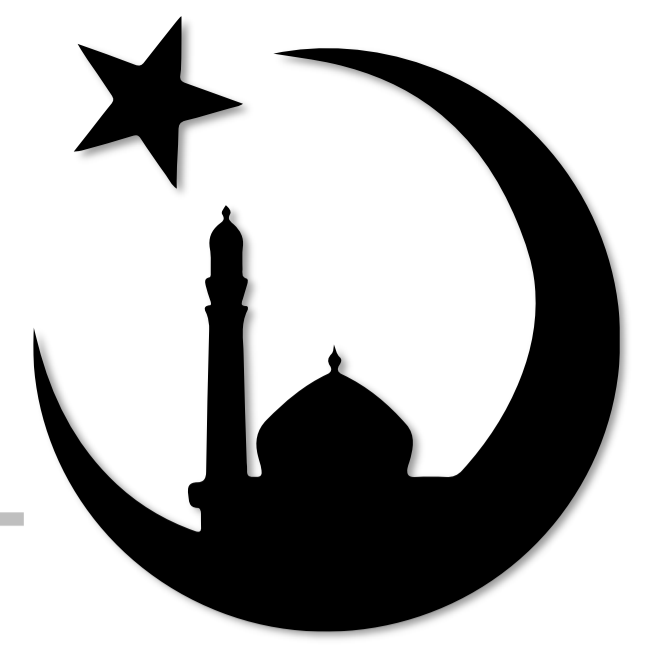




# UNDERSTANDING SUKUK



## WHAT IS SUKUK?

Refers to certificates that represent a proportional undivided ownership right in tangible assets, or pool of tangible assets and other types of assets. These assets could be in specific project or specific investment activity that is Shari'ah-compliant.

Reference: Islamic Financial Services Board (<https://www.ifsb.org/terminologies.php>)



## SHARI'AH PRINCIPLE

Refers to a comprehensive system of values, norms, and rules regulating all aspects of life based on the principles of justice, fair dealings, and harmony through equitable distribution of wealth.

References: (1) Associate Qualification for Islamic Finance (AQIF) Handbook Module 1; and (2) Islamic Finance Advisory and Assurance Services (IFAAS) Training Program for the Philippines Foundation Module

## WHO MAY INVEST IN SUKUK?

Residents and non-residents (regardless of religious affiliation) are allowed to invest in sukuk.

## KEY DIFFERENCES



### DEBT INSTRUMENT



### SUKUK

Interest



SOURCE OF INCOME

Profit from business undertaking

Proof of debt



DESCRIPTION

Proof of ownership

Compliant with domestic laws and regulations, as applicable



ELIGIBILITY OF ASSETS

Compliant with Shari'ah, domestic law, regulations, as applicable

General government budget financing and/or other development purpose



PURPOSE

For Shari'ah-compliant projects/ assets/ services/ activities only, which may also include government financing and/or other development purpose