Loan Based Crowdfunding Regulation
<table>
<thead>
<tr>
<th>Article</th>
<th>Page Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Article (1): DEFINITIONS</td>
<td>7</td>
</tr>
<tr>
<td>Article (2): CATEGORIES</td>
<td>9</td>
</tr>
<tr>
<td>Article (3): LICENSING REQUIREMENTS</td>
<td>10</td>
</tr>
<tr>
<td>Article (4): PRUDENTIAL REQUIREMENTS</td>
<td>13</td>
</tr>
<tr>
<td>Article (5): GOVERNANCE</td>
<td>14</td>
</tr>
<tr>
<td>Article (6): RISK GOVERNANCE FRAMEWORK</td>
<td>15</td>
</tr>
<tr>
<td>Article (7): INTERNAL CONTROLS</td>
<td>16</td>
</tr>
<tr>
<td>Article (8): CONDUCT OF BUSINESS</td>
<td>17</td>
</tr>
<tr>
<td>Article (9): REPORTING AND RECORD KEEPING</td>
<td>22</td>
</tr>
<tr>
<td>Article (10): INTERPRETATION</td>
<td>24</td>
</tr>
<tr>
<td>Article (11): PUBLICATION AND APPLICATION</td>
<td>24</td>
</tr>
<tr>
<td>Appendix (1): DETAILED LICENSING REQUIREMENTS</td>
<td>25</td>
</tr>
<tr>
<td>Appendix (2): ADDITIONAL TERMS FOR CROWDFUNDING PLATFORMS</td>
<td>27</td>
</tr>
<tr>
<td>Appendix (3): REQUIRED CFP DISCLOSURES</td>
<td>28</td>
</tr>
</tbody>
</table>
CROWDFUNDING REGULATION

Circular No.: Draft
Date: XX
To: Entities proposing to carry on a Loan based Crowdfunding Platform
Subject: Loan-based Crowdfunding

INTRODUCTION

The Central Bank shall regulate and license loan-based Crowdfunding Platforms ("CFPs") in the United Arab Emirates ("UAE"). By issuing this Regulation, the Central Bank aims to set out the minimum standards required of loan-based CFPs. Loan-based CFPs are encouraged to strive to meet higher standards than the minimum requirements set out in this Regulation.

OBJECTIVE

The objective of introducing this Regulation is to put in place a framework for licensing, regulating and monitoring loan-based CFPs and to set out the standards that the Central Bank expects them to meet. The purpose of both the framework and the requirements is to:

i. Safeguard the financial system from the risks posed by CFPs; and
ii. Safeguard the interests of consumers in the UAE.

APPLICATION

This Regulation is issued pursuant to the powers vested in the Central Bank by the Decretal Federal Law No (14) of 2018 regarding the Central Bank and Organization of Financial Institutions and Activities.

SCOPE
This Regulation shall apply to Person(s) wherever domiciled, engaging in loan-based CFP operations in the UAE except in the Financial Free Zones.

A CFP is considered to be engaging in loan-based Crowdfunding activities in the UAE if:

i. It is domiciled or hosted in the UAE; or
ii. It uses an address situated in the UAE for correspondence; or
iii. It solicits clients residing in the UAE to participate in loan-based Crowdfunding.

ARTICLE 1: DEFINITIONS

1. **Borrower**: A UAE registered company (including sole proprietors) seeking a loan from one or more persons.

2. **Central Bank**: Shall mean the Central Bank of the UAE established under the Union Law (10) of 1980, concerning the Central Bank, the monetary system and the organization of banking.

3. **Client**: Either a Borrower or a Lender on the CFP.

4. **Client money**: Money belonging to either the Borrower or the Lender of a CFP that is controlled by the CFP relating to Loan-based Crowdfunding activity.

5. **Conduit/Bidding Platform**: A type of Crowdfunding model whereby lenders pick lending opportunities/projects and pricing of the loan is done via a bidding method. The platform itself administers the loan only and does not price the facility nor place lenders funds at its own discretion.

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6. **Commitment period:** The period specified by the CFP during which Lenders may commit to lending money to a particular Borrower;

7. **Controlling interest:** The holding, directly or indirectly, of voting rights in another entity, or of the power to direct or cause the direction of the management of another entity

8. **“Cooling-off” period:** The period of at least two full business days starting at the end of the commitment period.

9. **Crowdfunding platform (‘CFP’):** A web-based platform, social networking site or similar means used for the purpose of Crowdfunding.

10. **Crowdfunding:** Crowdfunding is solicitation of funds from persons through a platform for a specific purpose.

11. **Funding goal:** The amount that a borrower aims to raise on the CFP within a set time limit.

12. **Lender:** A person for whom a CFP conducts / provides or intends to conduct / provide Regulated Activities under this Regulation. There are two types of clients who may participate in a CFP:

   a. **Professional Lender:** A Client that can evidence net assets of over AED 2,000,000, outside of their primary residence;

   b. **Market Counterparty:** A Professional Lender that fulfills the requirements of being a professional lender and self-attests to being treated as a Market Counterparty. Such self-attestation appropriately reviewed and verified by the CFP

13. **Loan:** any funds provided to borrowers under a Loan-based Crowdfunding agreement through a CFP.

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1 The CFP may choose to provide a longer period.
14. Loan-based CFP (or CFP):
   a. A platform intermediating between lenders and borrowers engaging in Loan-based Crowdfunding which operates using only the conduit/bidding business model whereby lenders pick investment opportunities and the pricing of the loan is decided via a bidding method; and

   b. Duly incorporated under the Federal Law No. 2 of 2015 concerning Commercial Companies at the time, with the business objectives including E-Finance or similar activities.

15. On-Boarding: the process of evaluating new clients, ensuring understanding and agreement of legal terms and opening of a new account.

16. Person: natural or legal person.

17. Personal loan: a loan that is given to individual borrowers, where repayments are made from a verifiable regular income from a well-defined source, as defined under the Central Bank Regulations No. (29/2011) – Regulations Regarding Bank Loans & Other Services Offered to Individual Customers (as amended), or subsequent regulations in this regard.

18. Regulated activities: Any activity that requires licensing by the Central Bank in order to be conducted legally in the UAE

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13. منصَة التمويل الجماعي القائم على القروض:
   a. منصة تقوم بدور الوسيط بين مقرضين ومقدمو المشاريع في عملية تمويل جماعي قائم على القروض، وتعد باستخدام نموذج أعمال منصة توصيل/زائدة، الذي يقوم بموجه المقرضون بالتقاط فرض استثمارية، ويتم في تسهيل الفرض عن طريق منهجية المزايدة، و;

   b. تم تأسيسها حسب الأصول بموجب القانون الاتحادي رقم (2) لسنة 2015 في شأن الشركات التجارية (وتعديلاته) بحيث تشمل أهداف العمل التجاري التمويل الإلكتروني أو نشاط مماثلة.

14. ترتبته الانضمام (On-boarding): عملية تقييم العملاء الجدد، والتأكد من فهمهم وموافقةهم على الشروط القانونية، وفتح حساب جديد.

15. شخص: أي شخص طبيعي أو اعتباري.

16. السداد من خلال دخول مكتوم ممكن أثرئه من مصدر محدد ومعلوم، وفقاً لما هو معروف في نظام المصرف المركزي رقم 29/2011 الصادر في شأن القروض المصرفية والخدمات الأخرى المقدمة للعملاء الأفراد (وتعديلاته)، أو أي أنظمة لاحقة أخرى في هذا الشأن.

17. الأنشطة الخاصة للتنظيم: أي نشاط يتطلب ترخيصاً من المصرف المركزي في دولة الإمارات العربية المتحدة.

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**ARTICLE 2: CATEGORIES**

المادة (2): الفئات

1. يتم تصنيف منصات التمويل الجماعي وفقاً لحجم الإفرازات الذي تقدمه:
   a. الفئة 1 (كبيرة): تبلغ فيها قيمة القروض التراكبية التي يتم تسهيلها خلال السنة 5,000,000 أو أكثر.
   b. الفئة 2 (صغيرة): تكون فيها القروض التراكبية التي يتم تسهيلها خلال السنة أقل عن 5,000,000.

1. CFPs are categorised according to their lending volume:
   a. Category 1 (Large): Cumulative loans facilitated in a calendar year AED 5,000,000 and above; or
   b. Category 2 (Small): Cumulative loans facilitated in a calendar year below AED 5,000,000.
2. For the purpose of the above, the references to lending volume shall mean either:
   a. Cumulative loans in the preceding year(s); or
   b. In the case new applicants, the projected / forecasted volume for the current year(s).

3. A new applicant wishing to undertake loan-based CFP activities must apply to the Central Bank for a CFP license. Such a license will be issued either as a Category 1 or Category 2 as per the definitions in Article 2(1).

4. A CFP that is licensed to operate as a Category 2 CFP and wishes to upgrade its license to Category 1 status, must evidence that it meets all regulatory requirements for a Category 1 license before any application to upgrade can be considered.

5. Once a CFP is deemed to be Category 1 it cannot be deemed a Category 2 CFP again without written approval from the Central Bank.

**ARTICLE 3: LICENSING REQUIREMENTS**

**Application for licence**

1. A CFP shall apply to the Central Bank for a licence in the form prescribed by the Central Bank’s licensing manual.

2. The application and all supporting documents shall be in either Arabic or English. Documents in any other language shall be accompanied by a certified English or Arabic translation. Any financial figures should be presented in either UAE Dirham (AED).

**Category**

3. The CFP shall stipulate which Category of CFP license it is applying for and provide

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**Category**

3. The CFP shall stipulate which Category of CFP license it is applying for and provide
reasoning for such a decision, which includes how that Category fits into its wider strategy.

4. The CFP will provide details of any plans it may have to move to a different Category license over time.

Core information

5. The core information required as part of an initial application for a CFP license is set out in further detail in Appendix 1 and in the Central Bank’s Licensing manual which will be provided to the applicant on request.

6. A CFP that is regulated in another jurisdiction and is applying for a license to set-up a subsidiary in the UAE shall obtain a No-Objection Letter (NOL) from its home-jurisdiction regulator that is addressed to the Central Bank by its home regulator.

7. The Central Bank as a condition of the license may require the CFP to appoint a skilled person(s) to carry out a 3rd party assessment of any aspect of the CFP’s proposed business model/systems. The findings and reports of the 3rd party assessment will form part of the core licensing information required to be submitted by an applicant to the Central Bank.

8. The Central Bank shall communicate its decision considering the merits of the application and:
   a. Grant the licence with or without conditions and limitations; or
   b. Reject the application, stating the reasons for rejecting the application.

9. Drafts may be accepted for certain documents required for the application but their content may not be changed substantially once pre-approval is provided.

Validity of licence

Validity of the licence

These requirements cover the eligibility and assessment.

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Validity of licence

صلاحية الترخيص

هذه المبادئ توضيحًا ل ));بأ ذثїة یدیه هذیه الفنة
مع استراتیجیتیها الشاملة.

4. تقدم منصة التمويل الجامعیة تفاصیل حول أي خطة
قد تكون لذیها للانتقال إلی فئة ترخصیة متماثلة مع
مرور الوقت.

المعلومات الأساسية

5. يتضمن المقیم (1)، ودليل المصرف المركزي
الإیرادی الخاص بإجراءات الترخصیة الذي سیعیطی
لمقدم عند طلب عند طلب، مثبط من التفاصیل حول
المعلومات الأساسية المطلوبة. كجزء من عملية تقديم
طلب الابتدائی للحصول على ترخصیة تمویل
جامعی.

6. يجب على منصات التمویل الجامعیة المرخصة في
بلدان أخرى، والتي تقدم طلب تأسیس شرکة تابعة
في دولة الامارات العربية المتحدة، أن تحصل على
رسالة عدم ممانعة موجهة إلى المصرف المركزي من
سلطة الترخيص في بلدائها الأصلي.

7. يجوز للمصرف المركزي، كشرط للترخيص، أن يلزم
منصة التمویل الجامعیة بتعيين شخصی (شخصی)
تتوفر لديهم المهارات اللازمة لإجراء تقيیم طرف ثالث
لأي جانب من جوانب نموذج الأعمال/النظام المقتضبة
من منصة التمویل الجامعیة. وستشكل تحلیل وتفاوت
تقييم الطرف الثالث جزءًا من معلومات الترخصیة
الأساسیة المطلوبة تقديمها بواسطة الشخص المقدم
بطلب للمصرف المركزي.

8. يقوم المصرف المركزي بإبلاغ قراره، أولاً في
اعتبارات حیيات الطلب المقدم:
أ. يمنح الترخيص بشروط وقيود، أو بدون
شروط وقيود.
ب. يرفض الطلب، موضحاً أسباب رفضه
لطلب.

9. يجوز قبول مسؤولیات وثائقیة متعلقة بطلب الترخصیة، ولكن لا يجوز إجراء أي ت복یلات
جوهریة على محتوى هذه الوثائق عند الحصول على
الموافقة المسبقة عليها.
10. The licence shall be valid for a period of twelve (12) months and shall renew automatically subject to the payment of required Central Bank fees.

11. A CFP shall pay the relevant application fee at the time of submitting their application to the Central Bank. A CFP shall also annually pay a license fee to the Central Bank when they renew their licence.

Cancellation and modification of licence

12. The Central Bank may cancel or modify a licence if the CFP:

a. Has not commenced to operate the business within one (1) year of the date Central Bank granting the CFP licence;

b. Ceases to operate for a period exceeding six (6) months;

c. Failed to fulfil its obligations under this regulation; or

d. Posed undue risk to consumers or the financial system.

13. The Central Bank will give a notice, including its reasons, to a CFP within twenty (20) days of implementing the action.

14. Where a CFP voluntarily submits a request to surrender its licence, the Central Bank will evaluate and consider such a request, including the adequacy of arrangements made by the CFP for an orderly wind down and/or otherwise impose such conditions as it deems fit to ensure that continuing obligations are satisfactorily addressed.

Ongoing obligation

15. A CFP shall ensure criteria set out in this Part are met on an ongoing basis and comply with any conditions or limitations set forth on an ongoing basis.

16. The Central Bank may undertake site inspections or instruct CFPs to conduct independent assessments at periodic intervals confirming that the criteria and conditions

اللغة والعدل الترخيص:

12. يجوز للمصرف المركزي إلغاء أو تعديل الترخيص أو تعديل في حال قيام منحة التمويل الجماعي باي ما يلي:

أ. لم تبدأ بممارسة نشاطها خلال سنة واحدة (1) من تاريخ منح الترخيص المركزي.

ب. توقفت عن العمل لمدة تتجاوز سنة (6) أشهر.

ج. أخطت في الوفاء بالالتزاماتها المنسوح عليها في هذا النظام.

د. تسببت في مخاطر غير مبررة على المستهلكين أو على النظام المالي.

13. يجوز للمصرف المركزي أن يوجه إخطاراً يتضمن الأسباب، إلى منحة التمويل الجماعي قبل عشرين (20) يوماً من تنفيذ الإجراء.

14. في حال قيام منحة التمويل الجماعي بتقديم طلب للتخلي بشكل طبيعي عن رخصتها، يقوم المصرف المركزي بتقديم هذا الطلبات والنظر فيه، ويحمل ذلك مدى ملاءمة الترتيبات التي قامت بها منحة التمويل الجماعي للتوافق عن ممارسة الأنشطة بشكل مرتب ومنهجي وأو يقرر فرض الشروط التي يراها ملاءمة لضمان الوفاء بالالتزامات المستمرة بشكل مرض.

الالتزامات المستمرة

15. تحرص منحة التمويل الجماعي على الوفاء بالمعايير المتصور عليها في هذا القسم بشكل مستمر، مع الامتثال، على أساس مستمر، لجميع الشروط والقيود المحددة.

للمصرف المركزي أن يقوم بجوالات تقييمية ميدانية أو يوجه ملاحظات التمويل الجماعي للقيام بعمليات تقييم مستقلة بشكل دوري للتحقق من وفاتها.
under this Part are being satisfied on an ongoing basis.

**Bank Guarantee**

17. Should the application be approved, a CFP must undertake to provide a bank guarantee drawn in favour of the Central Bank and issued by a locally incorporated UAE bank of value equal to the required paid-up capital as per Article 4.

**Further information**

18. The Central Bank may seek any additional information from a CFP as it deems necessary throughout the application process.

**ARTICLE 4: PRUDENTIAL REQUIREMENTS**

**Capital requirement**

1. The minimum capital for a CFP shall be:
   a. Category 1 CFP: AED 1,000,000; or
   b. Category 2 CFP: AED 300,000.

2. The CFP must hold the higher of:
   a. The capital as stated under Article 4.1; or
   b. Capital equivalent to 5% of the outstanding lending volume.

**ARTICLE 5: GOVERNANCE**

**Capital requirement**

1. The minimum capital for a CFP shall be:
   a. Category 1 CFP: AED 1,000,000; or
   b. Category 2 CFP: AED 300,000.

2. The CFP must hold the higher of:
   a. The capital as stated under Article 4.1; or
   b. Capital equivalent to 5% of the outstanding lending volume.
1. A CFP shall have adequate staff who possess the requisite qualifications, competencies and skills to individually and collectively provide the range of skills and experience to manage its affairs in a sound and prudent manner.

2. A CFP shall ensure that the following relevant functions/persons are 'fit and proper':
   a. Members of the Board of Directors;
   b. Chief Executive Officer or General Manager;
   c. Chief Financial Officer or equivalent;
   d. Chief Risk Officer or equivalent;
   e. Head of Compliance or equivalent;
   f. Money Laundering Reporting Officer; and
g. Sharia advisor, as appropriate when offering Islamic products.

3. To be considered ‘fit and proper’, the relevant person shall demonstrate personal integrity, honesty and good reputation, shall be competent to undertake the role assigned and shall be financially sound. The relevant person must not have:
   a. Served as an auditor of a CFP while concurrently serving in the board of directors of the same CFP;
   b. Been terminated from any senior executive position in a company engaged in financial activities on the basis of disciplinary matters or on the basis of a disciplinary action based on a court judgement;
   c. Been found guilty of any crime that violates honour or ethics, or that involves violence;
   d. Failed to honour financial liabilities to any bank or creditor;
   e. Declared bankruptcy or failed to reach a settlement agreement with creditors;
   f. Had properties confiscated; or
   g. Been placed under court receivership, unless he had been rehabilitated or pardoned by the relevant authorities.

4. All licensed CFP’s must comply with applicable Emiratization requirements issued by the National Human Resources Development and Employment Authority.
The CFP must have an appropriate risk governance framework in place that identifies all material risks. This includes policies, processes, procedures, systems and controls to identify, measure, evaluate, monitor, report and control or mitigate material sources of risk on a timely basis.

A CFP’s definition and assessment of material risks must take into account its risk profile, nature, size and complexity of its business and structure.

The CFP must have in place mitigating action plans for key material risks and monitor these on an ongoing basis.

The risk governance framework shall address, amongst other key risks, the following areas:

a. Operational risk;
b. Conduct risk;
c. Fraud by employees;
d. Cybercrime and attacks;
e. Money laundering;
f. Managing defaults;
g. Miss-selling risk;
h. Terrorist financing.

The Board is ultimately accountable for the risk governance framework.

The CFP shall have appropriate governance arrangements in place that include a sufficient focus on risk management and ensure that the Chief Risk Officer, or equivalent, reports directly to the Chief Executive Officer or General Manager, with additional access to the Board.

The CFP must have a detailed Exit Plan to provide for the orderly wind down of the CFP business.
The Exit Plan must also assume that in the event of failure of the CFP, loans will continue to be administered and lender funds protected.

**ARTICLE 7: INTERNAL CONTROLS**

**Systems and controls**

1. A CFP shall ensure that it has instituted adequate internal controls, ensured proper segregation of duties within the organisational structure and that its operations are undertaken within the boundaries of clearly documented policies, authorities and procedures.

**Outsourcing**

1. A CFP shall seek approval from the Central Bank wherever it proposes to enter into a material outsourcing arrangement with other parties. The systems and controls established in relation to the CFP’s operation shall at the minimum meet the standards set by this regulation. All outsourcing arrangements shall meet the Central Bank requirements.

2. For the purpose of the above, an outsourcing contract is material if its failure would pose significant risk of disruption, or insolvency or detrimental impact on its ability to provide services to clients.

**External audit**

1. A CFP shall appoint external auditors.

2. A CFP shall seek approval from the Central Bank before appointing or re-appointing its external auditors.

3. A CFP shall ensure that the external auditor responsible for their audit does not undertake that function for more than six (6) successive years and that the Partner in charge of the audit is rotated every three (3) years.

**ARTICLE 8: CONDUCT OF BUSINESS**

1. A CFP shall ensure that it has instituted adequate internal controls, ensured proper segregation of duties within the organisational structure and that its operations are undertaken within the boundaries of clearly documented policies, authorities and procedures.

2. For the purpose of the above, an outsourcing contract is material if its failure would pose significant risk of disruption, or insolvency or detrimental impact on its ability to provide services to clients.

3. A CFP shall ensure that the external auditor responsible for their audit does not undertake that function for more than six (6) successive years and that the Partner in charge of the audit is rotated every three (3) years.
Lender selection and suitability

1. A CFP must take reasonable care in on-boarding Lenders, assessing the suitability of the Lender and ensuring the Lender has a clear understanding of the risks they are undertaking. This process shall be documented and relevant employees shall have appropriate training.

2. In addition to other checks (e.g. for money laundering), a CFP shall verify and document the identity of a Lender and confirm their address. Such measures include (but are not limited to) the following:
   a. Call the client on their home or business contact numbers;
   b. Contact an employer to confirm employment, after gaining the client’s consent;
   c. Review bank statements for details of salary and other income; or
   d. Requesting documents confirming their identity.

3. A CFP shall obtain sufficient information from lenders about their financial circumstances and objectives through self-declared assessment questionnaire forms, or by any other equivalent means.

4. Based on the information provided and independently reviewed by the CFP, the CFP shall classify all lenders as a Professional or Market Counterparty. The classification shall be shared with the Lender.

Lending structure

5. A CFP shall structure its activities in a clear, transparent format using plain language that shall be stipulated within an enforceable (lending) contract, taking into account Appendix 2 of this Regulation.

6. A CFP must ensure that, when a loan is made using its platform, there is a written loan agreement in place between the Borrower and Lender that is legally enforceable and sets out

اختيار وملاءمة الفصل

1. يجب على منصة التمويل الجماعي اتخاذ الفصل المناسب من القيود أثناء الإعداد لعملية تلميع المقرضين، وتقييم مدى ملاءمة المقرضين والتأكد من أن لدى المقرض فهم واضح للمخاطر التي يتعامل معها. يجب أن يتم توثيق هذه العملية وأن يكون الموظفون المعنيون بها مدربين بشكل مناسب لهذا الفصل.

2. بالإضافة للإجراءات الأخرى (مثال: عمل الأموال) يجب على منصة التمويل الجماعي التنبؤ وتثبيت هوية المقرض والتأكد من عنوانه. وتشمل التدابير المتبعة (على سبيل المثال لا الحصر) ما يلي:
   أ. الاتصال بالعمل على أرقام الاتصال الخاصة بعنوان المنزل أو بالكتاب.
   ب. الاتصال بجهة العمل للتأكد من أنه يعمل لديهم بالفعل، بعد الحصول على موافقة العمل.
   ج. مراجعة كشف الحسابات البنكية لتعرف على تفاصيل الراتب ومصادر الدخل الأخرى.
   د. طلب وثائق لإثبات الهوية.
   ح. تحلل مصادر التمويل الجماعي على معلومات كافية حول توجهاته المالية وأهدافه، وكذلك من خلال نماذج استبيان التقييم الذاتي، أو أي وسائل أخرى مماثلة.

3. بناء على المعلومات المقدمة والمراجعة بصورة مستقلة بواسطة منصة التمويل الجماعي، تقوم منصة التمويل الجماعي بنصيحة جميع المقرضين ضمن فئة "المقرض مهني" أو "طرف مقابل في السوق" ويتم إبلاغ المقرض بالاختيار الخاص به.

4. يتم منصة التمويل الجماعي بيكيلكة أنشطتها بشكل واضح وشفاف، مستخدمة لغة واضحة يتم النص عليها في "القرض"قابل للتنفيذ، بما في الاعتبار محتوى الملحق 2 لهذا النظام.

5. يجب على منصة التمويل الجماعي التأكد، عند تقديم قرض من خلال مصادرها، من وجود اتفاقية قرض خطية ونافذة قانونا بين المقرض والمقرض، وتتضمن كافة التفاصيل المتعلقة بالقرض،

Page | 13 | صفحة
sufficient details of the loan, the terms of repayment and the rights and obligations of the Borrower and Lender.

**Borrower Risk scoring and due diligence**

7. A CFP shall be responsible to:
   a. Ensure there is a sufficient and transparent risk scoring system in place. The basis and methodology of risk scoring and due diligence shall be made publically available;
   b. Obtain self-declared risk assessment questionnaire forms from their Borrowers;
   c. Take reasonable steps to confirm the information provided in the risk assessment questionnaire;
   d. Take adequate measures to prevent Borrowers from seeking loans for personal use;
   e. Requiring a range of information, including Al-Etihad Credit Bureau checks, to enable the risk scoring, including cash flow forecasts;
   f. Carry out a risk assessment on prospective Borrowers based on the information required;
   g. Taking reasonable care to undertake thorough anti-money laundering (AML) checks and establishing the ultimate beneficial owner of the Borrower;
   h. Ensure what is treated as a default is in accordance with the Central Bank definition and methodology. Default rates on projects/borrowers listed on the platform must be made publically available.

8. A CFP shall conduct reasonable due diligence and risk assessment on a Borrower and communicate the result of the due diligence to the Lenders within the risk scoring process.

9. A CFP shall review the financial situation of Borrowers at least annually and in the event of any material change, communicate its assessment to clients.

**درجة مخاطر المقرض والعناية الواجبة**

7. تتحمل منصة التمويل الجماعي مسؤولية:
   أ. التأكد من وجود نظام ملايين وشفاف لمنح درجات المخاطر. وتم جعل أسس ومنهجية العمل المتبعة في منح درجات المخاطر والعناية الواجبة، متاحة للجمهور.
   ب. الحصول على نماذج التقييم الذاتي للمخاطر من المقرضين التابعين لها.
   ج. اتخاذ خطوات معقولة لتأكيد المعلومات المقدمة في استبيانات تقييم المخاطر.
   د. اتخاذ التدابير الكافية لمنع المقرضين من طلب القروض لاستخدامات شخصية.
   ه. طلب مجموعة من المعلومات، بما في ذلك فحوصات شركة الإتحاد للمعلومات الإقتصادية، للتأكد من منح درجات المخاطر، بما في ذلك تنبؤات التدفق النقدي.
   و. إجراء تقييم مخاطر للمقرضين المحتملين بناءً على المعلومات المطلوبة.
   ز. إبداء قد معقول من الاهتمام لإجراء فحص دقيق لمواجهة غسل الأموال، وتحديد المستفيد النهائي للمقرض.
   ح. التحقق من أن الحالات التي تم معاملتها باعتبارها حالات تخلف عن السداد تتطابق مع تعريف ومنهجية المصرف المركزي في هذا الشأن. ويجب جعل معلومات التخلف عن السداد في المشاريع/المقرضين المدرجين في قائمة المنصة متاحة للجمهور.
   خ. تطبيق سياسات لإدارة النزاعات وحالات تضارب المصالح.
8. تقوم منصة التمويل الجماعي بإجراءات عناية واجبة معقولة وتقييم مخاطر المقرضين، وتقوم بإبلاغ المقرضين بنتائج إجراءات العناية الواجبة ضمن عملية منح درجات المخاطر.
9. تقوم منصة التمويل الجماعي بمراعاة الوضع المالي للمقرضين مرة واحدة سنوياً كحد أدنى، وتقوم، في حال وجود أي تغيير ملموس، بإبلاغ العملاء بنتائج التقييم.
10. In the event that a CFP identifies any issues with the Borrower that increase the risk score of that Borrower, the CFP shall communicate its findings with the relevant Lenders and develop an action plan for how outstanding balances on any loans related to that borrower will be managed.

11. A CFP shall require Borrowers to declare its current and intended borrowing from other CFPs and other sources in a calendar year. A CFP should take reasonable steps to monitor whether Borrowers are accessing loans through any other sources, including regularly checking with Al Etihad Credit Bureau.

Ceilings on lending

12. A CFP shall impose a limit on lending per person (per project per calendar year) to:

   a. Professional client: AED 100,000; and  
   b. Market counterparty: No lending limits.

13. A CFP shall impose a limit on total lending per person (per calendar year) to:

   a. Professional client: AED 1,000,000; and  
   b. Market counterparty: No lending limits.

Ceilings on borrowing

14. The borrowing limit for Borrowers in any calendar year is 10,000,000 AED.

Loan release

15. CFPs shall prevent borrowers from gaining access to:

   a. Any amounts raised unless the borrowers raised 100% of its funding goal.  
   b. Any amount exceeding the funding goal.

Client confidentiality

16. A CFP shall maintain the strictest standards of client confidentiality including implementing the
necessary systems and controls to ensure such standards are met.

Client money

17. A CFP shall not accept, take, or receive the transfer of full ownership of money from clients.

18. A CFP will ensure adequate protection of Client Money.

19. Where a CFP makes arrangements on behalf of a client to receive and disburse funds, such monies shall be maintained in segregated/escrow accounts in the name of the client as per the agreed arrangements.

20. The segregated/escrow accounts holding Client Money must be externally audited:
   a. on a monthly basis for Category 1 CFPs; and
   b. on a quarterly basis for Category 2 CFPs.

21. Client funds shall only be held with local retail banks who are licensed and regulated by the Central Bank.

Information disclosures

22. All CFPs shall disclose the terms and conditions of their business to their Clients and any subsequent updates to these terms and conditions.

23. All CFPs shall provide necessary (written) warnings of material risks to clients.

24. A CFP shall collaborate and coordinate with Al Etihad Credit Bureau and share information concerning both its Lender(s) and Borrower(s).

25. Further to the above all CFPs shall also make Clients aware of the relevant information as set out in Appendix 3.

Disclosures to Lender

26. For the purposes of the above, a CFP shall disclose comprehensive information about the Borrowers linked to a specific project directly to Lenders. The information expected shall include (at a minimum) the following:
   a. Information on the business model or operation of the Borrower, both historical and projected;

الإفصاح عن المعلومات

22. تفصيح كافة منصات التمويل الجماعي لعملائها عن الشروط والأحكام الخاصة بأعمالها، بالإضافة إلى أي تحديثات لاحقة تم على هذه الشروط والأحكام.

23. توفر جميع منصات التمويل الجماعي لعملائها التحذيرات اللازمة (خطياً) حول المخاطر المحددة.

24. يجب على جميع منصات التمويل الجماعي التعاون والتنسيق مع شركة الائتمان للمعلومات الاستشارية وتبادل المعلومات المتعلقة بكل من المقرضين والمقترضين.

25. بالإضافة إلى أعلاه، يجب على جميع منصات التمويل الجماعي إطلاع العملاء على المعلومات ذات الصلة كما هو مبين في الملحق (3).

الإفصاح للمقرضين

26. لأغراض ما ورد أعلاه، تفصيح منصة التمويل الجماعي للمقرضين، بشكل مباشر، عن معلومات شاملة بشأن المقرضين المرتبطين مشروع محدد. وتشمل المعلومات المتوقع الإفصاح عنها – كحد أدنى – ما يلي:
b. Critical success factors and important dependencies;
c. Information on financial condition of the Borrower;
d. Risks relevant to the borrower based on due diligence undertaken by the CFP including expected default rates;

e. Other borrowing and repayment terms;
f. CFP’s fees and charges on the specific project;
g. Terms of repayment and controls and precautionary measures taken; and
h. Right of cancellation of contracts and lawful jurisdiction applicable for any disputes.

Conflicts of interest

27. A CFP and the key personnel shall take steps to identify/disclose and prevent or manage conflicts of interest. Examples of conflicts of interest include (but not limited to) the following:

a. A CFP lists a Borrower who is a related party to a CFP (or its significant shareholders / directors / employees);

b. A CFP has an interest in the outcome of a service provided to the Client, which is distinct from the Client’s interest in that outcome;

c. A CFP has a financial or other incentive to favour the interest of another Client or group of Clients over the interests of the Client;

d. A CFP receives or will receive from a person other than the Client an inducement in relation to a service provided to the Client, in the form of money, goods or services; or

e. A CFP (or its significant shareholders / directors / employees) has financial interest in a Borrower.

28. A CFP shall not allow any of its shareholders, directors or employees to borrow on the platform.
29. A CFP shall not provide advice to Clients relating to any of its offerings.

Dispute management
30. A CFP shall:
   a. Establish dispute handling and grievance redress mechanisms to deal with complaints from clients or other parties and include in client agreements the details of these mechanisms.
   b. Develop an adequate collections policy and procedures, setting out actions to be taken against borrowers who fail to make timely payments.
   c. Maintain records demonstrating to the Central Bank that it has controls mechanisms in place to address complaints and grievances.

Contingency Portfolio Administration Arrangements
31. In the event that a CFP fails or is wound up (either voluntarily or involuntarily), the CFP must have in place documented arrangements to ensure that the loan portfolio continues to be administered.
32. The Board bears ultimate responsibility for ensuring that contingency portfolio administration arrangements are in place.
33. The Central Bank will periodically review the contingency portfolio administration arrangements and may take supervisory or enforcement actions if such plans are found to be inadequate.

ARTICLE 9: REPORTING AND RECORD KEEPING

Reporting to the Central Bank
1. A CFP shall submit reports to the Central Bank in the prescribed form within thirty (30) days of the period specified below:
2. The CFP shall report the following (at a minimum) to the Central Bank:

a. Financial position;
b. Client money held;
c. Description of complaints received and resolution status of these complaints;
d. Details of loans arranged each quarter; and
e. Defaults and near-defaults.

Record keeping

3. A CFP shall maintain adequate books and records at all times.

4. All records and materials must be made available for inspection by the Central Bank from time to time.

5. Records of Client Money and completed transactions shall be kept for a minimum period of five (5) years.

6. The records maintained shall include:

a. Historical records of information displayed online (websites / social media / any other media) and any print copies, if applicable, displaying the CFP’s promotional communication, advertisements or online banners and tag lines;
b. Internal policies, procedures and operating documents;
c. Corporate and financial records and general ledger and sub-ledgers;
d. Reports and statements issued to Clients and regulators;

Paragraphs 19-23

a. Category 1 CFPs: Quarterly (as of the end of 31 March, 30 June, 30 September and 31 December);
b. Category 2 CFPs: Semi-annually (as of the end of 30 June and 31 December); and
c. A CFP shall file its annual audited financial statements with the Central Bank.

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6. The records maintained shall include:

a. Historical records of information displayed online (websites / social media / any other media) and any print copies, if applicable, displaying the CFP’s promotional communication, advertisements or online banners and tag lines;
b. Internal policies, procedures and operating documents;
c. Corporate and financial records and general ledger and sub-ledgers;
d. Reports and statements issued to Clients and regulators;
e. Any communications related to Clients, including confirmations related to risk understanding, classification documents and confirmation related to classification, amongst others;

f. All suitability assessments of Clients, including any clients (both Lenders and Borrowers) that were deemed not suitable by the CFP;

g. Management information, accounts and communications;

h. HR records; and

i. IT architecture and security related documents.

7. The Board is directly responsible to the Central Bank in relation to reporting breaches.

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**ARTICLE 10: INTERPRETATION**

المادة (10): التفسير

1. The Regulatory Development Division of the Central Bank shall be the reference for interpretation of the provisions of this regulation.

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**ARTICLE 11: PUBLICATION AND APPLICATION**

المادة (11): النشر والتطبيق

1. This regulation shall be published in the Official Gazette and become effective from XX ….. 2019.
1. When applying for a CFP license, the application must include the following information/documents. The Central Bank may request further information as part of the process.

   a. Completed application form
   b. Strategy overview
   c. Business plan, including:
      i. Background to the business and history
      ii. Corporate governance system and organization structure, including:
         a. System and organization structure
         b. Financial position (if applicable) and projected income and expenditure operation for the next three (3) years, including:
        i. Financial position (if applicable)
        ii. Income and expenditure forecast
   d. Committee structures and responsibilities;
   e. Conflict of interest policy; and
   f. Reporting lines
      i. Group structure, if applicable;
      ii. Financial position (if applicable) and projected income and expenditure operation for the next three (3) years, including:
   g. Opening balance sheet
   h. Monthly forecasts of profit and loss
   i. Cash flow forecast
   j. Targeted clients, products and services, including:
      i. Opportunities identified in the UAE and expected volume of clients
      ii. International opportunities and expected volume of customers
      iii. Client segments to be served
      iv. Fees structure payable by clients and borrowers
   k. Marketing approach and delivery channels;
   l. Information and cyber security arrangements;
m. Technology infrastructure, outsourcing arrangements, data warehousing arrangements, webhosting;

n. Constitutional documents (such as Board Resolution) or draft (if available);

o. Ownership details;
   i. Shareholder details;
   ii. Proof of identity for shareholders who are natural persons (a minimum of two separate documents); and
   iii. Details and proof of identity (as above) for the ultimate beneficial owner

p. The background and experience of senior management including;
   i. CVs of senior management;

q. An assessment of key risks and mitigates, including risks relating to;
   i. Client asset handling arrangements;
   ii. Inadequate systems and controls;
   iii. Economic factors; and
   iv. Competitors

r. Audited financial statements (for the past three years, if available);

s. Exit strategy and plan which includes, at a minimum;
   i. Identification of key risks and business disruptors
   ii. Effects of key risks on CFP including reverse stress test and contingency planning arrangements
   iii. Identification of key risks and business disruptors

t. Application fee (if applicable).

4 Senior management is understood to mean Chief Executive Officer (CEO), Chief Financial Officer (CFO), Chief Risk Officer (CRO), Head of Compliance and Head of Internal Audit (or their equivalents) at a minimum

4 يقصد بالإدارة العليا الرئيس التنفيذي، والمدير المالي، ومدير المخاطر، ومدير الامتثال، ومدير التنفيذ الداخلي (أو من يعادلهم) كحد أدنى.
Appendix 2: Additional Terms for Crowdfunding Platforms

2. The following terms must be included in a Client Agreement between a CFP and a Lender:
   a. the CFPs obligations to administer the loan, including:
      i. how payments made by the Borrower will be transferred to the Lender
      ii. steps that will be taken if payments by a Borrower are overdue or the Borrower is in default; and
      iii. Clear guidelines on what is considered to be a default.
   b. if the Lender is a Professional, the steps that will be taken by the CFP and Lender to ensure that the Lender complies with any applicable limits relating to the amounts of loans that may be made using the platform;
   c. the contingency arrangements that the CFP will put in place to deal with a platform failure or if the CFP ceases to carry on its business.

3. The following terms must be included in a Client Agreement between a CFP and a Borrower:
   a. a restriction on the Borrower using any other Crowdfunding service to raise funds during the commitment period;
   b. a restriction on the Borrower or any Person that is connected to the Borrower, lending or financing, or arranging lending or finance for a Lender using the service;
   c. a restriction on the Borrower advertising its proposal, or soliciting potential lenders or investors, outside the platform during the commitment period;
   d. a requirement on the Borrower to give reasonable advance notice to the operator of any material change affecting the Borrower, its business or the carrying out of its proposal;
   e. the obligations of the Borrower to disclose if there is any material change after funds have been provided; and
   f. An obligation on the Borrower to produce financial statements, including bank statements at least annually.

2. يجب إدراج الشروط التالية في اتفاقية العمل التي تبرم بين منصة التمويل الجماعي والمقرض:
   a. الأالتزامات منصة التمويل الجماعي بإدارة العميل، بما في ذلك:
      i. كيف سيتم تحويل الدفعتات التي يقوم بسدادها المقرض إلى المقرض;
      ii. الخطوات التي سيتم اتخاذها إذا تجاوزت دفعت الفائدة أجلها، أو إذا خلفت المقرض عن السداد;
      iii. مؤهلات إرشادية واضحة حول ما الذي يعتبر تخلفًا عن السداد.

3. يجب تضمين الشروط التالية في اتفاقية عمل يتم إبرامها بين منصة التمويل الجماعي والём:
   a. شرط تفتيدي يحظر على المقرض استخدام أي خدمة تمويل جماعي أخرى لجمع الأموال خلال فترة الالتزام.
   b. شرط تفتيدي يحظر على المقرض، أو أي شخص ذي صلة بالمقرض، القيام بمقترح أو م扮演游戏 عمل ترتيبات لإقرار أو تمويل مقرض يستخدم المنصة.
   c. شرط تفتيدي يحظر على المقرض الإعلان عن مقترحه، أو طلب التمويل من مقررين محتملين أو مستثمرين خارج منصة التمويل خلال فترة الالتزام.
   d. الالتزام بالمقترح بإعطاء مشغل المنصة إشعارا مسبقا قبل فترة معقولة بآية تغييرات جوهيرية يكونون من شأنها أن تؤثر على المقترح، أو على أعماله، أو تفسد مقترحه.
   e. الالتزام بالمقترح بالإصلاح كما إذا كان هناك أي تغيير جوهير قد حدث بعد أن تم توفير الأموال.
   f. الحسابات المصرفية، على أساس سنوي على الأقل.
Appendix 3: Required CFP Disclosures

1. A CFP must prominently disclose on its website key information about how its service operates, including:

a. Details of how the CFP functions;

b. Details of how and by whom the CFP is remunerated for the service it provides, including fees and charges it imposes;

c. Any financial interest of the CFP or significant shareholders, directors or employees of the CFP, that may create a conflict of interest;

d. The eligibility criteria for Borrowers that use the CFP;

e. The minimum and maximum amounts, of loans that may be sought by a Borrower;

f. What, if any, security is usually sought from Borrowers, when it might be exercised and any limitations on its use;

g. The eligibility criteria for Lenders that use the service;

h. Any limits on the amounts a Lender may lend using the CFP, including limits for individual loans and limits that apply over any twelve (12) month period;

i. When a Lender may withdraw a commitment to provide funding and the procedure for exercising such a right;

j. What will happen to funds raised if Loans sought by a Borrower either fail to meet, or exceed, the target level;

k. Steps the CFP will take if there is a material change in a Borrower’s circumstances and the rights of the Lender and Borrower in that situation;

l. How the CFP will deal with overdue payments or a default by a Borrower;

m. Which jurisdiction’s laws will govern the loan agreement between the lender and borrower;
n. Arrangements and safeguards for Client Money held or controlled by the CFP, including details of any legal arrangements that may be used to hold Client Money;

o. Any facility it provides to facilitate the transfer of Loans, the conditions for using the facility and any risks relating to the use of that facility;

p. Measures it has in place to ensure the CFP is not used for money-laundering or other unlawful activities;

q. Measures it has in place for the security of information technology systems and data protection; and

r. Contingency Portfolio Administration Arrangements the CFP has in place to ensure the orderly administration of Loans if the CFP ceases to carry on business.

2. Additional risks that the CFP must prominently disclose on its website include:

a. By participating in the CFP, Clients are exposing themselves to material risks pertaining to the business model of the CFP;

b. Listing the specific material risks for Borrowers and for Lenders separately and clearly;

c. Lenders are not placing deposits and are not protected by any insurance or guarantee scheme; and

d. Lenders may face material risks, including the loss of some or all of their money, should the Borrower fail or default on loan repayments.

3. A CFP shall post the disclosures (in this Part) on promotional material whether in electronic medium or otherwise.

4. A CFP shall also disclose additional information including (but not limited to) the following:
a. Lack of full visibility of use of funds and means to monitor Borrowers closely similar to methods adopted by conventional financing channels such as banking channels;

b. Risk of misleading or insufficient information disclosure by the borrower; and

c. Dispute resolution and redress mechanisms.

5. A CFP must

a. Attach key disclosure clauses in agreement which must be initialled by the borrower;

b. Issue statement of transactions (monthly);

c. Provide 30-day notice of any changes to fees, interests etc.