may be approved by the Minister on the recommendation of the Board, whether denominated in Malaysian or foreign currency,"; and

(d) by inserting immediately after the words "paragraph (c)" in subsection (2) the words "or (d)".

(3) Section 41 of the Ordinance is amended by substituting for the words "banks or groups of banks" in the first paragraph the words "banks other than Islamic banks or groups of such banks, nor shall it discriminate among Islamic banks or groups of Islamic banks,".

(4) Section 42 of the Ordinance is amended by inserting immediately after the words "Banking Act 1973" the words "or the Islamic Banking Act 1983".

(5) Section 51 of the Ordinance is amended-

(a) by deleting the words "interest charge" in paragraph (4)(a); and

(b) by deleting the word "interest" in paragraph 4(b).