

Appendix 3

In this Appendix underlining indicates new text and striking through indicates deleted text.



The DFSA Rulebook

Islamic Finance Rules

(IFR)

6 ISLAMIC COLLECTIVE INVESTMENT FUNDS

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6.11 Islamic Real Estate Investment Trusts (Islamic REITs)

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6.11.5 A Fund Manager of an Islamic REIT may borrow either directly or through its Special Purpose Vehicle up to ~~50%~~ 65% of the gross asset value of the Fund provided that such borrowings are Shari'a compliant.

Guidance

1. The gross asset value of a Fund should be calculated as the total value of the Fund Property based on the most recent valuation under CIR Rule 8.4.1(1), but without making the deductions provided for in the other paragraphs of that Rule.
2. As there are no specific risks that arise by virtue of a Fund being an Islamic Fund, the prudential requirements that apply to a Category 3 firm as set out in the PIB module apply to such Fund Managers. However, if the underlying assets of the Fund are invested in financial products or instruments that are Islamic and have certain features which would raise any prudential risks, it is the responsibility of the Fund Manager to address such risks. The DFSA would provide any additional clarifications regarding such matters upon request.

