

1 AAOIFI Standard (Enhanced)

1.1 Clause 100.000

2 Billings by Islamic bank to (Al- Billings by Islamic bank to (Al- Mustasni') purchaser (y-co.) Mustasni') purchaser (y-co.)

1.2 Clause 2/1

Istisna'a costs a) Istisna'a costs consist of: (I) Direct costs, in particular costs of a) Istisna'a costs consist of: (I) Direct costs, in particular costs of producing Al-Masnoo'; and (II) Indirect costs relating to the producing Al-Masnoo'; and (II) Indirect costs relating to the contract as allocated on an objective basis. General and admin- contract as allocated on an objective basis. General and admin- istrative expenses, selling expenses, research and development istrative expenses, selling expenses, research and development costs shall not be included in an Istisna'a contract costs. (para. 2) costs shall not be included in an Istisna'a contract costs. (para. 2) b) Istisna'a costs incurred during a financial period, as well as pre- b) Istisna'a costs incurred during a financial period, as well as pre-contract costs as described in (c) below, shall be recognized in an contract costs as described in (c) below, shall be recognized in an Istisna'a work-in-progress account, and reported under assets in Istisna'a work-in-progress account, and reported under assets in the statement of financial position of the Islamic bank. (In case of the statement of financial position of the Islamic bank. (In case of parallel Istisna'a, this account shall be called Istisna'a costs account parallel Istisna'a, this account shall be called Istisna'a costs account as stated in 2/2 a). Amounts billed to Al-Mustasni' will be debited as stated in 2/2 a). Amounts billed to Al-Mustasni' will be debited to Istisna'a accounts receivable account and credited to an Istisna'a to Istisna'a accounts receivable account and credited to an Istisna'a billings account. The balance of the latter account shall be offset billings account. The balance of the latter account shall be offset against Istisna'a work-in-progress account in the appropriate side against Istisna'a work-in-progress account in the appropriate side of the Islamic bank's statement of financial position. (para. 3) of the Islamic bank's statement of financial position. (para. 3) Financial Accounting Standard No. (10): Istisna'a and Parallel Istisna'a Financial Accounting Standard No. (10): Istisna'a and Parallel Istisna'a

1.3 Clause 2/2

Contract costs in parallel Istisna'a a) When a parallel Istisna'a exists, the costs of Istisna'a include the a) When a parallel Istisna'a exists, the costs of Istisna'a include the price fixed in the parallel Istisna'a contract (direct costs), together price fixed in the parallel Istisna'a contract (direct costs), together with indirect costs including any pre-contract costs as described in with indirect costs including any pre-contract costs as described in

1.4 Clause 2/3

Istisna'a revenue and profit at the end of a financial period

1.5 Clause 2/3/1

Istisna'a revenue and profit Istisna'a revenue is the total price agreed upon between the Istisna'a revenue is the total price agreed upon between the Islamic bank as Al-Sani' and the client as Al-Mustasni', including Islamic bank as Al-Sani' and the client as Al-Mustasni', including the Islamic bank's profit margin on the contract. Istisna'a revenue the Islamic bank's profit margin on the contract. Istisna'a revenue and the associated profit margin are recognized in the Islamic and the associated profit margin are recognized in the Islamic bank's financial statements according to either the percentage of bank's financial statements according to either the percentage of completion or the completed contract methods as set up below, completion or the completed contract methods as set up below, taking into consideration what is stated in item 2/3/1/2. (para. 7) taking into consideration what is stated in item 2/3/1/2. (para. 7)

1.6 Clause 2/3/1/1

Percentage of completion method a) A part of the contract price commensurate with the a) A part of the contract price commensurate with the work performed during each period in which the work performed during each period in which the Financial Accounting Standard No. (10): Istisna'a and Parallel Istisna'a Financial Accounting Standard No. (10): Istisna'a and Parallel Istisna'a

1.7 Clause 2/3/1/2

Completed contract method In unusual circumstances where both the percentage In unusual circumstances where both the percentage of completion and the expected cost to complete the of completion and the expected cost to complete the contract cannot be estimated with reasonable accuracy contract cannot be estimated with reasonable accuracy at the end of the financial period, no contract revenue at the end of the financial period, no contract revenue shall be recognized until the contract is fully completed. shall be recognized until the contract is fully completed. Thus, until that date, the accumulated contract costs Thus, until that date, the accumulated contract costs will be carried forward on the Istisna'a work-in-progress will be carried forward on the Istisna'a work-in-progress account, without any profit element being recognized. account, without any profit element being recognized. (para. 10) (para. 10)

1.8 Clause 2/3/2

Deferred profits The contract price may be fully paid by Al-Mustasni' by The contract price may be fully paid by Al-Mustasni' by instalments during the contract based on progress in work. instalments during the contract based on

progress in work. However, all or part of the price may be paid following completion of the contract. In the latter case, the difference between the total price that is paid during the contract and the agreed total price –defined as deferred profits– shall be the agreed total price –defined as deferred profits– shall be offset against Istisna’a accounts receivable in the Islamic bank’s statement of financial position. This treatment shall bank’s statement of financial position. This treatment shall Financial Accounting Standard No. (10): Istisna’a and Parallel Istisna’a Financial Accounting Standard No. (10): Istisna’a and Parallel Istisna’a

1.9 Clause 2/3/3

Early settlement a) If Al-Mustasni’ makes a payment in advance of the due date a) If Al-Mustasni’ makes a payment in advance of the due date for such a payment, the Islamic bank may waive part of its for such a payment, the Islamic bank may waive part of its profit in recognition of this earlier payment. In that case, profit in recognition of this earlier payment. In that case, the amount of profit waived shall be deducted from both the amount of profit waived shall be deducted from both Istisna’a accounts receivable account and deferred profits Istisna’a accounts receivable account and deferred profits account. (para. 14) account. (para. 14) b) The same accounting treatment as in (a) above shall apply b) The same accounting treatment as in (a) above shall apply if the facts are the same except that the Islamic bank did not if the facts are the same except that the Islamic bank did not grant a partial reduction of the profit when the payment grant a partial reduction of the profit when the payment was made, but reimbursed Al-Mustasni’ with this amount was made, but reimbursed Al-Mustasni’ with this amount after receiving the payments. (para. 15) after receiving the payments. (para. 15)

1.10 Clause 2/3/4

Parallel Istisna’a revenue and profit a) Parallel Istisna’a revenue and profit for each financial pe- a) Parallel Istisna’a revenue and profit for each financial period shall be measured and recognized according to the riod shall be measured and recognized according to the percentage of completion method, since in parallel Istisna’a percentage of completion method, since in parallel Istisna’a both costs and revenues of Istisna’a are known to the Islamic both costs and revenues of Istisna’a are known to the Islamic bank with reasonable certainty. (para. 16) bank with reasonable certainty. (para. 16) b) The recognized portion of Istisna’a profits for a financial b) The recognized portion of Istisna’a profits for a financial period shall be added to Istisna’a costs account. Thus, at any period shall be added to Istisna’a costs account. Thus, at any Financial Accounting Standard

No. (10): Istisna'a and Parallel Istisna'a Financial Accounting Standard No. (10): Istisna'a and Parallel Istisna'a

1.11 Clause 2/4

Measurement of Istisna'a work-in-progress, Istisna'a costs and treatment of contract losses at the end of a financial period

ment of contract losses at the end of a financial period

a) In the event of applying the percentage of completion method

a) In the event of applying the percentage of completion method for the recognition of Istisna'a revenue and profit, Istisna'a work- for the recognition of Istisna'a revenue and profit, Istisna'a work- in-progress shall be measured and reported in the statement of in-progress shall be measured and reported in the statement of financial position of the Islamic bank at a value not exceeding its financial position of the Islamic bank at a value not exceeding its cash equivalent value (i.e., the difference between the contract cash equivalent value (i.e., the difference between the contract price and the expected additional cost to complete the contract). price and the expected additional cost to complete the contract). (para. 19) (para. 19) b) Any expected loss resulting from the valuation of Istisna'a work- b) Any expected loss resulting from the valuation of Istisna'a work- in-progress at the end of a financial period shall be recognized in-progress at the end of a financial period shall be recognized and reported in the Islamic bank's income statement. (para. 20) and reported in the Islamic bank's income statement. (para. 20) c) When a parallel Istisna'a exists, Istisna'a costs shall be treated as c) When a parallel Istisna'a exists, Istisna'a costs shall be treated as in (a) and (b) above. (para. 21) in (a) and (b) above. (para. 21) d) The subcontractor may fail to honour his obligation in a parallel d) The subcontractor may fail to honour his obligation in a parallel Istisna'a resulting in additional cost for the Islamic bank to fulfil its Istisna'a resulting in additional cost for the Islamic bank to fulfil its obligation towards Al-Mustasni' (the client). Any such additional obligation towards Al-Mustasni' (the client). Any such additional costs shall be recognized as losses in valuing the Istisna'a costs costs shall be recognized as losses in valuing the Istisna'a costs and reported in the Islamic bank's income statement, except if and reported in the Islamic bank's income statement, except if there is a reasonable degree of certainty that the Islamic bank there is a reasonable degree of certainty that the Islamic bank shall recover these additional costs. (para. 22) shall recover these additional costs. (para. 22)

1.12 Clause 2/5

Change orders and additional claims

a) The value and cost of change orders authorized by the Islamic bank

a) The value and cost of change orders authorized by the Islamic bank and Al-Mustasni' shall be added to Istisna'a revenue and costs, and Al-Mustasni' shall be added to Istisna'a revenue and costs, respectively. (para. 23) respectively. (para. 23) Financial Accounting Standard No.

(10): Istisna'a and Parallel Istisna'a Financial Accounting Standard No. (10): Istisna'a and Parallel Istisna'a

1.13 Clause 2/6

Maintenance and warranty costs of Al-Masnoo' a) Maintenance and warranty costs of Al-Masnoo' shall be accounted a) Maintenance and warranty costs of Al-Masnoo' shall be accounted for on an accrual basis. Such costs shall be estimated and then for on an accrual basis. Such costs shall be estimated and then matched with recognized Istisna'a revenue. Actual maintenance matched with recognized Istisna'a revenue. Actual maintenance and warranty expenditures shall be charged against a maintenance and warranty expenditures shall be charged against a maintenance and warranty allowance account when carried out by the Islamic and warranty allowance account when carried out by the Islamic bank. (para. 27) bank. (para. 27) b) When a parallel Istisna'a exists, the maintenance and warranty b) When a parallel Istisna'a exists, the maintenance and warranty cost of Al-Masnoo' shall be accounted for on a cash basis, where cost of Al-Masnoo' shall be accounted for on a cash basis, where such costs are charged by the Islamic bank directly to expense such costs are charged by the Islamic bank directly to expense accounts when they are incurred. (para. 28) accounts when they are incurred. (para. 28)

1.14 Clause 230.000

230.000

1.15 Clause 3/1

According to the Hanafis, Istisna'a' ought to have been prohibited for contravening the general Shari'a rules of contravening the general Shari'a rules of Qiyas Qiyas (analogical deduction). (analogical deduction). They base their argument on the fact that the subject-matter of They base their argument on the fact that the subject-matter of a contract of sale ought to be in existence and in possession of the a contract of sale ought to be in existence and in possession of the seller, which is not the case in Istisna'a. The Hanafis have, nevertheless, seller, which is not the case in Istisna'a. The Hanafis have, nevertheless, approved the Istisna'a contract on the basis of approved the Istisna'a contract on the basis of Istihsan Istihsan (juristic (juristic approbation) for the following reasons: approbation) for the following reasons: a) People have been practicing Istisna'a widely and continuously a) People have been practicing Istisna'a widely and continuously without condemnation, to the extent of furnishing a case of without condemnation, to the extent of furnishing a case of Ijma' Ijma' (Consensus). (Consensus). b) It is possible in Shari'a to depart from b) It is possible in Shari'a to depart from Qiyas Qiyas based on based on Ijma'. Ijma'. c) The validity of Istisna'a is called for on grounds of need. People are c) The validity of Istisna'a is called for on grounds of need. People are often in need of

commodities that are not available in the market, often in need of commodities that are not available in the market, and hence, they would tend to enter into contracts to have the goods and hence, they would tend to enter into contracts to have the goods manufactured for them. manufactured for them.(9) (9)

1.16 Clause 3/2

Istisna'a is also valid in accordance with the general rule of the permissibility of contracts as long as this does not contravene any permissibility of contracts as long as this does not contravene any text or rule of Shari'a. text or rule of Shari'a.(2) (2)

1.17 Clause 3/2/1

Receipt of Al-Masnoo' in conformity with specifications and schedule schedule a) The received (Al-Masnoo') assets shall be recorded at histo- a) The received (Al-Masnoo') assets shall be recorded at histo- rical cost (i.e., the book value) of the Istisna'a costs account. rical cost (i.e., the book value) of the Istisna'a costs account. (para. 31) (para. 31) b) When a parallel Istisna'a exists, and Al-Masnoo' is delivered b) When a parallel Istisna'a exists, and Al-Masnoo' is delivered to the Al-Mustasni' the balance of the Istisna'a costs account to the Al-Mustasni' the balance of the Istisna'a costs account shall be transferred to an asset account that reflects the shall be transferred to an asset account that reflects the nature of Al-Masnoo' received. (para. 32) nature of Al-Masnoo' received. (para. 32)

1.18 Clause 3/2/2

Late delivery of Al-Masnoo' If the delay in the delivery of Al-Masnoo' is due to the neg- If the delay in the delivery of Al-Masnoo' is due to the neg- ligence or fault of Al-Sani' and the Islamic bank is entitled ligence or fault of Al-Sani' and the Islamic bank is entitled to compensation for damages resulting from the delay, the to compensation for damages resulting from the delay, the amount of compensation shall be taken from performance amount of compensation shall be taken from performance bonds. If the amount of performance bonds is not sufficient bonds. If the amount of performance bonds is not sufficient to cover the amount of compensation, the balance shall be to cover the amount of compensation, the balance shall be recognized as Istisna'a accounts receivable due from Al-Sani' recognized as Istisna'a accounts receivable due from Al-Sani' and, if necessary, an allowance for doubtful debts account and, if necessary, an allowance for doubtful debts account shall be formed. (para. 33) shall be formed. (para. 33)

1.19 Clause 3/2/3

Al-Masnoo' not conforming to the specification a) If the Islamic bank declined to receive Al-Masnoo' due a) If the Islamic bank declined to receive Al-Masnoo' due to to nonconformity to specifications and did not recover the nonconformity to specifications and did not recover the entire amount of progress payments made to Al-Sani', the entire amount of progress payments made to Al-Sani', the balance shall be recorded as Istisna'a accounts receivable, balance shall be recorded as Istisna'a accounts receivable, and if necessary, an allowance for doubtful debt account and if necessary, an allowance for doubtful debt account shall be formed. (para. 34) shall be formed. (para. 34) b) If the Islamic bank accepted Al-Masnoo' which does not b) If the Islamic bank accepted Al-Masnoo' which does not conform to specifications, such assets shall be measured at conform to specifications, such assets shall be measured at the lower of their cash equivalent value or historical cost the lower of their cash equivalent value or historical cost (the book value). Any resulting uncompensated loss shall (the book value). Any resulting uncompensated loss shall be recognized in the Islamic bank's income statement for be recognized in the Islamic bank's income statement for the current financial period. (para. 35) the current financial period. (para. 35) Financial Accounting Standard No. (10): Istisna'a and Parallel Istisna'a Financial Accounting Standard No. (10): Istisna'a and Parallel Istisna'a

1.20 Clause 3/2/4

Al-Mustasni' refuses to receive Al-Masnoo' If Al-Mustasni' (the client) refuses to receive Al-Masnoo', the If Al-Mustasni' (the client) refuses to receive Al-Masnoo', the Istisna'a assets shall be measured at the lower of their cash Istisna'a assets shall be measured at the lower of their cash equivalent value or historical cost (the book value). Any resulting equivalent value or historical cost (the book value). Any resulting loss shall be recognized in the Islamic bank's income statement loss shall be recognized in the Islamic bank's income statement for the financial period in which the loss is realized. (para. 36) for the financial period in which the loss is realized. (para. 36)

1.21 Clause 3/3

Some contemporary Fuqaha are of the view that Istisna'a is valid on the basis of the basis of Qiyas Qiyas and the general rules of Shari'a because the fact and the general rules of Shari'a because the fact that the subject-matter is non-existent at the time of the constitution that the subject-matter is non-existent at the time of the constitution of the contract is compensated for by its preponderant existence of the contract is compensated for by its preponderant existence (7) (7) The subject matter may be a commodity, service or both. The subject matter may be a commodity, service or both. (8) (8) Abdullah, Ahmad Ali, The Juristic Rules of the contract of Istisna'a and Parallel Abdullah, Ahmad Ali, The

Juristic Rules of the contract of Istisna'a and Parallel Istisna'a, Accounting and Auditing Organization for Islamic Financial Institutions, Istisna'a, Accounting and Auditing Organization for Islamic Financial Institutions,

1.22 Clause 4/1

Al-Masnoo'

1.23 Clause 4/1/1

The revised clause should explicitly include intangible assets as valid subject matter for Istisna'a contracts and provide guidance on how to specify such assets with sufficient clarity to mitigate Gharar, including functional requirements, non-functional requirements, acceptance criteria, and performance metrics.

1.24 Clause 4/1/2

The Hanafis stipulate that the commodity contracted for ought to be of a type of items that people are used to dealing with to be of a type of items that people are used to dealing with through Istisna'a. This is important because the legitimacy of through Istisna'a. This is important because the legitimacy of Istisna'a is based, according to their viewpoint, on the customary Istisna'a is based, according to their viewpoint, on the customary practices of people. practices of people. However, since the legitimacy of Istisna'a is also based on However, since the legitimacy of Istisna'a is also based on Qiyas Qiyas, , general rules of Shari'a, permissibility of whatever has not been general rules of Shari'a, permissibility of whatever has not been considered illegitimate, and considered illegitimate, and Maslaha Maslaha (consideration of the public (consideration of the public good or common need), it is therefore considered a permissible good or common need), it is therefore considered a permissible contract to be used whenever the need arises irrespective to contract to be used whenever the need arises irrespective to whether or not it has been commonly practised by people. whether or not it has been commonly practised by people.

1.25 Clause 4/1/3

Fixing a date for delivering Al-Masnoo' There are three opinions in the Hanafis School relating to There are three opinions in the Hanafis School relating to fixing a date for delivering Al-Masnoo'. fixing a date for delivering Al-Masnoo'. a) Imam Abu Hanifa prevented fixing any future date for the a) Imam Abu Hanifa prevented fixing any future date for the delivery of Al-Masnoo'. If a date is fixed, then the contract delivery of Al-Masnoo'. If a date is fixed, then the contract turns into Salam because this is a characteristic of a binding turns into Salam because this is a characteristic of a binding (10) (10) Al-Darir, M.S.A., op. cit., (P. 466). Al-Darir, M.S.A., op. cit., (P. 466). (11) (11) Al-Kasani, Al-Kasani, "Bada'i' As-Sana'i' Fi Tartib As-Shara'i'" "Bada'i' As-Sana'i' Fi Tartib

As-Shara‘i’”, Cairo, [5: 2-3]. , Cairo, [5: 2-3]. Financial Accounting Standard No. (10): Istisna’a and Parallel Istisna’a Financial Accounting Standard No. (10): Istisna’a and Parallel Istisna’a

1.26 Clause 4/2

Price The price should be governed by the following rules: The price should be governed by the following rules: a) It should be known to the extent of removing ignorance (i.e., lack a) It should be known to the extent of removing ignorance (i.e., lack of knowledge). of knowledge). b) It cannot be increased or decreased on account of the normal b) It cannot be increased or decreased on account of the normal increase or decrease in commodity prices or cost of labour. increase or decrease in commodity prices or cost of labour. Financial Accounting Standard No. (10): Istisna’a and Parallel Istisna’a Financial Accounting Standard No. (10): Istisna’a and Parallel Istisna’a

1.27 Clause 4/3

The disclosure requirements in Financial Accounting Standard No. (1): General Presentation and Disclosure in the Financial State- No. (1): General Presentation and Disclosure in the Financial State- ments of Islamic Banks and Financial Institutions should be observed. ments of Islamic Banks and Financial Institutions should be observed. (para. 46) (para. 46)

1.28 Clause 5/1

According to the majority of Hanafi jurists, Istisna’a is a valid but not binding contract. Hence,; binding contract. Hence,;

1.29 Clause 5/1/1

Each partner has the option to rescind the contract before it is implemented. Al-Sani’ has the right not to commence it is implemented. Al-Sani’ has the right not to commence manufacturing the goods, while Al-Mustasni’ has the right to manufacturing the goods, while Al-Mustasni’ has the right to withdraw from buying Al-Masnoo’. withdraw from buying Al-Masnoo’.

1.30 Clause 5/1/2

If Al-Sani’ manufactured Al-Masnoo’, he would not be obliged to deliver it to Al-Mustasni’. Rather, he has the option to to deliver it to Al-Mustasni’. Rather, he has the option to dispense with it in the way he deems fit. This is because the dispense with it in the way he deems fit. This is because the contract is not for the manufactured goods themselves, but for contract is not for the manufactured goods themselves, but for Al-Masnoo’ of certain specifications. Al-Mustasni’ also has the Al-Masnoo’ of certain specifications. Al-Mustasni’ also has the option to accept Al-Masnoo’. option to accept Al-Masnoo’.

1.31 Clause 5/1/3

The Hanafis have three different views if Al-Sani' manufactured Al-Masnoo' according to the specifications and decided to deliver it to Al-Mustasni' in fulfillment of his contractual obligations. These are: a) The preponderant view is that the contract becomes binding on Al-Sani' who has waived his option by delivering Al-Masnoo'. Yet, the buyer's option remains to be exercised. This view is attributed to the three Imams: Abu Hanifah, Abu Yusuf and Muhammad. b) Abu Hanifah is also reported to have said that even at this stage Al-Sani' retains his right on an equal footing with Al-Mustasni'. c) Abu Yusuf is also reported to have expressed a second opinion to the effect that in this situation the contract becomes binding on the two parties. (12) (12) (12) Al-Sarakhsi, op. cit., [12: 139]; Al-Kasani, op. cit., [5: 3-4]; Al-Babarti, Al-Sarakhsi, op. cit., [12: 139]; Al-Kasani, op. cit., [5: 3-4]; Al-Babarti, "Al-Inayah 'Ala Ala Al-Hidayah" Al-Hidayah", in , in "Fath Al-Qadir" "Fath Al-Qadir", [7: 116]. , [7: 116]. Financial Accounting Standard No. (10): Istisna'a and Parallel Istisna'a Financial Accounting Standard No. (10): Istisna'a and Parallel Istisna'a

1.32 Clause 5/2

The majority in the Hanafi School opined that the Istisna'a contract is binding once it has been constituted. A number of jurists have argued in favour of this view. (13) (13)

1.33 Clause 5/3

Provision (392) of "Majallat Al-Ahkam Al-'Adliyyah" "Majallat Al-Ahkam Al-'Adliyyah" reads as follows: Once the contract of Istisna'a is constituted, it becomes binding and no party has the right to revoke it. If, however, Al-Masnoo' does not conform to the required specifications, Al-Mustasni' has the option to revoke the contract. The commentator on the text says: Istisna'a is a contract of sale and not a mere

promise. Once it is constituted, is a contract of sale and not a mere promise. Once it is constituted, no party, according to Abu Yousuf's point of view, has the right to no party, according to Abu Yousuf's point of view, has the right to withdraw unless the consent of the other party is secured (see article withdraw unless the consent of the other party is secured (see article

1.34 Clause 5/4

In light of the above, all civil legislations based on Shari'a have treated Istisna'a, in line with the ruling of treated Istisna'a, in line with the ruling of "Majallat Al-Ahkam Al- "Majallat Al-Ahkam Al- 'Adliyyah" 'Adliyyah", as a binding contract. These are the Jordanian, Yemeni , as a binding contract. These are the Jordanian, Yemeni and Sudanese laws of civil transactions as well as the Unified Arab and Sudanese laws of civil transactions as well as the Unified Arab Law proposed by the League of Arab Countries. Law proposed by the League of Arab Countries.

1.35 Clause 5/5

The Islamic Fiqh Academy has also decreed: "The contract of Istisna'a is binding on its parties provided that certain conditions are fulfilled." is binding on its parties provided that certain conditions are fulfilled." These views strengthen one another and confirm that there is These views strengthen one another and confirm that there is a substantiated viewpoint in the Hanafi school professing the bind- a substantiated viewpoint in the Hanafi school professing the binding nature of Istisna'a once it is constituted. It is on this reality that ing nature of Istisna'a once it is constituted. It is on this reality that the the "Majallat Al-Ahkam Al-'Adliyyah" "Majallat Al-Ahkam Al-'Adliyyah", modern civil Islamic legis- , modern civil Islamic legis- lations and the Islamic Fiqh Academy developed their viewpoint, lations and the Islamic Fiqh Academy developed their viewpoint, which is consistent with Shari'a rules and principles. which is consistent with Shari'a rules and principles.

1.36 Clause 7/1

Al-Mustasni' has the right to obtain collateral from Al-Sani' for: a) The total amount that he has paid. a) The total amount that he has paid. b) The delivery of Al-Masnoo' in accordance with the specifications b) The delivery of Al-Masnoo' in accordance with the specifications and on due time. and on due time.

1.37 Clause 7/2

Al-Sani' also has the right to secure collaterals to guarantee that the price is payable on due time. price is payable on due time.(17) (17)