

## Wakalah Convenience Account Agreement "Business Banking Savings" ("Agreement")

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This Agreement has been signed on \_\_\_\_\_ between:

- (1) **Mashreq Al Islami** (*Islamic Banking Window of Mashreqbank psc*), established under the laws of the United Arab Emirates, represented by its authorized representative(s) ("**Agent**").
- (2) \_\_\_\_\_ [**address**] represented by its authorized representative(s) ("**Principal**").

The Agent and the Principal are hereinafter individually and collectively referred to as "**Party**" or "**Parties**", respectively.

### Preamble

- A. Whereas the Principal hereby appoints the Agent for the purpose on investing the daily available credit balance ("**Funds**") in the Principal's Wakalah Convenience Account ("**Account**") into Shari'ah compliant financial investments in accordance with the terms and conditions of this Agreement. By virtue, hereof, the Agent hereby accepts such appointment.
- B. Whereas the Agent shall use the Funds for investment in its capacity as Agent under this Agreement and the Wakalah Investment Placement Request *substantially in the form set out under Annexure I hereof* ("**Investment Request**") agreed between the Parties.
- C. The Account will be based on different tiers preset by the Agent, and each tier will have a different profit rate and a corresponding minimum deposit requirement. The Investment Request will contain the tier/s in which the Account falls, the profit rate, and the minimum deposit requirement.
- D. A tier applicable for the Principal is decided on the discretion of the Agent, and can be discontinued by the Agent unilaterally, unless otherwise pre-agreed by the Parties.

NOW THEREFORE the Parties agree to the terms and conditions as set forth below.

### 1. Investment Request Acceptance

- 1.1 The Relevant Wakalah shall be established upon the Principal's acceptance of the Investment Request (the "**Relevant Wakalah**") by email or recorded telephone line, and together with this Agreement duly executed and delivered to the Agent.
- 1.2 Pursuant to this Agreement, the Principal shall agree on an indicative profit rate ("Indicative Profit Rate") specifically set out in the Relevant Wakalah. In case of renegotiation, only the latest agreed Investment Request shall be considered the Relevant Wakalah, and the previous ones shall stand void from the date of Principal's acceptance. The principal may close the Account and terminate this Agreement in case the Parties are unable to agree on a new Indicative Profit Rate.
- 1.3 The Principal agrees that the Agent may rely and act on, and treat as binding, any instruction from the Principal which is purported to have been given by an authorized person by email or telephone instruction or otherwise (whether or not in writing) ("Instruction(s)"), without further enquiry, provided that the Agent reasonably and in good faith believes the Instructions to be genuine unless and until such Instructions are cancelled or amended by the Principal. Any cancellation or amendment to an Instruction will only be effective after actual receipt by the Agent of an Instruction to cancel or amend and shall not affect the liability of the Principal under any transaction entered into by the Agent for the account of the Principal prior to receipt of an Instruction to cancel or amend.

### 2. Duties and Obligations of the Agent

The Agent, in the performance of its duties and obligations under this Agreement, undertakes to:

- 2.1 keep the Funds invested in Shari'ah compliant investments only.
- 2.2 select, at its sole discretion, goods and/or other financial assets for trading or investment, to be responsible for purchasing such goods from suppliers and entering into the sale contracts pertaining to the same, against cash or credit, with any third party ("**Contracts**"). The

Agent shall have all the authorities from the Principal to claim its rights under the Contracts, executed in the Agent's name, and to fulfill its obligations within such Contracts.

- 2.3 assume all losses and liabilities incurred by the Principal resulting from the Agent's gross negligence and/or willful misconduct.
- 2.4 ensure, in the event of an investment in commodities, that the suppliers deliver the goods in the proper and stipulated time frame and directly without any attachment, fees, encumbrances or guarantees.
- 2.5 perform and fulfill its obligations hereunder as if it is working for its own interests, take all the steps and procedures necessary in order to protect the rights and interests of the Principal and refrain from doing anything which is not in conformity with its obligations as set forth in this Agreement.
- 2.6 comply with the terms and conditions of this Agreement and to ensure the execution of the Contracts to purchase goods from suppliers and sell the same for cash or on credit in conformity with the principles of Shari'ah.
- 2.7 invest the Funds, on a "best effort" basis, in Contracts which have the potential to meet the Indicative Profit Rate. If such Contracts are not readily available in the market, the Agent shall obtain the consent of the Principal prior to entering into such other Contracts which may have lower return rates. For this purpose, the Principal will be requested by the Agent, through email or recorded telephone line, to provide its consent to the Agent to enter into such Contracts with expected lower return rates. The Principal will, if it agrees to such request, provide its consent to the Agent by sending an email confirmation within 2 working days from the time the Agent made the request ("Consent Period"). The Principal shall be deemed to have given its consent after the lapse of the Consent Period and the Agent can proceed to act without the need of any further notice to the Principal.
- 2.8 if the return on the existing Contracts is expected to be less than the Indicative Profit Rate, renegotiate the Indicative Profit Rate with the Principal based on prevailing market conditions as determined by the Agent. During renegotiation, the Agent shall be bound to keep the Funds invested in accordance with the existing Relevant Wakalah.

### **3. Authorities, Powers and Responsibilities of the Principal**

- 3.1 The Principal acknowledges that it has the full authority and power required to enter into this Agreement and to fulfill the obligations herein provided that such fulfillment does not contradict with the clauses of the Principal's articles of association or with any law, contract, covenant or obligation towards any third party.
- 3.2 The Principal further acknowledges that it is and shall remain compliant with Anti Money Laundering (AML)/ KYC /compliance related requirements and undertakes to furnish required updates from time to time as needed.
- 3.3 Subject to clause 2.3 above, all losses arising under the Relevant Wakalah shall be for the account of the Principal.
- 3.4 The Principal shall have the right to withdraw all or part of the Funds from the Account any time and by any mean, except for any regulatory and/or legal restriction.
- 3.5 The Principal shall have the right to terminate the Agreement and close the Account in case it does not agree to the new Indicative Profit Rate being offered by the Agent pursuant to clause 2.7 above.

### **4. Appointment of Sub-agents**

The Agent is entitled to appoint sub-agents under the terms and conditions of this Agreement, and the Agent acknowledges that it will be liable towards the Principal regardless of the appointment of such sub-agents.

### **5. Term**

The duration of each Relevant Wakalah under this Agreement shall be for one (1) year from acceptance of each relevant Investment Request and shall be automatically renewed for the same period unless terminated or renegotiated by the Parties hereto.

### **6. Incentive Fee**

The Principal hereby agrees to pay to the Agent an incentive fee equal to the amount of profit in excess of the Indicative Profit Return as set out in the Relevant Wakalah.

## 7. Termination of Agreement

- 7.1 This Agreement commences on the date it is signed by all the Parties and shall continue, unless either Party terminates this Agreement.
- 7.2 Either Party may terminate this Agreement either by giving a written notice to the other or by a closing the Account. This Agreement shall be deemed terminated within 3 working days from receipt of the written notice or from the date of closure of the Account, whichever is applicable.
- 7.3 This Agreement shall terminate if a Party commits a material breach of any of the terms of this Agreement and fails to remedy that breach within seven (7) days of that Party being notified, in writing, of the breach.
- 7.4 The termination of this Agreement shall not affect any of the rights or obligations of either Party arising prior to or at the time of the termination of this Agreement. Termination of this Agreement shall result to the closing of the Account.

## 8. Law and Jurisdiction

- 8.1 This Agreement and all disputes and claims arising out of or in connection with its subject matter are to be governed by and construed in accordance with the laws of the Emirate of Dubai and the Federal laws of the United Arab Emirates so long as they do not contradict Shari'ah principles as articulated in the Shari'ah Standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions ("AAOIFI").
- 8.2 The Parties agree to amicably resolve any dispute, other than Shari'ah compliance related matter, that arises out of or in connection with this Agreement. In the event that the Parties fail to resolve such a dispute amicably within fifteen (15) days from the date of serving a notice from one Party to the other, the Parties shall submit the matter to the exclusive jurisdiction of the courts of the Emirate of Dubai, United Arab Emirates.

## 9. Indemnity of Damage

- 9.1 If a Party breaches any of the obligations set forth herein, it shall indemnify the other Party against any actual damages sustained by the other as a result of such breach.
- 9.2 If the Principal desires to withdraw the Funds it can do so any time, however, if the Agent sustains damages as a result thereof, the Principal shall defend, indemnify, and hold harmless the Agent on demand against any and all such damages or in the alternative keep any such investment until its maturity date.
- 9.3 The Principal shall release the Agent from, and indemnify and hold the Agent and any of its directors, officers, employees or agents harmless on demand from and against all actions, suits, proceedings, costs (including legal costs and excluding opportunity cost), claims, demands, charges, expenses, losses and liabilities howsoever arising (unless due to the gross negligence or willful default of the Agent) in consequence of, or in any way related to:
- (a) the Agent having acted in good faith in accordance with the Principal's Instructions, notwithstanding that such Instructions have been initiated or transmitted in error or fraudulently altered, misunderstood or distorted in the lines of communication or transmission;
  - (b) the Agent's having refrained from acting due to its failure to receive the Instructions or the Relevant Wakalah for any reason whatsoever; or
  - (c) The Principal's failure to forward all original copies of Instructions to the Agent within such period as the Agent may specify.

## 10. Value Added Tax (VAT)

- 10.1 All amounts expressed to be payable by the Principal to the Agent which (in whole or in part) constitute the consideration for any supply of services for VAT purposes are deemed to be exclusive of any VAT which is chargeable on that supply. Accordingly, if VAT is or becomes chargeable on any supply made by the Agent to the Principal under this Agreement and/or the Relevant Wakalah and the Agent is required to account to the relevant tax authority for the VAT, the Principal must pay to the Agent an amount equal to the amount of that VAT (and the Agent will provide an appropriate VAT invoice to the Principal).

10.2 Where any transaction contemplated under this Agreement requires the Principal to reimburse or indemnify the Agent for any cost or expense, the Principal shall reimburse or indemnify (as the case may be) the Agent for the full amount of such actual cost (excluding opportunity cost) or expense, including such part thereof as represents VAT, save to the extent that the Agent reasonably determines that it is entitled to credit or repayment in respect of such VAT from the relevant tax authority.

**11. Confidentiality and Protection of Interests**

11.1 The Parties agree to consider as confidential all information provided under this Agreement or by any other means concerning the commercial secrets of the other Party or its financial resources, assets, transactions or business and it is not entitled to divulge such information or any part thereof to any third party or to publish such information by any other means whether personally or by its employees or agents during the term of this Agreement or at any time thereafter.

11.2 The Parties agree to protect the interests of each other and to avoid any business or acts which may affect their commercial relations or reputation.

**12. Shari’ah Compliance**

12.1 The Agent shall be, at all times and in all the Contracts, compliant with the relevant Shari’ah Standards issued by AAOIFI.

12.2 The Parties unconditionally agree that all the disputes related to Shari’ah compliance shall be referred to the Shari’ah board of the Agent whose decision shall be final and binding on both Parties.

12.3 The Parties agree to forego any right or remedy made available to them which is inconsistent with the Shari’ah Standards issued by AAOIFI.

**13. Notices and Correspondences**

All notices under this Agreement must be given in writing to the recipient identified below at its registered office (or such other address or recipient as it has previously provided to the other Party in writing) or by fax to the following addresses:

Address of the Agent	Address of the Principal
Mashreq Al Islami (Islamic Banking Window of Mashreqbank psc)	PO Box _____
PO Box 1250	City _____
Dubai – United Arab Emirates	Tel _____
Telephone: 04 424 4763 (Business Banking) or 04 424 4550 (NEO BIZ)	Registered email _____

**14. Miscellaneous**

14.1 This Agreement shall be binding upon each Party’s heirs, executor, administrator, personal representatives and assignees.

14.2 The Preamble and the Annexures attached hereto constitute an essential and integral part of this Agreement and supplement and interpret the articles and conditions hereof.

14.3 Clause and Annexures headings shall not affect the interpretation of this Agreement.

14.4 The omission to demand by either Party at any time of the execution of any part of the conditions and obligations set forth in this Agreement shall not be considered as a waiver of such right or abandonment of the right to demand full performance thereof at any later time.

14.5 This agreement is executed only by the authorized signatories of both the Parties.

14.6 The Principal and the Agent agree to the rights and obligations set out in Annexure II.

**15. Copies of the Agreement and signature**

**The Principal**

Signatory: \_\_\_\_\_

Sign: \_\_\_\_\_

**The Agent – Mashreq Al Islami**

Signatory: \_\_\_\_\_

Sign: \_\_\_\_\_

ANNEXURE I

Title of the Account \_\_\_\_\_

WAKALAH INVESTMENT PLACEMENT REQUEST

Date: \_\_\_\_\_

Subject: **Offer for Indicative Profit Rate from the Agent**

Dear [Authorized signatory],

We refer to the Master Wakala Investment Agreement dated \_\_\_\_\_ (the "**Agreement**"). Any defined terms used in herein and not defined herein are as defined in the Agreement.

The Agent proposes the Indicative Profit Rate: as below per annum, pursuant to the Agreement, applied on the Funds for calculation of profit.

Monthly Average Balance	Indicative Profit p.a.

Yours faithfully,

**Mashreq Al Islami (Islamic Banking Window of Mashreqbank psc) - the "Agent"**

Signatory: \_\_\_\_\_ Signatory: \_\_\_\_\_ Signatory: \_\_\_\_\_

Sign and stamp: \_\_\_\_\_ Sign and stamp: \_\_\_\_\_ Sign and stamp: \_\_\_\_\_

**Acceptance of the Agent's offer for Indicative Profit Rate**

We hereby accept the Agent's offer for Indicative Profit Rate, pursuant to the Agreement, as stated above.

Yours faithfully,

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For and on behalf of [insert name Individual]

## ANNEXURE II

### 1. DEFINITIONS AND INTERPRETATION

#### 1.1. Definitions

The following terms shall have the meanings assigned to them below:

- (a) **"Late Payment Amount"** has the meaning given to it in Clause 2.2.
- (b) **"Late Payment Rate"** means either (a) the prevailing late payment rate set out in the schedule of charges maintained by the Agent from time to time, which may be published in the Agent's website at periodically, but not necessarily always updated; or (b) the rate advised by the Agent to the Principal in writing from time to time but in the event of any conflict between the two, the rate advised by the Agent to the Principal shall prevail.
- (c) **"Shari'ah"** means the rules, principles and parameters of Islamic law.
- (d) **"Shari'ah Standards"** the latest publication of the written set of Shari'ah principles and guidelines related to financial transactions published by Accounting and Auditing Organization for Islamic Financial Institutions (AAOFI) as interpreted by the ISSC.
- (e) **"Internal Shari'ah Supervisory Committee (ISSC)"** means the supervisory board of the Agent for Shari'ah matters.
- (f) **"UAE"** means the United Arab Emirates.
- (g) **"Unpaid Sum"** has the meaning given to it in Clause 2.2.

### 2. PAYMENTS

- 2.1. The Principal shall pay commission, profit, fees and charges (as applicable) to the Agent in accordance with this Agreement. For the avoidance of doubt, all fees charged by the Agent shall be in accordance with the guidelines of the Central Bank of the United Arab Emirates.
- 2.2. In the event that any amount payable (or part thereof) under this Agreement is not paid on its due date (the balance thereof being an **"Unpaid Sum"**), the Late Payment Rate shall be applied to the Unpaid Sum (based on a demand from the Agent) and the resulting amount shall accrue daily and shall be paid by the Principal to Agent (the **"Late Payment Amount"**). The Principal shall have the right to provide written reasons promptly to the Agent requesting to quash its payment obligation of Late Payment Amount, and if the reasons are found satisfactory to the Agent, the Agent may decide to relieve by not demanding the Principal to pay and/or not deducting the Late Payment Amount from Principal's account. The Agent shall be permitted to deduct its actual costs and expenses incurred as a result of such late payment from the Late Payment Amount and shall transfer the balance of the Late Payment Amount to an Islamic charity of its choice as decided by its ISSC.
- 2.3. All payments due to the Agent under this Agreement shall be made so that each such payment is received by the Agent in cleared funds on or before 10:00 a.m. on the day on which such payment is due to be paid.
- 2.4. Except as expressly stated otherwise, any payment received or recovered by the Agent from the Principal shall be applied against amounts payable by the Principal under this Agreement in the following order of precedence: (i) fees and commissions; (ii) profit; (iii) principal; (iv) actual costs and expenses related to the Late Payment Amounts; and (v) the Late Payment Amount.
- 2.5. The Agent may at any time without notice to the Principal debit any account of the Principal in settlement of an amount due and payable by the Principal to the Agent.
- 2.6. The payment of any Late Payment Amount is not applicable to the extent that the Principal is insolvent.

### 3. REPRESENTATIONS AND WARRANTIES OF THE PRINCIPAL

- 3.1. The Principal hereby represents and warrants to the Agent that after having reviewed this Agreement for the purposes of their permissibility under Shari'ah and, to the extent it has considered this necessary, taken independent advice from advisors specializing in Shari'ah, it is satisfied that the provisions of each Product Document do not contravene Shari'ah. Therefore, Principal shall not contest on the Shari'ah noncompliance and shall not prejudice any obligations under this Agreement.
- 3.2. The Principal shall not engage in any business or activity that is not compliant with Shari'ah.

### 4. INDEMNIFICATION

- 4.1. The Principal shall defend, indemnify and hold the Agent free and harmless on demand from and against any deficiency in the amounts received by the Agent including without limitation any shortfall arising from payment in a different currency.
- 4.2. The Principal shall defend, indemnify and hold the Agent free and harmless on demand against any and all claims, actions, liabilities, losses, costs and expenses (including, without limitation, court costs and attorney charges) which the Agent may suffer or incur arising from or relating to or in connection with (a) the entry by the Agent into this Agreement or any other agreement or contract relating thereto, or (b) the breach by the Principal of this Agreement or any other agreement or contract relating thereto.
- 4.3. The indemnification obligations of the Principal under this Agreement shall survive the termination of this Agreement (including this Agreement) and shall constitute separate and independent obligations of the Principal. The Principal's obligations in Clause 4.1 and

Clause 4.2 to indemnify the Agent shall not apply to the extent arising due to the fraud, gross negligence, or willful misconduct of the Agent as finally and judicially proven.

4.4. For the avoidance of doubt, the Principal's obligations under this Agreement to indemnify the Agent shall not apply to the extent arising due to the fraud, gross negligence or willful misconduct of the Agent as finally and judicially proven.

#### **5. MISCELLANEOUS**

5.1. Neither Party may amend this Agreement without the prior written consent of the other Party. Any amendments shall be subject to Shari'ah Standards.

5.2. If any transaction under this Agreement involves the conversion of one currency into another, unless otherwise agreed, the Agent shall make such conversions at its then prevailing rate of exchange for purchasing or selling the relevant currency, as the case may be, on the date of the exchange.

5.3. As per the ongoing regulatory requirements of the Central Bank of the United Arab Emirates, the Agent is obliged to comply with Shari'ah Standards. The Principal irrevocably agrees to forego any rights and remedies that are not compliant with the Shari'ah Standards and would have been available had the Shari'ah Standards not been complied with.

5.4. The Parties recognize and agree that the principle of the payment of interest is prohibited under Shari'ah and accordingly, to the extent that any legal system would (but for the provisions of this Clause) impose (whether by contract or by statute) any obligation to pay interest, the Parties hereby irrevocably and unconditionally expressly waive and reject any entitlement to recover interest from each other.