

## ISTIJRAR CONTRACT CUSTOMER INFORMATION FORM

This form has been created to inform customers within the scope of the BRSA Communiqué.

### **1. Type of Contract:** Istijrar (Open Account Trading)

### **2. Basic Features of the Contract:**

Istijrar is the type of contract in which the customer continues to buy the goods or services they need from the supplier gradually, no bargaining is made during each delivery, the price is paid in advance (pre-paid istijrar) or on a forward basis (pay-later istijrar), and the settlement is realized at the end of the maturity.

In the istijrar contract; the buyer, seller, the goods subject to the contract must be specific and the parties must have a declaration of intention.

### **3. Compliance of the Goods or Service with the Principles and Standards of Interest-Free Banking:**

The istijrar contract is a purchase and sale contract, and its legitimacy is based on the fundamental principles of Islamic law. Within this framework, the transactions made by participation banks are in accordance with the principles and standards of interest-free banking.

### **4. The Position of Customer in the Contractual Framework:**

In the istijrar contract, the customer is the final buyer. In addition, the participation bank may appoint the seller or the customer as an attorney for certain issues.

### **5. Process and Functioning:**

In future goods purchase requests; the customer forwards the financing request to the participation bank. The participation bank allocates a limit to the customer. An istijrar contract is signed with the client. The customer makes the purchases of goods on behalf of the participation bank from the specified vendors gradually, without negotiation. When the payment is due to the seller, the customer informs the participation bank. The participation bank performs the seller's payment in accordance with the conditions specified in the istijrar contract with the customer, and then performs the sale to the customer.

### **6. Rights and Obligations Enforced on the Parties by the Contract:**

The participation bank is responsible for paying the price of the goods to the seller after duly performed transactions, the customer, on the other hand, is responsible for the receipt of the goods from the first seller by attorney to the participation bank and for hidden or obvious defects related to the goods. The customer agrees and declares to fulfill their financing payments within the payment plan framework created for istijrar.

### **7. Rights and Obligations of the Parties Arising from Attorneyship:**

The customer is the purchase attorney of the participation bank in all matters related to the selection, receipt, loading, transportation, delivery and all matters of the goods in the pay-later istijrar transactions.

The Supplier/Seller company is the sales attorney of the participation bank in all matters related to the supply and sale of the goods in the pre-paid istijrar transactions.

In transactions based on a power of attorney, before the participation bank appoints the customer as an attorney, the goods must not have been delivered to the customer, payment (down payment, check, promissory note, etc.) must not have been made to the seller, and the seller must not have issued the document (invoice, waybill, etc.) subject to the purchase and sale in favor of the customer.

### **8. Delivery of the Documents Subject to the Purchase and Sale to the Participation Bank:**

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<sup>1</sup> Communiqué on Procedures and Principles Regarding Informing Customers and the Public Within the Scope of Interest-Free Banking Principles and Standards that was written by the Banking Regulation and Supervision Agency (BRSA) and published in the Official Gazette dated 30 November 2021 and numbered 31675

The customer agrees and undertakes to deliver a copy of the documents (invoice, waybill, etc.) related to the purchase and sale of the goods subject to the istijrar contract and other documents that may be requested by the participation bank to the participation bank within the specified period.

#### **9. Bank Practice in Case of Delayed Payment:**

The inclusion of a clause in the contract stating that the participation bank will receive a delay penalty in case the debts are not paid on the specified dates is in accordance with the principles and standards of interest-free banking, however, the participation bank may not benefit from the portion of the amount it receives as a delay penalty above the inflation rate and the compulsory expenses incurred for the collection of its receivables. These amounts collected are classified according to the Uniform Accounting Plan of the participation banks and put into good use in accordance with the principles and standards of interest-free banking.