

PRESS RELEASE

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AIBIM LEADS THE DEVELOPMENT OF MALAYSIAN SCHEDULE FOR ISDA/IIFM TAHAWWUT MASTER AGREEMENT

Hedging transactions between Islamic banks in Malaysia and counterparties, both domestic and foreign, have increased significantly over the past decade. These enhanced business activities amongst Islamic banks present an opportune timing for AIBIM and member banks to revisit standardisation of risk management practices especially uniformity in documentation. Understanding its importance, the Malaysian Schedule to the ISDA/IIFM Tahawwut Master Agreement (Malaysian Schedule) was developed, as an option for Islamic banks to partake in Islamic derivatives and hedging transactions through a framework agreement that is governed by Malaysian laws.

The Chairperson of AIBIM's Treasury and Markets Committee, Puan Norashikin Kassim stated that "*The introduction of the Malaysian Schedule is timely amidst the rising global market uncertainty and demand for innovative Shariah compliant financial products. Islamic Financial institutions, as the linchpin for the process of Islamic financial intermediation, have a crucial role in facilitating the growth of Islamic markets. This initiative marks a significant achievement in terms of cooperation between two prominent Islamic markets, namely the Middle East where IIFM is based, and Malaysia which is a major Islamic market in Asia*".

Today, Association of Islamic Banking and Financial Institutions Malaysia (AIBIM) has organised a refresher course for all its member banks on the Malaysian Schedule. Esteemed speakers from International Swaps and Derivatives Association (ISDA), International Islamic Financial Market (IIFM), Clifford Chance LLP and Shearn Delamore & Co. were invited to share their expertise. The refresher course is expected to assist AIBIM member banks' understanding in adopting the Malaysian Schedule.

Dedication and commitment among AIBIM member banks in the development of the Malaysian Schedule is instrumental in making this a reality. It is AIBIM's vision that the adoption of the Malaysian Schedule by AIBIM member banks for Islamic derivatives and hedging transactions governed by Malaysian Law will further strengthen the development of the Islamic derivatives market in Malaysia.

AIBIM and its member banks invite corporations, financial institutions and statutory bodies to adopt and utilise this Malaysian Schedule for their Islamic derivatives and hedging transactions.

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About AIBIM

The Association of Islamic Banking and Financial Institutions Malaysia (AIBIM) was established in 1995 as the Association of Interest Free Banking Institutions Malaysia. Currently, AIBIM has 26 member banks consists of 11 domestic banks, 5 development financial institutions and 10 locally incorporated foreign banks. The organisation promotes sound Islamic banking system and practice in Malaysia; represents interest of members locally and abroad; provides advice and assistance to members pertinent in the development on Islamic banking and finance at local, regional and global level; coordinates human capital development initiatives, and promotes public awareness.

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