

Islamic Financial Business supplement form

This supplement form must be submitted by applicants applying for licence to conduct the Regulated Activities¹ in accordance with Shari'a. These financial services are defined in Schedule 1 of the AIFC General Rules.

In addition to this supplement you² will also have to complete the *Application for a Licence to carry on Regulated Activities* form. Depending on the suite of Regulated Activities your firm will be offering, there might be other forms or supplements that need to be completed and submitted. Where you believe a question in this supplement may have already been answered in the *Application for a Licence to carry on Regulated Activities* form or other forms then you may provide an unequivocal cross reference to the relevant section.

To assist you in completing this form we occasionally make reference to various Rules, sections, or chapters of the various modules which make up the AIFC Rules. However, these references are provided only as a guide and are not an exhaustive list of the Rules that may be applicable to your situation. It is your responsibility to research any Rules that might be pertinent to your application.

Do not leave any response-cells empty. If a question we ask does not pertain to your intended Regulated Activities respond to that effect in the cell. If it is more appropriate to answer certain questions in an attachment then indicate in the cell that that is the case. The use of acronyms is to be avoided. If you do need to use acronyms then they must be defined.

As a matter of good practice, and to avoid any confusion, words and terms that are defined in GLO should have their first letter in upper-case.

Ensure that that you are using the latest version of this application form. AFSA will only accept out-of-date forms if they are submitted within one month of the latest version available on our website.

You are advised to retain a copy of the form and all relevant attachments for the records.

¹ Terms defined in the Glossary (GLO) or the glossary sections in the Rules are identified by the capitalisation of the initial letter of a word or of each word in a phrase, unless the context otherwise requires the word to have its natural meaning.

² The terms "you" and "your" as used throughout are not implied in the personal sense, but rather refer to the applicant applying for a Licence to carry on Regulated Activities. The terms "we" and "our" refer to the AFSA.

1. Declaration by the applicant

1.1 I declare that, to the best of my knowledge and belief, having made due inquiry, the information given in this form, the supplements and documents attached, as well as any applicable supporting documents, is complete and correct. I understand that it may be a breach of Article 119(e) of the AIFC Framework Regulations to provide to the AFSA any information which is deceptive, misleading or dishonest.

1.2 I declare my understanding that the AFSA may request more detailed information (including but not limited to, personal educational, employment and financial information) should it be deemed necessary to adequately assess the fitness and propriety of the firm or any person connected to the firm. I consent to the AFSA contacting any previous employers, educational institutions, professional organisations or any other organisation, to verify any information contained in this form.

1.3 I confirm that I have the authority to make this application, to declare as specified above and sign this form for, or on behalf of, the applicant. I also confirm that I have authority to give the consent specified above.

1.4 I understand that any personal data provided to the AFSA will be used to discharge its regulatory functions under the AIFC Data Protection Regulations, and other relevant legislation and may be disclosed to third parties for those purposes.

1.5 I confirm that all documents submitted as part of this application, whether physical or electronic, become property of the AFSA.

Signature of Director/Partner of the applicant³

Date

Enter the name and position or title of the above signed Director/Partner of the applicant:

³ Or the person who will be authorised by the entity once it has been incorporated or established.

2. General information about the applicant

2.1 Full name of the firm applying for authorisation:

[Insert text here]

2.2 What is the name and contact details of the lead contact person for this application? Provide telephone, e-mail, and mailing address?⁴

[Insert text here]

2.3 What will be the trading name of your firm (if different from legal name)?

[Insert text here]

2.4 Provide the name and contact details of any professional adviser(s) that may be assisting your firm with this supplement:

[Insert text here]

2.5 Would you like us to copy in your adviser identified above on any correspondence?

[Insert text here]

⁴ This person named will have the responsibility for the application during the authorisation process and who will liaise with the AFSA. He or she must be a representative of the company. It is helpful to also provide a second contact name as back-up.

3. Corporate governance, strategy and business model

- 3.1 Is your firm currently (or previously) regulated in another jurisdiction to provide Shari'a-compliant Regulated Activities? If "Yes", provide full details of the regulator and of your authorisation or registration:

[Insert text here]

- 3.2 If your firm will be applying to the AFSA as a Branch provide full details about your head office:

[Insert text here]

- 3.3 Is your intention for conducting Islamic Financial Business to be as an Islamic Financial Institution or through an Islamic Window?

[Insert text here]

- 3.4 We need to understand how financial Transactions are effected as part of your Islamic Finance Business. This includes all the various Islamic Contract-types⁵ that your Shari'a Supervisory Board (SSB) has designated to be in compliance with Shari'a. Please provide flowcharts for each Transaction type that you intend to undertake. In these flowcharts identify the underlying Shari'a compliant contracts that apply to the Islamic products or services you will be offering, as well as Clients, counterparties, service providers, the flow of funds, assets, and confirmations: ⁶

[Insert text here]

- 3.5 Identify the prudential risks involved in the Transactions and which party carries those risks. Refer to AIFC Islamic Finance Rules and AIFC Islamic Banking Prudential Rules for the prudential treatment of Islamic Contracts:

[Insert text here]

- 3.6 For each member of your firm's Shari'a Supervisory Board provide a profile that includes their skills and experience. Include any other Shari'a Supervisory Board memberships they have and any other business or commercial interests. Refer to AIFC Islamic Finance Rules, Chapter 5 – Shari'a Supervisory Board:

[Insert text here]

- 3.7 How does the Shari'a Supervisory Board interact with the executive Board and other governance structures? Describe how the appointment, dismissal, and remuneration of Shari'a Supervisory Board members is effected?

[Insert text here]

- 3.8 Describe the interactions that the Shari'a Supervisory Board will have regarding aspects of your firm's business strategy:⁷

⁵ The types of Islamic Financial contracts are provided in the AIFC Islamic Finance Rules.

⁶ These can be submitted as attachments to this supplement.

⁷ For example, discuss any interactions with Clients, products, and distribution channels.

[Insert text here]

- 3.9 Describe your conflicts management policy on how your firm will manage conflicts of interest that may arise with a Shari'a Supervisory Board member.

[Insert text here]

4. Regulated Activities being sought by the applicant

4.1 Please complete the matrix below indicating the Regulated Activity you propose to undertake **in a Shari’a-compliant manner** in respect to each Investment or financial product by ticking all boxes applicable.

Please note that, if the applicant is a branch of a non-AIFC entity, it may only apply for regulated activities for which its head office has already been licensed by its home state regulator.

No	Proposed Regulated Activities (GEN Schedule 1)	Regulated Activity ⁸	Contracts of Insurance	Shares	Debentures	Warrants	Certificates	Structured products	Futures	Contracts for Differences	Options	Rights to or interests in Investments	Units	Sukuk	Profit Sharing Investment Account
1.	Dealing in Investments as Principal														
2.	Dealing in Investments as Agent														
3.	Managing Investments														
4.	Managing a Collective Investment Scheme														
5.	Providing Custody														
6.	Arranging Custody														
7.	Providing Trust Services														
8.	Providing Fund Administration														
9.	Acting as the Trustee of a Fund														
10.	Advising on Investments														
11.	Arranging Deals in Investments														
12.	Managing a Restricted Profit Sharing														

⁸Select the Licence your firm is applying for as well as the Investments you will be dealing in if the response-cell is available. That is, each Licence you are seeking that is listed here must be specified.

	Investment Account														
13.	Islamic Banking Business														
14.	Providing Islamic Financing														
15.	Insurance Intermediation														

5. Financial and operational risks

- 5.1 Provide a description of how your firm's risk management policies will mitigate any risks associated with the Islamic Financial Business that you will be undertaking:

[Insert text here]

- 5.2 Describe your firm's liquidity management tools and how they will mitigate the risks of insufficient access to funding?

[Insert text here]

The following questions are directed to your internal control environment:

- 5.3 AIFC Islamic Finance Rule 4.5 states that firms must establish, implement and maintain an Islamic Financial Services policy and procedures manual. In this regard, describe how your Shari'a Supervisory Board will oversee the implementation of its fatwas, rulings, and guidelines as provided for in the manual and how information is provided to the Shari'a Supervisory Board on Shari'a compliance of the business:

[Insert text here]

- 5.4 AIFC Islamic Finance Rule 1.15 talks about the compliance function in respect of Shari'a considerations. Describe how your firm will identify, manage, and report any breaches in Shari'a compliance?

[Insert text here]

- 5.5 Your firm must ensure that all Shari'a reviews are undertaken by the Shari'a Supervisory Board in accordance with AAOIFI SIFI No. 2.⁹ Describe how you will organise and implement these periodic internal and external Shari'a reviews. Mention who will be responsible for carrying out these reviews and who will be responsible for implementing any action points:

[Insert text here]

⁹ Refer to AIFC Islamic Finance Rule 5.8 – Shari'a reviews to be undertaken.

6. Conduct of business risks

The following questions are in relation to product disclosure and marketing. When answering them refer to AIFC Islamic Finance Rule 5.10 which pertain to additional requirements beyond which are required in AIFC Conduct of Business (COB):

- 6.1 Describe how you will ensure all marketing and product literature is accurate with respect to a particular product or service with respect to Shari'a compliance. That is, how will you unambiguously disclose the Shari'a Supervisory Board's Shari'a approvals?

[Insert text here]

- 6.2 Describe the disclosures you will make, above and beyond those required for conventional products, in respect of Shari'a compliant products and financial risks:

[Insert text here]

The following questions are in relation to Profit Sharing Investment Accounts (PSIA).

- 6.3 What types of Profit Sharing Investment Accounts will your firm be offering¹⁰ and what is the basis upon which a PSIA will be deemed restricted or unrestricted?

[Insert text here]

- 6.4 Provide an overview of the internal controls in place that manage how the investment of own funds, reserves, and PSIA funds takes place, including how priorities for investment are determined:

[Insert text here]

- 6.5 Discuss any applicable charges and the basis upon which such charges will be calculated. Include any deductions of fees and the allocation of profits amongst PSIA holders?

[Insert text here]

The following question is in relation to asset management. Refer to AIFC Islamic Finance Rules, Chapter 7 – *Islamic investment funds*:

- 6.6 How will you ensure that the investment strategy and investment selections will be Shari'a compliant and suitable for the Client or Fund?

[Insert text here]

The following questions are in relation to Islamic Windows:

- 6.7 Describe how your firm will separate your conventional business from the Islamic Financial Business conducted through an Islamic Window? Refer to AIFC Islamic Finance Rules, Rule 6.2 (3):

¹⁰ For example, these could be Restricted Profit Sharing Investment Accounts or Unrestricted Profit Sharing Accounts.

[Insert text here]

- 6.8 Confirm that your Islamic Financial Business can be audited separately and in line with the appropriate Islamic auditing standards:

[Insert text here]

7. Documentation checklist

7.1 Indicate with an “X” in the appropriate cell to confirm whether or not the following required documentation is attached with this application:

Documents Attached?	Yes	No
Flowcharts for each Transaction type that you intend to undertake:		
Details of each member of the Shari’a Supervisory Board:		

7.2 If you responded “No” in any of the cells in 7.1 above provide an explanation. Be minded, that the AFSA might not accept your application if any of these documents are missing at the time of submission:

[Insert text here]