



Islamic Financial Business Supplement for Financial Services Permission

Financial Services Regulatory Authority (FSRA) Islamic Financial Business supplement (IFBS) Form

This supplement form must be submitted by applicants applying for permission to conduct the Regulated Activity¹ of Shari'a-compliant Regulated Activities. This financial service is defined in Schedule 1 of the Financial Services and Market Regulations (FSMR) module of the Abu Dhabi Global Market (ADGM) Rulebook.

In addition to this supplement you² will also have to complete the FSRA – General Information-Regulated Activities (GIRA) 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 FSRA – GIRA 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 ADGM FSRA Rulebook. However, these references are provided only as a guide and are not an exhaustive list of the Rules in our Rulebook that may be applicable to your situation. It is your responsibility to research the Rulebook for 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.

Ensure that that you are using the latest published version of this application form. ADGM FSRA will only accept out-of-date forms if they are submitted within one-month of the latest versions available on our web site.

¹ Terms defined in the ADGM FSRA Glossary (GLO) Rulebook or the glossary sections in other Rulebooks 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 firm applying for a Financial Services Permission. The terms “we” and “our” refer to the ADGM FSRA.



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1 General information about the applicant

1.1 Full name of the firm applying for authorisation:

[Insert text here]

1.2 What is the name and contact details of the lead contact person for this application? Provide telephone, e-mail, and mailing address?³

[Insert text here]

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

[Insert text here]

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

[Insert text here]

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

[Insert text here]

³ This person named will have the responsibility for the application during the authorisation process and who will liaise with the Regulator. He or she must be a representative of the company. It is helpful to also provide a second contact name as back-up.



2 Corporate governance, strategy, and business model

- 2.1 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]

- 2.2 If your firm will be applying to the ADGM FSRA as a Branch provide full details about your head office:

[Insert text here]

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

[Insert text here]

- 2.4 We need to understand how financial Transactions are effected as part of your Islamic Financial Business. This includes all the various Islamic Contract-types that your Shari'a Supervisory Board (SSB) has designated to be in compliance with Shari'a.⁴ 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:⁵

[Insert text here]

- 2.5 Identify the prudential risks involved in the Transactions and which party carries those risks. Refer to ADGM FSRA Islamic Finance Rules (IFR), Chapter 3 – *General obligations* and Chapter 5 – *Managing a Profit Sharing Investment Account* for the prudential treatment of Islamic Contracts:

[Insert text here]

- 2.6 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 ADGM FSRA IFR, Chapter 3 – *General obligations* and, in particular, Rule 3.5, *Shari'a Supervisory Board*:

[Insert text here]

⁴ For example, Murabaha, Mudaraba, Musharaka, Ijarah, Istisna, Salam, Kefala, Sukuk, Bai Bithman Ajil, Arboun, and Takaful.

⁵ These can be submitted as attachments to this supplement.



- 2.7 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? Refer to ADGM FSRA IFR, Rule 3.5.3(c) and Rule 6.2.1 (a) (iii):

[Insert text here]

- 2.8 Describe the interactions that the Shari'a Supervisory Board will have regarding aspects of your firm's business strategy:⁶

[Insert text here]

- 2.9 Describe your conflicts management policy on how your firm will manage conflicts of interest that may arise with a Shari'a Supervisory Board member. Refer to ADGM FSRA IFR, Rule 3.5.5 (a):

[Insert text here]

⁶ For example, discuss any interactions with Clients, products, and distribution channels.



3

Financial Services Permissions being sought by the applicant⁷

Why we ask the questions in this section?

If we grant authorisation to the applicant firm, we will give it a scope of financial services permissions. This set out the regulated activities the applicant firm is to carry on, the permitted investment types and classes of business.

It is the applicant firm’s responsibility to ensure that it applies for the scope of financial services permissions that will cover all the regulated activities it intends to carry on.

For the purposes of Chapter 12 – *Islamic Finance*, refer to paragraph 64 to Schedule 1 of the ADGM FSRA, Financial Services and Markets Regulations (FSMR) module, for carrying on a Regulated Activity in a manner that complies with Shari'a is a specified kind of activity. Further, the full names and descriptions of each of the Financial Services Permissions listed in the table below are set out in Schedule 1, Part 2 – *Activities*, of the ADGM FSMR module and the Specified Investments are described in Schedule 1, Part 3 – *Specified Investments*.

In the first response-column in the table below insert “X’s” into each of the appropriate cells to indicate the Financial Services Permissions your firm seeks to undertake in a Shari’a-compliant manner. Then, do likewise for each Specified Investments that your firm will be promoting.

Proposed Financial Services Permissions:	Regulated Activity ⁸	Deposits	Contracts of Insurance	Shares, etc.	Instruments creating or acknowledging indebtedness	Government and public Financial Instruments	Instruments giving entitlements to investments	Certificates representing certain Financial Instruments	Units in a Collective Investment Fund	Options	Futures	Contracts for differences etc.	Credit Agreement	Rights to or interests in Investments	Sukuk
<i>Managing a Profit Sharing Investment Account:</i>															

⁷ Be advised that an applicant that is a Branch will only be licensed for the Financial Services Permissions that its head office has been licensed for by its home-state regulator.

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



Dealing in Investments as Principal:																						
Dealing in Investments as Agent:																						
Arranging Deals in Investments:																						
Advising on Investments or Credit:																						
Insurance Intermediation:																						
Insurance Management:																						
Accepting Deposits:																						
Providing Custody:																						
Arranging Custody:																						
Providing Credit:																						
Arranging Credit:																						
Providing Money Services:																						
Operating a MTF or OTF:																						
Managing Assets:																						
Managing a Collective Investment Fund:																						
Acting as the Administrator of a Collective Investment Fund:																						
Acting as Trustee of an Investment Trust:																						
Providing Trust Services:																						
Administering a Specified Benchmark:																						
Operating a Credit Rating Agency:																						
Operating a Credit Rating Agency:																						

For Insurers carrying out their activities in a manner that complies with Shari'a indicate in the table below the Classes of Business you will be providing. Classes of Business insurance are set out in Schedule 1, Part 4 – *Contracts of Insurance*, of the ADGM FSMR module:

Proposed Financial Services Permissions:	Classes of Life Insurance									Classes of Non-Life Insurance												
	All	1	2	3	4	5	6	7	8	All	1	2	3	4	5	6	7	8	9			
Effecting Contracts of Insurance:																						
Carrying Out Contracts of Insurance:																						



For Captive Insurers carrying out their activities in a manner that complies with Shari'a, indicate in the table below the Class of Captive Cell you will be providing. Classes of Captive Insurance Business are set out in ADGM FSRA CIB, Section 1 – *General Provisions* and they are defined in the ADGM FSRA GLO module:

Proposed Financial Services Permissions:	Class of Captive Insurance Business			
	Class 1 Captive Cell	Class 2 Captive Cell	Class 3 Captive Cell	Class 4 Captive Cell
<i>Effecting Contracts of Insurance as a Captive Insurer:</i>				
<i>Carrying Out Contracts of Insurance as a Captive Insurer:</i>				



4 Risks – financial and operational

- 4.1 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]

- 4.2 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:

- 4.3 ADGM FSRA IFR, Rule 3.4.1 states that firms must implement and maintain an Islamic Financial Business policy and procedures manual. In this regard, describe how your Shari’a Supervisory Board will oversee the implementation of its fatwa’s, 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]

- 4.4 Chapter 3 – *General obligations*, of the ADGM FSRA IFR Rulebook 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]

- 4.5 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 ADGM IFR, Rule 3.6 – Shari’a reviews.



5 Conduct of business risks

The following questions are in relation to product disclosure and marketing. When answering them refer to ADGM FSRA IFR, Section 3.8 – *Additional conduct requirements* which pertain to additional requirements beyond which are required in ADGM FSRA Conduct of Business (COBS):

- 5.1 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]

- 5.2 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). Refer to ADGM FSRA IFR, Chapter 3 – *General obligations*, as well as ADGM FSRA IFR, Chapter 5 – *Managing Profit Sharing Investment Accounts* and, more specifically, ADGM FSRA IFR, Rule 5.2.4 – *Additional matters to be included in the policy and procedures manual*. See also for reference ADGM FSRA PRU, Chapter 3 – *Capital*:

- 5.3 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]

- 5.4 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]

- 5.5 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?¹¹

[Insert text here]

The following question is in relation to asset management: Refer to ADGM FSRA IFR, Chapter 6 – *Islamic collective investment funds*:

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

¹¹ Refer to ADGM FSRA IFR, Rule 5.2.2 – Client Agreement.



- 5.6 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:

- 5.7 Describe how your firm will separate your conventional business from the Islamic Financial Business conducted through an Islamic Window? Refer to ADGM FSRA IFR, Rule 3.4.1 (g):

[Insert text here]

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

[Insert text here]

The following questions are in relation to Takaful insurance. Be minded that in addition to the requirements in ADGM FSRA IFR, Chapter 8 – *Takaful*, the requirements that apply to conventional Insurance Business or Insurance Intermediation continue to apply to such a Person.¹²

- 5.9 Will the Applicant follow the Mudaraba or Wakala forms of contracts or will it be a combination of both?

[Insert text here]

- 5.10 Describe the Takaful Insurance Business undertaken by the Applicant. Include details of the operating model above in 5.9:

[Insert text here]

- 5.9 Where your firm conducts Takaful with a Retail Client describe the nature of the contracts between the Takaful Fund and the Takaful Operator:

[Insert text here]

- 5.10 Where your firm conducts Takaful with a Retail Client describe the basis on which any surpluses in the Takaful fund will be shared:

[Insert text here]

¹² Thus, the requirements of ADGM FSRA PIN apply to Takaful providers.



6 Documentation attached

- 6.1 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:		

- 6.2 If you responded “No” in any of the cells in 5.1 above provide an explanation. Be minded, that the ADGM FSRA might not accept your application if any of these documents are missing at the time of submission:

[Insert text here]



7 Declaration by the applicant

- 7.1 I declare that, to the best of my knowledge and belief, having made due enquiry, 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 is an offence under ADGM FSMR, Article 219 – *Misleading the Regulator* if you were to knowingly or recklessly provide to the ADGM FSRA any information which is false, misleading, or deceptive or to conceal information where the concealment of such information is likely to mislead or deceive the ADGM FSRA.
- 7.2 I declare my understanding that the ADGM FSRA 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 ADGM FSRA contacting any previous employers, educational institutions, professional organisations, or any other organisation, to verify any information contained in this form.
- 7.3 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 the authority to give the consent specified above.
- 7.4 I understand that any personal data provided to the ADGM FSRA will be used to discharge its regulatory functions under the Abu Dhabi Law No. 4 of 2013 and other relevant legislation and may be disclosed to third parties for those purposes.

Signature of Director/Partner of the applicant¹³:

Date:

Printed name of the above signed Director/Partner of the applicant:

[Insert text here]

Position or title:

[Insert text here]

¹³ Or the person who will be authorised by the entity once it has been incorporated or established within the ADGM.