

Application for a Financial Services Permission

Financial Services Regulatory Authority (FSRA) Banking Business Supplement (BBS) Form

This supplement form must be submitted by Applicant¹ firms applying to conduct, in or from Abu Dhabi Global Market (ADGM), one or more of the Regulated Activities of Accepting Deposits, Providing Credit, or Managing a Profit Sharing Investment Account.² (For the purpose of this form, such activities are referred to as “banking business”.) In addition to this form you³ are required to complete the ADGM FSRA – General Information – Regulated Activities (GIRA) form and any other forms as applicable for your intended activities in ADGM.

Do not leave any response-cells empty. If a certain 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.

To assist you in completing this form we have referred to selected Chapters, Sections and Rules in various modules of the Rulebook of the FSRA. However, these references are provided only as a guide and are not an exhaustive list of all of the Rules that may be applicable to you, and it is your responsibility to consult our Rulebook modules for any requirements that might be pertinent to your particular application. Additionally, at the end of this form there is a list of abbreviations used, including those for the legislative framework in ADGM and Rulebook modules.

Ensure that that you are using the latest versions of the application forms at time of submission. ADGM FSRA will only accept out-of-date application forms if they are submitted within of the latest versions being made available on our web site.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 Whether Restricted or non-Restricted.

³ The terms “you” and “your” refer to the Applicant firm. The terms “we” and “our” refer to the ADGM FSRA.

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1 Corporate strategy and business model for Banking Business

Deposit Taking:

1.1 Does your firm intend to Accept Deposits?

1.2 If you will be Accepting Deposits, outline measures you have undertaken to ensure that you are compliant with the UAE's Federal restrictions: Accepting Deposits from the State's markets; Accepting Deposits in the UAE Dirham; undertaking currency Transactions or foreign-exchange Transactions involving the UAE Dirham. Describe the policies, procedures, systems, and controls in place to ensure that your firm adheres to these requirements.

1.3 If you will be Accepting Deposits, provide a description of the types of Clients (e.g. Professional, Retail, high net worth, commercial, and/or interbank funding) and also the types of deposit accounts your firm plans to offer (e.g. corporate, retail, savings, fixed term). If it is a mixture of these and other types, then also provide the distribution-mix in percentage terms.

1.4 If you will be Accepting Deposits, provide details of the policies and procedures concerning arrangements to hold cash and valuables, deal with money transfers, powers of attorney, and dormant accounts.

1.5 Provide details of what protections for depositors will be in place and include any relevant supporting documentation in relation to insolvency and recovery and resolution plans. For branch applications, provide confirmation that the insolvency regime in the home jurisdiction would rank ADGM depositors equally in the event of an insolvency.⁴

⁴ The Applicant may be required to produce a legal opinion to satisfy this point.

- 1.6 Describe the operational process of how deposits will be accepted and held, given the absence of access to the UAE clearing system. Additionally, describe any correspondent banking relationships you seek to maintain across relevant currencies.

- 1.7 Describe your proposed banking correspondence relationships, or other similar relationships with Financial Institutions, including in relation to the avoidance of such relationships with shell banks. Additionally, describe the information to be collected in relation to identification, and an assessment of reputation, regulation levels and history, including in relation to crime combatting controls, and due diligence measures in relation to intermediate payment accounts. Also, explain measures for approval of new correspondent banking relationships.

- 1.8 Describe any current arrangements or plans relating to setting up of IBAN and SWIFT code.

Providing Credit:

- 1.9 Does your firm intend to provide credit?

- 1.10 If you will be Providing Credit, describe the procedures to ensure you do not, through an establishment maintained by you in the ADGM; Provide Credit in the UAE Dirham; or undertake currency Transactions or foreign-exchange Transactions involving the UAE Dirham.

- 1.11 Provide a description of the range of business anticipated. If your firm will be Providing Credit, on what terms and to whom?

1.12 Detail the arrangements for ensuring that Credit is provided only to Professional Clients, Market Counterparties, or, where it is provided for business purposes, to Retail Clients that are Undertakings.⁵

1.13 Will your firm seek to issue credit cards and/or pre-paid cards to its clients? If so, what sort of credit facilities are envisaged? For example, secured/unsecured loans; overdrafts; letters of guarantees/letters of credit; project finance, etc.?

1.14 Will your firm seek to issue mortgages to its clients? If so what security and collateral arrangements do you intend to have in place?

⁵ Refer to ADGM FSRA COBS Rule 4.3.2 – Providing Credit

- 1.15 Describe in detail what procedures will be put in place for dealing with letters of credit or letters of guarantee in relation to trade finance (if applicable).

Customer Categorisation:

- 1.16 What are your processes for customer categorisation? Copies of key documentation, such as terms of business, credit agreements (including credit cards), loan agreements, deposit agreements, etc., must be appended to the application.

Information Technology/Systems:

- 1.17 Describe the systems you will put in place to facilitate transmission, clearing, and payment arrangements.

Providing or Arranging Custody of Assets:

- 1.18 Describe what policies and procedures will be adopted to safeguard the firm's physical assets and those of its customers, if you are planning on Providing Custody or Arranging Custody of assets.

Procedures:

- 1.19 If your firm will act in or seek correspondent banking relationships, describe the process undertaken in determining your correspondent banking relationships.

- 1.20 Where correspondent banking relationships will exist, explain what measures have been taken to ensure the firm does not enter into such relationships with a Shell Bank, and what appropriate measures have been taken to ensure that it does not enter into, or continue a corresponding banking relationship with, a bank which is known to permit its accounts to be used by Shell Banks.⁶

⁶ Refer to ADGM FSRA AML Rule 10.2 – Correspondent Banking

2 Risk Management

In the Declarations section at the end of this form, confirmations must be provided with regards to the various sub-sections below.

Credit Facilities:

2.1 Describe the process by which all loans and facilities will be identified, assessed, reviewed, approved, and reported before granting any Credit Facility. Provide a process map setting out the credit review and approval process.

2.2 What processes, policies, and reports are in place for ongoing monitoring and management of the Credit Risk and sector exposures in your loan and investment portfolios?

2.3 Describe how your firm's credit decisions will be made. If you have a credit policy attach a copy of your firm's credit-policy terms of reference⁷. Additionally, if your firm has a credit committee, explain its composition and provide its terms of reference.

2.4 Describe how management will identify, monitor, manage, and report Concentration Risk, Large Exposures, general exposures,⁸ and country exposures within your portfolio of loans and Investments.⁹

⁷ Guidance on Credit Risk systems and controls and on the specific areas which the Credit Risk policy should cover are set out in ADGM FSRA PRU module, Part 2 – Credit Risk systems and Controls and ADGM FSRA PRU module, APP4 Credit Risk.

⁸ For example, if a large number of loans and Investments are concentrated on a particular industry sector.

⁹ Refer to ADGM FSRA PRU module, Rule 4.15, Concentration Risk and ADGM FSRA PRU module, A4.11 Concentration Risk.

Provisioning:

2.5 Describe the processes for identifying, reporting, and managing problem assets, as well as how you will evaluate the adequacy of provisions to cover impairment of assets. In this description, explain your processes for writing-off bad assets, including the processes for reporting to the relevant committee and the authority levels for write-offs.

2.6 How often will your provisioning policy be reviewed? What type of management reports will be employed and to whom will they be circulated? What is the decision-making process for ensuring the adequacy of specific provisions?

Liquidity and Funding:

2.7 Describe the systems, controls, and management information systems you will have in place to measure, monitor, and report on Liquidity and Funding Risk. Provide a breakdown of committees and provide copies of the policies, terms of reference, and details of the membership composition for each. A copy of the firm's liquidity, funding, treasury, and asset and liability committee policies and procedures must also be provided.

2.8 Demonstrate how your liquidity strategy seeks to identify, measure, monitor, and control Liquidity Risk and how it is managed and reported on a day-to-day basis.

2.9 Specifically in relation to your proposed deposit base, state the expected maturity profile and how you intend to manage any apparent maturity mismatches between your credit portfolio and your funding requirements.

2.10 Demonstrate how your funding strategy seeks to identify, measure, monitor, and control funding and how it is managed on a day-to-day basis.

2.11 Provide a copy of your funding strategy and set out what, if any, contingency plans are in place to access further liquidity if needed.

Interest Rates:

- 2.12 Describe the procedures that enable you to accurately identify, measure, monitor, mitigate, and report interest-rate risk in the Non-Trading Book.

- 2.13 Provide a copy of your policy for managing Non-Trading Book interest-rate risks and describe the tools you use to manage it.

- 2.14 Describe the role of the asset and liability committee or other appropriate management committee in managing this interest-rate risk.

Market Risk:

- 2.15 Describe the procedures that enable you to accurately identify, measure, monitor, mitigate, and report the risks arising in the Trading Book.

Operational Risk:

- 2.16 Describe your policies and processes to manage and mitigate operational risk.

- 2.17 Describe your firm's risk-identification and monitoring tools. For example, any capital-charge calculation models that you use. Discuss also the policy for reporting to the Board and Senior Managers.

- 2.18 Explain how your reconciliation, operational, and accounting controls ensure the integrity of the general ledger in your financial accounting system at all times.

Internal Risk Assessment Process and Internal Capital Adequacy Assessment Process:

2.19 Chapter 10, “*Supervisory Review and Evaluation Process*”, of PRU sets out the need for certain categories of Authorised Persons to carry out self-assessments of their risk and capital adequacy. For those Authorised Persons undertaking banking business this is to be undertaken at least annually through both an Internal Risk Assessment Process (IRAP) and an Internal Capital Adequacy Assessment Process (ICAAP). Where an Authorised Person is part of a Financial Group, these requirements apply on a consolidated basis in relation to all the entities within the Financial Group

Having reviewed and considered the obligations arising under ADGM FSRA Prudential – Investment, Insurance, Insurance Intermediation and Banking Rules (PRU), Chapter 10, describe how the framework which is currently, or will be put in place, satisfies these obligations. If you are already subject to similar requirements and wish to request a waiver, copies of the latest IRAP and ICAAP must be provided with your application.

3 Islamic Banking Business

3.1 With reference to your proposed Regulated Activities, confirm whether you will be undertaking the activities in accordance with Shari'a.

3.2 If you have answered "Yes", indicate below if you intend to conduct your Islamic Financial Business as an Islamic Financial Institution or through an Islamic Window.

Profit Sharing Investment Accounts (PSIA):

3.3 Does your proposed Islamic Finance Business include the regulated activity of Managing PSIA's and, if so, will these be offered on a restricted or unrestricted basis.

Other Islamic Finance Business

3.4 Describe below any other forms of Islamic Finance Business, as listed in section 2.4, – "Islamic financial instruments and products", of IFR which you intend to undertake, including details of the proposed Islamic financial instruments and products you are planning to use.

3.5 Outline the procedures to be put in place to ensure compliance with the relevant requirements set out in Chapter 3, – "General obligations", of IFR arising in respect of Operating an Islamic Window or in operating as an Islamic Financial Institution.

3.6 If you are operating an Islamic Window, describe the operational and accounting procedures in place to ensure separation of activities.

Attachment Reconciliation:

Copies of the following documents, as applicable, must be attached to the application, appropriately referenced and confirmed as attached in the reconciliation table below. Mark the cells with an “X” in the appropriate response-cell that these attachments form part of this submission.

APPLICABLE SECTION	GENERAL DOCUMENTATION	YES	NO	N/A
1.1	Conduct of deposit taking business procedures and documentation:			
2.1	Process map setting out the credit review and approval process:			
2.3/3.3	Banking business – policies and procedures dealing with deposit taking; money transfers, power of attorney and dormant accounts; and letters of credit in relation to trade finance:			
2.2/2.7	Risk policies and procedures relevant to the proposed business:			
2.11	A copy of the funding strategy:			
2.19	A copy of the IRAP and ICAAP:			
	Islamic Finance Documentation			
4.2	Copy of Constitutional Document			
4.2	Shari’a Supervisory Board Policy			
4.4	Product Disclosure Documentation			
4.5	Sharia Compliance Policies and Procedures manual			

FSRA may consider your application to be materially incomplete if any of these documents are not attached and the application may be returned to you under those circumstances.

4 Declarations by the Applicant

- 4.1 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 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.
- 4.2 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 probity 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.
- 4.3 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.

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.

After having made due enquiry and after review of the Rules, I declare that I am not aware of any impediment to the firm being able to comply with the applicable ADGM FSRA Prudential – Investment, Insurance, Insurance Intermediation and Banking Rules requirements for managing risks of all types and with respect to those obligations and the risks referenced.

Signature of Director/Partner of the Applicant¹⁰:

Date:

Detail name and position/title of the above signed Director/Partner of the Applicant:

Legislation and Rulebook Modules

AML	Anti-Money Laundering and Sanctions Rules and Guidance module
FSMR	Financial Services and Markets Regulations 2015 legislation
GLO	Glossary module
IFR	Islamic Finance Rules module
PRU	Prudential – Investment, Insurance, Insurance Intermediation and Banking module

¹⁰ Or the person who will be authorised by the entity once it has been incorporated or established within the ADGM.