

OFFICIAL RECEIPT FOR THE PAYOUT APPLICATION FORM



Customer Name:

Customer Number:

Investment Amount:

Investment Date:

Investment Amount (in words):

PAYMENT METHOD

☒ Cheque*

Cheque Number

Bank

Branch

☒ Wire Transfer*

Account Number

Bank

Branch

☒ Re-investment from existing account**

Customer Account

Product Type

Bond Range

☒ Cash

* Sukuk shall be issued only upon realisation of cheque.

** In case of re-investment from existing account, the terms & conditions of existing account will apply for redemption.

Terms & Conditions

These Terms and Conditions (the “Terms and Conditions”) as amended from time to time shall, in conjunction with additional specific terms and conditions (if any), apply to the Product and govern the relationship between National Bonds Corporation Sole Proprietorship P.S.C. (the “Company”) and the customer (the “Applicant” or “You”) The Company shall, as mentioned in the prospectus, have the sole discretion to amend, add to, or delete any provision of these Terms and Conditions at any time and to such extent as permitted by law by any reasonable means of prior notification of such changes to the Applicant. Unless provided to the contrary in these Terms and Conditions, the Applicant shall be deemed to have accepted such changes if the Applicant continues transacting in respect of the Product after receipt of such notification within 7 days notice should be sent to the Product holder which will be considered as acceptant unless the Product holder objects.

1. The minimum & maximum investment amount and the investment tenure per Applicant are as described in Product Details, Section F (above) of this application form. One Applicant can opt for multiple transactions, however maximum limit per Applicant is as described in Product Details, Section F (above) of this application form. Investment amounts above the maximum limit per Applicant will be subject to the Company management review and approval.

2. The Product shall be opened on the basis of Mudaraba agreement, which the Applicant agrees he has read, understood and accepted, where the Applicant (being the fund owner or “Rab al Maal”) shall authorize the Company (being the fund manager or “Mudarib”) to invest the Applicant’s funds according to the principles of Islamic Shariah in such manner as the Company, in its absolute discretion, deems fit.

3. Funds in the Product shall be invested in a joint investment pool together with funds from the Company and other Applicants (being the “Mudaraba Investments Pool”). The joint investment pool shall be managed by the Company and the realized profits shall be distributed between the Applicants and the Company in accordance with the Company prospectus that will be provided to me upon my request.

4. The Applicant acknowledges that nothing in these Terms and Conditions shall be construed as being a warranty or a representation by the Company of any guaranteed profits, or any guaranteed repayment of any part or the entire portion, in respect of the Mudaraba Investments Pool. The Applicant is aware that all deposits in the Mudaraba Investments Pool are exposed to potential losses arising out of a loss incurred in respect of Mudaraba assets and that such losses may even affect the principal amount of the funds deposited by the Applicants in the Mudaraba Investments Pool.

5. Capital Protection is as per the fatwa available at <https://www.nationalbonds.ae/shariascpliance>

6. For periodically distributing profit Products whenever applicable, a month refers to 1 calendar month, a quarter refers to 3 calendar months, a semi-annual refers to 6 calendar months, and annual refers to 12 calendar months, and the sum of all periods will equal the investment tenure. The start date of all periods subsequent to the first period will always be the day after the preceding periodical maturity date.

7. When a subscription is made in a currency for a Product that is different to the currency of the Product offered, the prevailing currency conversion rates will apply at the time of conversion for subscription and redemption and profit distribution and maturity.

8. Different profit rates will apply to different Product(s) as described in Product Details, section (F) of this application form. The Company will pay you the expected profit rate applicable to a particular Product(s) as described in Product Details, section (F) of this application form. However actual profit on the Product shall be calculated at the year end. If the actual profit is higher than the expected profit, the Company will be entitled for the difference as a performance incentive and if it is lower than the provisional profit, the Company may donate the difference from own resources at its own free will without any obligation to do so.

9. Within 2 working days (being any day other than a Friday or Saturday or any Federally declared public holiday on which banks in the UAE are open for regular business) from date of funds confirmation, the Company will send to the email address stated in the application form confirmation letter with details of your Sukuk issuance date, Sukuk maturity date and profit distribution schedule.

10. Upon profit distribution, profit will be credited to the Applicant's account as saving bonds, which can be withdrawn anytime on request. Upon maturity of investment tenure, principal will be actioned based on the customer's option selected in section (G) of this application form. In case of saving bonds Issuance selected by customer, hence bonds can be redeemed anytime upon request.

11. Sukuk issued through this application will be locked in for the period specified in Product Details, section (F) of this application form, after which can be fully or partially redeemed at any time unless mentioned otherwise in Product Details, section (F) of this application form. Early redemption profit payment will be paid as per Product Details, section (F) of this application form, for the uncompleted cycles or tenure. Maximum of 5 (five) million dirhams can be redeemed per month with a prior notice period of 7 days.

12. The Company shall charge value added tax separately on services made on or after the 1st January 2018 as per the Federal Decree-Law No. (8), 2017 on Value Added Tax and Cabinet Decision No. (52), 2017 on the Executive Regulations (as each amended) as applicable.

13. For periodically distributing profit Products whenever applicable ,no profit will be paid for uncompleted periods. Amounts larger than 10(ten) million dirhams or equivalent in other currencies may take up to 7 working days to be redeemed. Partial redemption is as described in Product Details, section (F) of this application form.

14. The Applicant confirms that the funds being used to subscribe to the Product are from a legitimate source, and by purchasing the Product you are in no way in breach of the UAE Federal laws and rules and regulations prescribed by relevant regulatory authorities.

15. The Company may perform personal data checks as it may require regarding the details provided about Applicant's identity or the identity of any other person named in the application form and the source of funds invested.

16. In the case of an Applicant who is a corporate entity, trustee, guardian, receiver, or a representative of a deceased's estate, the Applicant must provide evidence that is satisfactory to the Company and its approved distributors that the person signing the Form(s) has the legal right and accredited authorization to do so.

17. At The Company's discretion, for some Products individual Product holders will be eligible to enter the draw with one chance per Sukuk, to win the grand prize of One Million dirham and any other draws that will arise from time to time. Institutions investing in the Product are not eligible for draw prizes.

18. The Applicant acknowledges, confirms and agrees that the Company has the right to accept all or part of the subscription amount requested at its sole discretion.

19. Natural or legal guardian can purchase the Product in the name of minors by providing the legal identification evidencing their legal right to do so. Minors attaining the age of 21 years shall provide necessary identification documents evidencing their identity, age and signature prior to any redemption transaction.

20. The Applicant confirms that he/she has the full legal right and authority to withdraw the Product , whether made for himself or for another person or entity.

21. The Product is not transferable at any time. In the unlikely event of death of the Applicant, the value of the Product will form part of the deceased Applicant's estate.

22. The Applicant is solely responsible for communicating any information changes to the Company.

23. The Company is not responsible for any loss in transit of application forms, payment instruction, the Product certificates or any other documents, unless such loss is caused by the Company.

24. In case of wire transfer, the Company shall not be responsible for any delay from the banks which is outside the Company control and bond Issuance shall be subject to receipt of fund in the Company account.

25. Civil courts of UAE shall have exclusive jurisdiction to resolve any dispute under this document.

26. The Company, a regulated financial institution, is mandated to execute all relevant regulatory instructions and judicial orders from UAE Courts and may block funds under their instructions.

27. The Company reserves the right to send any correspondence, and other documents through ordinary mail and will not be responsible for loss or damage arising thereof.

28. The Company reserves the right to introduce any operational changes that do not affect the Product holder's rights, at any time; otherwise, a 7 days notice should be sent to the Product holder which will be considered as acceptant unless the Product holder objects.

29. The Applicant reserves the right to issue instructions for transactions on his/her account by fax, email or phone calls. The Applicant hereby understands and agrees that he is aware that such authorizations are not secure and can be tampered with. The Applicant indemnifies the Company from any and all liabilities that may occur as a result of his decision to authorize transactions by fax, email or phone calls in respect of any or all of his accounts with the Company and/or in respect of any other communication by fax, email or phone calls in connection with the Company.

30. The Applicant undertakes to transfer the Product , which is issued under this application to the Company for the applicable redemption amount if the Applicant is requested to do so by the Company on a winding up of the Company's Mudaraba in accordance to the Company prospectus.

31. The Applicant agrees that the Company may, at its sole discretion and without providing any reasons to the Applicant, refuse to process the Applicant's application for the Product.

32. These terms and conditions are governed in accordance with the laws of the United Arab Emirates, as applied in the Emirate of Dubai provided such laws are not repugnant to the rules and principles of Shariah, in which case the rules and principles of Shariah shall prevail.

*For more details on prospectus please visit: <https://www.nationalbonds.ae/shariascpliance>

APPENDIX – SUMMARY DESCRIPTIONS OF SELECT DEFINED TERMS

Note: These are selected summaries of defined terms provided to assist you with the completion of this form.
Further details can be found within the IRS “Foreign Account Tax Compliance Act (FATCA)” and OECD “Common Reporting Standard for Automatic Exchange of Financial Account Information”. This can be found at the IRS and OECD portals <https://www.irs.gov/businesses/corporations/foreign-account-tax-compliance-act-fatca> and <http://www.oecd.org/tax/transparency/what-we-do/> respectively.

If you have any questions please contact your tax adviser or domestic tax authority.

“Active NFE”

The term “Active NFE” means any NFE that meets any of the following criteria:

(a) less than 50% of the NFE’s gross income for the preceding calendar year is passive income and less than 50% of the assets held by the NFE during the preceding calendar year are assets that produce or are held for the production of passive income;

(b) the stock of the NFE is regularly traded on an established securities market or the NFE is a Related Entity of an Entity the stock of which is regularly traded on an established securities market;

(c) the NFE is a Governmental Entity, an International Organisation, a Central Bank, or an Entity wholly owned by one or more of the foregoing;

(d) substantially all of the activities of the NFE consist of holding (in whole or in part) the outstanding stock of, or providing financing and services to, one or more subsidiaries that engage in trades or businesses other than the business of a Financial Institution, except that an Entity does not qualify for this status if the Entity functions (or holds itself out) as an investment fund, such as a private equity fund, venture capital fund, leveraged buyout fund, or any investment vehicle whose purpose is to acquire or fund companies and then hold interests in those companies as capital assets for investment purposes;

(e) the NFE is not yet operating a business and has no prior operating history, but is investing capital into assets with the intent to operate a business other than that of a Financial Institution, provided that the NFE does not qualify for this exception after the date that is 24 months after the date of the initial organisation of the NFE;

(f) the NFE was not a Financial Institution in the past five years, and is in the process of liquidating its assets or is reorganising with the intent to continue or recommence operations in a business other than that of a Financial Institution;

(g) the NFE primarily engages in financing and hedging transactions with, or for, Related Entities that are not Financial Institutions, and does not provide financing or hedging services to any Entity that is not a Related Entity, provided that the group of any such Related Entities is primarily engaged in a business other than that of a Financial Institution; or

(h) the NFE meets all of the following requirements:

(i) it is established and operated in its jurisdiction of residence exclusively for religious, charitable, scientific, artistic, cultural, athletic, or educational purposes; or it is established and operated in its jurisdiction of residence and it is a professional organisation, business league, chamber of commerce, labour organisation, agricultural or horticultural organisation, civic league or an organisation operated exclusively for the promotion of social welfare;

(ii) it is exempt from income tax in its jurisdiction of residence;

(iii) it has no shareholders or members who have a proprietary or beneficial interest in its income or assets;

(iv) the applicable laws of the NFE’s jurisdiction of residence or the NFE’s formation documents do not permit any income or assets of the NFE to be distributed to, or applied for the benefit of, a private person or non-charitable Entity other than pursuant to the conduct of the NFE’s charitable activities, or as payment of reasonable compensation for services rendered, or as payment representing the fair market value of property which the NFE has purchased; and

(v) the applicable laws of the NFE’s jurisdiction of residence or the NFE’s formation documents require that, upon the NFE’s liquidation or dissolution, all of its assets be distributed to a Governmental Entity or other non-profit organisation, or escheat to the government of the NFE’s jurisdiction of residence or any political subdivision thereof.

“Controlling Person(s)”

“Controlling Persons” are the natural person(s) who exercise control over an entity. Where no natural person or persons are identified as exercising control of the Entity through ownership interests, the Controlling Person of the Entity is deemed to be the natural person who holds the position of a senior managing official.

“Custodial Institution”

The term “Custodial Institution” means any Entity that holds, as a substantial portion of its business, Financial Assets for the account of others. This is where the Entity’s gross income attributable to the holding of Financial Assets and related financial services equals or exceeds 20% of the Entity’s gross income during the shorter of: (i) the three-year period that ends on 31 December (or the final day of a non-calendar year accounting period) prior to the year in which the determination is being made; or (ii) the period during which the Entity has been in existence.

“Depository Institution”

The term “Depository Institution” means any Entity that accepts deposits in the ordinary course of a banking or similar business.

“Designated International Organization”

An organization with global mandates, generally funded by contributions from national governments. Examples include the International Committee of the Red Cross, the International Organization for Migration, and United Nations agencies etc...

“Financial Institution”

The term “Financial Institution” means a “Custodial Institution”, a “Depository Institution”, an “Investment Entity”, or a “Specified Insurance Company”. Please see the relevant CRS guidelines for further classification definitions that apply to Financial Institutions.

“Global Intermediary Identification Number (GIIN)”

GIIN Is assigned by the FATCA Registration System to financial institutions and direct reporting non-financial foreign entities. Those assigned a GIIN may use it to identify themselves to withholding agents and tax administrations for FATCA reporting.

“Investment Entity”

The term “Investment Entity” includes two types of Entities:

(i) an Entity that primarily conducts as a business one or more of the following activities or operations for or on behalf of a customer:

- Trading in money market instruments (cheques, bills, certificates of deposit, derivatives, etc.); foreign exchange; exchange, interest rate and index instruments; transferable securities; or commodity futures trading;

- Individual and collective portfolio management; or

- Otherwise investing, administering, or managing Financial Assets or money on behalf of other persons. Such activities or operations do not include rendering non-binding investment advice to a customer.

(ii) The second type of “Investment Entity” (“Investment Entity managed by another Financial Institution”) is any Entity the gross income of which is primarily attributable to investing, reinvesting, or trading in Financial Assets where the Entity is managed by another Entity that is a Depository Institution, a Custodial Institution, a Specified Insurance Company, or the first type of Investment Entity.

“Investment Entity located in a Non-Participating Jurisdiction and managed by another Financial Institution”

The term “Investment Entity located in a Non-Participating Jurisdiction and managed by another Financial Institution” means any Entity the gross income of which is primarily attributable to investing, reinvesting, or trading in Financial Assets if the Entity is (i) managed by a Financial Institution and (ii) not a Participating Jurisdiction Financial Institution.

“Investment Entity managed by another Financial Institution”

“An Entity is “managed by” another Entity if the managing Entity performs, either directly or through another service provider on behalf of the managed Entity, any of the activities or operations described in clause (i) above in the definition of ‘Investment Entity’.

An Entity only manages another Entity if it has discretionary authority to manage the other Entity’s assets (either in whole or part). Where an Entity is managed by a mix of Financial Institutions, NFEs or individuals, the Entity is considered to be managed by another Entity that is a Depository Institution, a Custodial Institution, a Specified Insurance Company, or the first type of Investment Entity, if any of the managing Entities is such another Entity.

Non-Financial Entity (NFE)

In relation to CRS regulations, a Non-Financial Entity (NFE) is an entity other than a financial institution. They can be classified as Active NFE or Passive NFE.

Non-Financial Foreign Entity (NFFE)

In relation to FATCA regulations, a Non-Financial Foreign Entity (NFFE) is any non US entity other than a financial institution. They can be classified as Active NFFE or Passive NFFE.

“Non-Profit Organization (NPO)”

A nonprofit organization (NPO), also known as a non-business entity, not-for-profit organization, or nonprofit institution, is a legal entity organized and operated for a collective, public or social benefit, in contrast with an entity that operates as a business aiming to generate a profit for its owners.

“Participating Jurisdiction”

A “Participating Jurisdiction” means a jurisdiction with which an agreement is in place pursuant to which it will provide the information required on the automatic exchange of financial account information set out in the Common Reporting Standard and that is identified in a published list.

“Passive NFE”

A “Passive NFE” means any NFE that is not an Active NFE. An Investment Entity located in a Non-Participating Jurisdiction and managed by another Financial Institution is also treated as a Passive NFE for purposes of the CRS.

“Resident for tax purposes”

Each jurisdiction has its own rules for defining tax residence, and jurisdictions have provided information on how to determine whether an entity is tax resident in the jurisdiction on the OECD automatic exchange of information portal. Generally, an Entity will be resident for tax purposes in a jurisdiction if, under the laws of that jurisdiction (including tax conventions), it pays or should be paying tax therein by reason of his domicile, residence, place of management or incorporation, or any other criterion of a similar nature, and not only from sources in that jurisdiction. Dual resident Entities may rely on the tiebreaker rules contained in tax conventions (if applicable) to solve cases of double residence for determining their residence for tax purposes. An Entity such as a partnership, limited liability partnership or similar legal arrangement that has no residence for tax purposes shall be treated as resident in the jurisdiction in which its place of effective management is situated. For additional information on tax residence, please talk to your tax adviser or see the OECD automatic exchange of information portal.

“Specified Insurance Company”

The term “Specified Insurance Company” means any Entity that is an insurance company (or the holding company of an insurance company) that issues, or is obligated to make payments with respect to, a Cash Value Insurance Contract or an Annuity Contract.

“TIN” (including “functional equivalent”)

The term “TIN” means Taxpayer Identification Number or a functional equivalent in the absence of a TIN. A TIN is a unique combination of letters or numbers assigned by a jurisdiction to an individual or an Entity and used to identify the individual or Entity for the purposes of administering the tax laws of such jurisdiction. Further details of acceptable TINs can be found at the OECD automatic exchange of information portal.

Some jurisdictions do not issue a TIN. However, these jurisdictions often utilize some other high integrity number with an equivalent level of identification (a “functional equivalent”). Examples of that type of number include, for Entities, a Business/company registration code/number.