

WAKALA

To Invest In International Murabaha



PRIVATE
BANKING

بيت التمويل الكويتي
Kuwait Finance House
البحرين ش.م.ب (م) (S.C.) Bahrain



WAKALA TO INVEST IN INTERNATIONAL MURABAHA

P R I V A T E B A N K I N G

This Wakala to Invest in International Murabaha (the “Wakala”) is made on _____ between:

1. Kuwait Finance House (Bahrain) BSC (closed) (licensed as an Islamic retail bank by the Central Bank of Bahrain and bound by CBB regulations and licensing conditions), whose address is at P.O Box 2066 Manama, Bahrain, (hereinafter referred to as the “**First Party**”).

2. _____
 holding CPR/CR number _____
 whose address is at _____

 (hereinafter referred to as the “**Second Party**”).

Each a “**Party**” and collectively the “**Parties**”.

Recitals:

Whereas the Second Party is one of the First Party’s customers, and wishes to delegate the First Party to invest on its behalf funds in international murabaha deals and conduct all the related transactions including entering into contracts with itself and third parties.

And whereas the First Party accepted the delegation and the conduct of the relevant transactions as the Second Party’s agent subject to the terms and conditions of this Wakala.

Now it is hereby agreed between the two parties as follows:

1: Recital

The above recital shall be deemed an integral part of this Wakala.

2: Investment Process

- a. The First Party will invest the amount available in the Second Party’s account number

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 in international murabaha transactions (the “Investment Amount”).
- b. The Second Party undertakes to maintain and credit the Investment Amount in the account on the investment date as specified by the First Party.
- c. The First party reserves the right to decline any investment application due to non-receipt of the Investment Amount on or before the investment date or for any other reason beyond the power and control of the First Party.
- d. The Second Party understands and agrees that the First Party will invest the Investment Amount during the term of this Wakala, and the Investment Amount will be subject to the terms and conditions of the international murabaha transactions which may differ from one transaction to other.

3: Representations

The First Party represents that:

- 1. It has the full authority and capacity to invest the Investment Amount on behalf of and for the benefit of the Second Party.
- 2. Investing the Investment Amount in the international murabaha transactions will not violate any contract or agreement or commitment in which it is a Party.

The Second Party represents that:

- 1. It is the lawful owner of the Investment Amount.
- 2. It has obtained all the required approvals to enter into this Wakala.
- 3. Entering into this Wakala will not violate any contract or agreement or a commitment in which it is a Party.
- 4. It is duly authorized to invest the Investment Amount.

4: Investment Period

The Second Party shall inform the First Party of the period it wish to invest in, provided that such period shall be acceptable to the First Party (the “**Investment Period**”).

The Parties agree that the Investment Period shall automatically be renewed for a similar period or periods, unless either Party informs the other of its intention not to renew the Wakala by serving four (4) business days prior written notice before the termination of the Investment Period.

5: Profits

- (A) At the end of each Investment Period and upon the realization of profit, the First Party shall credit the Investment Amount together with accrued profits (at the agreed rate) (the “**Due Amount**”).
- (B) The Due Amount shall be re-invested by the First Party for another Investment Period in accordance with the profit schedule applicable then, unless the First Party received other instructions in writing.

6: Investment Cancellation

- a. Subject to Articles 4 and 7, the Second Party may not request cancellation or variation of the investment.
- b. Any request for cancellation or variation will be subject to the First Party’s approval, and the Second Party’s acknowledges and agrees to bear actual expenses and fees that may result from such request.

7: Amendment to Investment

The Second Party may send prior written instructions to amend or vary the Investment Amount , and/or the Investment Period provided that such instructions shall be received by the First Party at least four (4) working days prior to the expiry of the Investment Period and are approved by the First Party who shall fix the expected profit rate in accordance with the schedule of profits declared on the day of amending the investment.

8: Commissions and Expenses

The Second Party authorizes the First Party to debit from its account(s) any amount in relation to the performance of this Wakala.

9: Duration of Wakala

Without prejudice to the provisions of Articles 4, 6 and 7 herein and unless earlier terminated pursuant to Article 14 herein, this Wakala shall be valid for an indefinite period.

10: Liability

The First Party shall not be liable for any loss, damage, costs or expenses, suffered or incurred by the Second Party as a result of anything done or omitted to be done (as the case may be) by the First Party in the course of performing its obligations under this Wakala and the transactions hereunder, unless such loss, damage, costs or expense arose directly as a result of willful default or gross negligence on the part of the First Party.

11: Indemnity

In case a dispute arises between the First Party and other parties with whom it is dealing within the International Murabaha transactions the subject of this Wakala, subject to the Second Party’s prior written consent, the First Party may use the measures it deems appropriate to safeguard the Second Party’s interests.

The Second Party agrees to indemnify the First Party and hold it harmless against any loss suffered or damages sustained, as a result of such acts and measures unless it is caused by or incurred as a result of any breach by the First Party of its obligations under this Agreement, or caused by First Party’s negligence or any illegal action or omission.

12: Information

The First Party shall provide the Second Party with the available information or details reasonably requested by it in relation to the investment.

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13: Records

The First Party shall only be obliged to retain records, copies or other information relating to any transaction carried out pursuant to this Wakala for a period of 5 years after the termination of this Wakala.

14: Termination

This Wakala can be terminated by either Party serving not less than 30 working days prior notice in writing.

This Wakala will automatically be terminated if the First Party received a notice of:

- The death of the Second Party (in case of individuals).
- The dissolution or bankruptcy of the Second Party (in case of companies and corporations).

Termination of this Wakala will not result in the termination of the ongoing international Murabaha transactions.

15: Reliance on communication

The First Party is authorized to act (without further enquiry) upon any instruction or communication received before 12 noon by fax or telephone which it reasonably believes in good faith to be an instruction or communication given or made by the Second Party or any person authorized by it to give instructions or make other communications.

The Second Party shall indemnify the First Party and its officers, directors, employees, representatives and agents from and against any cost, claim, loss expense (including legal fees) or liability together with any value added tax thereon which any of them may reasonably incur or sustain by reason of having acted upon any such instruction or communication.

16: Entire agreement:

This Wakala constitutes the entire agreement and understanding of the Parties with respect to its subject matter. Each Party acknowledges that in entering into this Wakala it has not relied on any oral or written representation, warranty or other assurance (except as provided for or referred to in this Wakala) and waives all rights and remedies which might otherwise be available to it in respect thereof, except that nothing in this Wakala will limit or exclude any liability of a party for fraud.

17: Complaints

The Second Party may, if not satisfied with the services provided by the First Party in relation to this wakala or has any concerns, communicate with the First Party who shall provide an easy and simple mechanism to raise the Second Party's complaints, suggestions and concern to the First Party.

18: Governing Law and Jurisdiction

This Wakala shall be governed by the law of Bahrain in respect of what is not in conflict with the Rules of Islamic Sharia and the Articles of Association of the First Party. The Courts of Bahrain shall have jurisdiction to decide on all dispute that may arise in relation to this Wakala.

19: Prohibition of Riba

The parties recognize and agree that the principle of the payment of interest/usury is repugnant to Islamic Shari'a. Accordingly if (Bahrain law) imposes (whether by contract or by statute) an obligation to pay interest/usury or a sum in the nature of interest/usury, the parties hereby irrevocably and unconditionally expressly waive and reject any entitlement to recover from the other party interest/usury or sum in the nature of interest/usury.

20: Amendments

Any amendment to any of the terms or conditions of this Wakala shall be in writing and signed by the Parties;

THIS Wakala has been executed in two original copies and each Party holding one copy in order to act accordingly.

First Party

Name: _____

Signature: _____

Second Party

Name: _____

Signature: _____

CPR/CR No: _____