

Ref. No.: ISRA (IICSB)/QM/2021/002

Date : 15th April 2021

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

All praise is due to the Almighty; prayers and peace be upon the last Prophet Muhammad, and be upon his relatives and all his companions

SHARIAH PRONOUNCEMENT FOR QUANTUM METAL GOLD STORAGE ACCOUNT (RENEWAL)

1. Background

1.1 ISRA International Consulting Sdn. Bhd. (hereinafter referred to as 'ISRA Consulting') had issued a Shariah Pronouncement for Quantum Metal Gold Storage Account (GSA) on 16 March 2020. This pronouncement was issued pursuant to the system run-through exercise as well as the review process on the SOP of the Product, through which it demonstrated its compliance with the principles of Shariah, particularly the rule of Bay al-Sarf. The scope of the Pronouncement, however, does not include the Product's day-to-day operations nor the Shariah-compliant status of its operator, Quantum Metal Sdn. Bhd. (hereinafter referred to as 'QM'). It was valid for one (1) renewable year from the signing date it borne.

1.2 Upon the expiry of the pronouncement, QM had requested its renewal. ISRA Consulting had stipulated a Shariah review based on certain methodology (explained in para 3), the result from which shall be used as the basis of the decision on the requested renewal.

2. Product Structure

2.1 Through the Product, QM offers its Customers to open a designated account for the purpose of purchasing gold. Upon completion of such purchase, the gold shall be safely kept by QM at Brink's Singapore (Brink's) at no cost to the Customers. At any time, the Customers may sell the purchased gold to QM at the market prevailing price or take delivery of their physical gold.

2.2 The structure of the Product involves several steps as follows:

Account Opening

- a) A Customer is to make registration on the System by opening an account. At this stage, he is required to fill up his personal information in the online form. In addition, he is also required to contact the System's admin to obtain a referral ID; the unique ID belongs to the other customer/merchant for the purpose of new customer referral.
- b) Upon the completion of the above step, the System will generate and send an email to the Customer in which the login information (such as login ID, temporary password, and the System URL) will be provided.
- c) In addition, an Open Account Invoice will be created by the System based on the currency selected by the Customer.

Gold Purchase

- a) The Customer is to request to purchase gold in his selected currency. Such request shall be made by the Customer through the System (online).
- b) Subsequently, the Customer shall make the payment for the purchase and send the proof of the payment (such as Cash Deposit Machine 'CDM' slip) through email. The purchased gold will then be recorded in gram (g) based on the gold current latest price.
- c) Upon receipt of such confirmation, the System will update the Reconcile Report in which all the information as the following will be made available:
 - Date and time of payment
 - Transaction reference number
 - Invoice number
 - Account number/QM account number
 - Amount received excluding all bank charges
 - Customer's bank name
 - Customer's bank account number
 - Customer's gold account number
 - Transfer mode; IBG/Instant
 - Customer email address

For the purpose of clarity, all steps taken here is on a T+0 basis.

- d) In addition to the above, Brink's will issue its report on a daily basis at 5:30 P.M. The details of the report shall be tagged against the customer gold serial number in QM's Inventory Monitoring System (known as ERP) in the System.

Cash Withdrawal

- a) Depending on the outcome of the Know-Your-Customer 'KYC' test, the Customer may withdraw the balance amount of the Gold Storage Account in the form of cash. Such withdrawal is executed through the sale of gold by the Customer to QM at a mutually agreed price (normally based on a formula with reference made to the gold prevailing market price).
- b) Nevertheless, the Customer is required to maintain at least a minimum balance of one (1) gram in his Gold Storage Account.
- c) Upon the completion of the payment of the withdrawal to the Customer, the ownership of gold will be transferred to QM (as evident by the transfer of the gold serial number), and the Reconcile Report shall be updated accordingly.
- d) For the purpose of clarity, all steps taken here is on a T+0 basis.

Gold Transfer

- a) The Customer may also opt to transfer his gold balance in the Gold Storage Account, either in gram or in cash (which shall be quantified to the nearest weight based on the prevailing gold price) to another Gold Storage Account's holder.
- b) In the case where the Customer makes the cash transfer, the same process in (a) and (c) in 'Cash Withdrawal' shall take place except such amount (the cash) will be transferred to the other Gold Storage's holder rather than to the Customer.
- c) Upon confirmation of the tally between the Gold Transfer Report and the Gold Storage Account, the System will immediately update the Customer's account balance.
- d) Nevertheless, the Customer is required to maintain at least one (1) gram of gold in his Gold Storage Account.
- e) For the purpose of clarity, all steps taken here is on a T+0 basis.

Physical Withdrawal

- a) The Customer may also opt to take physical delivery of his gold bar.
- b) Upon the confirmation of information on KYC, account number, and the tally between the Gold Transfer Report and the Gold Storage Account, the Customer will be notified of the pick-up arrangement (on the same day). Subsequently, the Customer will collect the Gold from the collection agent. For the purpose of clarity, the Customer may not necessarily receive the same gold he owned when he opened the account (as evident by the gold serial number in QM's ERP and tagged against the Brink's Report). Rather, the gold that is kept at Brink's will be transferred to QM

and QM will replace it with the gold with the same weight and quality and deliver it to the Customer.

- c) This Physical Withdrawal shall incur a fee that is to be auto deducted from the customer balance in gram. Such a fee, which shall be clearly defined and made known to the Customer, is subjected and determined by gold price, currency exchange, and other relevant factors such as the labourship for allocating the gold from a big chunk to a smaller unit(s) known as minting process.
- d) In addition, the Customer is also required to maintain at least one (1) gram of gold in his Gold Storage Account.

3. Shariah Review Methodology

The Shariah review conducted by ISRA Consulting mainly aimed to ascertain the adherence to Shariah requirements, particularly in two areas. The first area is the existence of gold owned by the Customer and the consistency of the reports on the gold stock held by QM issued by Brink's with QM's own report on the same. The second area is the ability of QM to make delivery of the gold should the Customer request for such as mentioned in para 2.2 Physical Withdrawal. Therefore, ISRA Consulting had:

- a) requested and subsequently vetted:
 - i. Stock Confirmation for Quantum Metal Sdn Bhd issued by Brink's;
 - ii. Gold Account List issued by QM;
 - iii. Main Account Report issued by Brink's; and
- b) performed the Simulation on Gold Physical Delivery.

4. Shariah Opinion

Pursuant to the Shariah review exercise as mentioned in para 3, ISRA Consulting hereby is of the view that:

- 4.1 The details stated in all documents as mentioned in para 3(a) are consistent, thus validates, inter alia, the existence of gold owned by the Customer; and
- 4.2 The Simulation on Gold Physical Delivery as mentioned in para 3 b) validates the ability of QM to make delivery of the gold should the Customer request for such as mentioned in para 2.2 'Physical Withdrawal'.

ISRA Consulting also hereby acknowledges that there is no change whatsoever to the structure and documentations of GSA as approved in the Shariah Pronouncement issued on 16 March 2020 as mentioned in para 1.1.

5. Disclaimer

- 5.1 This renewal pronouncement is strictly based on the documentations and the Simulation on Gold Physical Delivery as mentioned in para 3. ISRA Consulting shall not be held responsible for any variations made on both items after the issuance of this renewal pronouncement. The scope of this renewal pronouncement only covers the Shariah perspective of the Product documentations and does not include the Product's day-to-day operations.
- 5.2 It is also important to note that this renewal pronouncement does not include the Shariah-compliant status of QM as the operator of the Product.
- 5.3 This renewal pronouncement is valid for **TWO (2)** renewable year from the signing date that it bears. Nonetheless, any variation or additional features added in the reviewed documents within this one year will necessitate supplementary endorsement by ISRA Consulting.

Thank you.

Sincerely yours,



Dr Muhammad Syahmi Mohd Karim
Deputy Chief Executive Officer

ISRA CONSULTING