

INFORMATION TEMPLATE

INFORMATION REQUIRED FOR THE PURPOSE OF CLASSIFYING SHARIAH-COMPLIANT SECURITIES

Introduction

The purpose of this information template is to assist and enable the applicant to furnish relevant information which may not be available in the financial statements in order to determine the Shariah status of the securities of a company to be listed on Bursa Malaysia.

The SAC adopts a two-tier quantitative approach, which applies the business activity benchmarks and the financial ratio benchmarks, in determining the Shariah status of the listed securities. Hence, the securities will be classified as Shariah-compliant if their business activities and financial ratios are within these benchmarks.

Business activity benchmarks

The contribution of Shariah non-compliant activities to the Group revenue and Group profit before taxation of the company will be computed and compared against the relevant business activity benchmarks as follows:

(i) The five-per cent benchmark

The five-per cent benchmark is applicable to the following businesses/ activities:

- conventional banking;
- conventional insurance;
- gambling;
- liquor and liquor-related activities;
- pork and pork-related activities;
- non-halal food and beverages;
- Shariah non-compliant entertainment;
- tobacco and tobacco-related activities;
- interest income¹ from conventional accounts and instruments (including interest income awarded arising from a court judgement or arbitrator);
- dividends from² Shariah non-compliant investments; and
- other activities deemed non-compliant according to Shariah.

For the above-mentioned businesses/activities, the contribution of Shariah non-compliant businesses/activities to the Group revenue or Group profit before taxation of the company must be less than five per cent.

^{1, 2} Interest income and dividends from Shariah non-compliant investments will be compared against the Group revenue. However, if the main activity of the company is holding of investments, the dividends from Shariah non-compliant investments will be compared against the Group revenue and Group profit before taxation.

(ii) The 20-per cent benchmark

The 20-per cent benchmark is applicable to the following businesses/activities:

- share trading;
- stockbroking business;
- rental received from Shariah non-compliant activities; and
- other activities deemed non-compliant according to Shariah.

For the above-mentioned businesses/activities, the contribution of Shariah non-compliant businesses/activities to the Group revenue or Group profit before taxation of the company must be less than 20 per cent.

Financial ratio benchmarks

For the financial ratio benchmarks, the SAC takes into account the following:

(i) Cash over total assets

Cash only includes cash placed in conventional accounts and instruments, whereas cash placed in Islamic accounts and instruments is excluded from the calculation.

(ii) Debt over total assets

Debt only includes interest-bearing debt whereas Islamic financing or sukuk is excluded from the calculation.

Each ratio, which is intended to measure *riba* and *riba*-based elements within a company's statements of financial position, must be less than 33 per cent.

In addition to the above two-tier quantitative criteria, the SAC also takes into account the qualitative aspect which involves public perception or image of the company's activities from the perspective of Islamic teaching.