

# HSBC Amanah Saudi Riyal Trading Fund

## Information Memorandum

Issued by HSBC Saudi Arabia Limited in accordance with the Investment Fund Regulations  
of the Capital Market Authority of the Kingdom of Saudi Arabia



# HSBC Saudi Arabia Limited

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## HSBC Amanah Saudi Riyal Trading Fund

### Important information about the Fund

- HSBC Saudi Arabia Limited, a Joint Stock Limited Liability Company duly incorporated according to the laws and regulations of the Kingdom of Saudi Arabia, its Commercial Registration No. is 1010221555 issued by the Ministry of Commerce and Industry, Kingdom of Saudi Arabia. The Fund Manager is an Authorised Person, under the CMA – Authorised Person Regulations, Licence No. 05008-37 dated 5 January 2006. HSBC Saudi Arabia Limited is offering to investors the HSBC Amanah Saudi Riyal Trading Fund a Shariah-Compliant open-ended Fund
- The Fund is managed by the Manager in accordance with Investment Funds Regulations issued by the Capital Market Authority of the Kingdom of Saudi Arabia
- The Fund aims to achieve competitive returns at minimal risk strictly to adhere to Shariah-Compliant commodity trading and interest free financing models, as well as to enable investors to access their investments, if required, at short notice. The Fund is an income accumulation Fund whereby its income will be reinvested and not distributed to the Unit Holders. The reinvestment of the Fund's income will be reflected in the value and price of the Units
- Subscribing to the Units of the Fund are subject to all disclosures highlighted in the attached Terms and Conditions
- The Fund is considered very low risk where a majority of the Funds' assets are invested in well-diversified, low risk commodity trading with local and internationally reputable agents who have sound financial backing and high credit rating. The Subscriber bears full responsibility for any financial loss that may result from investment in the Fund. The Fund is not a deposit or obligation nor is it guaranteed by the Fund Manager or any of its affiliates or subsidiaries. The Fund is subject to investment risk unless otherwise specified in the Fund's Terms and Conditions. For more information on the risks that the Fund could be exposed to, please refer to the information memorandum of the Fund
- This document was issued on September 16th, 2008

### Important information to the investors

- The attached Terms and Conditions are prepared according to the Investment Funds Regulations issued by the Capital Market Authority of the Kingdom of Saudi Arabia. Prior to subscribing in the Fund, the Investors should carefully consider all disclosures in this document as well as review the Terms and Conditions of the Fund and revert to the Fund Manager, any of its affiliates or their personal advisors in case of any doubts about the content of this document
- Subscribing to the Units of the Fund are subject to certain investment risks as per the attached Terms and Conditions. Investors should carefully review the risks associated with the Fund prior to purchasing any Units in the Fund
- The HSBC Amanah Saudi Riyal Trading Fund is not considered an independent legal entity and the Fund Board of Directors will supervise the management of the Fund to ensure that it is in accordance with the attached Terms and Conditions and bound by the Investment Fund Regulations issued by the Capital Market Authority (CMA) approval no. 771/H dated 22 of September 2008
- All statement of opinions and views in this document represent the Fund Manager's own assessment and should not be considered as an advice to buy Units in the Fund as no assurance is given that any of the opinions and views are correct
- This document is enforced by the Investment Funds Regulations issued by the Capital Market Authority of the Kingdom of Saudi Arabia upon which CMA approval was granted
- Publication, printing or distribution of any of the information in this document is prohibited except for the intention of subscribing to the Fund
- Units are not transferable and "Buying, selling or switching" of the Units of the Fund have to be made discretely through the Fund Manager
- The Fund is an open-ended Investment Fund aiming achieve competitive returns at minimal risk strictly to adhere to Shariah-Compliant commodity trading and interest free financing models, as well as to enable investors to access their investments, if required, at short notice. Investors should give careful consideration to this matter prior to subscribing in the Fund

Client Initials: \_\_\_\_\_

# Fund Summary

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## Fund Manager

HSBC Saudi Arabia Limited, "The Fund Manager", manages the Fund under Commercial Registration No. 101022155 issued by the Ministry of Commerce in the Kingdom of Saudi Arabia, guided by the Terms and Conditions of the Fund, approved by the CMA, and the Board of the Fund. The Fund Manager is an Authorised Person under the CMA – Authorised Person Regulations licence No. 05008-37 issued on 5 January 2006. [www.hsbcSaudi.com](http://www.hsbcSaudi.com)

## Auditor

KPMG Al Fozan and Al Sadhan will be the official auditors of the Fund. the address of the auditing firm is: Building 7103, Al Ahsa Street, P.O. Box 92876, Riyadh 11663, Kingdom of Saudi Arabia, Tel. +9661 291 4350.

## Fund Custodian

SABB Securities Services Company Limited is appointed as the "Custodian" of the Fund, The Custodian is a Limited Liability Company, who's Commercial Registration No. is 1010235982 issued by the Saudi Arabian Ministry of Commerce and Industry on 23/7/2007 as well as receiving a licences from the CMA, licence no 07071-05 issued on 26 June 2007. The Custodial services and other services associated are in accordance with the Fund's Terms and Conditions which have been approved by the CMA and the Fund Board. The Custodian's address is Olaya Street, P.O. Box 9084 Riyadh 11413, Kingdom of Saudi Arabia, Phone No: +9661 299 2338, Fax No: +9661 299 2348, Website: [www.sabbsecurities.com](http://www.sabbsecurities.com)

SABB Securities Services will maintain for each Fund a ledger of all Unit Holders, the ledger will be updated for each Unit Holder to reflect the number of Units and value of Units after each and every evaluation.

## Audited Accounts

In accordance with the rules of the IFR issued by the CMA the Manager will prepare unaudited Financial Statements at least semi-annually and provide access to the Unit Holders to these Financial Statements within 45 days of the end of the relevant period. In addition, audited Financial Statements for the Fund as of the end of each Gregorian year (31st December) will be prepared within 90 calendar days of year end. Audited Financial Statements at the end of each fiscal year will be available at the Fund Manager's headquarter or any of its offices and shall be mailed to Unit Holders upon their written request free of charge.

Client Initials: \_\_\_\_\_

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# Introduction

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## HSBC Amanah Saudi Riyal Trading Fund

HSBC Amanah Saudi Riyal Trading Fund is sponsored and managed by HSBC Saudi Arabia Limited and governed by the Investment Funds Regulations issued by the Capital Market Authority (CMA) of the Kingdom of Saudi Arabia (pursuant to its Resolution No. 1-219-2006 dated 3/12/1427 H corresponding to 24/12/2006 as per the Gregorian calendar). HSBC Saudi Arabia Limited, is a Joint Stock Limited Liability Company, duly incorporated according to the laws and regulations of the Kingdom of Saudi Arabia; its Commercial Registration No. is 1010221555, issued by the Ministry of Commerce, Kingdom of Saudi Arabia. The Fund Manager is an Authorised Person, under the CMA – Authorised Person Regulations, with a licence No. 05008-37 issued on 5th of January 2006.

Definitions	
<b>Manager/Fund Manager</b>	means HSBC Saudi Arabia Limited or any successor thereto duly appointed in accordance with requirements of the Capital Market Authority of the Kingdom of Saudi Arabia
<b>Company</b>	means HSBC Saudi Arabia Limited
<b>Subscriber / Unit Holder</b>	means the Unit Holder or investor in the Fund
<b>Fund</b>	means HSBC Amanah Saudi Riyal Trading Fund
<b>Bank</b>	means the Saudi British Bank (SABB) and/or its affiliates
<b>CMA</b>	means the Capital Market Authority of the Kingdom of Saudi Arabia (based on the Capital Market Law issued by Royal Decree No.M/30 dated 2/6/1424 H)
<b>IFR</b>	means Investment Funds Regulations issued by the CMA
<b>SSC</b>	means Shariah Supervisory Committee
<b>Bod / Board</b>	means Board of Directors of the Fund
<b>KSA</b>	means the Kingdom of Saudi Arabia
<b>Unit</b>	means Units of the Fund held by the Subscribers
<b>NAV</b>	means, Net Asset Value, which is the value of the Fund after deduction of all applicable liabilities, fees and charges
<b>Valuation Day</b>	means the day when the Net Asset Value will be calculated for subscriptions and redemptions of Units
<b>Business Day</b>	means official working day for Banks in KSA
<b>Forward Pricing</b>	means valuation of the Fund Units after the cut off time as specified in the Appendix hereto SIBOR The interest rate charged on borrowing Funds between banks in Saudi Arabia
<b>Committee for Resolution of Securities Disputes</b>	The purpose of “the Committee for resolution of securities disputes” is to resolve disputes in view of disputes that fall within the market system and financial regulations, rules and instructions issued by the Capital Market Authority
<b>Appendix</b>	means a supplement (attached hereto) of this Information Memorandum describing the key terms of the Fund

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# Terms and Conditions

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## 1. Fund Name

HSBC Amanah Saudi Riyal Trading Fund is an open-ended collective investment scheme, approved by the Shariah Supervisory Committee of the Fund.

## 2. Address of the Fund Manager

The address of the Manager, HSBC Saudi Arabia Limited, is:

Olaya Street, Saudi British Bank Building,  
P.O. Box 9084,  
Riyadh 11413,  
Kingdom of Saudi Arabia,  
Phone No: 800 124 1212,  
Fax No: +9661 299-2385.

## 3. Date of Commencement of Fund

The Fund began accepting subscriptions on December 5, 1998.

## 4. The Regulatory Authority

The Fund is subject to CMA regulations and will abide by Investment Fund Regulations and other Enforced Regulations, issued by the CMA from time to time. The Fund Manager is a licensed person under the CMA regulations; licence No. 05008-37 issued on 5th of January 2006.

## 5. Date of Issue of these Terms and Conditions

The Information Memorandum containing the Terms and Conditions of the Fund were issued on November 1, 1998 and amended and approved by the CMA to offer Units of the Fund on September 22nd, 2008.

## 6. Subscription to Units in The Fund

The minimum initial subscription to invest in the Fund is SAR 5,000 only (Five Thousand Saudi Riyals) while the minimum additional subscription and minimum redemption is SAR 2,500 only (Two Thousand Five Hundred Saudi Riyals). A minimum investment of SAR 5,000 only (Five Thousand Saudi Riyals) must be maintained in the Fund.

## 7. Currency of The Fund

The price of Fund Units is denominated in Saudi Riyals (SAR). If payment for Units is made in a currency other than the denominated currency of the Fund, the payment will be converted to the denominated currency of the Fund by the Manager at the prevailing exchange rate and the purchase will become effective upon realisation of the Funds in the denominated currency and based on the forward Unit price.

## 8. Investment Objectives

The Fund is an open-ended Investment Fund with the aim to achieve competitive returns at minimal risk strictly to adhere to Shariah-Compliant commodity trading and interest free financing models, as well as to enable investors to access their investments, if required at short notice. The Fund is an income accumulation Fund whereby its income will be reinvested and not distributed to the Unit Holders. The reinvestment of the Fund's income will be reflected in the value and price of the Units.

## 9. Investment Strategy

The Fund will follow an active investment strategy where a majority of the Funds' assets are invested in well-diversified, low risk commodity trading with local and internationally reputable agents who have sound financial backing. Returns are potentially enhanced by investing the remaining Fund assets in tailored Ijara investments or Sukuks.

The Fund will strictly adhere to the Shariah investment guidelines approved by the Shariah Supervisory Committee of the Fund. Depending on market conditions, the Manager may, with the approval of the Board, maintain part or all of the Fund's assets in the form of cash or Shariah-Compliant short-term Money Market instruments.

Client Initials: \_\_\_\_\_

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The maximum borrowing of the Fund, that is intended to cover redemption requests, must not exceed 10% of its Net Asset Value except in the case of borrowing from the Fund Manager or an affiliate to meet redemption requests.

The Fund Manager will segregate and separately identify the securities and other assets of the Fund from those of the company and these will be maintained with well known and reputable institutions as determined by the Fund Manager.

#### 10. Investment Risks

The value of the Units in the Fund is subject to fluctuations in the value of the equities the Fund is invested in. Consequently the price of the Fund's Units may go up or down and Unit Holders may receive an amount upon redemption which is less than the amount initially invested.

##### Economic Risk/Market Risk

The performance of the Fund may be affected by general economic conditions. Factors such as fluctuation in interest rates, inflation, flow of capital and many other factors may have an impact, positive or negative, largely on the value of the assets in the Fund.

##### Political and/or Regulatory Risks

The Fund may be adversely affected by uncertainties such as local/domestic/international political developments, changes in government policies, taxation, restrictions on foreign investment and currency repatriation, and other developments in the laws and regulations of Saudi Arabia.

##### Exchange Rate Risk

Fluctuation in SAR exchange rate against local and/or major currencies of the Unit Holders is not predictable and might affect the return of the investments positively or negatively.

##### Islamic Investment Risk

It is possible that the Islamic Investment Principles adopted by the Fund may result in the Fund's portfolios performing less well than portfolios with similar investment objectives that are not subject to any Islamic Investment Principles.

##### Credit risk:

The Fund invests part of its assets in Shariah-Compliant debt instruments such as Sukuks and Shariah-Compliant deposits which may be issued by governments or institutions or investment companies and others who have a high credit rating.

The Subscriber bears full responsibility for any financial loss that may result from investment in the Fund. The Fund is not a deposit or obligation nor is it guaranteed by the Fund Manager or any of its affiliates or subsidiaries. The Fund is subject to investment risk unless otherwise specified in the Fund's Terms and Conditions.

#### 11. Fees and Expenses

The Fund will pay to the Manager a management fee for the management of the Fund as stated in the Appendix hereto. The management fee will be calculated and deducted on each Valuation Day on the Net Asset Value of the Fund. The Fund will also be liable for all other expenses incidental to the management of the Fund such as legal and audit fees, and other continuing expenses such as but not limited to administration fees, safe keeping fees, custody fees, and transaction charges. Details of the fees associated with the Fund are stated in the Appendix attached hereto.

#### 12. Dealing Costs

The Fund incurs no dealing costs, however the Fund will be liable for regulatory fees or charges, levied from time to time.

Client Initials: \_\_\_\_\_

### 13. Fund Board Of Directors

The Fund is supervised by a Board of Directors (Board), made up of six members who will serve terms of no more than five years; at least two directors of the Board will be independent directors and a Chairman will head the Board. The Fund Manager reserves the right to change the composition of the Board subject to approval of the CMA. The Board functional term will commence upon the CMA approval of the Fund Terms & Conditions. The Board will meet, at least, twice each year to oversee the Fund Manager's activities and to ensure compliance with the IFR issued by CMA and investment guidelines set by the Board for the Fund.

The Board of Directors of the Fund will be compensated for services to the Fund but their compensation will not exceed SAR 100,000.

#### The Board will follow the following procedure for voting:

A meeting of the Board will be convened at the written request of the Chairman, at least 15 days prior to the date of the meeting. The Board will meet at the Chairman's discretion at anytime other than official meetings. The meetings will take place at the Fund's headquarter or at other venues, as decided by the Board. At least half of the members of the Board must be present at meetings including the Chairman. If a member is not able to attend a meeting, he can nominate another person to attend on his behalf, provided the following criterion are met:

- The request should be in writing,
- One person can only attend on behalf of one member of the Board,
- The person acting on behalf of a member of the Board should not be allowed to vote on issues of conflict of interest, In the event of a tie, the Chairman will cast the deciding vote

Board Members*:		
Name	Credentials	Current Position
<b>Osama Mohammed Shaker (Chairman)</b>	- Head of Asset Management, SABB - Head of Discretionary Portfolio Management, SABB - Master of Science in Statistics - Bachelor of Science in Quantitative Methods	Managing Director and Head of Investment Services of HSBC Saudi Arabia
<b>Zaid Abdurrahman Al-Gwaiz (Independent Member)</b>	- Deputy Managing Director, HSBC Saudi Arabia Ltd. - Head of Commercial Banking, SABB - Senior Manager Credit & Risk Management, SABB - Bachelor of Arts Degree in Accounting	Retired
<b>Nasser Mohammed Al Meghailaith (Independent Member)</b>	- Manager of Investment Division, SABB and HSBC - Manager, Money Market Funds, SABB - Senior Dealer, Money Market, SABB Treasury - Manager Administration, SABB Treasury	Retired
<b>Khaled Abdulaziz Ajudaie (Member)</b>	- Manager, Local equity and Money Market Funds, SABB - Over 25 years experience of managing funds in Saudi Arabia - Established the Brokerage Services of SABB	Head of Mutual Funds
<b>Saqib Masood (Member)</b>	- Masters of Business Administration University of Karachi - Bachelors of Science with honours in Business Administration University of Karachi	Head of Islamic Product Development- HSBC Amanah
<b>Numier Zuhair Attiyah (Member)</b>	- Head of Balance Sheet in SABB Treasury - Bachelor of Science Degree in Statistics	Manager Mutual Funds-Money Markets and Trading Funds

\* The Board Members serve as Members of the Board of Directors of existing Funds of HSBC Saudi Arabia Limited.

Client Initials: \_\_\_\_\_

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**Responsibilities of the Board members will include the following:**

- Approval of all material contracts involving the Fund, including, but not limited to, contracts for the provision of Fund management services, contracts for the provision of custody services, and any contracts entered into with any Authorised person to market Units in the Fund to prospective investors or advise prospective investors on the merits of buying Units
- Overseeing and, where appropriate, ratifying any conflicts of interest the Fund Manager has identified
- Meeting at least twice annually with the Fund Manager's compliance officer and/or compliance committee and MLRO, and overseeing the Fund Manager's compliance with all applicable laws and regulations
- The approval of any recommendations made by a liquidator in the event one is appointed
- The responsibility to confirm the completeness and accuracy, and compliance with CMA Regulations, of the Terms and Conditions, of the Investment Fund
- Ensuring that the Fund Manager carries his obligation in the best interest of the Unit Holders, in accordance with the Terms and Conditions of the Fund and with CMA Rules & Regulations
- To act for the benefit of the Fund and its Unit Holders. A Fund director's fiduciary responsibility to Unit Holders includes a duty of loyalty and a duty to exercise reasonable care
- Approval of delegated powers of the Manager to act as an Advisor, Sub-Manager, Custodian, Trustee, Agent, or Broker subject to precedent CMA approval
- Approval of delegated services of the Manager for bookkeeping, subscription and redemption entries, sales and purchases, financial transfers, confirmation and information on balances, in response to Unit Holder's enquiries

#### 14. Fund Manager

HSBC Saudi Arabia Limited, "The Fund Manager", manages the Fund under the Commercial Registration no. 101022155 issued by the Ministry of Commerce of the Kingdom of Saudi Arabia, guided by the Terms and Conditions of the Fund, approved by the CMA, and the Board of the Fund. The address of the Fund Manager is Olaya Street., HSBC Building, 3rd floor, at P.O. Box 9084 Riyadh 11413 Kingdom of Saudi Arabia Phone No: 800 124 1212 and Fax No: +9661 299-2385 website: www.hsbcSaudi.com.

Under the Terms & Conditions of this Information Memorandum, the Subscriber requests and authorises the Fund Manager to invest the Fund's assets in accordance with the investment objectives and policy specified in these Terms and Conditions. The Subscriber authorises the Manager, subject to prior approval of the Board, to delegate his power and authority to one or more financial institutions to act as an Advisor, Sub-Manager, Custodian, Trustee, Agent, or Broker of the Fund and to contract with such party to provide investment or custody services of the Fund's assets directly or indirectly hereinafter referred to as "Delegated Party".

The Subscriber is aware and agrees that the above services are offered against fees to be levied on the Fund's account. In respect to authority delegations, the Subscriber understands that the Manager shall not disclose any information regarding the Subscriber to such Advisor, Sub-Manager, Custodian, Trustee, Agent or Broker, unless any applicable law or regulation in any applicable jurisdiction requires such disclosure.

The Fund Manager shall provide the Fund with the services of qualified personnel in the field of supervision, administration, and accountancy in order to manage the Fund effectively. This includes bookkeeping, subscription and redemption entries, sales and purchases, financial transfers, confirmation and information on balances, in response to Subscriber's enquiries. The Fund Manager is also authorised by the Board of the Fund to delegate any of the above functions to a third party.

A Subscriber obtains no specific rights to the whole or any specific part of the Investments in the Fund's Portfolio. A Subscriber may not transfer or assign any of the rights and obligations hereunder without the written consent of the Manager. The Manager shall not be liable for any act or omission or the solvency of Agents and Financial Institutions used in the ordinary course of business.

The Fund Manager is an Authorised Person under the CMA – Authorised Person Regulations licence No. 05008-37 issued on 5th of January 2006.

#### 15. Custodian

SABB Securities Services Company will be appointed the Custodian of the Fund. The company is a Limited Liability Company, commercial registration number is 1010235982 issued by the Saudi Arabian Ministry of Commerce and Industry on 23/7/2007 as well as receiving a licence from the CMA, licence No. 07071-05 issued on 26/6/2007.

Client Initials: \_\_\_\_\_

SABB Securities Services Company Limited will maintain for each Fund a register of all Unit Holders which will be updated to reflect the number and value of Units after each Valuation Day. The address of the Custodian is Olaya Street, P.O. Box 9084, Riyadh 11413, Kingdom of Saudi Arabia, Tel. 966 1 299 2338 Fax 9661 299 2348.

SABB Securities Services will maintain for each Fund a ledger of all Unit Holders, the ledger will be updated for each Unit Holder to reflect the number of Units and value of Units after each and every evaluation

#### 16. Auditor

KPMG Al Fozan and AlSadhan will be the official auditors of the Fund and the Board will reserve the rights to change the auditor of the Fund after giving notice to the CMA and the Unit Holders of the Fund. Address of the auditing firm is: Building 7103, Al Ahsa Street, P.O. Box 92876, Riyadh 11663, Kingdom of Saudi Arabia, Tel. +9661 291 4350.

#### 17. Audited Accounts

In accordance with the IFR issued by the CMA, the Fund Manager will prepare unaudited Financial Statements at least semi-annually and provide access to the Unit Holders to these Financial Statements within 45 days of the end of the relevant period. In addition, audited Financial Statements for the Fund as of the end of each Gregorian year (31st December) will be prepared within 90 calendar days of year end. Audited Financial Statements for the end of fiscal year 2008 will be available at the Fund Manager's headquarter or any of its offices and shall be mailed to Unit Holders upon their written request free of charge.

#### 18. Description of Units and Dividends

The Manager may issue an unlimited number of Units in the Fund, all of the same class. Each Unit represents an equal common interest in the Fund. The Fund is an income accumulation Fund whereby the net income of the Fund will be reinvested and not distributed as dividends to Unit Holders. The reinvestment of income will be reflected in the value and price of Units. The Fund Manager will not issue certificates to evidence ownership of Units in the Fund. The Fund Manager will maintain a register of all Unit Holders in the Fund. Following a subscription, Subscribers will receive confirmation containing full details of the Subscription. If the Fund is liquidated, Units will share pro rata in the net assets of the Fund available for distribution to Unit Holders.

#### 19. Shariah Supervisory Committee of The Fund

All investments made by the Fund are Shariah-Compliant and the investment policy as well as the screening criterion have been approved by the Shariah Supervisory Committee. The SSC, through the Shariah Audit and Compliance functions of the Bank that will ensure that the Fund holdings are in accordance with Shariah Guidelines. The Fund Manager will adhere to the above guidelines, which may be subject to change from time to time.

The Shariah Supervisory Committee comprises of the following members:

##### Sheikh Abdullah Sulaiman Al Manee

- Member of the Supreme Judiciary Committee of Saudi Arabia
- Former President of Makkah courts
- Advisor to several Islamic Institutions and author of various books on Islamic Banking

##### Sheikh Dr. Abdullah El Mutlaq

- Member of the Supreme Judiciary Committee of Saudi Arabia
- Former Chairman of the comparative Fiqh
- Advisor to several Islamic Institutions and author of various books on Islamic Banking

##### Sheikh Dr. Mohammed El Gari

- Associate Professor and former Director of the Centre for Research in Islamic Economics at King Abdul Aziz University
- Expert at the Islamic Jurisprudence Academy (OIC), Jeddah
- Editor of the Review of Islamic Economics
- Advisor to several Islamic Institutions including HSBC Amanah and author of various books on Islamic Banking

The Fund will not be charged for any of the services rendered to it by the SSC.

Client Initials: \_\_\_\_\_

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## 20. Investment by the Fund Manager in Units of The Fund

The Fund Manager, subject to CMA's approval, may invest in the Fund for its own account by introducing seed capital (if investment is made at the initiation of the Fund) or a regular Subscription after the inception of the Fund. The seed capital shall be treated as a subscription by the Manager for Units in the Fund and consequently, the provisions contained herein with regard to, inter alia, redemptions, shall also apply to such seed capital.

## 21. Procedure for Subscriptions and Redemptions in The Fund

A Subscriber can be a single person, joint person, an establishment, a partnership or a Limited Liability Company. The Fund will be sold locally as well as globally to individuals, establishments or companies who seek to invest in a Riyal Trading Fund that is Shariah-Compliant. In the event that the Subscriber is more than one person, then unless indicated otherwise, any investment made in the Fund shall be considered the joint property of such persons and such persons authorise the Manager to act upon written instructions of all, both, or any one of such persons. In the event that the Subscriber is an establishment, a partnership or a Limited Liability Company, then prior to such a Subscriber being allowed to make an investment in the Fund, such a Subscriber shall submit to the Manager a copy of the Subscriber's Commercial Registration, Articles of Association, Partnership Agreement and, if appropriate, Corporate Resolutions, all in a form satisfactory to the Manager. The Manager reserves the right to refuse a Subscription Application if the Manager is not satisfied with any part of the documentation supplied.

No single Unit Holder's investment in the Fund should amount to (10%) or more of the Net Asset Value of the Fund at the time of such investment. The single Unit Holder limit shall not apply to investments by the Fund Manager. If subsequent redemptions by other Unit Holders mean that an existing Unit Holder's investment comes to exceed (10%) of the Net Asset Value of the Fund, the Unit Holder shall not be required to redeem Units, but shall be prohibited from acquisition of further Units.

### Procedure for Subscriptions

Subscribers wishing to purchase the Fund Units can do so by completing and delivering to the Manager a completed and signed Subscription Application Form in addition to signed Terms and Conditions, with either (a) the necessary Funds for their participation or (b) an authorisation to debit an account with the Bank.

Subscribers could opt to use technological means to participate in the Fund, using the electronic services offered by the Manager i.e. Internet, Telephone and ATM Machine. All such subscriptions will be subject to successful transmission of the Subscription information to the Manager. The failure to receive the subscription information, caused by any technical fault of the system used by the Subscriber, would not be in any way, the responsibility of the Manager. The failure of all such electronic subscriptions would result in the subscription not being accepted for the Subscriber.

A valid application will be one where the necessary Funds for the purchase of the Fund Units is received by the Manager on or before the date and time specified in the Appendix hereto. In case of payment by cheque, the Subscription will be valid only from the Valuation Day immediately following the receipt of cleared Funds. Any Subscription by a Subscriber received after the cut-off time specified in the Appendix hereto will be valid only from the next Valuation Day.

### Procedures for Redemptions

Subscribers can request the redemption of part or all of their Units upon completing and signing a redemption form and delivering the completed form to the Manager or transmitted through electronic means i.e. Internet, Phone or ATM Machine. The Manager does not take any responsibility for the failure of electronic redemption and the Subscriber understands that such failure would result in rejection of their redemption request. Redemptions are subject to the conditions set out in the Appendix hereto.

### Deadline for Subscriptions

All applications for Subscriptions will be accepted before the cut-off time for their respective Valuation Day. An investment by a Subscriber in the Fund will become effective on, and will be based on, Forward Pricing as at the earliest feasible Valuation Day, as specified in the Appendix hereto.

### Deadline for Redemptions

All orders to redeem Units received by the cut-off time, as specified in the Appendix hereto, will be executed on the next Valuation Day.

Client Initials: \_\_\_\_\_

### Delay of Redemption

If the total aggregate requests for redemption on any Valuation Day, exceed 10% of the total number of Units outstanding on the previous Valuation Day, the Manager may, at its discretion, defer any redemption in whole or in part, so that the 10% level is not exceeded. At a given Valuation Day, if total redemptions are in excess of 10%, all redemption requests will be processed on a pro rata basis. Any redemption request so reduced will be effected in priority to subsequent redemption requests received in respect of the next valuation cycle, subject always to the 10% limit. If any redemption would reduce a Subscriber's investment in the Fund to less than the minimum specified in the Appendix hereto, the manager reserves the right to redeem the entire investment. The proceeds of all redemptions will be paid in the denominated currency of the Fund by crediting the Subscriber's account with the Bank, by draft or telex transfer in accordance with the Subscriber's instructions. Charges will be deducted for draft or telex charges.

### Refusal of Subscriptions

The Manager reserves the right to refuse participation by Subscribers in the Fund if inter alia such participation would result in violation of regulations applicable to the Fund that may from time to time be imposed by the CMA.

## 22. Valuation of Assets and Publication of NAV

The Unit purchase price or redemption price will be the Net Asset Value per Unit on the Valuation Day of the Fund as specified in the Appendix. The Net Asset Value of the Fund for the purpose of purchase or redemption of Units is calculated by subtracting from the value of the total assets of the Fund the amount of the Fund's liabilities including without limitation the fees specified in Clause 11 and 12 as well as the liabilities of the Fund, if any. The Unit price is determined by dividing such resulting figure by the total number of outstanding Fund Units on the relevant Valuation Day. The valuation of the Fund will take place on the Valuations Days as stated in the Appendix below. If banks in the country in which the Fund's assets are primarily held or banks in Saudi Arabia are not open for business on any Valuation Day, then the Valuation Day will be the next business day on which such banks are open for business.

## 23. Early Redemption Fees

The Manager will not charge any early redemption fees for part or all the Units subscribed in the Fund.

## 24. Appointment of Liquidator and Replacement Fund Manager

The CMA shall have the power to appoint a replacement Fund Manager or a Liquidator or to take any other measures it deems necessary in line with the events listed in the Investment Fund Regulations issued by the CMA.

## 25. Termination of The Fund

The Board of the Fund, on the advice of the Manager, reserves the right to terminate the Fund by giving at least two months' notice to Unit Holders after obtaining the CMA's approval. In such case, the Fund's assets will be liquidated, its liabilities discharged and the remaining proceeds of such liquidation distributed to the Unit Holders in the proportion which their Units bear to the total Units as ascertained by the Manager at the time the Fund was terminated.

## 26. Periodic Statements/Advice

Each Unit Holder will receive a statement of investment in the Fund at the end of each calendar quarter. This will be sent to the mailing address provided by the Unit Holder on the Account Opening Application form unless notification of an address change has been provided in writing; the statement can also be sent to the Unit Holder's electronic address (upon request). If the Unit Holder finds any discrepancies in the statement, then these should be brought to the attention of the Manager within 60 (sixty) calendar days from the statement date, otherwise the statement will be considered correct. If the Unit Holder does not receive the quarterly statement, then the Unit Holder should visit the nearest branch within ninety (90) days of the statement's issue date to request a copy of the statement.

## 27. Conflict Of Interest

The Manager will seek to avoid any conflict of interest arising between the Fund's interests and those of its customers or between interests of different customers. Where any such conflict arises, the Manager shall ensure fair treatment to all Unit Holders of the Fund. In a case of potential conflict, the Manager shall not unfairly place the Manager's interests above those of its customer's except where a properly informed customer has consented in the circumstances. The full procedures for dealing with conflicts of interest will be made available on request.

Client Initials: \_\_\_\_\_

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### 28. Voting Rights Policies

- After consulting with the compliance officer of the Fund, The Board shall agree the general policies in relation to voting rights available to the Fund due to its holdings which compromise its investment portfolio
- The Manager would decide "at its discretion" the enforcement of any voting rights after consulting with the compliance officer of the Fund or the Fund Compliance Committee in respect to the general procedures mentioned above in this section
- The Manager shall have the right but not the obligation to attend and/or vote in Annual General Meetings ("AGMs") and Irregular General Meetings ("IGMs") of companies in which the Fund holds assets after consulting with the compliance officer of the Fund. The Manager would vote in favour of the Fund's Unit Holders and in compliance with Article 27 of these Terms and Conditions
- A Unit Holder cannot require the Manager to vote in any particular manner, or to abstain from voting, on any underlying companies held by the Fund

### 29. Amendment of these Terms and Conditions

The Manager may, at any time and at its sole discretion, amend these Terms and Conditions provided that the CMA's approval is obtained for such amendments. It is further provided that the Manager notifies the Unit Holders by mail of the proposed changes and furnishes them with a copy of the amended Terms and Conditions. The amendments will become effective sixty (60) calendar days from the date of any such notice.

### 30. Complaints Procedure

All complaints shall be forwarded to the Company's Compliance Department. Complaints will be presented once requested by the CMA and/or requested by the Manager. CMA will forward the complaints to the CMA Committee for Resolution of Securities Disputes for ruling. Full procedures for dealing with complaints will be made available by the Fund Manager on request.

### 31. Governing Law

The Terms and Conditions contained in this Information Memorandum are subject to the laws of the Kingdom of Saudi Arabia.

### 32. Language and Calendar

According to the IFR issued by the CMA, the official language of these Terms and Conditions is Arabic and any complaint will be viewed in relation to the Arabic language version of these Terms and Conditions. All references to a period of time in these Terms and Conditions shall be considered to be a reference to the Gregorian calendar.

### 33. Compliance with the Regulations

The Manager certifies that these Terms and Conditions and other Fund documentation are in compliance with the IFR issued by the CMA and contain full, true and plain disclosures of all material facts relevant to the Fund.

Client Initials: \_\_\_\_\_

# Appendix

Summary of Financial Disclosure	
<b>Name of the Fund</b>	HSBC Amanah Saudi Riyal Trading Fund
<b>Fund Manager</b>	HSBC Saudi Arabia Limited
<b>Fund Currency</b>	Riyals
<b>Currency Risk</b>	Saudi Riyals
<b>Investment Objective</b>	The Fund is an open-ended Investment Fund with the aim to achieve competitive returns at minimal risk strictly to adhere to Shariah-Compliant commodity trading and interest free financing models, as well as to enable investors to access their investments, if required at short notice. The Fund will strictly adhere to Shariah investment guidelines approved by the Shariah Supervisory Committee of the Fund
<b>Benchmark</b>	= SIBOR -6 basis points-management fee
<b>Risk/Return Profile</b>	Low risk
<b>Minimum Initial Subscription Amount</b>	SAR 5,000
<b>Minimum Additional Subscription/Redemption</b>	SAR 2,500
<b>Cut Off Time For Receiving Subscription/Redemption Applications</b>	Before Close of Business on any business day
<b>Price Applicable for Purchase/Redemption of Units</b>	If valid application is received prior to the cut off time, then the price applicable thereto shall be the prevailing price on the next Valuation Day
<b>Valuation Day</b>	Valuations will be every business day of the week, provided that Banks in Saudi Arabia are open for business
<b>Announcement Day</b>	on Wednesday and Saturday for Tuesday and Thursday Valuation respectively
<b>When Redeemed Funds are Paid to Investor</b>	Two (2) Business Days after Valuation Day
<b>Management Fee</b>	0.75 per annum of the Net Asset Value of the Fund
<b>Dealing Charges</b>	The Fund incurs no dealing costs, however the Fund will be liable for regulatory fees or charges, levied from time to time
<b>Board Compensation*</b>	Not exceeding 100,000 Saudi Riyal
<b>Custody Charges*</b>	Not exceeding 0.30% of Net Asset Value of the Fund
<b>Auditing Charges*</b>	25,000 Saudi Riyal annually
<b>Date of Inception</b>	December 5, 1998
<b>Unit Price at Inception</b>	SAR 10 per Unit

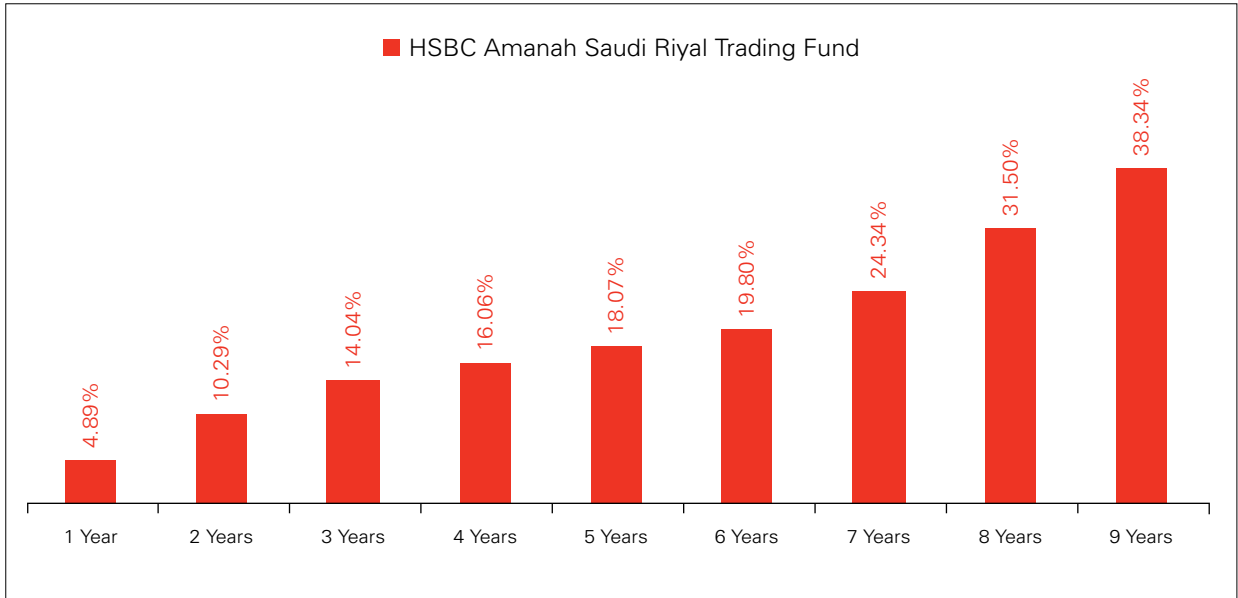
\* Such expenses are estimates and are expected not to exceed 0.50% per annum of the Average Net Asset Value of the Fund. All such expenses' details will be stated in the Fund's yearly report.

Client Initials: \_\_\_\_\_

<b>Fees and expenses for the 2007 Calendar Year</b>		
<b>Fee / Expense</b>	<b>Percentage</b>	<b>SAR</b>
<b>Investment</b>		1,165,315,983.98
<b>Redemption Fee</b>	0	0
<b>Early Redemption Fee</b>	0	0
<b>Custody Fee</b>	0.02%	176,355.86
<b>Auditor Fee</b>		10,000.00
<b>Profit paid on Borrowed Funds</b>		4,942.75
<b>Administrative Expenses</b>	0.02%	176,355.86
<b>Management Fee</b>	0.75%	2,212,357.92
<b>Other Expenses</b>	0.10%	519,067.51
<b>Net Investment</b>		1,154,843,254.57

<b>Fees and expenses for a hypothetical amount of SAR 5,000</b>		
<b>Fee / Expense</b>	<b>Percentage</b>	<b>SAR</b>
<b>Investment</b>		5,000.00
<b>Redemption Fee</b>	0	0
<b>Early Redemption Fee</b>	0	0
<b>Custody Fee</b>	0.02%	1.00
<b>Auditor Fee</b>		0.00
<b>Profit paid on Borrowed Funds</b>		0.00
<b>Administrative Expenses</b>	0.02%	1.00
<b>Management Fee</b>	0.75%	37.50
<b>Other Expenses</b>	0.10%	5.00
<b>Net Investment</b>		4,955.50

Historical Performance of the Fund\*



Note: The Past performance of the Fund is not an indication of future performance

There is no guarantee for Unit Holders that the Investment Fund's absolute performance will repeat or match past performance.

\*All returns are net of all fees as of 31st of December 2007.

The Fund Board Compensation:

A Board has not been appointed in the past nor has compensation been paid in the past.

I/We hereby confirm that I/We have received, read and understood the Terms and Conditions of the Fund.

Name \_\_\_\_\_

Name \_\_\_\_\_

Signature \_\_\_\_\_

Signature \_\_\_\_\_

Date \_\_\_\_\_

Date \_\_\_\_\_