

THE ROLE OF SHARIA ADVISORY COMMITTEE IN DEVELOPING SHARIA-COMPLIANT EXCHANGE-TRADED FUNDS IN MALAYSIA



Dr.TELLI SAIDA^{1.3.4}, Pr. MOHCENE AOUATEF²

^{1.2} Kasdi Merbah University-Ouargla(Algeria).

³ Finance Lab, Corporate Finance and Market Finance

⁴ Corresponding Author : telli.saida@univ-ouargla.dz

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Abstract:

This scholarly paper investigates the influential role of Malaysian regulatory authorities in fostering and advancing the Islamic capital market, with a particular emphasis on Sharia-compliant exchange-traded funds (ETFs). It delves into the pivotal contributions of the Sharia Advisory Committee in nurturing and shaping Sharia-compliant ETFs by establishing robust legal, tax, and regulatory frameworks, and by legitimizing their financial operations. The discourse culminates with an identification of key elements that capitalize on the Malaysian model to cultivate financial markets in developing nations.

key words: Sharia Advisory Committee, Sharia-compliant investment funds, Sharia advisor, Sharia-compliant exchange-traded funds, Malaysia.

Introduction:

Malaysia stands as a prominent center for Sharia-compliant investment funds, witnessing substantial evolution within this sector during the 1990s. This progression is chiefly ascribed to the proactive and significant engagement of regulatory bodies responsible for the oversight of Malaysia's Islamic financial market, particularly the Securities Commission and the Sharia Advisory Committee. These organizations have crafted precise and targeted strategies to transform Sharia-compliant investment funds into legitimate counterparts to conventional investment funds.

In its commitment to refining the infrastructure for Sharia-compliant investment funds, Malaysia has implemented a regulatory framework underpinned by guidelines issued by the Malaysian Securities Commission pursuant to Section 377 of the Capital Markets and Services Act (CMSA) 2007. These guidelines are instrumental in shaping the regulatory landscape for Sharia-compliant ETFs in Malaysia, designed to safeguard investor interests and promote the orderly development of these funds.

The significance of this study emerges from its focus on a contemporary dimension of the Malaysian Islamic capital market, Sharia-compliant ETFs, highlighting the role of the Sharia Advisory Committee in their development and positioning them as viable alternatives to traditional exchange-traded funds.

This investigation seeks to clarify the role of the Sharia Advisory Committee in the growth and enhancement of Sharia-compliant exchange-traded funds. This central inquiry encompasses several sub-questions:

- What constitutes Sharia-compliant investment funds? What are their defining concepts, origins, and types?
- What characterizes Sharia-compliant exchange-traded funds? How are they conceptualized and established?
- Who are the regulatory authorities governing the Islamic capital market in Malaysia? What frameworks and controls do they implement?
- What has been the impact of the Sharia Advisory Committee in fostering the evolution and acceptance of Sharia-compliant

exchange-traded funds as a legitimate alternative to conventional funds?

- What are the specific roles and responsibilities of the Sharia advisor in the management of Sharia-compliant exchange-traded funds?

To systematically address these inquiries, the research is structured into three distinct sections:

1. The Nature of Sharia-Compliant Investment Funds.
2. The Role of the Sharia Advisory Committee in the Development and Enhancement of the Securities Market.
3. The role of the Sharia Advisory Committee in the Development of Sharia-Compliant Exchange-Traded Funds.

First requirement: The Nature of Sharia-Compliant Investment Funds

Sharia-compliant investment funds have emerged as significant players within international financial markets, recognized as innovative financial instruments and investment vehicles. These funds play a critical role in attracting savings and fostering investment.

First section: Concept of Sharia-Compliant Investment Funds:

Various definitions have articulated the concept of Sharia-compliant investment funds, as outlined below:

- **First Definition:**

A Sharia-compliant investment fund operates under the strict adherence to Sharia principles regarding assets, liabilities, and operational activities, particularly focusing on the prohibition of *riba* (banking interest). These guidelines are encapsulated in the fund's prospectus, which lays the groundwork for investor subscription, and are further reinforced by the terms and conditions agreed upon by both parties at the point of subscription.)Mohammed Ali(2002 ,)

- **Second Definition:**

These funds are independent investment entities, distinct in their financial obligations from their founding entity. They are constituted by contributions that take the form of shares or equal units, which represent the equity ownership of the contributors in the fund's assets. Contributors are entitled to profits or responsible for losses, managed under *Mudarabah* (profit-sharing) or as an agency.)Accounting and Auditing Organization(2010 ,)

- **Third Definition:**

This pertains to a type of Islamic financial institution tasked with pooling investors' funds, represented through units or investment certificates. These funds are managed by a qualified entity specialized in deploying these resources in accordance with suitable Islamic investment schemes. The returns generated are distributed among the investors according to predefined agreements, with all transactions strictly adhering to the principles and laws of Islamic Sharia, alongside internal regulations and standards. (Chehata, 2000))

- **Fourth Definition:**

Described as a Mudarabah contract between the fund management, acting as the sole operator (Mudarib), and the subscribers, who collectively act as the capital providers (Rab-ul-Mal). Subscribers contribute specified monetary amounts to the fund, which pools these contributions as the Mudarabah capital. The management then issues certificates to the subscribers that signify a shared ownership in the capital.

Investments are made directly in various tangible projects or indirectly through the acquisition and sale of financial assets like shares of Islamic-compliant companies. Profits are distributed as outlined in the prospectus, and losses are borne by the subscribers unless the loss results from managerial negligence, in which case the management is liable. (Al-Husseini, 1999, p. 21))

These definitions collectively underscore a fundamental principle that defines Sharia-compliant investment funds: They are financial vessels that aggregate investors' savings and channel these into appropriate investment avenues through a range of diverse, Sharia-compliant investment instruments. The aim is to secure favorable returns by diversifying investment avenues and minimizing risks to the lowest feasible extent. (Telli, 2018, p. 41))

second section: Origin of Sharia-Compliant Investment Funds

The genesis of Sharia-compliant investment funds traces back to the early 1970s, with Malaysia pioneering this financial innovation. In 1971, Malaysia introduced the first Sharia-compliant investment fund named "Tabung Amanah Baki." (Yap Voon, Chan, & David , 2012) .This marked a significant milestone in the Islamic finance landscape.

In the Arab world, the debut of Sharia-compliant investment funds occurred later, with Saudi Arabia establishing its first such fund in 1987. This fund, known as the Al-Ahli International Trade Fund, was created by the National Commercial Bank, signifying a substantial development in the region's financial offerings.

During the 1980s, traditional banks began showing a vested interest in Sharia-compliant investment vehicles. A notable development occurred in 1988 when Crédit Suisse, through its specialized investment arm in Guernsey, CSFB Fund Management

Limited, launched "The Islamic Investment Fund Limited." This fund focused on investing in shares of global industrial companies and engaging in Murabaha transactions in the international market. (Telli, 2018, p. 42))

The mid-1990s saw further expansion with the establishment of the "Al-Waha Islamic Fund" in 1995, managed by the British investment bank Robert Fleming in Luxembourg. This fund specialized in investments in shares of global industrial companies.

In 1996, ANZ Bank in Guernsey introduced "First ANZ International Modaraba Limited" ("FAIM"), a Sharia-compliant fund focused on finance leasing in accordance with Islamic Sharia principles. That same year, "CITICORB" established another fund specializing in global stocks in Luxembourg named "Citi Islamic Portfolios."

A significant collaboration in 2001 between French bank BNP Paribas and Kuwait Finance House led to the signing of a memorandum of understanding to establish a \$2 billion Islamic financial market fund, further underscoring the growing interest and acceptance of Sharia-compliant investment solutions globally. (Mustafa Ibrahim, p. 45).

Three section: Characteristics of Sharia-Compliant Investment Funds

Sharia-compliant investment funds exhibit distinctive characteristics that set them apart, including:

1. Legal and organizational structure, these funds possess a separate legal identity distinct from the unit holders and the managing entity. They operate under comprehensive legal, organizational, financial, and accounting frameworks that support their institutional integrity. (Chehata, 2000, p. 11))
2. Based on Mudarabah agreement, operations are grounded in a Mudarabah agreement, where investors (Rab-ul-Mal) collectively appoint an entity (Mudarib) to manage the fund. The terms of this arrangement are meticulously outlined in the subscription prospectus or the fund's regulations. (Telli, 2018, p. 43).
3. Adherence to sharia principles, management strictly follows Islamic Sharia in all transactions, guided by fatwas and decisions from Fiqh academies and Sharia supervisory boards, which address modern-day financial queries pertinent to the fund's operations.
4. Management by experts, the fund is overseen by a cadre of seasoned, specialized professionals. Depending on the governance model, the managerial compensation may vary:

- **Mudarabah:** Where the manager's compensation is a share of the fund's profits.

- **Agency:** Where the manager is compensated through a fixed fee or a percentage of contributions, adaptable to either a lump sum or a percentage of net assets.)Accounting and Auditing Organization(2010 ‘)
5. Islamic investment funds are considered multi-party investment units, typically involving the following parties:
- **The Founding Entity:** This could be a bank, financial institution, or a collective of capital owners known as founders or shareholders.
 - **Subscribers:** Investors who purchase units, documents, or investment certificates.
 - **Fund Management:** The entity tasked with operational and transactional oversight, adhering to strategic goals, policies, Sharia and legal guidelines, and investment directives.
 - **Marketing Entities:** Financial institutions possibly commissioned by the founding entity to issue and market the investment units, compensated via commission or fees. (Chehata, 2000, p. 14))

Four Section: Types of Sharia-Compliant Investment Funds in the Malaysian Financial Market

The Malaysian stock exchange hosts a diverse array of Sharia-compliant investment funds, tailored to meet the ethical investment needs of various investors. These funds include: (What is Unit Trust?, 2010)

1. **Balanced Funds:** These funds allocate investments across a variety of asset classes such as Sharia-compliant equities, fixed income securities, and cash. They are designed for investors seeking a balance between safety and moderate returns, with an emphasis on minimizing risk exposure.
2. **Islamic Bond Funds:** These funds focus on fixed income securities that adhere to Sharia principles, including Sukuk and short-term money market instruments. They are ideal for investors prioritizing safety, capital preservation, and steady income, with a minimal risk profile.
3. **Equity Funds:** These funds invest predominantly in Sharia-compliant equities, usually in the form of ordinary shares. Investments may fluctuate between equities and cash depending on market conditions.
4. **Index Funds:** Targeting a basket of Sharia-compliant stocks, these funds aim to mirror the performance of specified stock market indices. They cater to investors seeking moderate capital growth over an extended period.

5. **Capital Growth Funds:** Focused on long-term capital appreciation, these funds invest primarily in Sharia-compliant stocks. They are suited to investors who are prepared to accept higher risks in exchange for potential capital accumulation through increased unit prices.
6. **Real Estate Funds:** Operating as collective investment schemes in the real estate sector, these funds comply with Sharia principles and are traded on the main market of the Malaysian stock exchange. Investors can trade units of the fund at prevailing market prices either online or via private brokers. The acquisition of properties by the fund is governed by a Sharia compliance assessment conducted by the Sharia advisory committee. (Guidelines on Real Estate Investment Trusts, 2012, p. 01). In response to the growing need for structured guidance, the Malaysian government, through the Securities Commission, introduced guidelines for Sharia-compliant real estate investment funds in November 2005. (Guidelines for Islamic Real Estate Investment trusts, 2012, p. 03)

2. second requirement: Role of the Sharia Advisory Committee in Developing the Securities Market

Established in 1994, the Malaysian Securities Commission has been instrumental in fostering the growth of the Islamic financial market. A cornerstone of this initiative is the formation of Sharia supervisory committees, which oversee the development of the market:

First section: Islamic Capital Market Management Division

This division was created to spearhead the development of the Islamic securities market in Malaysia. Its responsibilities include:

- Undertaking research and studies to vet financial instruments for Sharia compliance.
- Crafting and revising regulations pertinent to the Islamic securities market and ensuring their enforcement.
- Imposing sanctions on violations of these regulations.
- Regularly reviewing the securities of companies listed on the Malaysian market to ascertain their compliance with Islamic Sharia.
- Providing advisory services to investors regarding the performance of listed companies.

The insights from these analyses are forwarded to the Sharia Advisory Committee, which uses this information to make informed decisions regarding the Islamic financial market. (Sammour, 2007, p. 122)

second section: Assembly (Sharia Committee) for the Study of Islamic Financial Instruments

Established on October 10, 1994, by the Islamic Securities Commission, this assembly is composed of Sharia advisors and members from the traditional financial sector. It operates in collaboration with the Malaysian Scholars Association and various international scholars. The primary role of the assembly is to deliberate and make decisions concerning the Malaysian securities market. Between 1995 and 1996, the assembly convened eight times to evaluate the Sharia compliance of certain financial instruments traditionally traded.

Three Section: Sharia Advisory Committee

-Origin:

The Sharia Advisory Committee was inaugurated on May 16, 1996. It was formed to succeed the Assembly for the Study of Islamic Financial Instruments and was appointed by the Malaysian Ministry of Finance to execute its regulatory and official functions. ("Resolution of the Securities Commission, Shariah Advisory Council", 2010, p. 4)

- Role in the Securities Market:

The committee plays a multifaceted role in the supervision, consultancy, awareness, guidance, and decision-making processes related to the development and activation of financial instruments. Its responsibilities include:

- **Issuing Decisions on Sharia Issues in the Securities Market:** The committee is the authoritative body for issuing rulings on matters where there is a diversity of opinions among Sharia scholars.
- **Supervision:** Fundamental to the committee's function is the oversight of Islamic financial instruments and transactions to ensure their compliance with Islamic Sharia principles. This task is conducted in collaboration with the Malaysian Securities Commission.
- **Responding to Inquiries:** The committee routinely addresses queries regarding the Islamic securities market. These inquiries may relate to operational procedures or previous judgments and often originate from the Malaysian Securities Commission, researchers, joint-stock company employees, investors, or the Malaysian government itself.
- **Educational Initiatives:** The committee actively engages in educating market participants about the Islamic financing system through training courses, seminars, conferences, and the dissemination of research and studies. It also facilitates discussions and provides opportunities for Sharia experts and economic thinkers to collaborate and exchange ideas on

contemporary issues affecting Islamic financial products and their Sharia rulings.

- **Consultation and Review Center:** Acting as the consultation hub for the Malaysian Securities Commission, the committee reviews all aspects of the Islamic securities market's development in Malaysia. It offers guidance to market-related parties and provides Sharia opinions on various issues, including legal matters, thereby aiding Muslim investors in their investment decisions.

- Main Tasks of the Sharia Advisory Committee:

In its evaluation and development of financial instruments for the Islamic capital market, the committee employs two primary approaches: (List of Shariah-compliant securities by the Shariah Advisory Council of the Securities Commission Malaysia, 2010, p. 13)

- **First Approach - Adapting Traditional Financial Instruments to Sharia:** This approach involves assessing the suitability of traditional financial instruments within the local capital market from a Sharia perspective. The committee focuses on modifying the mechanisms of these instruments to ensure their compliance with Islamic Sharia.
- **Second Approach - Formulating Legitimate Financial Instruments:** The committee is dedicated to formulating, innovating, and developing new financial instruments that are in compliance with Islamic Sharia. Among these, Islamic Sukuk have notably grown and developed under the committee's guidance.

- Legal Standards for Issuing Securities

Following thorough deliberations and consultations both within and outside Malaysia, the Sharia Advisory Committee resolved to implement four distinct legal standards. These standards are pivotal for analyzing and determining the Sharia compliance of securities. They were officially adopted during the committee's fifth session on August 23, 1995. The standards are outlined as follows: (Resolution of the Securities Commission Shariah Advisory Council Second Edition, 2010, pp. 145-146)

- **First Standard:** The primary business activities of the company must not involve usurious (Riba) transactions. This standard applies predominantly to commercial banks and financial institutions, which are consequently excluded from listing in the Islamic capital market.
- **Second Standard:** The core activities of the company should not engage in gambling operations, such as those conducted by casinos. The incompatibility

of such activities with Islamic Sharia principles disqualifies these companies from being listed in the Islamic financial market.

- **Third Standard:** The company must not be involved in the production or sale of products and services that are explicitly prohibited in Islam. This includes:
 - _ The production and distribution of alcoholic beverages;
 - _ The supply of non-halal meats, such as pork;
 - _ The provision of services deemed unethical by Islamic standards, including prostitution, bars, and nightclubs. These types of activities bar the company from listing in the Islamic financial market.
- **Fourth Standard:** The company's operations should not involve significant uncertainty (Gharar), which is typical in traditional insurance companies where the collection of premiums is deemed a right of the company, without obligation, until the occurrence of an insured event. Companies engaging in such uncertain practices are deemed incompatible with Islamic Sharia and are, therefore, ineligible for listing in the Islamic financial market.

- Steps for Screening Sharia-Compliant Securities:

The Sharia Advisory Committee undertakes biannual screenings of traditional securities in April and October to evaluate their compliance with Islamic Sharia. The screening process involves the following steps: (Ghazal, 2013, p. 186)

- **Extracting Financial Information:** The committee meticulously gathers financial data, scrutinizing the income sources and business activities of companies through various means, including annual financial audits and investigations of companies listed in the regulated market.
- **Evaluating Company Activities:** The committee sets forth specific conditions and general criteria to assess the activities of companies whose securities are traded in the Malaysian financial market. This evaluation ensures that only the securities of companies whose operations align with Islamic Sharia are approved for listing. The key criteria used to disqualify securities from listing in the Islamic financial market include:
 - _ Financial services that involve Riba, including activities of banking and non-banking financial institutions;
 - _ Any engagement with the traditional insurance industry in all its forms;
 - _ Entertainment activities not permitted under Sharia, such as gambling and related businesses;
 - _ Industries involved in the production and sale of prohibited products, including the tobacco industry;

- The trading of shares in companies whose activities contravene the principles of Islamic Sharia.

- Criteria for Classifying Securities as Sharia-Compliant:

The Sharia Advisory Committee has delineated specific thresholds to ascertain the compliance of securities with Islamic Sharia, based on the proportion of income and pre-tax profits derived from mixed activities, both permissible and impermissible. These criteria help determine the extent to which a company's operations align with Islamic principles: (List of Shariah-compliant securities by the Shariah Advisory Council of the Securities Commission Malaysia, 2010, p. 13)

- **5% Standard:** This criterion is applied to gauge the extent of involvement in unequivocally prohibited activities such as usury (traditional banks), gambling, alcohol, and pork production. Securities are deemed non-compliant if such activities constitute more than 5% of the business.
- **10% Standard:** This standard assesses the mix where prohibited activities are pervasive and generally unavoidable, like interest revenues from fixed deposits in conventional banks or involvement with the tobacco industry.
- **20% Standard:** This threshold is used to evaluate the proportion of revenues derived from renting properties for activities non-compliant with Islamic Sharia, such as venues for gambling or alcohol sales.
- **25% Standard:** This measure is employed when a business engages in activities with a public interest component, despite involving prohibited practices. Examples include companies operating in sectors like hospitality or brokerage services, where the involvement in non-compliant activities should not surpass 25%.

Four Section: The Role of the Sharia Advisory Committee in Managing Sharia-Compliant Exchange-Traded Funds

- **Concept and Origin of Sharia-Compliant Exchange-Traded Funds (ETFs):**

Sharia-compliant ETFs represent a unique segment within the financial market, structured to invest in a portfolio of stocks that adhere to the principles of Islamic Sharia. These funds aim to replicate the performance of selected Sharia-compliant stock indices, catering to investors interested in achieving moderate capital growth over extended periods. The inaugural Sharia-compliant ETF in Malaysia, MyETF DJIM Malaysia Titans 25 (MyETF), was launched in January 2008, boasting a net asset value of USD 260 million (RM 910 million).

Distinct from conventional ETFs, which may track any index, Sharia-compliant ETFs strictly follow indices composed of Sharia-compliant companies. This adherence

extends beyond the selection of stocks to the meticulous observance of Islamic investment guidelines and Sharia principles in all operational aspects.

By the conclusion of 2023, the Malaysian financial market featured six Sharia-compliant ETFs, reflecting a diverse range of sectors and investment focuses:

- **My ETF Dow Jones Islamic Market Malaysia Titan 25 (My ETF - DJIM25)**
- **My ETF Dow Jones US Titans 50 (My ETF-US50)**
- **My ETF MSCI Malaysia Islamic Dividend (My ETF-MMID)**
- **My ETF MSCI SEA Islamic Dividend (My ETF-MSEAD)**
- **My ETF Thomson Reuters Asia Pacificex-Japan Islamic Agribusiness (My ETF-AGRI)**
- **Trade Plus Shariah Gold Tracker (GOLD ETF)**

Table (01): Size of Sharia-Compliant Exchange-Traded Funds

Year	2023	2022	2021	2020
Islamic ETF	06	06	06	06
Total industry	15	15	19	19
Market capitalisation of Islamic ETF (RM billion)	0.41	0.40	0.42	0.55
Market capitalisation of total industry (RM billion)	2.21	2.10	2.16	2.23
% market capitalisation of Islamic ETF to total industry	18.55	19.05	19.57	24.66

Source: Quarterly Bulletin of Malaysian Islamic Capital Market, the securities commission
2020, 2021, 2022, 2023.

- **The Role of the Sharia Advisory Committee:**

Guidelines for managing Sharia-compliant funds were developed under Section 377 of the Capital Markets and Services Act (CMSA) 2007 by the Securities Commission. These guidelines ensure that funds adhere strictly to Islamic financial laws and ethical investments.

-Sharia Advisor:

The Sharia advisor plays a critical role in overseeing the management of Sharia-compliant exchange-traded funds (ETFs). This advisor, an independent expert associated with the Sharia Advisory Committee of the Malaysian Securities Commission, operates within the framework of regulations and guidelines established by the committee. (Telli, 2018, p. 105). The advisor's primary responsibility is to ensure the fund's operations are in strict conformity with Islamic Sharia principles. Appointed in conjunction with the Securities Commission Malaysia, the Sharia advisor must meet several prerequisites:

- _ Must not be bankrupt.
- _ Must not have been convicted of any criminal offense.
- _ Must be of good repute.
- _ Must possess the necessary qualifications and experience in Islamic jurisprudence, particularly in Islamic financial transactions.

-Role of the Sharia Advisor:

The advisor's fundamental responsibilities include: (Guidelines Islamic fund management, 2012, p. 3)

- _ Advising on the business aspects of managing the Sharia-compliant fund in accordance with Sharia principles.
- _ Offering expertise and guidance on Sukuk, investment documents, and ensuring adherence to applicable regulations and securities standards.
- _ Reviewing and verifying compliance of investment activities and reports with Sharia.
- _ Providing periodic written confirmations that the fund's operations align with Sharia principles.
- _ Ensuring that the Sharia-compliant exchange-traded funds adhere to all applicable Islamic Sharia provisions, including those related to bonds, prospectuses, investment instruments, and securities laws.

-Roles and Responsibilities of the Sharia Advisor for Gold and Silver Based Sharia-Compliant Exchange-Traded Funds:

- _ Conducting annual audits, including site visits to locations where the gold and silver bullions are stored.
- _ Ensuring bullions are accounted for in quantity and details, and are stored separately in a designated manner.
- _ Preparing audit reports to document findings and compliance.

-Allowed Investments in Sharia-Compliant Exchange-Traded Funds:

- _ The assets of the fund must exclusively comprise assets that are compliant with Islamic Sharia principles.
- _ While Islamic derivatives are preferred for hedging purposes, conventional derivatives may be used if Islamic options are unavailable or not feasible, provided that prior approval is obtained from the Sharia advisor.

-Allowed Investments in Sharia-Compliant Exchange-Traded Funds:

- _ The assets of a Sharia-compliant exchange-traded fund (ETF) must be exclusively comprised of assets that adhere to Islamic Sharia principles.
- _ For hedging purposes, these funds should utilize Islamic derivatives. However, if such derivatives are unavailable or not economically viable, Sharia-compliant ETFs may resort to conventional derivatives, albeit only with prior approval from the Sharia advisor.

Conclusion:

Malaysia has established itself as a frontrunner in the realm of Islamic finance, particularly noted for its pioneering efforts in Sharia-compliant financial instruments. This leadership is supported by the continuous development of financial tools and products that align with Sharia laws. The effectiveness of Malaysia's approach in Islamic finance is enhanced by the robust framework provided by its regulatory and Sharia bodies, which ensure all transactions and adaptations of conventional financial instruments meet Sharia standards.

The introduction and growth of Sharia-compliant ETFs, especially in the aftermath of the global financial crisis, underscore the dynamic nature of Malaysia's Islamic financial sector. The significant expansion in the volume of these funds, sanctioned by Sharia authorities and listed on the Malaysian Islamic financial market, highlights the crucial role played by the Sharia Advisory Committee in overseeing, decision-making, and fostering the development of the Sharia-compliant financial instruments industry.

Recommendations:

Based on these observations, several strategic recommendations can be proposed:

- _ Governments are encouraged to create dedicated Islamic financial markets to capitalize on the advantages of Sharia-compliant financing.
- _ There is substantial merit in drawing from Malaysia's successful strategies in cultivating the Islamic capital market and its array of Sharia-compliant financial tools.
- _ There should be a focused effort towards gradually implementing financial systems that conform to Sharia principles, ensuring a stable transition and sustainable growth in Islamic finance.

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