



**ISLAMIC FINANCIAL SERVICES BOARD**

***Guidelines and Procedures for the Preparation  
of Standards and Guidance/Technical Notes***

**December 2020**

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## 1. INTRODUCTION

- 1.1 The preparation and development of standards and guidance<sup>1</sup> for the Islamic financial services industry (IFSI) are the main mandate and core-business of the Islamic Financial Services Board (IFSB).
- 1.2 As stipulated in Article 4 of the IFSB Articles of Agreement, the IFSB has a mandate to promote the development of a prudent and transparent Islamic financial services industry through introducing new, or adapting existing, international standards consistent with Sharī'ah principles, and to recommend these for adoption.
- 1.3 In line with Article 21(d) of the Articles of Agreement of the IFSB which states that the Council shall “...*establish guidelines and procedures to be followed by any Technical Committee (and its working groups) when preparing standards and guidance for approval by the Council*”, in its 2<sup>nd</sup> meeting held on 30 April 2003 in Jeddah, Kingdom of Saudi Arabia, the Council of the IFSB adopted the “*Guidelines and Procedures for the Preparation of Standards/Guidelines*”, which sets out the process to be followed in preparing IFSB standards and guidance.
- 1.4 This document was subsequently updated by the Council in its 3<sup>rd</sup> meeting in Manama, Bahrain on 6 December 2003. On 6 April 2010, the Council in its 16<sup>th</sup> meeting, held in Khartoum, Sudan approved the “*Standard Operating Procedures (SOP)*” for the preparation of standards and guidance which sets out the detailed due process for preparation, issuance and revision of IFSB standards and guidelines and incorporates the relevant steps in the due process to ensure a comprehensive review on the adequacy of controls and risk management.
- 1.5 In its 27<sup>th</sup> meeting held on 8 December 2015 in Jeddah, Kingdom of Saudi Arabia, the Council approved the IFSB’s second Strategic Performance Plan (SPP) 2016 – 2018, which recommends a strengthened standard setting process with some changes made to the due process to provide flexibility where needed. In line with the aspirations of the SPP 2016-2018, the Secretariat further revised and tabled an updated *Guidelines and Procedures for Preparation of Standards and Guidance/Technical Notes* which was approved by the Council in its 28<sup>th</sup> meeting held on 12 April 2016 in Cairo, Egypt.
- 1.6 Since then, the Secretariat has embarked upon its third SPP for the period 2019 – 2021, which aims to further expand IFSB’s standard-setting initiatives with a view to achieving a faster response time towards global regulatory developments that have an impact for the soundness and stability of the IFSI. To facilitate this objective, as well as to streamline standard-setting due processes to bring them closer in line with conventional standard-setting bodies<sup>2</sup>, the *Guidelines and Procedures for Preparation of Standards and Guidance/Technical Notes* was revised and approved by the Council in its 35<sup>th</sup>

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<sup>1</sup> Standards and Guidelines are issued in line with the first two ‘Objectives’ of the IFSB as outlined in Article 4 of Articles of Agreement. While Core Principles, Standards and Guiding Principles are grouped into one category as IFSB standards, other type of ‘Guidance’ is issued as Guidance Notes and Technical Notes.

<sup>2</sup> Principally Basel Committee on Banking Supervision (BCBS), the International Organization of Securities Commissions (IOSCO), the International Association of Insurance Supervisors (IAIS), and the International Association of Deposit Insurers (IADI).

meeting held on 11 December 2019 in Dhaka, Bangladesh and subsequently in December 2020 (which hereinafter referred to as “the Guidelines”) with the aim of combining the substance from all the above mentioned documents, for the purpose of updating the due process for preparation, issuance and revision of IFSB standards and guidelines and to provide an easy reference to the IFSB Council, Technical Committee, Working Groups and other stakeholders. Thus, these Guidelines serve as the master document which provides IFSB stakeholders with an understanding of the due process for standards and guidance development. Its contents shall supersede all previously issued *guidelines* on IFSB standards development due processes.

- 1.7 In line with this, the Secretariat shall ensure that all standards and guidelines comply with the rigorous due processes as set out in the Guidelines.

## **2. RATIONALE AND PURPOSES**

- 2.1 In essence, the due processes shall ensure that the standards and guidelines issued and adopted by the Council:

- a) are high quality, understandable and implementable international standards or guidance, having undergone thorough consultation with a broad group of IFSB stakeholders (especially those with technical expertise in the relevant areas, and those at whom the standards and guidance are actually aimed); and
- b) are recognised as having given all important stakeholders of the IFSI (i.e. including regulatory and supervisory authorities (RSAs), international bodies, market players, professional firms such as legal, accounting and rating services, Shari’ah scholars, and academics as well as the public in general), adequate time and access to peruse, review and provide comments during the preparation of the standard or guidance.

### **I. Purposes of the Guidelines**

- 2.2 The Guidelines define and describe each stage in the due processes undertaken in the development of standards and guidance. They are designed for the following purposes:
- a) To provide insight into the due processes for the preparation, issuance, and revision of IFSB standards and guidance;
  - b) To facilitate monitoring of compliance with these processes by relevant parties (i.e. including the Project Manager (PM), Working Group (WG)/Task Force (TF) members, consultants, Technical Committee (TC) members, and Council members), in executing their mandated tasks according to the specified due processes; and
  - c) To ensure proper recording and documentation of the due processes undertaken throughout the preparation, issuance and revision of IFSB standards and guidance.

## II. Scope of Application

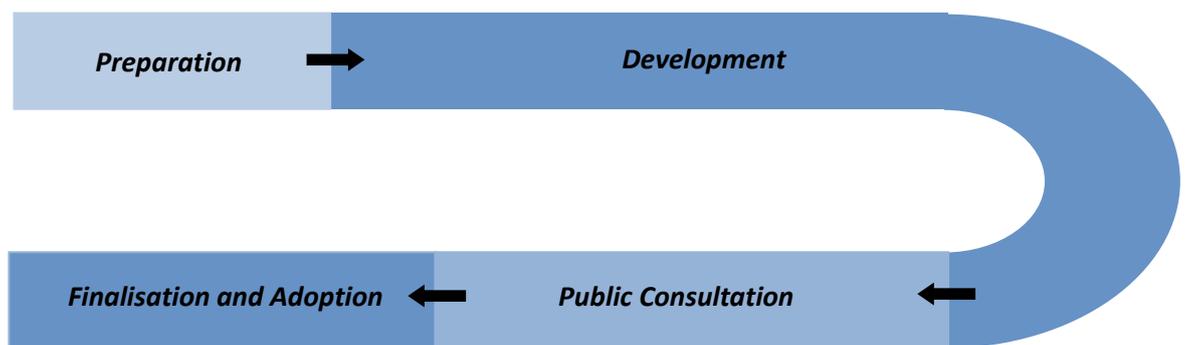
- 2.3 The Guidelines shall apply to all standards and guidance issued by the IFSB. The application of certain elements of the four stages of due process may however, vary from one project to another depending on the nature and scope. Hence, the TC has certain discretions as to the full or partial application of the stages. Exceptions may also apply on standards that are jointly prepared in collaboration with other international standard-setting bodies, and in these situations, the proposed due process will be duly presented to the IFSB TC for their approval prior to commencement of the project.
- 2.4 A Working Group (WG) is required to be established (see discussion from 3.17 to 3.20 in this document) to guide the preparation of standards while a Task Force (TF) is established to guide the preparation of Technical Notes. In essence, the role of a Task Force and its members is similar to Working Groups, with the exception that Technical Notes differ from standards in that they involve usually specialised guidance to explain a standard on the subject or to address a specific area identified by the TC or another IFSB body. Hence, no separate guidelines are provided for TF in this document, and the guidelines applicable upon WG are also applicable upon TF.
- 2.5 The preparation of a Guidance Note (GN), however, normally does not involve establishment of a WG. Nevertheless, the TC may decide, at its discretion to establish a subcommittee to support the Secretariat in drafting the GN.
- 2.6 For documents which may not have a dedicated WG established for the project (such as GN), a similar due processes of public consultation, copy-editing and approvals by the TC and the Sharī'ah Board, as outlined in this document will apply. The main difference between the two types of documents will be in the drafting of Exposure Draft (ED) in 'development stage', which will be undertaken by the PM and consultants, without the involvement of a WG.
- 2.7 **Written TC Resolutions:** If a simple majority of members of the Technical Committee who would have been entitled to vote at a meeting sign a written resolution, this shall be valid and effective as if it had been passed at a meeting of the Technical Committee provided that such a resolution shall have been sent to all members of the Technical Committee. This document may consist of several documents in the like form each signed by one or more members of the Technical Committee. The text of a resolution passed shall be circulated to all members of the Technical Committee within 7 days."

## III. Stages of Due Process

- 2.8 The standards development process of the IFSB involves 4 stages, namely:
- a) **Preparation** stage, i.e. undertaking various preparatory steps before the project commences:
    - (i) Proposal for the Project
    - (ii) Establishment of the Working Group

- b) **Development** stage, i.e. accomplishing various milestones towards developing the Exposure Draft (ED):
  - (i) Working Group Meetings
  - (ii) Arabic Editing
  - (iii) Sharī'ah Due Process
  - (iv) Approval for Public Consultation
  - (v) Copy Editing
  - (vi) Publication of ED
- c) **Public consultation** stage, i.e. disseminating the ED to a wide range of audience and engaging various stakeholders of the IFSI in reviewing the ED:
  - (i) Reaching out to Stakeholders
  - (ii) Consultation Period
  - (iii) Reception of Public Comments
- d) **Finalisation and adoption** stage, i.e. revising the ED based on the public consultation process and thereafter recommending the standards and guidelines to the Council for adoption.

## 2.9 Due Process Flow



## 3. PREPARATION STAGE

### I. Proposal for the Project

- 3.1 The Secretariat shall compile a list of the standards and guidelines that it deems should be prepared, based on latest international regulatory developments and standard-setting activities by its peers as well as pressing need for the soundness and stability of the IFSI. In compiling the list, the Secretariat shall consult with the members of the TC and other relevant regulatory bodies and organisations involved in setting or promoting standards for the stability and soundness of international and national monetary and financial systems.
- 3.2 The list of proposed standards and guidelines shall be presented to the TC for discussion before it is tabled for approval by the Council as new projects to be undertaken by the IFSB Secretariat in the Annual Work Plan.

- 3.3 Individual memos shall be prepared for each new standard and guideline with appropriate justifications for its development.

### STANDARD DEVELOPMENT APPROACH

- 3.4 The Secretariat will undertake a background study and propose to the TC for deliberation and approval on an approach to be adopted for the new standard being proposed; either “comprehensive” or “supplementary” approach along with expected number of meetings (see paragraph 4.4). The Secretariat will provide justifications to the TC for recommending either of the approach, and stand guided by the decision of the TC in relation to the approach. The working group of a particular project may also be empowered by the TC for providing recommendations to the TC in relation to the approach to the project.
- 3.5 A “**comprehensive**” approach to developing IFSB standards involves providing complete regulatory and supervisory guidance for Islamic finance, including certain principles directly from conventional standards which do not require any changes by the IFSB and are retained as unamended (because they are equally applicable to both Islamic and conventional finance and do not raise any Shari’ah issue).
- 3.6 A “**supplementary**” approach to developing IFSB standards may involve only providing specific regulatory and supervisory guidance for Islamic finance that requires modification of conventional standards to meet the specificities of Islamic finance as well as additional aspects not covered by conventional standards. In this process, all those principles from conventional standards which are equally applicable to both Islamic and conventional finance are not added in the IFSB standard and the RSAs could be asked to refer to the conventional standards for details regarding them, and the Secretariat will provide the mapping of such guidance.
- 3.7 A decision on an approach to standards development may be on a case-by-case basis depending upon the type of project in-line with the scenarios below. For stand-alone projects, by default, the approach will be “comprehensive”. For complementary projects, it is recommended to be “comprehensive” to preserve the completeness of the policy document, but in certain circumstances, the approach may be “supplementary” if minimal changes are required for a conventional policy document. For “revision” projects, the approach may either by “comprehensive” or “supplementary”.
- i. **Stand-alone Projects:** These are IFSB standards and guidance/technical notes which do not have any conventional complementary regulatory and supervisory document available for adaption, and hence, they are purely IFSB drafted contributions to standard-setting work, and are comprehensive in nature.
  - ii. **Complementary Projects:** These are IFSB standards and guidance/technical notes which are based on conventional standards such as those issued by the BCBS, IOSCO, and IAIS, and in-line with IFSB’s Article 4(a) of AOA, the conventional guidance is retained, revised, deleted or added upon to meet the specificities of Islamic finance.

- iii. **Revision Projects:** These are IFSB standards and guidance/technical notes which would revise an already published and adopted IFSB standard due to latest regulatory developments and/or market updates necessitating a revision of the past IFSB standard.

## **PROJECT MANAGER**

- 3.8 The Secretary-General (SG) will assign one or more PMs to manage the project. Where more than one PM is assigned, one of them will be designated as the team leader. In this respect, the SG shall ensure that PMs have adequate levels of technical knowledge, experience and qualification to undertake the project.
- 3.9 The PM is responsible for the technical and administrative matters relating to the project to which s/he is assigned. Technical matters shall include, among others, conducting research on specific issues related to the standard or guideline, drafting of the standard/guideline and its supporting documents as outlined in the due process, preparing and conducting survey/quantitative impact study (QIS), preparing material for the public consultation and follow-up with the individuals who have been assigned to undertake research as input to the project. Administrative matters shall include, among others, logistics of meetings (coordination with WG Chairperson(s) and consultant(s)), preparing minutes, and recording the resolutions reached in each meeting. The PM is expected to work closely with other administrative and support functions of the IFSB Secretariat, for the preparation of WG meeting and/or the organisation of public hearing/roundtable or related events during public consultation phase.
- 3.10 The appointment of PM for standards to be jointly developed with other standard-setting bodies will be based on mutual consultation and agreement between the IFSB and the collaborating organisation, and may or may not involve co-project managers as nominated by each collaborating institution.

## **MEMO FOR TC**

- 3.11 The assigned or designated PM or any another technical and research staff as nominated by the technical and research team supervisor, shall commence the preparation of a draft Memo proposing the scope and parameters of the project, with a view to presenting it to the TC.
- 3.12 The Memo shall provide the TC with the following:
- a) A background of the technical issues proposed to be covered in the project as well as their importance to the stability and resilience of the IFSI.
  - b) An indication whether the project will build on an existing international standard (or not), and how these issues are addressed in existing international standards/guidelines;
  - c) How it will address specific gaps in the prudential framework that may arise in relation to the specificities of institutions offering Islamic financial services (IIFS) by providing the reasons why a different treatment is required; and
  - d) Possible alternative treatments of the identified issues;

- e) Partnerships and/or collaboration with other international organisations (if any), as well as a proposed timeline with due processes for the completion of the project.

3.13 Therefore, it is envisaged that the PM should undertake appropriate research in the drafting of the Memo.

3.14 The draft Memo shall be vetted by the Assistant Secretary-General (Technical and Research) and approved by the SG, before it can be included by the Secretariat as an agenda item to be discussed in the forthcoming TC meeting.

3.15 The finalised Memo, as approved by the SG, shall be distributed to the TC members together with other meeting documents as part of the agenda for the specific Technical Committee Meeting.

#### **TC MEETING**

3.16 The PM, or any other technical and research staff, as assigned by the SG, shall present the Memo in the TC meeting to seek the TC's recommendation to the IFSB Council to approve the project as part of the IFSB Secretariat's standard development initiatives.

3.17 The PM shall take note of any comments or revisions suggested by the TC with regard to the Memo. If the TC so request, a revised Memo incorporating the comments and revisions shall be re-tabled to the TC before presenting to the IFSB Council.

#### **MEMO FOR COUNCIL**

3.18 The Secretariat shall present a Memo to the Council on the proposal to undertake the project as part of the Annual Work Plan of the Secretariat for the current or the forthcoming year.

3.19 The presentation shall inform the Council of the following:

- a) rationale and objective of the project;
- b) an estimate of the resources required; and
- c) the anticipated timeline.

3.20 Upon approval from the Council for the project to be launched, the Secretariat shall ensure that the project be commenced accordingly.

## **II. Establishment of the Working Group**

#### **INVITATION TO PARTICIPATE**

3.21 Upon approval from the Council for the project to commence, the Secretariat shall in due course issue an invitation to relevant IFSB Members to nominate representatives to a WG. If necessary, in particular to tap relevant expertise from outside the IFSB, an invitation can be extended to non-IFSB members to join the WG. In most cases, the invitation will be sent to the relevant Full and Associate Members as well as other Observer Members that are RSAs or international/multilateral organisations. Observer Members representing the relevant industry may also be invited, when needed, with the

approval of the TC. Where a standard is being developed in collaboration with other international organisations, invitation may also be extended to members of the collaborating organisation, as mutually agreed beforehand between the IFSB and the collaborating organisation.

3.22 In issuing the letter of invitation, the Secretariat must ensure the following requirements on composition of the WG are observed:

- a) The WG members must meet suitable qualification requirements, in terms of number of years of experience and skills specialisation in a job area which are directly in-line with the scope and objectives of the Standard being developed. To this extent, the Secretariat must invite member organisations that have relevant mandate towards the particular scope and sector of the standard being developed (e.g. Islamic banking standard inviting members with relevance of work experience and organisational mandate in Islamic banking, etc.).
- b) Each WG shall contain 2 members from the TC, one of whom shall be appointed as Chairperson and another as Deputy Chairperson of the WG. The appointment of both the Chairperson and the Deputy Chairperson shall be done in the TC meeting, either on voluntary basis or by majority vote of the TC members, with the agreement of the TC Chairperson. However, where a case exists where there are some limitations due to which TC members may be unable to assume Chairpersonship of a WG, the TC, with the agreement of the TC Chairperson may appoint only a Chairperson to the WG while the Deputy Chairpersonship may be delegated to a senior and suitably qualified member from amongst the nominated working group members. Furthermore, where an unexpected situation arises where both the appointed chairperson and deputy chairperson of a WG are unable to participate in a meeting, the SG, with approval of TC Chairperson, will appoint the most senior (in terms of ranking) and suitably qualified member of the WG as the Acting Chairperson for that particular meeting.
- c) Any member of the TC wishing to join any WG (in addition to the WG to which he was assigned as a Chairperson or Deputy Chairperson) is welcome, subject to the total number of members (excluding chairpersons) in any WG not normally exceeding 25 members.
- d) Any attendance issues of TC members in WG meetings (as Chairpersons and Deputy Chairpersons of the WG) may be referred to, and addressed by, the TC Chairperson.
- e) In the event that the nominated WG member is unable to attend the WG meeting, his/her representative is allowed to attend and participate in the meeting, subject to WG Chairperson's approval.
- f) Members of each WG other than members of the TC shall be appointed by a committee comprising the Chairperson and Deputy Chairperson of the TC, Chairperson of the concerned WG, and the SG.

#### **APPOINTMENT OF WG MEMBERS**

3.23 Once the Secretariat has received approval from the concerned committee, it shall issue a Letter of Appointment to each WG member, as well as an invitation to the first WG meeting.

3.24 Appointed WG members shall adhere to the following general provisions:

- a) The WG meetings shall run on consensus basis, where feedback is provided to the PM and the consultant(s) on the work that has been prepared for each meeting. Resolutions of the WG shall be effective upon a simple majority of those members of the WG present in the meeting. In the event of a tie, the Chairperson of the WG shall cast the deciding vote (Article 32 specifies such a requirement for the TC. The same shall apply to the WG).
- b) Without prejudice to item (a) above, the Chairperson of the WG shall determine the procedural rules of the meeting in accordance with the by-laws and established practice (Article 33 specifies such a requirement for the TC. The same shall apply to the WG).
- c) At all the steps outlined in these Guidelines, the Secretariat including the PM and consultant(s) shall ensure that all documents and information relating to the preparation of the standards and guidance shall be posted on the website (in the members' zone) of the IFSB and shall be made available to all the members of the WG, and to members of the TC, where relevant, except when it is decided by the TC and/or the Council that the document(s) should be made available to the public. Members of the WG and, where relevant, members of the TC shall be notified of the posting of all documents and information.
- d) All members of both the TC and WG as well as the PM and the consultants shall treat all the information that is presented to them during the process of preparing the standard or guidance with strict confidentiality and shall neither circulate nor make the information available to other party that is not directly linked or contributing to the work of the WG.
- e) Any member in the WG other than the members of the TC who does not attend three meetings (either physically or online via webinar) without a valid excuse accepted by the Chairperson and Deputy Chairperson of the relevant WG shall have his/her membership in the WG terminated. The relevant member may appoint another member in his/her place if s/he is unable to continue attending and supporting the WG in its deliberations.
- f) WG members shall be expected to adhere the following terms of reference in carrying out their duties:
  - (i) To study the documents sent by the Secretariat prior to attending the WG meetings and providing oral or written feedback, either prior to the meeting, or in the meeting itself;
  - (ii) To share their expertise on the subject matter and update other WG members on the supervisory and market practices in respective jurisdictions;
  - (iii) To assist the Secretariat in distributing and collecting the feedback on survey questionnaires in their jurisdictions;
  - (iv) To contribute in drafting, reviewing and revising the drafts of the standards either in their capacity as a WG member and/or as a member of a subcommittee of the WG, as formed and assigned by the WG Chairpersons;
  - (v) To assist the Secretariat in distributing and collecting the feedback on the Exposure Drafts in respective jurisdictions;

- (vi) To be actively involved in the WG meetings by providing constructive comments; and
- (vii) To be the focal person for promoting the implementation of respective IFSB standard in their jurisdictions, after its adoption by the Council.

### **APPOINTMENT OF CONSULTANT(S) AND EXPERT(S)**

3.25 The standards and guidance/technical notes prepared may also be guided by an expert where necessary (one or, when a specific need arises, two) appointed externally to the IFSB Secretariat. The SG is required to form and chair a committee to appoint the expert(s) for each WG. The final selection and approval panel shall comprise the SG, Chairperson and Deputy Chairperson of the TC.

3.26 An expert to a project may be appointed, as per existing internal due process, as a (i) Consultant; or (ii) Reviewer; or (iii) Mentor; or as a (iv) Supervisory Consultant. The responsibility matrix of each of these four positions would be as follows:

- i. **Consultant:** The consultant(s) for each project shall be knowledgeable in the subject matter of the standard/guidance to be prepared and/or in relevant international standards. The consultant shall provide advice to the Project Manager (PM) and the Working Group (WG) and help in the drafting of the standard/guidance. The consultant is expected to attend the WG meetings (either physically or online via webinar) and also play an active role during the preparation of public consultation process and when necessary can participate in the Public Hearings / Workshops / Roundtable Discussions that are held during this stage. The Secretariat can also invite the consultant(s) to attend a particular TC meeting, when desired. The cost of engaging the services of the consultant(s) shall be borne by the IFSB.
- ii. **Reviewer:** The reviewer(s) for each project shall be knowledgeable in the subject matter of the standard/guidance to be prepared and/or in relevant international standards. The reviewer shall thoroughly “review” draft of the project provided by the Secretariat and provide his/her expert comments on the subject matter. The reviewer will be expected to “review” the draft at three stages (i) at the stage of preliminary exposure draft; (ii) at the stage of the exposure draft after Shari’ah Review and prior to issuance for public consultation; and finally (iii) at the stage of final submission to the TC for recommending approval to the Council. The reviewer is not expected to attend the WG meetings (either physically or online via webinar) nor play any role during the other stages of the standards development including public consultation, TC meetings, etc, unless when necessary. The cost of engaging the services of the reviewer(s) shall be borne by the IFSB.
- iii. **Mentor:** The mentor(s) for each project shall be knowledgeable in the subject matter of the standard/guidance to be prepared and/or in relevant international standards or policy formulation, and the role of mentorship is expected to be performed by retired/ex-RSA employees. The mentor(s) will work closely with the PM and guide him/her on specific issues or areas of regulations related to standards development project at hand. Hence, the mentor(s) role is more to providing advice and guidance to the PM with a view to coaching and empowering him/her not only on a particular project but prudential regulation and supervision as well. The

mentors are not expected to attend the WG meetings (either physically or online via webinar) nor play any role during the other stages of the standards development including public consultation, TC meetings, etc unless when necessary. The cost of engaging the services of the mentor(s) shall be borne by the IFSB.

- iv. **Supervisory Consultant:** The supervisory consultant(s) for each project will be appointed from among the IFSB Member RSAs from a specific/specialist department relevant to the underlying project, as nominated and approved by the Committee (see paragraph 3.25). The supervisory consultant(s) shall assume the role of that of a “consultant” to a specific area(s) of the project in which the technical guidance is needed to the project and hence, undertake responsibilities normally expected from a “consultant” with defined TOR.

3.27 Based on the above described responsibility matrix, the roles of “consultant” and “mentor” will be appointed for support throughout the duration of the project (from launch and until completion), while that of “supervisory consultant” and “reviewer” will only be for specific time periods based on needs of the project and key milestones to be accomplished (as described in the responsibility matrix above).

3.28 Accordingly, the terms of reference (TOR) and associated remunerations of each of the above positions will be different (except for the supervisory consultant position which will not attract any remuneration from the IFSB). The remuneration of “Reviewer(s)” and “Mentor(s)” is expected to be lower than what is paid to the “Consultant(s)”.

## **4. DEVELOPMENT STAGE**

### **I. WG Meetings**

#### **WG MEETINGS**

4.1 In order to ensure that each project is executed and implemented according to a reasonable timeline, and monitored progressively, the WG meetings shall be held at frequent intervals with reasonable time period gaps between meetings, and in line with specific milestones and objectives intended from each meeting.

4.2 It is the responsibility of the PM and consultant(s) to plan the agenda and prepare all the documents to be deliberated in the WG meetings. Meeting documents shall be distributed to WG members approximately two weeks before the meeting date, so that the WG members have reasonable time to study them before coming to the meeting.

4.3 The Secretariat, upon discussion with the WG, may also invite industry specialists and experts on the subject of the project to express their thoughts or presentation to the WG in order to further enlighten them on some of the relevant issues. In case of such invitation, the PM and consultant(s) should ensure that the presentation sessions by industry specialists or experts shall be carefully designed so that they would assist the WG in fully understanding the issues that need to be addressed through the planned standard/guideline.

## MEETING AGENDA

- 4.4 Since different projects may require distinctive approaches and planning in order to achieve the mandated objectives, there is no fixed rule on how meeting agendas should be set out. However, it is reasonable for the PMs and the consultant(s) to contemplate that there should potentially be seven WG meetings for a typical standard, and that the first few meetings should be dedicated towards arriving at a consensus on the scope and parameters of the project, while the rest of the meetings should be used to finalise the exposure draft of the standard.
- 4.5 However, where the Secretariat believes the initial scope and parameters of the project are to a large extent defined (e.g. revision of a past IFSB standard in line with latest regulatory developments) or when a survey/QIS is not required for a standard, the number of WG meetings required may be reduced with the approval of the TC (see also paragraph 4.7 in this document). The WG of a particular standard may also recommend to the TC to add or reduce number of WG meetings, as appropriate to achieve the objectives of the standard being developed without compromising on quality. The number of meetings and specific agendas for each meeting will also vary for standards developed jointly with other international organisations, and the Secretariat will present and seek approval from the TC for these jointly developed standards.
- 4.6 Below is the due process for the development of a typical standard comprising seven meetings. It illustrates the agenda for first five WG meetings held during the various stages of standards development.

**1<sup>st</sup>  
Meeting**

**Discuss the Issues Paper and provide inputs for the PM and Consultants to prepare an Initial Study Report**

- a) The WG shall meet to discuss the Issues Paper for the standard assigned to it. The WG may require that the Issues Paper be revised and resubmitted in light of the comments made by its members. This will, however, occur only exceptionally, because the Initial Study Report will normally provide an opportunity for any issue to be studied in more depth.
- b) An Issues Paper should basically be a study on the relevant issues developed through research on existing literatures available, and should also contain a gap analysis on the existing framework in relation to Islamic finance vis-à-vis those issues. The Issues Paper should further be designed to help the WG members who come from diverse backgrounds to understand and appreciate the parameters of the problems from different perspectives.
- c) An Issues Paper will generally be very similar in content to the Memo submitted to the TC and Council when seeking approval for the project. Its main purpose should be to help the WG to decide provisionally on the scope of the standard, and on the issues to be studied in greater depth through the Initial Study Report and the Survey.

**2<sup>nd</sup>  
Meeting**

**Discuss the Initial Study Report and provide inputs for the PM and Consultants to undertake a Survey**

- d) An Initial Study Report should build from the analysis contained in the Issues Paper and further look in depth into the existing framework applicable to the issues, either in the form of international standards produced by other international standard-setting bodies or specific regulatory framework that exist in some jurisdictions. It should refine the gap analysis in a more focused manner so that the WG members are fully aware of which issue to address and thus avoiding unnecessary duplication of the work already done by others.
- e) The second meeting shall be held for the WG to deliberate on the Initial Study Report and provide inputs for the PM and consultants to undertake a Survey, which is normally conducted as a stock-taking exercise.
- f) The IFSB requires a survey/QIS<sup>3</sup> to be conducted (with one WG meeting being dedicated to discussing the results of the survey/QIS) to understand and identify the scope of the proposed standard. Surveys/QIS are conducted by the IFSB as a means of soliciting information regarding industry practices. Once the responses have been obtained, the Secretariat analyses the results and presents a Survey/QIS Report for discussions in the WG before the drafting of the Preliminary Exposure Draft (PED).

**3<sup>rd</sup>  
Meeting**

**Discuss the Survey/QIS Report and provide inputs to the PM and Consultants on the scope of PED**

- g) The survey/QIS report should be developed to verify or modify some of the understandings that the WG have so far developed regarding actual industry and regulatory practices on the relevant issues. It should also highlight any important new issues in the area of the standard that have been raised by respondents. The report shall be presented to the WG in the 3rd meeting. This is important to ensure that the WG benefits from clear insights into actual industry and regulatory practices at an early stage before it starts developing the standard/guidelines.
- h) The PM should also put to the WG a document indicating the provisional scope and structure of the PED, drawing on discussion in the first two meetings and on insights gained from the survey/QIS. Based on the inputs provided, the PM and consultants shall begin the drafting of the Preliminary Exposure Draft (PED).

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<sup>3</sup> QIS is standard mechanism by international standard setting bodies to collect the empirical data on the possible implications of changes in the global standards for financial institutions. The information collected through this process is used by the WGs to make informed decision on various policy choices and proposals to be included in the standard. The QIS can be used as post-implementation review (PIR) that helps to determine whether standards and guidelines meet the desired objectives.

**4<sup>th</sup>  
Meeting**

**Discuss the PED and provide inputs to the PM and  
Consultants to revise the PED**

- i) The PED shall be deliberated in the 4th meeting where the WG members shall provide inputs to the PM and the Consultants. The principal objective at this stage should be to ensure that the content and structure of the PED are right, allowing a further meeting to refine its drafting before tabling it to the TC and Sharī'ah Board for approvals.

**5<sup>th</sup>  
Meeting**

**Discuss the revised PED (RPED) and provide inputs to the  
PM and Consultants to finalise the PED**

- j) The Revised PED (RPED) should be discussed in detail in order that the PM and consultants can amend it for presentation to the TC.
- k) The PM and consultants shall at this point make the necessary amendments to the Revised PED (RPED) for presentation to the TC seeking approval to submit the RPED to the Sharī'ah Board for deliberations.

4.7 The aforementioned sequence of meetings can be shortened. For example, in certain circumstances where there are few issues of scope (e.g., because the standard is closely related to a conventional standard or a previous research/working paper is available), the deliverables of the first two meetings (Issues Paper and Initial Study Report) can be combined and presented in the first meeting. The Secretariat will keep in mind that, in principle, the Issues Paper sets out the topics the standard is intended to address, and serves as a scoping paper, while the Initial Study Report analyses the chosen topics in greater depth. Similarly the WG could decide, if appropriate, not to conduct the survey in certain cases, e.g. when sufficient information is available through alternative sources to draft the PED, or where past surveys conducted by the Secretariat for other standards have provided relevant information to perform this task. These adjustments to the due process will reduce the overall lead time to prepare the standard and benefit the stakeholders. In each of the above instances in which the shortening of the due process is viewed as feasible and appropriate, the Secretariat will seek approval of the TC.

**PROGRESS UPDATES TO TC**

4.8 Notwithstanding that the Chairperson and Deputy Chairperson of the WG are members of the TC, the PM and consultant shall ensure that they update the TC on the progress of the project before the WG finalises the PED. Therefore, the Secretariat shall ensure that after the preparation of PED, a briefing on the progress of the project is included in the agenda of each TC meeting.

## **II. Arabic Editing**

### **ARABIC TRANSLATION – REVISED PRELIMINARY EXPOSURE DRAFT (RPED)**

- 4.9 In order to spread better awareness of IFSB standards and guidance and reach a broader range of stakeholders during the public consultation period, the Secretariat shall also make available the standards and guidance in Arabic. In addition, the Sharī'ah Board prefer to work from an Arabic text.
- 4.10 When the WG concludes its preparation of the RPED (in a typical standard process after the 5th WG meeting), the PM shall hand over a copy of the RPED to the in-house Sharī'ah expert of the Secretariat to commence the process for Arabic translation.

### **ARABIC EDITING COMMITTEE – REVISED PRELIMINARY EXPOSURE DRAFT (RPED)**

- 4.11 The RPED will be translated into Arabic either by an internal or external translator, in a timely manner to be ready for the meeting of the Arabic Editing Committee (AEC).
- 4.12 The AEC that comprises representatives of the IFSB members shall meet to undertake a review of the translated version of the RPED, before submission to the Sharī'ah Board. The members of the AEC are required to be experts in the Arabic language that is utilised by Arabic-speaking RSAs in the drafting of regulations.
- 4.13 Upon completion of the Arabic translation, the AEC, comprising at least 3 members, shall review the RPED and ensure the quality of its Arabic translation.
- 4.14 The in-house Sharī'ah expert, together with other Arabic speaking staff member(s) of the Secretariat assigned for this task, shall assist the AEC in reviewing the Arabic version of any document to be submitted to the Sharī'ah Board. S/he will be in charge of preparing the documents for AEC meetings, distributing them to the AEC members in a timely manner (approximately two weeks in advance of the AEC meetings), and responding to any other needs of the AEC in relation to the Arabic translation undertaken.

## **III. Sharī'ah Due Process**

### **MEMO FOR TC – REVISED PRELIMINARY EXPOSURE DRAFT (RPED)**

- 4.15 The PM shall prepare a Memo/presentation, to be tabled to the TC together with the RPED seeking the TC's approval for the document to be referred to the Sharī'ah Board for Sharī'ah review.
- 4.16 The TC shall discuss and provide feedback on the RPED and, if it agrees, refer it to the Sharī'ah Board (in accordance with Article 30(e) of Articles of Agreement) for endorsement that the document complies with Sharī'ah rules and principles.

## **SHARĪAH APPROVAL – REVISED PRELIMINARY EXPOSURE DRAFT (RPED)**

- 4.17 The PM shall, upon approval of the TC, hand over a copy of the RPED to the in-house Sharīah expert of the Secretariat to commence the due process for submission to the Sharīah Board.
- 4.18 The in-house Sharīah expert will also be responsible for ensuring that appropriate logistical arrangements are made for the Arabic version of the RPED to be distributed to the members of the Sharīah Board approximately two weeks before the meeting takes place.

**6th  
Meeting**

**Finalise the RPED and recommend it to the TC for  
Issuance as an ED**

- 4.19 The PM and the consultants shall address the remarks of the Sharīah Board and revise the draft of the RPED accordingly. The WG shall discuss, review and approve the revisions made by the PM and the consultants.
- 4.20 The WG must be satisfied with an RPED before it can be presented to the TC for approval for it to undergo a public consultation process. If necessary, the WG may hold additional meetings to finalise the RPED.
- 4.21 The revised document shall then be referred to the TC for approval to issue as an exposure draft (ED) for Public Consultation.
- 4.22 Other aspects of the due process for Sharīah approval shall further follow the procedures set out in Appendix.

### **IV. Approval for Public Consultation**

## **MEMO FOR TC – EXPOSURE DRAFT (ED)**

- 4.23 The PM shall, after the 6<sup>th</sup> meeting, prepare a draft Memo/presentation slides together with a revised version of the RPED, which has taken into consideration comments and views from the Sharīah Board, to be tabled to the TC for its approval for the document to be issued as an ED.
- 4.24 The PM and consultants shall take into consideration the comments and views given by the TC and reflect these as further revisions of the RPED, before handing-over the document to the relevant Secretariat staff in charge of publications for issuance as an ED for public consultation.

## **V. Copy Editing**

### **APPROVED EXPOSURE DRAFT (ED)**

- 4.25 The staff in charge shall concurrently send the ED to the copy-editor engaged by the IFSB. Based on reasonable timeline, the said staff in-charge shall work closely with the PM and the copy-editor to ensure that the ED will be ready for publication in a timely manner.
- 4.26 The copy-editor shall review the ED to ensure that the document is free from grammatical and spelling mistakes, has proper and concise sentence structures with correct use of English nuances, has accurate choice of terminologies, and is consistent with the quality of drafting that may reasonably be expected from an international standard.

## **VI. Publication of ED**

- 4.27 The Arabic version of the ED shall then be handed over to the Secretariat to be published alongside the English version of the ED for the purpose of the public consultation.

## **5. PUBLIC CONSULTATION STAGE**

### **I. Reaching Out to Stakeholders**

#### ***IFSB WEBSITE***

- 5.1 The public consultation process is aimed at engaging as many stakeholders as possible to elicit their views, comments and suggestions on the standard/guidance projects undertaken by the IFSB, within a reasonable timeframe.
- 5.2 Any ED issued for public consultation shall be posted concurrently with a Press Release on the website of the IFSB for comments by all interested parties. Interested parties of the ED shall include:
- a) Relevant regulatory and supervisory bodies in countries in which Islamic financial services are offered;
  - b) National or international organisations involved in setting or promoting standards for the stability and soundness of international and national monetary and financial systems;
  - c) National, regional or international professional or industry associations; and
  - d) Financial institutions, Sharī'ah scholars, academics, and others.

#### ***CIRCULATION WITH IFSB MEMBERS***

- 5.3 Any ED issued for public consultation shall be circulated to all IFSB members through the following means:
- a) Official letter inviting comments to be sent to all IFSB members with softcopies of the ED.
- 5.4 In particular, all members shall be asked to:
- a) Bring the ED to the attention of their respective constituents;
  - b) Encourage their constituents to comment on the ED; and
  - c) Send their comments to the Secretariat.

#### ***DIRECT ENGAGEMENT WITH THE STAKEHOLDERS***

- 5.5 Besides receiving written comments from the public through letters, fax and e-mails, where appropriate, the Secretariat shall, upon instruction by the TC, hold public hearings / workshops / roundtable discussions on the ED. During any public hearing, which shall be open to all, the PM and consultant shall, on behalf of the WG, elicit comments from the participants on the ED and respond to their queries. Proceedings of the public hearing / workshop / roundtable discussion shall be recorded and distributed to the WG members.
- 5.6 In deciding on the location of the public hearing / workshops / roundtable discussion, consideration shall be given to the geographical locations of the members of the IFSB. The Secretariat, in consultation with the WG / TC may also decide to conduct webinars in which IFSB members and stakeholders are invited to participate and provide feedback on the ED.

5.7 Generally, for both standards and guidance/technical notes, at least one direct engagement with the stakeholders shall be undertaken in the form of public hearing / workshops / roundtable discussion or webinar during the public consultation stage.

## **II. Consultation Period**

5.8 Each ED shall be exposed to the public for a reasonable period in order to allow stakeholders sufficient time to study the document and convey their comments. As each project may involve different range of technical issues and be aimed at different size/segments of the IFSI, there is no fixed rule as to how long should the public consultation period be. However, as a rule of thumb, a standard/guideline should be exposed for a 45 - 60 days, though with some flexibility in particular cases. The period of public consultation shall be approved by the TC, based on the Secretariat's suggestion.

5.9 The ED shall state the period that shall be allowed to receive the comments.

## **III. Reception of Public Comments**

### ***PUBLIC CONSULTATION SUMMARY***

5.10 The PM and the consultant(s) shall document and analyse all the comments received on the ED and prepare recommendations to be presented to the WG regarding the revisions that should be incorporated into the ED.

5.11 The Secretariat may publish on the IFSB's website a summary of the feedback received during the public consultation period; along with any responses by the Secretariat. This would be done subsequent to the issuance of the standards or guidance, and subject to any specific requests for confidentiality.<sup>4</sup>

### ***FINAL WG MEETING – FINAL STANDARD/GUIDANCE***

5.12 Another (7<sup>th</sup>) WG meeting shall be scheduled in which the WG shall evaluate the public comments on the ED, together with the recommendations from the PM and consultant, and revise the ED accordingly.

### ***ARABIC TRANSLATION – FINAL STANDARD/GUIDANCE***

5.13 When the WG concludes its finalisation of the standard/guidance, the PM shall hand-over a copy to the in-house Shari'ah expert of the Secretariat to commence the due process for Arabic translation of any changes made to the document.

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<sup>4</sup> The due process already envisages the submission of a summary of all the comments, together with Secretariat response, to the WG (and later to the TC) after the public consultation process ends. Any published version shall be based on this document, edited as appropriate (and consulting the Chairperson of the WG where necessary).

#### **EDITING COMMITTEE – FINAL STANDARD/GUIDANCE**

- 5.14 Upon completion of the Arabic translation, the AEC shall review the standard/guidance and ensure the quality of its Arabic version.
- 5.15 The in-house Sharī'ah expert at the Secretariat, together with other Arabic speaking staff from the Secretariat assigned to this task, shall assist the AEC in reviewing the final Arabic version of any document to be submitted to the Sharī'ah Board. S/he will be in-charge of preparing the documents for AEC meetings, distributing them to the AEC members in a timely manner (approximately two weeks prior to the AEC meeting), and responding to any other needs of the AEC in relation to the Arabic translation work.

#### **SHARĪ'AH APPROVAL – FINAL STANDARD/GUIDANCE**

- 5.16 The Revised ED shall be referred to the Sharī'ah Board to vet the compliance of the document with Sharī'ah rules and principles. The PM and the consultants shall address the feedback of the Sharī'ah Board and update the document accordingly.
- 5.17 The revised document shall then be referred to the TC for discussion and amendment, if any.

#### **MEMO FOR TC – FOR RECOMMENDATION TO COUNCIL**

- 5.18 The PM shall prepare draft Memo/presentation for the TC for their consideration as to whether the changes incorporated into the final document are acceptable.
- 5.19 The TC shall have the right to decide whether the revisions made in the final document warrant that the document should be distributed for further comments. In such a case, the procedures set out in Section 5 shall also be repeated.

## **6. FINALISATION AND ADOPTION STAGE**

6.1 As stipulated in Article 21(c), the Council shall “adopt and approve for issuance prudential and supervisory standards and guidance on Islamic financial services on such terms as it deems fit following the advice and recommendations of the Technical Committee.”

### **I. Adoption by the Council**

#### **MEMO FOR COUNCIL – FOR ADOPTION**

6.2 Once the Sharī'ah Board and the TC are satisfied with the changes incorporated into the document following the extensive public consultation process, the PM and consultant(s) shall prepare the final version of the standard or guideline to be recommended for approval and formal adoption by the Council in accordance with Article 30 (a).

6.3 The PM shall prepare the relevant Council Memo to accompany the final version of the standard or guideline. The Memo together with the final version of the document shall be distributed to the Council members two weeks before the Council meeting.

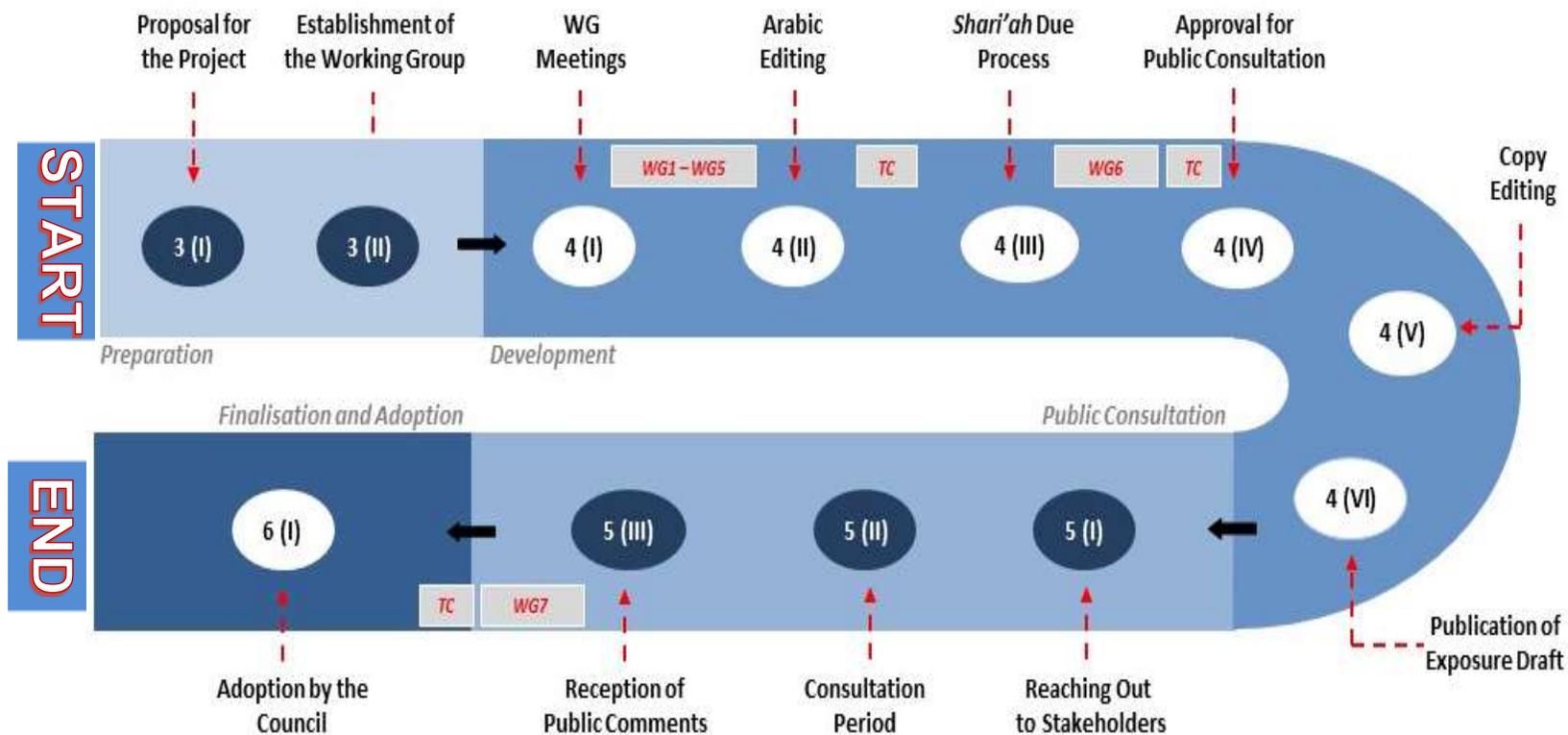
6.4 The Council may adopt and approve the final version of the document as an IFSB standard or guideline in accordance with Article 21 (c).

#### **FINAL STANDARD OR GUIDANCE**

6.5 Once the Council has adopted and approved the new standard or guidance, the Secretariat shall make all the necessary arrangements, within reasonable time, for:

- a) posting a soft copy of the new standard or guidance to be downloadable for free from the IFSB website;
- b) printing hard copies of the new standard/guideline for onwards distribution to all IFSB members; and
- c) making available the Arabic version of the new standard or guidance.

## 7. SUMMARY ILLUSTRATION OF THE KEY MILESTONES OF A TYPICAL STANDARD DEVELOPMENT PROCESS



## **8. DOCUMENTATION AND REPORTING OF WORK PROGRESS**

- 8.1 In order to keep a proper record as to how each standard and guideline properly follows and adheres to the due process; the PM shall be responsible for keeping track and recording every progress of the project, from the start until its completion. In this respect, the PM shall provide the following updates:
- a) To submit feedback for the “SG Updates” which are provided in all the TC and WG meetings and include the progress of all standards and guidelines that are currently being developed by the Secretariat.
  
  - b) To provide feedback for the IFSB Strategic Performance Report submitted to the Council in its two meetings held each year, which includes progress of all Strategic Key Result Areas (SKRAs) as specified in IFSB Strategic Performance Plan (SPP) and Work Plan for the respective year. The Council shall be presented with a report on the work progress of all IFSB standards and guidelines in the mid-year performance review, submitted in the month of July every year.

## **9. REVISIONS AND AMENDMENTS IN STANDARDS/GUIDANCE**

9.1 Following the adoption of any standard or guidance as a result of due process, the Secretariat shall remain vigilant about any new developments in the IFSI and changes taking place in respect of the standards issued by other international bodies that may have an impact on the IFSB's own standards and guidelines. Appropriate initiatives and responsive programmes shall be put in place in order to ensure that the IFSB would always be capable of developing and issuing additional or revised standards or guidance so that its prudential framework is up-to-date and aligned to the latest development in the IFSI.

### **I. Rationale and Basis for Revisions and Amendments**

9.2 The overall rationale of the revisions and amendments shall be to fill an existing regulatory gap with respect to the criteria presented below. This particular section establishes procedures and due process for revisions and amendments to the existing standards and guidelines. These revisions may be deemed appropriate due to various developments in Islamic financial services industry, international regulatory framework or other factors, which include but are not limited to the following:

- a) Developments and enhancements by the other international standards setting bodies;
- b) As a result of feedback received from, among others, Facilitating the Implementation of Standards (FIS) workshops, seminars and conferences, supervisory and regulatory forums;
- c) Comparative studies and survey on standards' implementation, including surveys/quantitative impact studies (QIS) conducted by the Secretariat during the development of a standard or with reference to post-implementation review.

9.3 These areas are briefly explained below.

#### **DEVELOPMENTS AND ENHANCEMENTS BY OTHER INTERNATIONAL BODIES**

9.4 To date, much of the IFSB work complements the work of international standard setting bodies such as of Basel Committee on Banking Supervision (BCBS), the International Organization of Securities Commissions (IOSCO), and the International Association of Insurance Supervisors (IAIS). Hence, any proposed changes by these bodies may have impacts on the IFSB work, which consequently, will require amendments in the relevant IFSB documents. Therefore, in order to ensure that IFSB documents are up-to-date and reflect the prevailing market conditions, periodical updates shall be made to the IFSB documents. Notwithstanding the changes and enhancements by the other international bodies, the scope of the changes and amendments in the IFSB documents shall be determined by the Council, on the recommendation of the TC.

## **FEEDBACK FROM AWARENESS PROGRAMMES AND OTHER INTERACTIONS WITH STAKEHOLDERS**

9.5 The IFSB interacts with its stakeholders in a number of ways, which include conducting FIS workshops and organising seminars, conferences, supervisory and regulatory forums and other events on various sectors of Islamic finance. Similarly, the Council, TC and WG meetings as well as the participation of IFSB management and staff in industry events provides feedback for updating the existing and issuing new standards and guidelines. Similarly, IFSB's annual survey on the implementation of standards and comparative studies on this subject provide regular feedback. The information gathered from these sources provide valuable information to the Secretariat to determine whether it would need to develop new or undertake revision to its existing standards and guidelines, and enhance its awareness building and implementation support activities. The aforementioned activities should also guide the Secretariat whether collaborations are needed to strengthen integration with other drivers of standards' implementation.

### **II. Memo to the TC and Council**

9.6 A memo will be presented to the TC by the Secretariat on the proposed development of new and/or enhancements to the existing standards or guidelines. The memo shall provide the TC with a background of the technical issues and developments that lead to the proposal of developing new or revising the standards or guidelines. The draft Memo vetted by the relevant ASG and approved by the SG shall be included by the Secretariat as an agenda to be discussed in the forthcoming TC meeting.

9.7 After the TC's approval, a Memo shall be submitted in the Council meeting for approval to include the new project as a part of the Work Plan for the current or subsequent year.

## **10. INITIATIVES FOR FACILITATION AND AWARENESS PROGRAMMES**

10.1 The issuance of a standard or guideline (either new or revised) does not mark the end of a journey for the development of prudential framework in specific areas. Rather, it marks a platform for additional work to be undertaken to further strengthen the soundness and stability of the IFSI. The Secretariat shall therefore ensure that upon issuance of a standard/guidance, the following steps will be put in place.

### **I. Facilitating the Implementation of Standards**

10.2 Following the adoption of any standard, the IFSB will undertake initiatives for facilitating its implementation, i.e. by conducting workshops tailored specifically towards spreading awareness and technical know-how on the implementation of the standard/guideline.

10.3 A staff member from the Implementation Team shall be assigned, with the assistance from TED Department, to develop appropriate training modules for the standard and guidance to be included into the Facilitating Implementation of Standards (FIS) Workshops programmes as well as E-learning modules. The training modules shall, in particular, comprise in-depth analysis of the recommendations under the respective standard and guidance, its implementation issues vis-à-vis other relevant international standards and local regulatory framework, as well as detailed case studies. In addition to the FIS workshops and E-learning modules, the Implementation team shall also undertake to provide Technical Assistance (TA) required by member countries. These programmes aim to further facilitate the understanding of IFSB standards and guidelines for implementation in the IFSB member countries.

### **II. Spreading Awareness**

10.4 Where appropriate, a staff member from the CAP Department shall be assigned to coordinate the awareness programmes in the form of seminars, workshops or roundtables to further disseminate public awareness of any standard or guideline.

## **APPENDIX: SHARĪ'AH APPROVAL PROCESS**

1. The IFSB Secretariat shall ensure that it has an in-house expert on Sharī'ah at the minimum rank of Specialist (Sharī'ah).
2. The Sharī'ah staff shall be responsible with the task of researching all Sharī'ah issues that need to be addressed in any document that is being prepared by the PM and that will be discussed in the Sharī'ah Board meetings.
3. Prior to the project meetings (be it a task force, WG, TC, or the Council), the PM shall work closely with the in-house Sharī'ah expert to discuss any Sharī'ah matters that are identified or anticipates to arise from his project. The Sharī'ah expert shall then undertake the relevant research and advise the PM of his opinion. The PM and the Sharī'ah expert shall carefully plan their work in order to ensure that the Sharī'ah expert will have adequate time to carry out the relevant research.
4. The PM should present to project meetings (be it a WG/TF or TC as the case may be) on how the relevant Sharī'ah issues are resolved, whether based on the advice of the Sharī'ah expert or other Sharī'ah views by Sharī'ah Board that can be considered by the meetings. This process is important to ensure that any decisions made in the meetings are based on proper research and arguments, as well as to mitigate the risk of the Sharī'ah Board raising objection to issues mentioned in the document when they meet to review the documents. However, if the meetings cannot take a position on the arising Sharī'ah issues, the PM will then compile and report these issues that need to be addressed by the Sharī'ah Board.
5. The PM will inform the Sharī'ah expert that the matters require guidance from the Sharī'ah Board. This would assist the IFSB Secretariat to explain in the Sharī'ah Board meeting the basis/grounds considered before the WG/TF or TC adopts certain position relating to issues mentioned in the document. The process of explanation to the Sharī'ah Board needs careful deliberation since the official language of Sharī'ah Board is Arabic.
6. Once the Sharī'ah Board provides its feedback, the Sharī'ah expert will compile and report the opinion of the Sharī'ah Board and communicate such opinion to the PM accordingly.