

Amendments to Certified Credit Professional Qualifications (CCP) Study Materials

Financial System and Principles of Credit

No	Description/Existing Contents	Amended Contents
1	Chapter 1, Page 5 Item 1.3 (ii) To delete “the credit and charge card companies”.	ii. “Scheduled institutions” namely, the credit and charge card companies , building societies or those which carry on building credit business, factoring and leasing companies, and development finance institutions; and
2	Chapter 6, Page 6-2 Item 3, Header To add “ on the Acquisition of Interests, Mergers and Takeover (with effect from 21 May 2003) ” after “Present Guidelines”	3. Present Guidelines on the Acquisition of Interests, Mergers and Takeover (with effect from 21 May 2003)
3	Chapter 6, Page 6-2 Item 3, 1.(ii) To replace “5%” with “ 15% ”.	(ii) 15% or more of the voting power by any one foreign interest or associated group; or
4	Chapter 6, Page 6-2 Item 3, 4. To replace “RM5million” with “ RM10million ”.	4. any other proposed acquisition of assets or interests exceeding in value the sum of RM10 million, whether Malaysian or foreign interests.
5	Chapter 6, Page 6-3 Item 4, Header To replace “Revised Guideline with Effect from 25 April 2001” with “ Present Guidelines on the Acquisition of Properties (with effect from 21 May 2003) ”	4. Present Guidelines on the Acquisition of Properties (with effect from 21 May 2003)
6	Chapter 7, Page 7-4 Item 2.2, 2 nd paragraph. To add last sentence.	Lastly, risk management does not mean risk avoidance or risk aggression.
7	Chapter 7, Page 7-11 Item 5.10 To add as 5 th and 6 th sentence.	One common mistake made by many credit officers is that they tend to assume management competence based on the number of years a

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		<p>person has in the industry. It is important to note that experience may not necessarily add to competence.</p>
8	<p>Chapter 7, Page 7-12 Item 6.3, 2nd bullet</p> <p>To add last sentence.</p>	<p>This credit predication does not preclude the lender from having collateral if one is successfully negotiated for.</p>
9	<p>Chapter 7, Page 7-13 Item 6.7, 1st sentence</p> <p>To add “to the lender” after “...the risk”.</p>	<p>Generally, the longer the tenor of financing, the higher the risk to the lender.</p>
10	<p>Chapter 7, Page 7-13 Item 6.8, 1st paragraph</p> <p>2nd sentence To add “priority” after “...identify the”.</p> <p>To add as last sentence, “However, it is important to understand non-priority sectors are not equivalent to sunset sectors. They could be matured sectors that are flying on auto pilot and do not require any incentive from the government to uphold them.”</p>	<p>Lenders should try to feel the “heartbeat” of the government in the area of economic policy and go with the flow. It is important to be able to identify the priority sectors that enjoy direct governmental support. Such sectors normally have higher chances of success. Most financial institutions continually identify and review the list of industries that they want to concentrate on and those they would like their credit officers to avoid. However, it is important to understand non-priority sectors are not equivalent to sunset sectors. They could be matured sectors that are flying on auto pilot and do not require any incentive from the government to uphold them.</p>
11	<p>Chapter 9, Page 9-8 Item 5.3, 4th paragraph</p> <p>To add last 4 sentences.</p>	<p>It is important to note that a directorship does not come with the need to extend guarantee for the company’s liabilities. Personal guarantees are always extended by individuals in their personal capacity. It is therefore wrong for credit officers to stipulate ‘Directors’ Guarantee’ as a condition in their credit proposal. They should spell out the names of the individuals whose guarantee is assessed to provide meaningful support.</p>

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12	<p>Chapter 9, Page 9-8 Item 5.3, 5th paragraph</p> <p>To add last sentence.</p>	<p>More importantly, they may be running the business by default even though they may not be directors.</p>
13	<p>Chapter 9, Page 9-8 Item 5.3, last paragraph, last sentence</p> <p>To replace “Where loans have already been extended...” with “If there are loans from directors to the company, such loans do enhance the company’s financial position. If the lender assess such loans to be critical to the financial well being of the company”.</p>	<p>If there are loans from directors to the company, such loans do enhance the company’s financial position. If the lender assess such loans to be critical to the financial well being of the company, then a covenant can be imposed where directors’ loans are to be subordinated to repayment of the lender’s borrowings.</p>
14	<p>Chapter 9, Page 9-12 Item 5.6.3</p> <p>To add as last 2 sentences.</p>	<p>This right is effectively a First Right of Refusal given to the existing shareholders relating to new shares issued by the company. This will enable the existing shareholders to protect their proportionate percentage of ownership in the company.</p>
15	<p>Chapter 9, Page 9-17 Item 5.10, 4th sentence</p> <p>To replace “51% shares and above” with “company holds more than 50% but less than 100%”.</p>	<p>Otherwise for as long as the holding company holds more than 50% but less than 100%, then it is called a partially owned subsidiary.</p>
16	<p>Chapter 9, Page 9-18 Item 5.10.2, 3rd paragraph</p> <p>3rd sentence To add “lower profits or” before “losses” and delete “to delay and defraud creditors.”</p> <p>To add last 2 sentences.</p>	<p>Here, a borrowing subsidiary could sell goods to another subsidiary at a low price and deliberately show lower profits or losses. This is often motivated by tax advantages enjoyed by the receiving subsidiary of such transfer pricing such as pioneer status, concessionary tax rate, unutilised tax allowances and unutilised tax losses. This will enable the group as a whole to pay less tax.</p>
17	<p>Chapter 9, Page 9-18 Item 5.10.2, 4th paragraph</p> <p>1st sentence To replace “On the other hand” with</p>	<p>Alternatively, the same borrowing subsidiary could deliberately purchase goods at a high price from another subsidiary to show lower profits or losses for the same reasons. The</p>

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	<p>“Alternatively” and to add “lower profits or” before “losses”.</p> <p>To add last sentence.</p>	<p>financial position of the borrowing subsidiary can be weakened by such practices to the extent that it may concern the lenders.</p>
18	<p>Chapter 9, Page 9-22 Item 8, 1st paragraph, 1st sentence</p> <p>To replace “...Petronas and Pernas” with “and Petronas”.</p>	<p>Federal Government Accounts relate to all Government Ministries, Ministry of Finance Incorporated, Kazhanah Incorporated and Petronas.</p>
19	<p>Chapter 11, Page 11-1 Content Outline</p> <p>To add “7. Power of Attorney”.</p> <p>Subsequent numbering changes. To change 7 to 8, 8 to 9 and 9 to 10.</p>	<p>7. Power of Attorney.....11-17 8. Principal and Subsidiary Instruments.....11-19 9. Stamping.....11-19 10. Summary and Conclusion...11-22 Practice Questions.....11-23</p>
20	<p>Chapter 11, Page 11-4 Item 2.4, 3rd paragraph, under Disadvantages, 4th bullet point, 2nd sentence</p> <p>To replace “Control must be exercised to tag the Central Depository System (CDS) account to the lender’s name.” with “but the security value should not be adversely affected. To achieve this, proper control must be in place to ensure that the bonus shares are credited into the Central Depository System (CDS) account that is tagged to the lender’s name and rights issues are promptly advised to borrower and appropriate actions are taken.”</p>	<ul style="list-style-type: none"> • Bonus and rights issue can lead to a reduction in the value of existing shares but the security value should not be adversely affected. To achieve this, proper control must be in place to ensure that the bonus shares are credited into the Central Depository System (CDS) account that is tagged to the lender’s name and rights issues are promptly advised to borrower and appropriate actions are taken.
21	<p>Chapter 11, Page 11-5 Item 2.7, 2nd paragraph, Last 2 sentences</p> <p>To replace, “Further, machinery financing comes under the jurisdiction of the common law. The process of repossession is tedious.” with “Further, the process of repossession is generally tedious.”</p>	<p>Further, the process of repossession is generally tedious.</p>
22	<p>Chapter 11, Page 11-7 Item 3.1.1, 3rd paragraph, 6th sentence</p> <p>To add “generally” before “more predictable...” and “provided there is sufficient liquidity in the market. As the</p>	<p>A well-established company’s shares with solid earnings, for example, is generally more predictable than that of a company experiencing significant problems or a new company without an established earnings record provided</p>

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	<p>saying goes in the world of investment ‘A good company is not necessarily a good investment’. Similarly, in taking stocks and shares as collateral, shares in good companies need not necessarily be a good collateral unless it is marketable” after “...earnings record”.</p>	<p>there is sufficient liquidity in the market. As the saying goes in the world of investment ‘A good company is not necessarily a good investment’. Similarly, in taking stocks and shares as collateral, shares in good companies need not necessarily be a good collateral unless it is marketable.</p>
23	<p>Chapter 11, Page 11-7 Item 3.1.2, 1st paragraph</p> <p>3rd sentence To replace “These secured loans are generally regarded as loss-free” with “These collaterals generally are loss free in terms of their values”.</p> <p>4th sentence To add “as well as some loans may be partially secured” after “...arrears in interest”.</p>	<p>Stable value collateral carries less risk than the previous categories. This category of collateral includes fixed deposits, cash margins and surrender values of life insurance policies. These collaterals generally are loss free in terms of their values. However, losses sometimes do occur due to operational errors, legal disputes, and arrears in interest as well as some loans may be partially secured.</p>
24	<p>Chapter 11, Page 11-8 Item 3.1.3, 3rd paragraph, 2nd sentence</p> <p>To add “particularly if there are recent cases involving properties from the same project where the valuation was still fresh” after “...professional valuer”.</p>	<p>Property value is usually obtained from a professional valuer in the lender’s panel. Some lenders value properties below certain amounts by themselves without engaging the services of a professional valuer particularly if there are recent cases involving properties from the same project where the valuation was still fresh.</p>
25	<p>Chapter 11, Page 11-12 Item 5.2, 2nd paragraph</p> <p>To delete “(b) Loan agreement” and “(f) Power of attorney”. Subsequent numbering changes. To change from (c) to (b), (d) to (c), (e) to (d) and (g) to (e).</p>	<p>Security can be obtained through various forms. These are:</p> <ul style="list-style-type: none"> (a) Charge; (b) Assignment; (c) Pledge; (d) Lien; and (e) Hypothecation.
26	<p>Chapter 11, Page 11-14 Item 6.2</p> <p>To delete. Subsequent numbering changes</p>	<p>6.2 Loan agreement</p> <p>A loan agreement will effectively spell out how a loan is to be regulated with covenants.</p>

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		<p>Conditions precedent and antecedent will be stated. Remedies available to the lender, in the event of default, will be incorporated.</p> <p>What the events of default are will also be stated with other terms and conditions. However, it is not a security by itself but is used in conjunction with other forms of security, like assignment.</p>
27	<p>Chapter 11, Page 11-14 to 11-21 Item 6.2 to 9.</p> <p>To change the numbering from items 6.2 - 9. To also change all the subsequent numbering. To change from 6.3 to 6.2, 6.4 to 6.3, 6.5 to 6.4, 6.7 to 6.5, 6.6 to 7., 6.6.1 to 7.1, 7. to 8., 8. to 9., 8.1 to 9.1, 8.2 to 9.2, 9. to 10.</p>	<p>6.2 Assignment 6.3 Pledge 6.4 Lien 6.5 Hypothecation 7. Power of Attorney 7.1 Revocation of power 8. Principles and Subsidiary Instruments 9. Stamping 9.1 Stamp Act 1949 9.2 Ad Valorem and Nominal Charges 10. Summary and Conclusion</p>
28	<p>Chapter 11, Page 11-14 Item 6.3 (to be renumbered as item 6.2, refer above no. 27) Assignment</p> <p>To add last paragraph.</p>	<p>In some cases, an assignment may be incorporated into a loan agreement particularly for housing loans where land or strata titles are not issued yet. The loan agreement effectively spells out how a loan is to be regulated with covenants. Conditions precedent and antecedent will be stated. Remedies available to the lender, in the event of default, will be incorporated. What the events of default are will also be stated with other terms and conditions. Hence, loan agreement is not a security by itself but is used in conjunction with other forms of security, like assignment.</p>
29	<p>Chapter 11, Page 11-16 Item 6.6 (to be renumbered as item 7, refer</p>	<p>Like a loan agreement, a power of attorney is not a form of security. It</p>

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	<p>above no. 27) Power of attorney</p> <p>To add as 2nd paragraph.</p>	<p>is to facilitate the execution of documents and enforcement of collaterals.</p>
30	<p>Chapter 11, Page 11-21 Item 8.1 (to be renumbered as item 9.1, refer above no. 27), Section 47A – Penalty for late stamping</p> <p>To replace, “(1) An instrument, which is not stamped within the period specified in or under section 40 or 47, may be stamped on payment in addition to the unpaid duty of a penalty of RM25 or four times the amount of the deficient duty, whichever sum is the greater.” with “An instrument, which is not stamped within the period specified in or under section 40 or 47, may be stamped on payment in addition to the unpaid duty of a penalty of</p> <ul style="list-style-type: none"> • RM25 or 5% of the amount of the deficient duty, whichever sum is greater, if stamped within 3 months after the time for stamping • RM50 or 10% of the amount of the deficient duty, whichever sum is greater, if stamped within 6 months after the time for stamping • RM100 or 20% of the amount of the deficient duty, whichever sum is greater, if stamped after 6 months from the time for stamping”. 	<p>An instrument, which is not stamped within the period specified in or under section 40 or 47, may be stamped on payment in addition to the unpaid duty of a penalty of</p> <ul style="list-style-type: none"> • RM25 or 5% of the amount of the deficient duty, whichever sum is greater, if stamped within 3 months after the time for stamping • RM50 or 10% of the amount of the deficient duty, whichever sum is greater, if stamped within 6 months after the time for stamping • RM100 or 20% of the amount of the deficient duty, whichever sum is greater, if stamped after 6 months from the time for stamping
31	<p>Chapter 11, Page 11-21 Item 8.2 (to be renumbered as item 9.2, refer above no. 27), 3rd paragraph, 2nd sentence</p> <p>To replace “It could range from RM2 to RM10, depending on the type of instrument that is being stamped.” with, “It is stamped at RM10.”</p>	<p>Nominal charges are not according to value. It is stamped at RM10.</p>
32	<p>Chapter 12, Page 12-7 Item 4, 1st paragraph</p> <p>1st sentence</p>	<p>Life insurance policies are a straightforward form of lending credit support or security. It is important to know how to secure this form of</p>

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	<p>To add “credit support or” after “...lending”</p> <p>2nd sentence To add “or credit support” after “...security”</p> <p>3rd sentence To add “or credit support” after “...security”</p> <p>4th sentence To add, “or have a recourse to a second way out” after “...securities”.</p>	<p>security or credit support. It is also useful to know some of the special types of life policy and the particular problems they pose in taking them as security or credit support. Where a customer defaults, the bank will wish to realise its security or have a recourse to a second way out.</p>
33	<p>Chapter 12, Page 12-7 Item 4, Advantages, (e)</p> <p>To replace “maturity proceeds” with “death benefit” and to add “or is permanently incapacitated” after “...prematurely”.</p>	<p>(e) Where the bank is relying on the earning capacity of the customer to repay a debt, the bank will be repaid by the death benefit from the policy should the customer die prematurely or is permanently incapacitated.</p>
34	<p>Chapter 12, Page 12-8 Item 4, 5th paragraph, (d), 1st sentence</p> <p>To add “or total permanent disability” after “...death”.</p>	<p>Payment will only be made at the death or total permanent disability of the policyholder during the currency of the policy.</p>
35	<p>Chapter 12, Page 12-8 Item 4.1 (a) Term policy, 1st paragraph</p> <p>3rd sentence To add “or total permanent disability” after “...premature death”.</p> <p>Last sentence To replace “would have settled the loan amount’s balance” with “or total permanent disability can be used to partially or fully repay outstanding loan balance depending on the amount payable under the policy”.</p>	<p>Where the bank is relying on the earning capacity of a customer to repay borrowing, the premature death or total permanent disability of the customer could cause problems. However, if the customer had assigned to the bank a term life policy, the proceeds at his death or total permanent disability can be used to partially or fully repay outstanding loan balance depending on the amount payable under the policy.</p>
36	<p>Chapter 12, Page 12-9 Item 4.1 (a) Term policy, 3rd paragraph</p> <p>Last sentence</p>	<p>In the event of the death of, say, the husband, the insurance company will repay partially the amount of loan outstanding.</p>

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	To replace “pay half the amount of loan” with “ repay partially the amount of loan outstanding ”.	
37	Chapter 12, Page 12-9 Item 4.1 (b) Whole life insurance To add last sentence.	If there is a confirmed cash value, the policy can serve as a collateral.
38	Chapter 12, Page 12-10 Item 5, last 3 paragraphs To delete “One form of tying up other parties is by way of obtaining undertakings. For example, obtaining an undertaking from a developer to forward the document of title when individual titles are issued after subdivision of the master title. Therefore, undertakings are a promise to carry out certain obligations and responsibilities, and they complement the main security documentation. Instances where undertakings are executed are: <ul style="list-style-type: none">• Where the redemption sums are paid, an undertaking is obtained from the chargee bank to forward the duplicate charge, issue a copy of the title, and discharge of charge duly executed by the lender’s attorney.• Various undertakings from property developers.• Undertaking not to charge company assets without prior written permission from the lender. Undertakings can come in various forms either before or during the currency of the loan.” and replace with “ One form of tying up other parties is by way of obtaining undertakings, representing promises to carry out certain obligations and responsibilities, and they complement the main security documentation. ”	One form of tying up other parties is by way of obtaining undertakings, representing promises to carry out certain obligations and responsibilities, and they complement the main security documentation. Undertakings can come in various forms either before (precedent to drawdown) or during (post drawdown) the currency of the loan. Some undertakings can <ul style="list-style-type: none">• Strengthen the potential enforcement of collateral which cannot really be considered as credit support as it does not lend much weight in influencing a credit initiation decision such as:<ul style="list-style-type: none">– Obtaining an undertaking from a developer to forward the document of title when individual titles are issued after subdivision of the master title.– Obtaining an undertaking from the paramount chargee (ie. Developer’s banker or bridging financier) to forward the discharge of charge when redemption sums are paid• Enhance the credit and thereby influence the credit initiation decision such as:<ul style="list-style-type: none">– Undertaking from the Parent Company <i>not to divest</i> its shareholdings in a subsidiary company (i.e. the borrower) if

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	<p>Undertakings can come in various forms either before (precedent to drawdown) or during (post drawdown) the currency of the loan. Some undertakings can</p> <ul style="list-style-type: none"> • Strengthen the potential enforcement of collateral which cannot really be considered as credit support as it does not lend much weight in influencing a credit initiation decision such as: <ul style="list-style-type: none"> – Obtaining an undertaking from a developer to forward the document of title when individual titles are issued after subdivision of the master title. – Obtaining an undertaking from the paramount chargee (ie. Developer’s banker or bridging financier) to forward the discharge of charge when redemption sums are paid – Enhance the credit and thereby influence the credit initiation decision such as: <ul style="list-style-type: none"> * Undertaking from the Parent Company <i>not to divest</i> its shareholdings in a subsidiary company (i.e. the borrower) if parental support is seen to be critical to the viability of the borrower’s operations * Undertaking <i>not to encumber</i> any of the company’s assets now or in the future without the lender’s consent if the lender wants its lending to be protected by meaningful unencumbered assets to ensure a fair chance of recovery particularly if the lending was extended on an unsecured basis <p>Some undertakings are tantamount to indirect guarantee such as if the parent company were to divest their</p>	<p>parental support is seen to be critical to the viability of the borrower’s operations</p> <ul style="list-style-type: none"> – Undertaking <i>not to encumber</i> any of the company’s assets now or in the future without the lender’s consent if the lender wants its lending to be protected by meaningful unencumbered assets to ensure a fair chance of recovery particularly if the lending was extended on an unsecured basis <p>Some undertakings are tantamount to indirect guarantee such as if the parent company were to divest their shareholdings when they undertake that they would not. The lender with such undertaking may be able to have a financial recourse on the parent company at that point.</p>

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	<p>shareholdings when they undertake that they would not. The lender with such undertaking may be able to have a financial recourse on the parent company at that point.”</p>	
39	<p>Chapter 12, Page 12-10 Item 6</p> <p>To add as 1st paragraph.</p>	<p>The purpose of a statutory declaration is to extract a statement of truth from a person <i>under oath</i>.</p>
40	<p>Chapter 12, Page 12-11 Item 6.1, 3rd paragraph, Section 3</p> <p>To replace “...false declarations are punishable under Penal Code” with “- Any false declaration is punishable under the Penal Code thus acts as a good <i>deterrent</i> for any person to try to make false statements”.</p>	<p>Section 3 – Any false declaration is punishable under the Penal Code thus acts as a good <i>deterrent</i> for any person to try to make false statements.</p>
41	<p>Chapter 12, Page 12-11 Item 6.1</p> <p>To add as last sentence.</p>	<p>Statutory declarations are not credit support but assist in mitigating certain weaknesses in the process of gathering information.</p>
42	<p>Chapter 13, Page 13-11 Item 6, 2nd paragraph, 4th sentence</p> <p>To replace “Any change in the OPR would be signalled by a change in the monetary policy stance” with “This means any change in the monetary policy stance would be signaled by a change in the OPR.”</p>	<p>This means any change in the monetary policy stance would be signaled by a change in the OPR.</p>
43	<p>Chapter 13, Page 13-13 Item 7.5, 1st paragraph</p> <p>1st sentence To delete “...not an interest rate but...”</p> <p>To add last sentence.</p>	<p>This is the total cost of borrowing expressed as a percentage. The APR is intended to allow for fair comparison of the credit cost and to provide a common language for describing costs to borrowers. It is equivalent to the same basis that housing loan rate is quoted on a monthly rest basis (such as 6% p.a. monthly rest).</p>
44	<p>Chapter 14, Page 14-2 Item 1.1 (a), Header</p> <p>To delete “...Al-...”</p>	<p>1.1 (a) Savings deposit (Wadiah Yad Dhamanah)</p>

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45	<p>Chapter 14, Page 14-2</p> <p>1.1 (b), Header To delete "...Al-..."</p> <p>Last 2 sentences To replace "No withdrawals are allowed during the first three months. For the subsequent months, only one withdrawal per month is permitted" with "There is no restriction on the number of withdrawals that a depositor can make".</p>	<p>(b) Savings deposit (Mudharabah)</p> <p>There is no restriction on the number of withdrawals that a depositor can make.</p>
46	<p>Chapter 14, Page 14-2 Item 1.2, Header To delete "...Al-..."</p> <p>3rd sentence To replace "belong to the bank" with "are shared with the depositors".</p>	<p>1.2 Current deposit (Wadiah Yad Dhamanah)</p> <p>All profits generated are shared with the depositors.</p>
47	<p>Chapter 14, Page 14-2 Item 1.2.1</p> <p>To add header "1.3 Fixed Deposit".</p> <p>To change numbering and header "1.2.1 General investment account (Al-Mudharabah) to "1.3.1 General investment account (Mudharabah)"</p> <p>1st sentence To replace "deposits" with "investment amount"</p> <p>Last sentence To replace "depositor" with "investor".</p>	<p>1.3 Fixed Deposit</p> <p>1.3.1 General investment account (Mudharabah)</p> <p>The bank accepts investment amount from customers who are looking for investment opportunities for their funds. Under this principle, the bank provides the entrepreneurship and the customer acts as the capital provider. All profits are shared in accordance with pre-agreed profit sharing ratio, which is usually on a 70:30 ratio. Losses, if any, are borne entirely by the capital provider, i.e. the investor.</p>
48	<p>Chapter 14, Page 14-3 Item 1.2.2</p> <p>To change numbering and header "1.2.2 Special investment account (Al-Mudharabah)" to "1.3.2 Special investment</p>	<p>1.3.2 Special investment account (Mudharabah)</p> <p>This is similar to the general investment account except that it is "special" because there is a minimum tenor of investment</p>

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	<p>account (Mudharabah)</p> <p>1st sentence To replace "...the bank accepts deposits from investors, especially..." with "...there is a minimum tenor of investment required as well as minimum amount of normally RM500,000. In view of the amount, the investors are usually..."</p>	<p>required as well as minimum amount of normally RM500,000. In view of the amount, the investors are usually government institutions or large corporate customers, for specific investments, such as repurchase agreements in the Islamic money market or project financing.</p>
49	<p>Chapter 14, Page 14-3 Item 1.3</p> <p>To change numbering and header "1.3 House financing (Bai' Bithaman Ajil)" to "1.4 Deferred Payment Sale (Bai' Bithaman Ajil)"</p> <p>To replace "...an arrangement similar to deferred sales. The price of the goods will include an agreed profit margin. Cars, machinery or any other assets, which belongs to the customer can be financed under this concept." with "a deferred payment scheme. The bank will purchase the asset and sell it to the borrower at a price including an agreed profit margin and allow the sales price to be repaid over a deferred period. Although house and commercial property financing are common examples, cars, machinery or any other assets can be financed under this concept."</p>	<p>1.4 Deferred Payment Sale (Bai' Bithaman Ajil)</p> <p>This principle governs the sale of goods under a deferred payment scheme. The bank will purchase the asset and sell it to the borrower at a price including an agreed profit margin and allow the sales price to be repaid over a deferred period. Although house and commercial property financing are common examples, cars, machinery or any other assets can be financed under this concept.</p>
50	<p>Chapter 14, Page 14-3 Item 1.4</p> <p>To delete item 1.4</p>	<p>1.4 Commercial property financing (Bai' Bithaman Ajil)</p> <p>This concept is similar to financing a house but the asset in question could be a commercial property, such as a shop house or office lot in a complex.</p>
51	<p>Chapter 14, Page 14-3 Item 1.5</p> <p>To replace "...leasing whereby the bank</p>	<p>1.5 Hire-purchase (Al-Ijarah Thumma Al Bai [AITAB])</p> <p>This principle is akin to conventional hire purchase. The</p>

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	<p>buys an asset and then leases it to its customer. The rental is ascertained and agreed at the outset. The period and other terms are agreed upon by both parties.</p> <p>Under the principle of Al-Ijarah Thumma al-Bai, the bank will purchase the asset and lease it to the customer. Both parties also agree that at the end of lease period, the customer will purchase the asset from the bank at an agreed price with all the lease rentals previously paid constituting part of the purchase price.” with “hire purchase. The bank will pay up to 90% of the purchase price and allow the hirer to hire the item at the pre-agreed rental for the pre-agreed period. The rental is ascertained and agreed at the outset. The period and other terms are agreed upon by both parties. Hirer enters into a hire purchase agreement with the bank. Ownership of the asset remains with the FI until the hirer settle all payments within the specified period.”</p>	<p>bank will pay up to 90% of the purchase price and allow the hirer to hire the item at the pre-agreed rental for the pre-agreed period. The rental is ascertained and agreed at the outset. The period and other terms are agreed upon by both parties. Hirer enters into a hire purchase agreement with the bank. Ownership of the asset remains with the FI until the hirer settle all payments within the specified period.</p>
52	<p>Chapter 14, Page 14-3 Item 1.6, Header</p> <p>To change “Overdraft” to “Cost-Plus”</p>	<p>1.6 Cost-Plus (Al-Murabahah)</p>