

# **Principles , Rules and Regulations For Foreign Financial Institutions' Presence in the State of Kuwait to Carry Out the Activity of Asset Management**

Preamble:

1. Based on the provisions of Article No.55 of Law No. 32 of the Year 1968 Concerning Currency, the Central Bank of Kuwait (CBK), and the Organization of Banking Business, and amendments thereof, and the Ministerial Resolution dated 8 January 1987 regarding Regulation of CBK's Supervision over Investment Companies, listed below are the terms and requirements that constitute a set of Principles , Rules and Regulations for Foreign Financial Institutions' Presence in the State of Kuwait to Carry Out the Activity of Asset Management .
2. Foreign financial companies concerned should coordinate with CBK before applying their applications to the Ministry of Commerce & Industry / Kuwait Foreign Investment Bureau in the State of Kuwait, to ensure their eligibility to satisfy the set of Principals, Rules and Regutations listed below, and the applicability of CBK policy concerning the institutions allowed to domicile in the State of Kuwait as mentioned later, along with discussion of the suggested legal structure and the objectives sought.
3. It should be noted that a financial company's application is not granted a permission when CBK directs the concerned institution to apply for incorporation to the Kuwait Foreign Investment Bureau / the Ministry of Commerce & Industry. Rather, CBK's permission would be based on scrutiny of the application when it is transferred from the mentioned government bodies.
4. CBK shall not be bound to expound the reasons for declining any application submitted in this regard, and it shall not be bound to persuade

other government bodies to approve the application they have rejected or not transferred to CBK for comments.

5. The Principles, Rules and Regulations mentioned below shall be the general framework for the minimum terms and requirements that need to be satisfied by the foreign company.

**Following is the set of terms and requirements that need to be satisfied by the foreign financial institution aspiring to get legally incorporated in the State of Kuwait to practice asset management activity .**

1. The foreign company shall be subject to supervision in home country, and shall provide a written approval from the supervisory authority in the seat country (where the foreign company's headquarters is located) to incorporate and practice asset management in the State of Kuwait, and shall specify its proposed legal structure and the intended business activities.
2. Parent company shall be a renowned international financial institution in the field of asset management.
3. The foreign company shall provide a feasibility study, a clear strategy, a work plan of the company (entity) proposed to be incorporated in the State of Kuwait, its business activities, targeted clients, types of managed assets, method of management, targeted markets, management mechanisms, and relevant requirements for carrying out this activity.
4. The paid-up capital of the company (entity) proposed to be incorporated in the State of Kuwait shall not be less than three million Kuwaiti Dinars.
5. All necessary permits and licenses from relevant government authorities in the State of Kuwait shall be obtained.
6. The company shall submit commitment letter issued by the headquarters of the foreign company to meet any liability that may arise in the future against the company (entity) proposed to be incorporated in Kuwait.
7. The company (entity) shall undertake to provide a professional staff specialized in asset management with academic qualifications and suitable

experience in the field of asset management, and to manage the business in accordance with professional standards.

8. The company (entity) proposed to be incorporated shall abide by the activities that are permitted to be carried out in the State of Kuwait, and it shall not practice the banking business.
9. The company (entity) shall be obliged to provide a copy of its Articles of Association and the Memorandum of Establishment, as well as information on its financial position and its business of asset management, along with the last three audited annual financial statements.
10. The foreign company shall undertake to notify CBK about any development that may adversely affect its financial position and reputation.
11. The company (entity) proposed to be incorporated in Kuwait shall be subject to Law No. 32 of the Year 1968 Concerning Currency, the CBK, and Organization of Banking Business, and amendments thereof, within the framework of controls to which investment companies operating in the State of Kuwait are subjected to by virtue of the relevant Ministerial Resolution, and to any other instructions issued by CBK pertaining to asset management companies. Also, the company (entity) shall be subject to the set of laws and regulation pertaining to its incorporation, including those relating to regulations of securities trading, establishment of investment funds, and other laws and regulations relevant to asset management, and to the relevant supervisory authorities entrusted with application of those laws.
12. The company (entity) shall be subject to laws and regulations that exist in the State of Kuwait pertaining to voluntary or compulsory liquidation. CBK may coordinate with other relevant government agencies to take measures provided for by existing laws and regulations in this regard.
13. The company (entity) shall appoint an external auditor to audit its activities and operations inside the State of Kuwait, hold independent accounts, prepare and report its closing financial statements, and provide regular data and statistics as any other investment company operating in the State of Kuwait.

14. The company shall submit any other data or documents requested by CBK in this regard.

**The policy that has been followed by CBK's Board of Directors at this stage limits permissions to international financial institutions renowned in asset management, and that these permissions will be limited in number.**

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