

BURSA MALAYSIA'S SUQ AL-SILA' (COMMODITY MURĀBAḤAH HOUSE) AS AN ALTERNATIVE PLATFORM FOR TAWARRUQ TRANSACTION

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ABSTRACT

In 2009, Bursa Malaysia launched a new trading platform called Suq al-Sila' or Commodity Murābahah House. The platform is introduced to facilitate Islamic financial transactions particularly the application of commodity murābahah which is based on the principle of *tawarruq*. This platform is claimed to provide genuine commodity transactions where possession and delivery of the commodity can take place without any hindrance, as opposed to the controversial practice of *tawarruq* using a platform like the London Metal Exchange (LME). This paper aims at discussing the practice of *tawarruq* using Bursa Malaysia's Commodity Murābahah House. In particular the paper provides comprehensive discussion on the debates over *tawarruq* which subsequently lead to declaration by OIC Fiqh Academy deeming organized *tawarruq* as impermissible. This paper concludes that despite the criticisms and some unresolved Shari'ah matters entangling the practice of *tawarruq*, the effort made by Bursa Malaysia to introduce a platform such as Commodity Murabahah House is commendable. Furthermore, since the nature of modern organized *tawarruq* may not strictly comply with Shari'ah principles, the reasons behind using this facility should be carefully taken into consideration, especially in situations of real urgency and cases of need.

Keywords: *tawarruq*, commodity *murābahah*, Shari'ah, Islamic finance, legal stratagem, agency.

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