

Exchange Company Establishment Application Form

General Information:

Proposed Name of the Exchange Company :

Submission Date :

* Applicant's Representative:

Name	:	
Title	:	
No. of Civil ID/Passport	:	
Email	:	
Phone/Mobile No.	:	

* Information of Applicant's Contact Person and Representative

Declaration

I hereby declare that I have perused the following:

- The Law No. 32 of 1968 concerning Currency, the Central Bank of Kuwait and Regulation of Banking, and amendments thereto.
- The Law No. 106 of 2013 concerning Anti-Money Laundering and Combating the Financing of Terrorism.
- Ministerial Resolution of 1984 concerning the Central Bank of Kuwait Supervision over Foreign Exchange Companies.
- The Companies Law No. 1 of 2016 and amendments thereto, and its Executive Bylaws.
- The relevant instructions of the Central Bank of Kuwait, in particular those promulgated with respect to:
 - o Regulations for the Establishment of Exchange Companies Approved by the Board of Directors of CBK in its Meeting held on 21/10/2014.
 - o Instructions concerning Anti-Money Laundering & Combating the Financing of Terrorism, dated 16/02/2023.

I also declare that all information provided herein, including the attached supporting documents, is true and correct, as per the laws and regulations applicable in the State of Kuwait.

Information and Signature of the Applicant ** (rows can be added, as needed)

Name	Civil ID/Passport	Signature

** The Applicant is a natural or legal person willing to establish an exchange company.

The Application Form includes the following sections:

- Section (1)** : Founders' Information.
- Section (2)** : Draft Memorandum and Articles of Association.
- Section (3)** : The Exchange Company's Business Strategy and Business Plan.
- Section (4)** : Risk Management Framework.
- Section (5)** : Exit Plan.
- Section (6)** : other Information.

Application Submission:

Incomplete applications will be rejected and will not be eligible for consideration unless all the required documents are submitted.

Section (1): Founders' Information (Natural or Legal Persons)

For submitting an application by a group of founders, natural or legal persons, the information required in (a) and/or (b) of this section (as appropriate) must be completed by filling out a form for each person of applicants, and the information from a single applicant cannot be used to represent or substitute for that of the entire applicant pool.

I. About the Applicant (Natural Person):

The natural person applying to establish a new exchange company, and the persons to be entrusted with the company's management (including members of the Board of Directors should the company be formed as a joint-stock company) must provide a biography, legal proceedings, and financial information, as follows:

A. Biography

Name	:	
Date of Birth	:	
Nationality	:	
No. of Civil ID/Passport	:	
Academic Qualification	:	
Experience	:	
Other Information	:	

* Please attach the relevant academic certificates, as well as any supporting documents for previous experience such as reference letters, experience certificates from previous employers, or business license in case of experience in setting up companies.

File Name:

- What is the company/institution you are currently working in?

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- Do you hold a board member or key executive position in a banking or financial institution, locally or abroad (if yes, please provide details)?

No

Yes (provide details)

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- Do you own 20% or more of the capital of, or control any of, institutions in Kuwait or abroad?

No

Yes (attach a copy of the annual balance sheet(s) thereof for the last three years.

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File Name:

B. Legal, Administrative and Regulatory Formalities of the Applicant (Natural Person)

- Has the applicant been convicted by a final judgment, been subject to any administrative, criminal, or civil investigation, or is currently subject to any procedure that may lead to such conviction, whether in the State of Kuwait or any other country? Does the applicant have any outstanding debts (due and unpaid) or any court judgments against him/her?

No

Yes (provide details)

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* In all cases, a recent criminal record issued by the Ministry of Justice - Department of Criminal Enforcement Affairs and International Cooperation, which includes the final judgments, if any, against the applicant, must be attached. It must be considered that the period from the certificate issuance date to the date of application submission to the Central Bank of Kuwait shall not exceed one month.

File Name:

- Has the applicant ever been dismissed, submitted a forced resignation, been dismissed or terminated from any administrative or executive position in any entity, whether inside or outside the State of Kuwait?

No

Yes (provide details)

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- Has the applicant ever been dismissed from employment, compelled to resign, or relieved or removed from any administrative or executive position by any authority, whether in or outside the State of Kuwait?

No

Yes (provide details)

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- Has the applicant ever been subjected to regulatory or disciplinary procedures by any supervisory body or competent authority, or is currently subject to any procedures that may lead to this, whether inside or outside the State of Kuwait?

No

Yes (provide details)

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- Has the applicant ever held a board member or key executive position in a local or offshore institution that has been liquidated or declared bankrupt?

No

Yes (provide details)

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- Has the applicant ever been associated (as an owner, partner, director, board member or key executive position) with a local or foreign institution whose license, registration or membership has been denied or revoked by any regulatory or supervisory body?

No

Yes (provide details)

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C. Financial Information of the Applicant (Natural Person)

- Please specify the source of wealth and funds that will be used to finance the company's capital, and provide the supporting documents that prove the source of these funds.

(e.g. income from a business, investment returns, sale of real estate or assets, inheritance, savings, etc.)

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File Name:

II. About the Applicant (Legal Person):

A legal person applying to establish a new exchange company must provide a brief biography of the owners, ownership structure, board of directors, legal procedures, and financial information of the owners as follows:

A. Provide an overview of the applicant that includes, at least, the following:

1. Date of commencement of business.
2. Activity.
3. Countries in which he works.
4. Performance and market share (if any) in each country.
5. Any major merger, acquisition or downsizing of the entity in the last ten years.
6. Have the owner's shares been listed on a stock exchange market (inside/outside Kuwait), the name of the stock market and the date of listing.

File Name:

B. Ownership Structure:

- Is the Applicant a member of a group (within a parent company)?

No

Yes (provide details)

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- Provide details of the main owners, whether be natural or legal persons, who hold influencing share with the Applicant, indicating the percentage of direct and indirect ownership (rows can be added as needed).

Name of the Owner (natural/legal)	Equity Stake

- List the applicant's subsidiaries and associates and the percentage of direct and indirect ownership (rows can be added as needed).

Subsidiary	Equity Stake	Associate	Equity Stake

- List the applicant's subsidiaries and associates engaged in the provision of banking, financial and technical services, in the following table (rows can be added as needed).

Entity's Name	Type of License	Year of License	Activity

- Provide details of the main owners of each subsidiary or associate who hold influencing shares (whether natural or legal persons), indicating the percentage of direct and indirect ownership, in the following table (rows can be added as needed).

Entity's Name (subsidiary/associate)	Name of the Owner (natural/legal)	Equity Stake

- Is there an existing business alliance between the owners and any other party, whether declared or undeclared?

No

Yes (provide details)

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C. Members of the board of directors and executive management of the applicant (legal person):

- Provide details of the applicant's Board of Directors (mentioning the Chairman), as well as the Chief Executive Officers or the other persons holding senior executive positions or controlling the company's decisions. (rows can be added as needed).

Name	Position	Date of holding position	Nationality	No. of Civil ID/Passport

D. Board members and executive management of subsidiaries and associates:

- Provide details of the members of the Board of Directors of each subsidiary or associate (mentioning the Chairman), as well as the Chief Executive Officers or the other persons holding senior executive positions or controlling the decisions of those companies (rows can be added as needed).

Name	Position	Date of holding position	Nationality	No. of Civil ID/Passport

F. Legal proceedings of the applicant (legal person):

- Has any member of the applicant's group or any member of the board of directors been convicted by any final judgment, been subject to any administrative, criminal, or civil investigation, or is currently subject to any procedure that may lead to such conviction?

No

Yes (provide details)

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* In all cases, a recent criminal record issued by the Ministry of Justice - Criminal Enforcement Affairs Prosecution, which includes the final judgments, if any, against the applicant, as well as the CEO and directors of limited liability companies, and the board members and CEO of the shareholding companies, must be attached.

File Name:

- Has the Applicant, or any related entity (subsidiary or associate) in any country ever been liquidated, declared bankrupt, suspended from trading, placed under court-ordered receivership or trusteeship, negotiated a settlement with its creditors, or has any outstanding debts (due and unpaid) or judgments?

No

Yes (provide details)

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- Has any of the directors or chief executive officers of the legal entity "Applicant" or any related entity (subsidiary or associate) ever been dismissed, asked to resign reluctantly, dismissed or terminated from any managerial or executive position in any entity, whether inside or outside the State of Kuwait?

No

Yes (provide details)

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- Has the Applicant, or any related entity (subsidiary or associate), ever been subject to regulatory or disciplinary proceedings, or restrictions imposed by any regulatory body or competent authority, or is currently subject to any proceedings that may lead to the above, whether inside or outside the State of Kuwait?

No

Yes (provide details)

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- Has the Applicant or any of its related companies (subsidiaries and affiliates) applied to another regulatory authority, whether in Kuwait or abroad, to provide financial services, or has it **been rejected** by any regulatory authority inside or outside the State of Kuwait, or has this regulatory authority decided not to consider the application?

No

Yes (provide details)

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- Has the Applicant or any of its related companies (subsidiaries and affiliates) ever had an association (as owner, shareholder, controlling shareholder or through its representatives on the board of directors or executive management) with a local or foreign institution whose license, registration or membership has been revoked by any regulatory or supervisory body?

No

Yes (provide details)

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- Does the Applicant or any of its related companies (subsidiaries and associates) currently have an application with the relevant regulatory authorities for a license to provide financial services, whether in Kuwait or abroad?

No

Yes (provide details)

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G. Financial Information of the Applicant (Legal Person):

A legal “applicant” must provide financial information for:

- Major owners (Applicants).
- Major shareholders of the applicant (legal person).
- Subsidiaries and associates.
- Major shareholders of subsidiaries.
- Major shareholders of associates.

Financial Information:

Provide the following about the applicant (for the last five years):

- The annual financial reports audited/ approved by the auditor (rows can be added as needed).

Reporting Year	Name of the Auditor	File Name

- Details of any significant changes to the paid-up capital, such as an IPO or recapitalization (rows can be added as needed).

Date	Details

Section (2): Founders' Draft Memorandum and Articles of Association

In this section, the "Applicant" must attach the draft Memorandum and Articles of Association of the exchange company, and must complete the data and fulfill the conditions required by the Companies Law No. 1 of 2016 and its amendments, and executive bylaws, and the Rules and Regulations for the Establishment of Exchange Companies approved by the Board of Directors of CBK on 21/10/2014.

File Name:

Section (3): The Exchange Company's Business Strategy and Business Plan (Five Years)

The business plan should be well-researched and comprehensive, and contain a value proposition that addresses the questions in this section. Any additional information not covered in the following items may be provided:

A. Proposed business plans and key business lines

- Explain why the Applicant is seeking an exchange company license, including the company's alignment with the Applicant's overall strategic objective.

File Name:

- Provide an overview of the company's business and specify the expected market share of the company.

File Name:

- Explain the company's strategy and business plan for the next five years. Include the underlying assumptions in the business strategy, analyses of the strengths and weaknesses, and the challenges that the company may face over the period of the study and the appropriate solutions and alternatives to address them.

File Name:

- Provide a description of the company's responsibilities and details of the activities (Business Lines), as well as the corresponding risks.

File Name:

- Provide a description of the proposed organization structure of the exchange company, including a diagram of the main departments, authorities and responsibilities matrix, and reporting lines, ensuring clear lines of control and management.

File Name:

B. The exchange company's added value

- Provide an analytical study of the target market and customer segment to which the company intends to offer its services and the details of those services.

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- Explain the company's competitive advantage and special offers.

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- Explain how the company will benefit from the applicant's existing business and capabilities. Illustrate the benefits through examples (if any).

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C. Capital plans and financial projections:

- Provide plans to address the reduction of capital below the minimum required capital as a result of operational losses or for any other reasons, and when and how this shortfall will be covered.

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- Provide the projected financial statements for the first five years of the company's operation reviewed by an audit firm. Preparation of the financial statements in accordance with International Financial Reporting Standards (IFRS), and any other requirements set forth by the Central Bank of Kuwait for exchange companies shall be considered.

File Name:

Section (4): Risk Management Framework

In this section, the Applicant must provide the following:

A. Overview of the risk management framework

- Provide a general risk management framework that aims to identify the key risks and approach to mitigate and monitor them on an ongoing basis in line with effective systems.

File Name:

- A description of the company's proposed business continuity and crisis management policies and procedures and contingency and disaster recovery plans.

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B. Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT)

- Explain the key AML/CFT risks to which the company may be exposed.

File Name:

- Explain the proposed procedures to monitor and detect suspicious transactions.

File Name:

Section (5): Exit Plan

This section addresses the importance of preparing an exit plan in case the exchange company faces difficulties in achieving its desired objectives, including the company's exit from the market in an orderly manner, taking into account the rights of all stakeholders.

The plan should cover the following:

- Exit driving factors.
- Corporate governance (listing the personnel responsible for implementing the plan).
- **Contingency plans** include actions to be taken under different scenarios, identifying the potential liabilities, sources of funding and liquidity to be utilized for implementing the exit plan. The CBK will require a Letter of Undertaking from the founders to fulfill any obligations in the event of an exit.
- Continuous oversight mechanism for contingency plans.
- Strategy of Reporting to the concerned parties including CBK and other relevant regulatory authorities.

File Name:

Section (6): Other information

Any other information or documents that the applicant considers important to attach:

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