

Section One: True or False

1. Cash facilities, of all types, whether in the form of currency, such as Qard Hasan (free loan), Musharaka or Mudarabah, or whether in the form of assets (tangible things or material benefits), such as Murabaha for the purchase orderer and finance lease, create a debt owed from the contracting party once it obtains them .(F)
2. The same rulings that apply to the sale contract also apply to the Istisna'a contract. For example, it is permissible for the manufacturer to include a defect exclusion clause by stipulating exclusion of liability as to defects that may arise in the manufactured subject-matter of the Istisna'a contract . (F)
3. It is permissible for the institution to charge a fee for amending the documentary credit, except for amendment involving a rescheduling of the duration of the credit facility. It is, therefore, not permissible for the institution to charge except the actual expenses incurred, in which case it will be a definite sum and not a percentage. (T)
4. It is not permissible to deal in a banker's cheque or certified cheque in something in which possession (Qabd) is stipulated, such as contracts of sarf (transaction involving exchange of currencies), purchase of gold or silver using it .(F)
5. If a conventional bank is converted by its existing shareholders into a bank, then the interest and impermissible earnings made since the bank has been established should be disposed of .(F)
6. One of the cases in which the transferee is entitled to have a right of recourse against the transferor is if the payer is declared bankrupt in his lifetime, or if the institution is declared bankrupt by a court order. (T)
7. The Governance Standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) include two Shari'a review parties supervising the institution's activities, the first affiliated to the institution's SSB, and it is conducted by one or more than one SSB member, or another person affiliated to the SSB, while the other party is affiliated to the institution's management for the sake of assisting it to execute transactions in accordance with the SSB's rulings and pronouncements .(T)
8. To issue the Shari'a Supervisory Board's annual report, the SSB should document the results of its activities and the discussions which have been held. The SSB's report should be read out during the institution's Annual General Meeting .(T)

9. In Islamic Swap contracts involving two foreign currencies conducted by the Bank's treasury management, the Shari'a reviewer should, for the purpose of ascertaining that the transaction is Shari'a-compliant, ensure that every contract refers to the other one, and that each contract should include a condition making payment contingent and conditional upon the payment of the loan amount under the other contract .(**F**)
10. In Tawarruq transactions executed involving commodities and metals on the international market, the Shari'a reviewer should ensure that all the details provided in the financing application and the deferred sale contract between the institution and the customer and the customer's signature on the forms have been duly completed on a date prior to the date of sale of the commodities in cash to another party (a third party), and that the commodities should be duly specified by virtue of an ownership or title certificate or storage receipts .(**T**)

Section 2: Choose the Correct Answer by circling it

1. **If the IFI contracts a customer to provide him with finance through an educational services contract, whereby the IFI will provide educational benefits for specific study hours described in detail, this type of contract is considered a described Ijarah contract, and in this case:**
- a) The IFI must engage the educational institution providing the educational services of the same specifications before it signs the contract with the customer.
 - b) The IFI must enter into a Musharaka contract with the educational institution providing the educational services, whether before contracting the customer or afterwards.
 - c) There is no objection for the IFI to contact the customer first and then engage the educational institution providing the educational services.
2. **In the Ijarah of persons, it may be stipulated that the remaining installments will fall due in case the lessee does not pay the wage, and in this case:**
- a) The worker is not entitled to the wage which has been accelerated unless he performs the work for the entire Ijarah period.
 - b) The worker shall have the right to take the wage, because it has become his entitlement.
 - c) The worker must deduct part of the rent in favour of the lessee against accelerating payment of the entire rent.
3. **Treatment of riba-based loans extended by the bank to third parties before the decision to convert into an Islamic bank is by:**

- a) Terminating these loans and then converting the realized amounts of these loans into financing in compliance with the provisions of Islamic Shari'a.
- b) Maintaining them while disposing of their interest.
- c) Disposing of long term loans by selling them to third parties at a price less the interest amount earned thereon and terminating short term loans by converting them into Islamic finance.
- d) The bank has the choice of the first and third option, subject to seeking an advice from the General Meeting.

4. In al- inan company, the partners bear the loss:

- a) In accordance with the contribution of each partner to the capital.
- b) In accordance with the percentages they agree on.
- c) In accordance with practice, custom and usage.

5. What is meant by Internal Shari'a Review Department, according to AAOIFI's Governance standards, is:

- a) The SSB when it is part of the IFI's organizational structure.
- b) The internal Shari'a auditor who is reporting to the IFI's management and has the highest degree of independence within the IFI's organizational structure and his reference is the SSB.
- c) The Shari'a requirements issued by the SSB or any Shari'a body within the IFI's organizational structure and has mandatory and statutory powers.