

# SAVINGS BONDS

## TERMS & CONDITIONS

This document has been revised. It will be effective from January, 2023



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NATIONAL BONDS

   @nationalbonds

## Saving Bonds Terms & Conditions

1. These Terms and Conditions shall apply to the Saving Bonds issued by National Bonds Corporation Sole Proprietorship PSC (the “Company”) and govern the relationship between the Company and the Bondholder.
2. The Terms and Conditions are not intended to be complete and are qualified in its entirety by reference to, and must be read in conjunction with, the Prospectus issued by the Company and made available on its official website.
3. The Company shall have the sole discretion to amend, add to, or delete any provision of these Terms and Conditions at any time and to such extent as permitted by law or any reasonable means of prior notification of such changes to the Bondholder. Unless provided to the contrary in these Terms and Conditions, the Bondholder shall be deemed to have accepted such changes if the Bondholder continues transacting in respect of the Saving Bonds after receipt of such notification.

## Introduction to Saving Bonds

4. The Saving Bonds is the first of its kind Shari’ah compliant financial solution offered by the Company for the Bondholders who intend to invest their savings with the aim to accumulate and preserve the necessary wealth towards achieving financial security and realizing future aspirations.
5. The Saving Bonds are issued on the basis of Islamic Mudaraba contract. Wherein the Bondholder (being the fund owner or “Rab al Maal”) authorizes the Company (being the fund manager or “Mudarib”) to invest the Bondholder’s funds according to the principles of Islamic Shari’ah in such manner as the Company, in its absolute discretion, deems fit.
6. The Bondholder funds are placed in a joint investment pool together with funds from the Company and other customers and shall be managed and invested by the Company on an unrestricted basis in accordance with the principles of the Islamic Shari’ah.
7. A Saving Bond represents an undivided share in the ownership of assets of the joint investment pool and also represents an entitlement to a share of the distributable profits generated by the joint investment pool.
8. The Bondholder shall have a share of the annual declared profit and will bear the loss (if any) that is not under the control of the Mudarib. The Mudarib will only be liable in case of misconduct, default, negligence, or breach of Mudaraba terms. Nothing in these Terms and Conditions shall be construed as being a warranty or a representation by the Company of any guaranteed profits.
9. At present the Company at its sole discretion and from its own funds provides individual holders of the Saving Bonds opportunities to periodically win draw-based prizes. The Company reserves the right to amend, vary or cancel any prize in relation with the rewards program. These prizes are not an integral part of the Saving Bonds and awarding the prizes shall not be construed as an obligation on the Company.

The above preamble shall be an integral part of these terms and conditions.

## Saving Bonds Issuance

10. The purchase price of Saving Bonds is fixed and not changeable. This does not imply a guarantee of capital or profit by the Company. Subject to the terms of clause 24 & 25 as contemplated herein, the number of Savings Bonds held by the Bondholder will be adjusted to reflect profit or loss on the Savings Bonds.
11. Saving Bonds can be issued in the name of an individual or a company after submitting a completed application form along with the required documents. The Saving Bonds can also be issued in the name of a minor, under the age of 21 years. However, only minor turning into major or minor’s legal guardian can redeem the Saving Bonds and receive the amount. The Saving Bonds can also be issued as gifts to individuals. However, only lawful gift beneficiary can redeem the Saving Bonds and receive the amount provided he or she is not a minor.
12. Saving Bonds are issued in UAE currency only (AED) and the minimum number of issued Savings Bonds in a single request is 10 bonds.
13. The Bondholder can invest in the Saving Bonds at any desired time and pay the price through any payment method that is acceptable to the Company. However the Saving Bonds will be only issued after the receipt of the funds by the Company.
14. The Bondholder can also set up an open ended Saving plan to invest a fixed amount as Saving Bonds every month through a recurring payment mandate.
15. In case of payment through credit or debit card, the subscription fee is applicable and payable at the time of Saving Bonds redemption and waived if Saving Bonds complete 24 months holding period. The subscription fee is 2% (min of AED 15) of the redeemed Saving Bonds value and will be deducted from the redemption amount.
16. In case of recurring number of monthly payment mandate, the subscription fee of 0.5% (min of AED 15) of the withdrawn amount in case of redemption or cancellation of plan before completing 12 monthly payments.
17. In case the Bondholder desires to amend an existing recurring payment mandate, the existing plan shall be cancelled and the subscription fee is payable in accordance with clause 16 herein. A new mandate will be subsequently set up.

## Profit Entitlement and Distribution

18. The net profits shall be calculated at the end of every Gregorian calendar year on the basis of constructive liquidation and Bondholder’s share of profit shall be distributed subsequently.
19. Each Saving Bond is entitled to a pro rata share of the distributable profits for a calendar year. The pro rata share is based on weights determined in accordance with terms of clause 23 and 24 as contemplated herein.
20. In case the Saving Bonds are redeemed during a calendar year, the weight of the Saving Bonds redeemed before completing a holding period of 90 days is 40%, while the weight is 60% for Saving Bonds redeemed after completing a holding period of 90 days and before completing 180 days, whereas the weight is 80% for Saving Bonds redeemed after completing 180 days and before completing 360 days, and finally the weight is 100% for Saving Bonds redeemed after completing 360 days.
21. In case the Saving Bonds are not redeemed at the time of profit calculation, the weight is 100%. However, the payment of the entitled profit will be scheduled according to the completion of the respective holding periods, as set forth under the previous clause and in case Savings Bonds are redeemed before completing respective holding periods, the remaining reserved profit amount will be forfeited from the Bondholder account and transferred to the benefit of the joint investment pool.
22. Profits earned on Savings Bonds are distributed by issuing additional Saving Bonds. Additional Saving Bonds are only issued if the total amount of profits earned by the Bondholder is AED 10 or more, and are only issued in multiples of AED 10. When the amount of earned profits is less than AED 10 or the amount is not in multiples of AED10, the amount or the remaining amount is called Residue Profit.
23. The Residue Profit will be available to the Bondholder during each calendar year. During which the Bondholder can top up the amount to reach AED 10 and convert it into Saving Bonds or withdraw the amount.
24. Profits earned on Savings Bonds are only payable to the Bondholder at the time of annual profit distribution if Saving Bonds are held for a minimum period of 30 days. Otherwise the profit earned is deducted from Bondholder and transferred to the benefit of the joint investment pool.

## Draws and Prizes

25. Eligible holders of the Saving Bonds shall be entitled to participate in the prize draws to be conducted by the Company.
26. Details of the prize draws in terms of prizes, eligibility, chances and draw dates are published on the official website of the Company.
27. The cash prizes shall be credited to the Bondholder by issuing additional Saving Bonds.
28. The prizes are non-transferable and cannot be paid, remitted or deposited to a person or account other than the winner.
29. The Company decisions and records regarding the prizes will be final and legally binding.
30. The winners will be decided randomly by an automated prize draw system under the supervision of the Department of Economic Development or as required by the rules and regulations from time to time.
31. The prize winners may be contacted by the Company at the address provided in the Company’s records through any other means of communication according to the Company’s absolute discretion.
32. The results of the prize draw shall be announced by SMS and also posted on the Company official website or any other means of communication at its sole discretion.

33. The Company has the right to call the winner for media interviews and photos taking sessions. In case the winner refuses, the Company has the right to confiscate the prize(s).
34. The Company has the full rights to provide details about prizes and winners in any publicity.
35. The Company staff is allowed to subscribe to Saving Bonds but they are not eligible for the draws.
36. Saving Bonds that are issued to support financing through Murabaha transactions from authorized banks/financial institutions are entitled to participate in the prize draws after completing a holding period of 30 days.

#### Account, Redemption and Ownership Transfer of Saving Bonds

37. A redemption request can be made by calling the Company call center which will be followed by proper verification and authentication through any other means of communication at its sole discretion. The Saving Bonds can be redeemed against Cheque or wire transfer (applicable only to International Bondholders). Other charges (if any, levied by external service providers) will be deducted from the redeemed amount. Redemption request shall be processed within a maximum period of 5 working days.
38. Saving Bonds can be instantly redeemed against cash for redemption of AED 10,000 and below per day per account at selected locations. Convenience fee (if any, charged by our Partners) related to instant cash redemption service will be applied and deducted from the redemption amount where applicable.
39. The Company shall charge Value Added Tax separately on services made on or after the 1st January 2018 as per the Federal Decree-Law No. (8), 2017 on Value Added Tax and Cabinet Decision No. (52), 2017 on the Executive Regulations as applicable.
40. Where a Customer opts to redeem a Sukuk through OTC, the Customer will only have 15 calendar days from receipt of their OTC ticket to action the redemption. If no redemption is made within that time then the Customer will be reimbursed that amount to be redeemed through an issue of new savings bonds. T&C's Apply.
41. Where a Customer opts to receive a cheque for their redemption then such cheque will only be valid for 180 calendar days. If such cheque is not encashed within that time then the Customer will be reimbursed that amount through an issue of new savings bonds.
42. Saving Bonds must be held for a minimum period of 30 days from the date of issuance before it can be redeemed and 60 days for Saving Bonds issued through credit or debit card. This restriction, does not apply to those Saving Bonds that are issued as profit or prizes or issued to support financing from authorized banks/financial institutions via Murabaha transactions.
43. The Bondholder confirms that he has the right and authority to redeem the Saving Bonds, whether that redemption is being made for himself or for another person or institute.
44. Ownership of Saving Bonds issued to support financing through Murabaha transactions from authorized banks/financial institutions can be transferred to a third party subject to prior notification and approval of the Company.
45. In case of the bondholder's demise, the funds in the bondholders account shall be paid based on a written notification from the competent jurisdiction via a cheque issued to the competent jurisdiction. After which the total amount shall be issued and distributed by the competent jurisdiction based on the governing laws of UAE.

#### General Terms

46. The Bondholder undertakes and agrees to comply with and be bound by the Terms and Conditions laid out in this document, and the Prospectus issued by The Company.
47. The Company reserves the right to decline a request for issuing Saving Bonds for any person at its sole discretion without having to provide any justification.
48. The Bondholder confirms that the funds being used to subscribe to the Saving Bonds are from a legitimate source and in no way are in breach of the UAE Federal laws and rules and regulations prescribed by relevant regulatory authorities. The Bondholder (Individual or Corporate) also confirms that they shall not utilize the bonds for any purposes that may be considered as illegal, unlawful (Haram) or repugnant under the rules and principles of Shari'ah (Islamic law) and relevant Anti-Money Laundering Laws and Regulations in the UAE. In case the suspicion is confirmed from the competent authority or otherwise then the Company has the full right to apply all prevailing Laws and Regulations as deemed necessary.
49. The Bondholders undertakes to transfer the Saving Bonds in their accounts, to the Company for the applicable redemption amount if the Bondholder is requested to do so by the Company on winding up the National Bonds Mudaraba in accordance with the Company Prospectus.
50. The Company and approved distributors may take personal data checks as it may require regarding the details provided about Bondholder's identity or identity of any other person named in the application form and the source of funds invested.
51. In the case of an applicant who is a corporate entity, trustee, guardian, receiver, or a representative of a deceased's estate, the applicant must provide evidence that is satisfactory to The Company and its approved distributors that the person signing the Form(s) has the legal right and accredited authorization to do so.
52. Natural or legal guardian can purchase the bonds in the name of minors by providing the legal identification evidencing his legal right. Minors attaining the age of 21 years shall provide necessary identification documents evidencing their identity, age and signature prior to any redemption transaction.
53. These terms and conditions shall be binding on the Bondholder and companies, their respective successors and permitted assigns, heirs and/or legal representatives.
54. Nothing in these terms and conditions shall oblige the company or the Bondholder to pay interest or to receive any interest on any amount payable in violation of shari'ah or to do anything that is unacceptable under Islamic shari'ah.
55. The Bondholder shall immediately comply with any request or notice from the company requesting any information or documentation that may reasonably be requested by the Company from the Bondholder.
56. The Bondholder is solely responsible for communicating information changes regarding their accounts or the accounts under their guardianship to the Company.
57. The Company is not responsible for any loss in transit of application forms, payment instruction, bond certificates or any other documents, unless such loss is caused by The Company.
58. The Bondholder irrevocably agrees for the benefit of the company that the courts of Dubai shall have exclusive jurisdiction to hear and determine any suit, action or proceeding, and to settle any disputes which may arise out of or in connection with these terms and conditions and the Islamic facilities and, for such purposes, irrevocably.
59. If, at any time, any provisions of these terms and conditions is or becomes illegal, invalid or unenforceable in any respect under the law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions of these terms and conditions or the legality, validity or enforceability of such provision under the law of any other jurisdiction shall in any way be affected of any rights or remedies provided by law.
60. The Company may disclose any information relating to the Bondholder or to the Bondholder's transactions to any governmental or regulatory body, based on a judicial, governmental order or regulatory requirement. The Company may also provide any information in connection with this application (including your personal information) to any service provider (whether located in or outside of United Arab Emirates) for the purposes of providing any service to you in connection with this application.
61. The Bondholder agrees that the Company shall abide by the applicable laws and competent authorities instructions to freeze any funds in the Bondholder's Account or take any action necessary if the Company believes that funds have been obtained through illegal means or transactions. The Company may report any suspected or confirmed money laundering or other suspicious or illegal activities or transactions in or related to the Account to the competent authorities in United Arab Emirates.
62. The Company shall have the right at any time and at its absolute discretion and without giving written notice to the Bondholders to close the Account without giving any reason. The Bondholder hereby agrees that the Company's action in closing the Account shall be effective and binding. The Bondholder hereby irrevocably waives in advance any right, whether legal or otherwise, that they may have against the Company in any proceedings whatsoever to complain about the Company's action and/or decision to close the Account.
63. The Company reserves the right to send any correspondence, and other documents through ordinary mail and will not be responsible for loss or damage arising thereof.
64. The Company, shall from time to time, communicate various Saving Opportunities and Promotions to its bondholders. The Bondholder always reserve the right to opt out from receiving such messages by sending a blank message to 4741.
65. The Bondholder may give instructions related to Saving Bonds by email, text message or fax. The Bondholder hereby understands and agrees that such communication channels are insecure and can be tampered with. The Bondholder indemnifies the Company from any and all liabilities that may occur as a result of the Bondholder using such communication channels.