



السوق المالية  
الإسلامية الدولية  
International Islamic  
Financial Market

## **IIFM PRODUCT DESCRIPTION**

**for**

***Himaayah Min Taqallub As 'aar Assarf* or an Islamic Cross-Currency Swap (ICRCS)**

**DFT Terms confirmation template**

**(*Wa 'ad* - based and involving a Two Sales structure)**

**First Leg (Party A as Buyer) & Second Leg (Party B as Buyer)**

## 1. Introduction (product overview)

ISDA and IIFM have published the DFT Terms confirmation templates to be used to document *Himaayah Min Taqallub As 'aar Assarf* or Islamic Cross-Currency Swaps under the ISDA/IIFM Tahawwut Master Agreement (the "TMA"). This explanatory memorandum explains the Islamic structures used and sets out the key features of these templates.

### **ISDA/IIFM Tahawwut Master Agreement (the "TMA").**

The TMA is a master agreement that contains the general terms and conditions agreed between the parties and under which parties may enter into "**Transactions**" and/or "**DFT Terms Agreements**" relating to "**Designated Future transactions**".

The TMA draws a distinction between "Transactions" that have been entered into between the parties and "Designated Future transactions" that will or may be entered into between the parties in the future. This is an important distinction which is key to the different close-out mechanisms which apply to these two types of arrangement.

The terms of a Transaction are evidenced by a "**Confirmation**". The terms of a Designated Future transaction are provided for in a DFT Terms Agreement, which is evidenced by a "**DFT Terms confirmation**". (The TMA uses upper and lower case "Transactions", "transactions", "Confirmations" and "confirmations" to help distinguish between the two types of arrangement and the manner in which they are documented).

The exercise of an undertaking (or *Wa'ad*) contained in a DFT Terms Agreement leads to the entry into a Transaction. Once a Designated Future transaction is, pursuant to a DFT Terms Agreement, entered into between the parties, it becomes a "Transaction" under the TMA and should be documented using a "Confirmation".

A failure to enter into a Designated Future transaction when required to do so in accordance with a DFT Terms Agreement is an Event of Default under the TMA.

### **DFT Terms confirmations for ICRCs**

Each set of templates comprises two DFT Terms confirmations, one relating to the First Leg of an ICRCs; the other relating to the Second Leg of an ICRCs. In the conventional swap market, a swap, consisting of two legs (typically, one representing the purchasing one currency and one representing the purchasing of a second currency), will be treated as a single transaction and documented by a single confirmation. In the case of a *Wa'ad*-based ICRCs, however, instead of using a single document for both legs, there is some Shari 'ah preference for the *Wa'ad* (or undertaking) for each leg to be clear and distinct, and not combined with that of the other leg. Therefore, to document the ICRCs, two separate template DFT Terms confirmations are proposed, one for each leg.

## **2. Product Purpose**

An ICRCs enables parties to hedge currency risk and the profit rate risk associated with a given currency. For example, where a party has an investment in one jurisdiction in relation to which it has obtained funding denominated in the currency of that jurisdiction (for example where the party has issued sukuk in the relevant currency and it will have to make regular payments in that currency with respect to the sukuk), but the party accounts in the currency of its home jurisdiction, the ICRCs provides it with the potential to hedge its foreign currency requirements into the currency of its home jurisdiction.

### **3. Product Description**

The DFT Terms confirmation relates to *Himaayah Min Taqallub As 'aar Assarf* (Islamic cross-currency swap) ("ICRCS") implemented through arrangements whereby each party simultaneously grants to the other party a Wa 'ad (undertaking) to purchase Shari 'ah compliant assets from such other party on one or more specified future dates on the basis of Murabaha transactions to be entered into on each exercise of the Wa 'ad (undertaking) by such other party and where the purchase price payable in respect of such Murabaha transaction is to be determined on the basis of the cost price of the purchased Shari 'ah compliant assets plus a profit amount, with the purchase price payable by one party being denominated in one of the two currencies the subject of such Islamic cross-currency swap and the purchase price payable by the other party being denominated in the other of the two currencies the subject of such Islamic cross-currency swap. This DFT Terms confirmation contains a Wa 'ad (undertaking) granted by Party A to Party B. Under a Related DFT Terms Agreement, Party B grants a Wa 'ad (undertaking) to Party A. This DFT Terms Agreement and the Related DFT Terms Agreement together form an Islamic Cross Currency Swap.

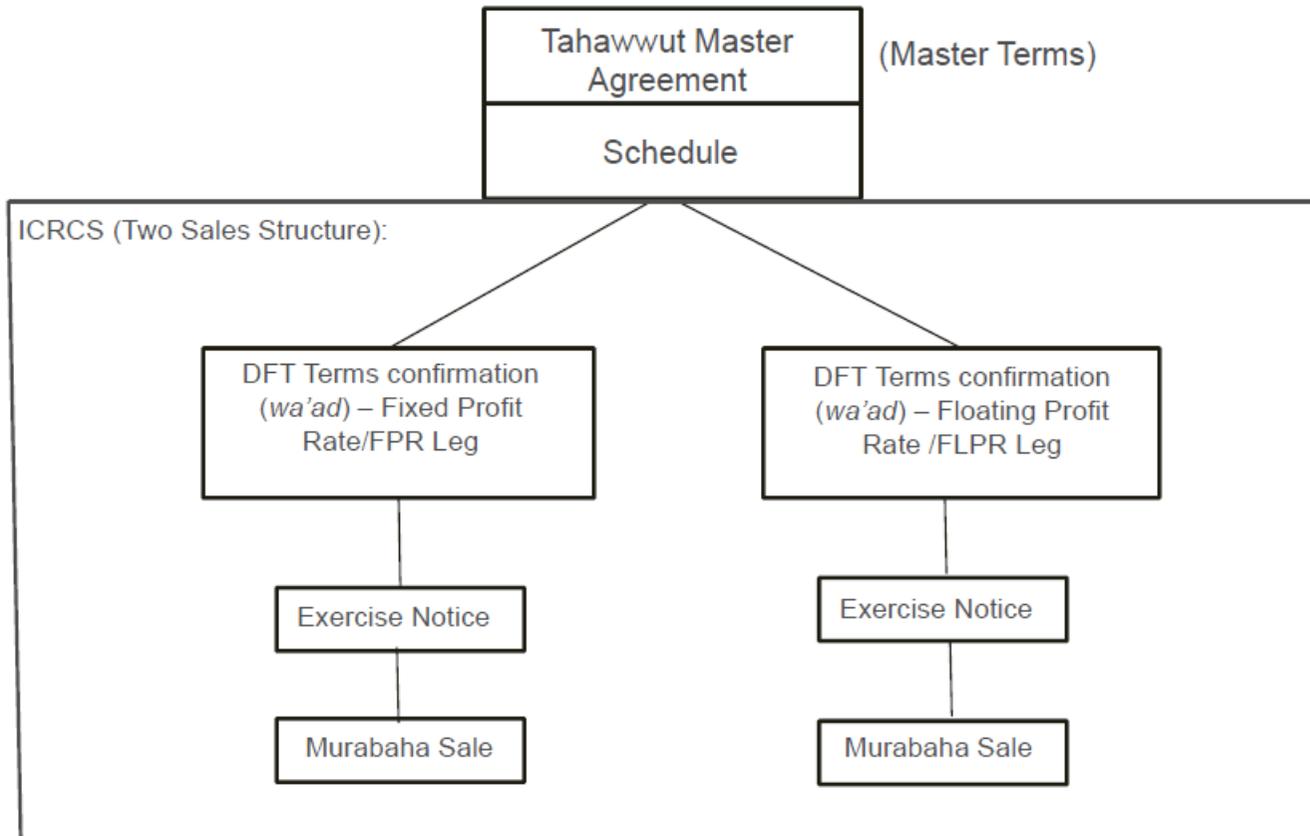
#### **Two Sales Structure ICRCS**

The ICRCS assumes a Two Sales Structure ICRCS. For each Calculation Period in relation to the ICRCS, the two *Wa'ads* set out in the DFT Terms confirmations for the First Leg and for the Second Leg, respectively, will be exercisable and exercised against the undertaking party (i.e. the Buyer) by the exercising party (the Seller). Therefore, two Murabaha Sales will be entered into between the parties; one in relation to the First Leg and one in relation to the Second Leg. Accordingly, there will be two asset-flows and two cash-flows (in two different currencies) between the parties in relation to each Calculation Period for the ICRCS.

A product description has been included in Part 1 of the relevant template DFT Terms confirmations describing how the Two Sales Structure should work.

Each party will represent that, if Shari'ah compliance is relevant for its purpose, then it has satisfied itself as to the Shari'ah compliance of the Transactions and DFT Terms Agreements entered into by it under the ISDA/IIFM Tahawwut Master Agreement.

# Two Sales Structure documentation architecture



#### 4. Designated Future transactions.

The parties may from time to time agree (the documents and other confirming evidence exchanged between the parties or otherwise effective for the purpose of confirming or evidencing any such agreement being a "**DFT Terms confirmation**" and each such agreement being a "**DFT Terms Agreement**") the terms of further transactions in each case being either (i) a transaction which, by such DFT Terms Agreement, the parties agree to enter into between them in the future under the TMA or (ii) a transaction which, by such DFT Terms Agreement, one party (the first party) undertakes to the other (the second party) to enter into under the TMA at the election of the second party at a future date (all of such further transactions being "**Designated Future transactions**"). Except as is expressly provided in the TMA, Designated Future transactions shall not constitute Transactions for the purposes of the TMA unless and until subsequently entered into, and when entered into they shall constitute Transactions, shall be confirmed by way of a Confirmation and shall cease to be Designated Future transactions.

#### Use of *Wa'ad* leading to *Murabaha Sale*

The ICRCs templates use a *Wa'ad* (or undertaking) structure, as is now increasingly common in Islamic finance transactions.

A *Wa'ad* is an undertaking or promise made by one party (the Buyer of assets) to the other party (the Seller of assets) that, if required by the Seller (usually called exercise of the undertaking or *Wa'ad*), the Buyer will fulfil its promise, in this case, to enter into a *Murabaha* (or sale and purchase) contract under which it will buy from the Seller an agreed quantity of agreed Shari 'ah compliant assets at an agreed price (which may be determined by applying an agreed formula for calculating a price) on the relevant exercise date.

The *Wa'ad* is contained in Paragraph 10 (Buyer's Undertaking) of each template DFT Terms confirmation.

If and when the Buyer's *Wa'ad* (or undertaking) is exercised by the Seller on an Exercise Date, the Buyer is required to purchase specified assets under a *Murabaha* contract with the Seller and execute a **Murabaha Asset Sale Confirmation**. A *Murabaha Sale* entered into between the parties constitutes a Transaction under the TMA.

The mechanics of the *Murabaha Sale* are set out in Paragraph 11 of each template DFT Terms confirmation, with Annex 2 providing an agreed form of *Murabaha Asset Sale Confirmation* to evidence and contain the operative provisions of the *Murabaha Sale*.

## 5. ICRCS specific terms

A ICRCS deals primarily in the exchange of two currencies whereby one party hedges its assets or liabilities in one currency (Currency A) by buying or selling that currency for a fixed amount of another currency (Currency B).

There may be an initial exchange between the parties of a fixed amount of Currency A against a fixed amount of Currency B. If such an initial exchange is made, then a further final exchange of a fixed amount of Currency A against a fixed amount of Currency B may also be made between the parties at a later date or upon termination of the ICRCS (in an opposite manner to the initial exchange).

It is also possible that a party's assets or liability in one currency are linked to a benchmark or fixed profit rate related to that currency. Therefore, as well as there being an exchange of currency, there may well also be a profit rate swap built into the ICRCS which will be reflected in the resultant payment amount.

In order to deal with these features, new terms have been introduced to capture the multiple elements of an ICRCS:

**First Currency** and **Second Currency**: usually a cross currency swap deals with the "swapping" of two currencies. These currencies are elected in DFT terms confirmation.

**Specified Currency** is the currency of the Payment Amount which can be the First Currency or the Second Currency.

**Capital Amount** is the original principal amount in respect of which the exchange rate is calculated, i.e. this identifies the size of the ICRCS.

**Profit Type 1**: means a capital amount of a Specified Currency representing the initial and final exchanges of the Specified Currencies which are the subject of the ICRCS.

**Profit Type 2**: means: the profit element calculated in respect of a capital amount and on the basis of either a Fixed Profit Rate or Floating Profit Rate in the DFT Terms confirmation.

The profit element of the purchase price may not be calculated in the same manner in respect of each Murabaha Sale i.e. the first Murabaha Sale entered into pursuant to a ICRCS may entail a profit amount that is the capital amount of one of the Specified Currencies (**Profit Type 1**), the payment of such capital amount representing the initial exchange of such specified currency.

Each of the other Murabaha Sales after the first one may entail a profit amount that is calculated on the basis of either a fixed rate (**Profit Type 2 – Fixed Profit Rate**) or a benchmark profit rate (**Profit Type 2 – Floating Profit Rate**), the payment of an amount calculated by application of a rate to the capital amount representing the payment of the profit element of the ICRCs.

The final Murabaha Sale entered into may entail a profit amount that is equal to the sum of (i) a profit amount that is the capital amount of one of the specified currencies (Profit Type 1) which represents the final exchange of a Specified Currency and (ii) a profit amount that is calculated on the basis of either a fixed rate (Profit Type 2 – Fixed Profit Rate) or a benchmark profit rate (Profit Type 2 – Floating Profit Rate).

Part 3 of the DFT Terms confirmation will specify whether, in respect of each Murabaha Sale envisaged, the profit element of the purchase price for that Murabaha Sale is "Profit Type 1", "Profit Type 2 – Fixed Rate", "Profit Type 2 – Floating Rate", "Profit Type 1 plus Profit Type 2 – Fixed Rate" or "Profit Type 1 plus Profit Type 2 – Floating Rate". The profit rate types used in the DFT Terms Agreement and a Related DFT Terms Agreement can be based on a fixed rate together with a floating rate, or two fixed rates or two floating rates as each rate represents the rate of return on a different specified currency.

## **6. Key Features of the ICRCs DFT Terms confirmations**

### **Transaction terms**

Each template DFT Terms confirmation (at Part 3) contains line items for specific agreed terms to be completed on the Trade Date (e.g. Effective Date, Business Day, Purchase Dates, Payment Dates, Buyer, Seller, etc.), as agreed between the parties upon entry into the relevant DFT Terms Agreement.

### **Related confirmations/legs**

For the purposes of linking the two payments which are made in the currency swap, the DFT Terms confirmation for one leg of a ICRCs should identify the DFT Terms confirmation for the other leg as being related to it, as a "**Related DFT Terms confirmation**".

### **Annexed pro-forma documents**

A form of Exercise Notice is included in each DFT Terms confirmation at Annex 1. The form of Exercise Notice is intended to be extracted, completed and used by the Seller when it wishes to exercise the Buyer's Wa'ad (or undertaking) on an Exercise Date. This form may be used multiple times over the term of the ICRCs and is not to be completed upon entry into the DFT Terms Agreement.

A form of Murabaha Asset Sale Confirmation (i.e. a "Confirmation" for the purposes of the TMA) is included in Annex 2 of each DFT Terms confirmation. This form is intended to be extracted, completed and used to document entry into each Murabaha Sale (i.e. a "Transaction" for the purposes of the TMA). This form may also be used multiple times over the term of the ICRCs and is not to be completed upon entry into the DFT Terms Agreement.

Once completed and executed, the Murabaha Asset Sale Confirmation will constitute a Confirmation for the purposes of the TMA and the Murabaha Sale that it confirms will constitute a Transaction under the TMA.

### **Footnote guidance**

Extensive footnotes are included throughout the template DFT Terms confirmations to provide guidance to the parties (in particular in respect of the some important Shari'ah considerations) but these do not form part of the terms of the contract between the parties.

As a practical and drafting matter, a new clean version of the relevant template, without footnotes, will need to be created before the parties agree and finalise the relevant terms of their DFT Terms Agreement.

### **Shari 'ah compliant assets**

Only Shari'ah compliant assets that are suitable as the subject matter of a Murabaha Sale may be sold by Buyer to Seller. "Shari'ah compliant assets" are defined generally in Part 2 of the template DFT Terms confirmations as being "any asset or assets which comply or are consistent with the principles of the Shari'ah and which, for Shari'ah purposes, are suitable as the subject matter of a Murabaha Sale". (By way of example, gold is not generally regarded as constituting Shari'ah compliant assets for these purposes.)

To provide certainty of subject matter, the parties should agree and describe in detail the relevant assets in each DFT Terms confirmation relating to a leg of the ICRCs (i.e. by filling in the missing information in Part 3 of the template DFT Terms confirmation as part of the DFT Terms Agreement) and the Murabaha Asset Sale Confirmation. The expectation is that different types of assets will be specified in the two legs of the ICRCs.

### **Definitions**

The ICRCs templates contain and introduce new terminologies such as, the terms "First Currency" and "Second Currency" as it was felt that these terms would be more intuitive in the context of a product that is structured using Islamic asset sales.

It should be noted that the Buyer under one leg of the ICRCs will be the Seller under the other leg of the ICRCs.

### **Agency/brokerage**

The template DFT Terms confirmations anticipate that the parties may wish to appoint an agent or broker to deliver, buy, sell or receive delivery of assets on its behalf. In these cases, the views of Shari'ah advisers should be sought to ensure that the use of the agent/broker and the relevant agency/brokerage procedures in the context of the particular ICRCs transaction do not fall foul of restrictions such as the prohibition on Bai Al Inah.

## **Execution as a Deed**

The usual practice in the Islamic finance market is that a Wa'ad (or undertaking) is evidenced or confirmed using a deed and, therefore, the DFT Terms confirmations provide for the Buyer to enter into a DFT Terms Agreement as a deed. The parties will need to satisfy themselves as to the correct form of words to be used in the place designated for signature by the Buyer to ensure that the DFT Terms Agreement is properly executed as a deed.

## 7. Product *Shari 'ah* Approval and Guidelines

While IIFM's Shari'ah Board has approved the ICRCs templates after extensive consideration, it is always the responsibility of each of the parties entering to the ICRCs to ensure that, to the extent that Shari'ah compliance is relevant to its dealings and corporate governance, its use of the documents in the context of the transactions which it enters into satisfies its own Shari'ah advisers that the relevant hedging transaction is Shari'ah compliant and that the documents are suitable for, and are being used appropriately in, the context of that particular hedging transaction.

In order to assist market participants with regard to the DFT Terms confirmation provided to market participants by ISDA and IIFM, the IIFM *Shari 'ah* Board have provide the following guidelines regarding *Shari 'ah* compliance:

- Transactions should be entered into only for the purpose of hedging actual risks of the relevant party.
- Transactions should not be entered into for purposes of speculation, i.e. actual settlements of assets and payments must take place. No cash settlements without concluding actual transaction on deliverable assets.
- The asset must be Islamicly lawful (i.e. *Halal*).
- No interest (whether called interest or an alternative name but which represents interest) is to be chargeable under a transaction.

## **Illustration**

### **ICRCS Two Sale Structure - Worked example**

## **Illustration in relation to ICRCs Islamic hedging Management**

The following example illustrates how the ICRCs templates work through an example of Islamic hedging.

### **Hedging liability in respect of Sukuk**

Imagine that:

Party A will issue USD 10,000,000 Sukuk with a 12-month tenor on 1 February 2016:

- Sukuk pays out a capital (or principal) amount at one year maturity and periodic (monthly) floating profit amounts to investors over the course of its tenor.
- Party A's main operations are in Euro and Party A wishes to sell the USD it has raised under the Sukuk for Euro.
- Party A's main income is in fixed Euro and Party A is exposed to any changes in the currency exchange rates of Euro to USD and the profit rates in respect of USD.
- Party A wishes to hedge itself against the possibility that the exchange and profit rates used to calculate the USD floating amounts will increase. By entering into the ICRCs, it is looking to fix its exposure in relation to the Sukuk.
- Party A wishes to buy the USD it requires to repay the principal of the Sukuk on maturity.

The PRS enables Party A to hedge its USD exposure under the Sukuk by converting it into a Euro exposure (i.e. Party A knows that by paying an amount of Euro to Party B, Party A will receive from Party B the USD amount necessary to pay under the Sukuk). Party B was highly dependent on Euro income and through the PRS is able to convert some of that into USD income.

## The Hedging ICRCs

Party A and Party B enter into ICRCs on 25 January 2016 (Trade Date), under which:

Initial Exchange:

- Party A will pay a USD capital amount (Profit Type 1) (being the amount raised under the sukuk) under one (First) leg of the ICRCs (and receive a Euro amount under the other leg).
- Party B will pay a Euro capital amount (Profit Type 1) under one (Second) leg of the ICRCs (and receive a USD amount under the other leg).

Interim Exchanges

- Party A will pay Euro fixed amounts (Profit Type 2 – Fixed Profit Rate) under one (First) leg of the ICRCs (and receive USD floating amounts under the other leg).
- Party B will pay USD floating amounts (Profit Type 2 – Floating Profit Rate) under one (Second) leg of the ICRCs (and receive the Euro fixed amounts under the other leg).

Final Exchanges:

- Party A will pay a Euro capital amount and fixed amount (Profit Type 1 + Profit Type 2 – Fixed Profit Rate) under one (First) leg of the ICRCs (and receive a USD amount under the other leg in order to repay the principal under the Sukuk).
- Party B will pay a USD capital amount and floating amounts (Profit Type 1 + Profit Type 2 – Floating Profit Rate) under one (Second) leg of the ICRCs (and receive the Euro amount under the other leg).

To achieve these payments, the parties will buy or sell Shari'ah compliant assets to each other pursuant to a Murabaha Sale to be entered into pursuant to a Wa'ad (or undertaking).

## **Explanation of Trade Date, Effective Date and Target Settlement Date**

- Trade Date is the date on which the parties enter into a DFT Terms Agreement
- Effective Date is the date on which the DFT Terms Agreement becomes "live", i.e. the first day of the period of the hedging protection and the first day of the first Calculation Period in respect of that DFT Terms Agreement
- The Effective Date may be the same date as the Trade Date or it may be later than the Trade Date
- *Why do we need both a Trade Date and an Effective Date?*
  - Because, whilst the parties may enter into a DFT Terms Agreement on a given day, that agreement may be subject to the satisfaction of conditions precedent by a certain later date in order that the agreement can become effective; and/or
  - Because the parties may wish to have the "start date" of the DFT Terms Agreement coincide with the period for which hedging is required. Therefore, the Effective Date may fall on a later date than the Trade Date
- In our example, the Trade Date is 25 January 2016 – this is the date when the parties enter into their DFT Terms Agreements. However, Party A requires the hedging to run from 1 February 2016 (the Effective Date) as that is the day it will issue the Sukuk in respect of which it is looking for hedging protection. Also conditions precedent must be fulfilled before 1 February 2016 (the Effective Date) in order for the DFT Terms Agreements to become effective

### **The ICRCS Documentation**

Party A and Party B have already entered into a TMA.

Party A and Party B enter into the ICRCS by way of two separate DFT Term Agreements (each of which is documented in a separate DFT Terms confirmation: one in respect of the first leg of the PRS, and the other in respect of the second leg of the ICRCS).

Each DFT Terms Agreement contains a Wa'ad (undertaking) to enter into one or more Designated Future transactions (if the Wa'ad is exercised).

The DFT Terms Agreements are entered into on 25 January 2016 (Trade Date).

The ICRS is to have a tenor of 12 months commencing 1 February 2015 (i.e. the date on which Party A is to issue the Sukuk which it is looking to hedge) so that date will be the "Effective Date" under the DFT Terms Agreement and first day of the period for which the ICRCS will provide Party A with the hedge. The ICRCS hedging period will have 12 Calculation Periods of one month each (to track the Sukuk).

## Terms of the ICRCs (Two Sale Structure)

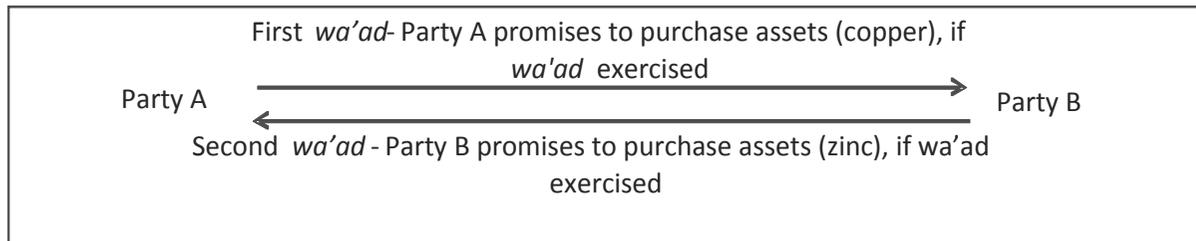
### *Terms of the ICRCs: Wa'ad in each leg of ICRCs*

Each DFT Terms Agreement contains a *Wa'ad* granted by one party to the other (by “**Undertaking Party**” to “**Exercising Party**”), as illustrated in Figure A below.

- In the DFT Terms Agreement for the First Leg, Party A is the Undertaking Party.
- In the DFT Terms Agreement for the Second Leg, Party B is the Undertaking Party.

By its *Wa'ad*, the Undertaking Party undertakes to purchase *Shari'ah* compliant assets at an agreed price from the Exercising Party, if the Exercising Party exercises the *Wa'ad* by notice on an Exercise Date.

### ***Wa'ad granted by each of Party A and Party B***



### *Exercise of Wa'ad*

Party A and Party B's ICRCs will use the Two Sale Structure and two *Murabaha* Sales will be entered into at the start of each Calculation Period with Purchase Date at the start of the Calculation Period and Payment date at the end of the Calculation Period under each DFT Terms Agreement.

If a Wa'ad is exercised, the Undertaking Party must buy assets from the Exercising Party and execute a Murabaha Sale Confirmation evidencing the Murabaha Sale between the parties.

### **Exercise of Wa'ad in Two Sale Structure: Consequences**

First Leg of ICRCs: Party A's Wa'ad to Party B has become exercisable in respect of the first Calculation Period. Accordingly, the expected order of events would be as follows:

- Party B exercises Party A's Wa'ad on the Exercise Date by notice to Party A.
- Party A and Party B enter into a Murabaha Sale (i.e. Party B sells assets to Party A).
- Party A and Party B execute a Murabaha Sale Confirmation.
- The Murabaha Sale pursuant to the First Leg of the ICRCs becomes a Transaction under the TMA.

Second leg of ICRCs: Party B's Wa'ad to Party A has become exercisable in respect of the first Calculation Period. Accordingly, the expected order of events would be as follows:

- Party A exercises Party B's Wa'ad on the Exercise Date by notice to Party B.
- Party B and Party A enter into a Murabaha Sale (i.e. Party A sells assets to Party B).
- Party B and Party A execute a Murabaha Sale Confirmation.
- The Murabaha Sale pursuant to the Second Leg of the ICRCs becomes a Transaction under the TMA.

### **Exercise of *Wa'ad* in Two Sale Structure: *Murabaha* Sale**

Exercise of the *Wa'ad* under the First Leg requires Party A and Party B to enter into a *Murabaha* Sale, (i.e. Party B sells SC Assets to Party A at a purchase price consisting of Cost Price + Profit).

Delivery of assets: Party B (the Seller) delivers the SC Assets (copper) to Party A on the Purchase Date, which, in this example, falls at the start of each Calculation Period.

Payment of purchase price: Party A (the Buyer) pays the deferred purchase price of Cost + Profit on the Payment Date, which, in this example, falls at the end of the each Calculation Period.

- Cost Price under First Leg is the cost of the SC Assets (copper) to the Seller.
- Profit is determined by reference to the Profit Type:
  - Initial Exchange = Profit Type 1 (Capital Amount of USD)
  - Interim Exchange = Profit Type 2 – Fixed Profit Rate of Euro  
*[Capital Amount x FPR x FPR Day Count Fraction]*
  - Final Exchange = Profit Type 1 (Capital Amount of Euro) + Profit Type 2 -Fixed Profit Rate of Euro

Exercise of the *Wa'ad* under the Second Leg requires Party A and Party B to enter into a *Murabaha* Sale, (i.e. Party A sells SC Assets to Party B at a purchase price consisting of Cost Price + Profit).

Delivery of assets: Party A (the Seller) delivers the SC Assets (zinc) to Party B on the Purchase Date, which, in this example, falls at the start of each Calculation Period.

- Payment of purchase price: Party B (the Buyer) pays the deferred purchase price of Cost + Profit on the Payment Date, which, in this example, falls at the end of the each Calculation Period.
- Cost Price under First Leg is the cost of the SC Assets (zinc) to the Seller.

- Profit is determined by reference to the Profit Type:
  - Initial Exchange = Profit Type 1 (Capital Amount of Euro)
  - Interim Exchange = Profit Type 2 – Floating Profit Rate Amount of USD  
*[Capital Amount x FLPR x FLPR Day Count Fraction]*
  - Final Exchange = Profit Type 1 (Capital Amount of USD) + Profit Type 2 – Floating Profit Rate of USD)

First Leg	Party A is Undertaking Party/Buyer Party B is Exercising Party/Seller	Second Leg	Party A is Exercising Party/Seller Party B is Undertaking Party/Buyer
Specified Currency	First Payment Date: First Currency Second Payment Date [etc.]: Second Currency Final Payment Date : Second Currency	Specified Currency	First Payment Date: First Currency Second Payment Date [etc.]: Second Currency Final Payment Date : Second Currency
First Currency	USD	First Currency	Euro
Second Currency	Euro	Second Currency	USD
Purchase Dates	The first date of each Calculation Period	Purchase Dates	The first date of each Calculation Period
Payment Dates	The last date of each Calculation Period	Payment Dates	The last date of each Calculation Period
Fixed Profit Rate (FPR)	2% per annum	Floating Profit Rate (FLPR)	LIBOR
		Spread	0.5% per annum
<i>Shari'ah</i> compliant assets	For First Leg: Copper	<i>Shari'ah</i> compliant assets	For Second Leg: Zinc

## Example Timeline of entry into Murabaha Sale at the start of each Calculation Period

- This diagram illustrates an **example of entry into Murabaha Sale at the start of each Calculation Period**:
  - Purchase Date at start of Calculation Period
  - Payment Date at end of Calculation Period

