

Annual Compliance Statement for the year ended 31 December 2023


On behalf of (name of authorised firm) we, the undersigned, make this written statement in fulfillment of the requirement of Rule 3.4.1(1) of the Governance and Controlled Functions Rules 2020.

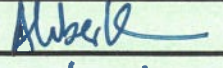
In the schedules to this Statement we have provided information about compliance with the regulatory provisions described therein.

We have reviewed the whole of Chapter 3 of the Governance and Controlled Functions Rules 2020. We note that several rules impose general obligations, responsibilities and duties that are not specifically mentioned in the schedules 1 to 5. We confirm that:

	Check appropriate box
a. The responses provided in schedules 1 to 5 of this Annual Compliance Statement represent a full account of the matters that the firm wishes to include in this statement to the Regulatory Authority, or	
b. The responses provided in schedules 1 to 5 of this Annual Compliance Statement, together with the additional disclosures at Schedule 6, represent a full account of the matters that the firm wishes to include in this statement to the Regulatory Authority.	✓

We confirm that, to the best of our knowledge and belief, having made all reasonable enquiries, all of the information given in this Annual Compliance Statement is true and complete.

Member of the Governing Body (EGF)	Member of the Governing Body (EGF/NEGF)
Name:	Nasser Jaralla Al Marri
Signature:	
Date:	23/4/2024

Senior Executive Function	Senior Executive Function
Name:	Akber Khan
Signature:	
Date:	21/04/2024

Important

It is a contravention of Article 84 of the QFC Financial Services Regulations for any person to knowingly or recklessly provide information to the Regulatory Authority that is false, misleading or deceptive or to conceal information from the Regulatory Authority where such concealment is likely to mislead or deceive the Regulatory Authority.

Guidance Notes on completing the Annual Compliance Statement:

- Every reference number in the template corresponds to a Governance and Controlled Functions Rules 2020 rule with the references.
- **Schedule 1** must be answered by all firms .
- **Schedule 2** must be answered by all firms .
- **Schedule 3** must be answered by authorised firms that are branches.
- **Schedule 4** must be answered by all category A authorised firms that are incorporated in the QFC.
- **Schedule 5** must be answered by all category B authorised firms that are incorporated in the QFC.

Where the answer to any question is "No" the firm must :

- o state the reason(s) for the non compliance; and, separately
- o state what the firm is doing or intends to do to bring itself into compliance with this requirement.

Schedule 1 – to be completed by all authorised firms

Firm Details:

Name of firm	Al Rayan Investment LLC
QFC Number	00045
Is the firm incorporated in the QFC?	Yes
Is the firm operating as a branch in the QFC?	No
Is the firm a category A firm or a category B firm [1]?	Category A

Note

^[1] See definitions at 3.3.2 of the Governance and Controlled Functions Rules 2020

Schedule 2 – to be completed by all authorised firms

Ref. No.	Question	Response (Check appropriate box)	Why is your firm not in compliance with this requirement?	What is your firm doing, or intending to do, to bring itself into compliance with this requirement?
3.1.2	Is every member of the governing body an individual who is approved to exercise either the executive governance function or the non-executive governance function?	Yes		
3.1.3	Does every independent non-executive member of the board meet all of the eligibility requirements set out at CTR 3.1.3(1)?	Yes		
3.1.4	Does the governing body have responsibility for approving and overseeing the implementation of the firm's strategic objectives, corporate governance framework and corporate culture?	Yes		
3.1.5	A governing body cannot relieve itself of an obligation under the CTR Rules by repudiating the obligation or allocating it to another person or body – is this rule observed?	Yes		
3.1.6(2)	Has the governing body given the senior executive function a written document that sets out his or her responsibilities?	Yes		
3.1.6(2)	Has the senior executive function acknowledged, in writing, having received that document, and confirmed in the acknowledgment that he or she understands, and undertakes to carry out, those responsibilities?	Yes		
3.1.6(4)	Has the senior executive function given to each individual who exercises a controlled function for the firm a written document that sets out that individual's responsibilities and in line with CTR 3.1.6(1)(7)?	Yes		
3.1.6(5)	Has the senior executive function obtained the governing body's approval (or the approval of the body's audit committee, if any) in relation to the content of the document given to the individual who exercises the internal audit function?	Not Applicable	Internal Audit Function services are provided by Mazur Al Rayan QPSC, the parent of Al Rayan Investment LLC under a Service Level Agreement (SLA)	
3.1.6(6)	Has the senior executive function consulted with the governing body (or the body's risk committee, if any) in relation to the content of the document given (pursuant to CTR 3.1.6(5)) to the individual who exercises the risk management function?	Not Applicable	Risk Management Function services are provided by Mazur Al Rayan QPSC, the parent of Al Rayan Investment LLC under a Service Level Agreement (SLA)	
3.1.6(8)	Has each individual who has received a written document pursuant to CTR 3.1.6(5) acknowledged, in writing, having received that document, and confirmed in the acknowledgment that he or she understands, and undertakes to carry out, those responsibilities?	Yes		
3.1.7(a)	Is the governing body satisfied that it has access to sufficient information and independent advice about the firm's affairs to make informed decisions and discharge its responsibilities effectively?	Yes		
3.1.10	Has the governing body put in place a code of conduct or code of ethics for all employees that defines acceptable and unacceptable behaviour, and reminds them not to engage in illegal activity?	Yes		
3.1.11	Has the governing body put in place a written document setting out its own governance structure?	Yes		
3.1.12(a)	Has the governing body approved the organisational structure and corporate governance framework through which the firm is managed and controlled?	Yes		
3.1.12(b)	Has the governing body ensured that the firm has succession plans for its key functions?	Yes		
3.1.12(c)	Has the governing body established direct and independent contact with the firm's internal audit function?	Yes		
3.1.12(d)	Has the governing body established direct and independent contact with the firm's risk function?	Yes		
3.1.12(e)	Has the governing body ensured that the firm has effective policies, procedures and controls to detect, prevent, detect, report and remedy fraud, and ensured that appropriate resources are allocated for that purpose?	Yes		
3.1.14(1)(a)	Has the governing body approved strategic and business plans appropriate to the nature, scale and complexity of the firm's business?	Yes		
3.1.14(1)(b)	Are the strategic and business plans required at CTR 3.1.14(1)(a) reviewed and if necessary updated periodically?	Yes		
3.1.15	During the past year, have all decisions about the appointment, remuneration, disciplining or dismissal, or the assessment of the performance of the individuals dealt with in Rule 3.1.20 been made in accordance with that rule?	Yes		
3.1.16(1)	Has the governing body established, for itself and the whole firm, a remuneration policy appropriate to the nature, scale and complexity of the firm's business?	Yes		
3.1.16	Does the remuneration policy required under CTR 3.1.16(1) meet all the requirements set out at CTR 3.1.16?	Yes		
3.1.17(1)	Has the governing body established a business resilience and continuity plan to ensure, so far as practicable, that the firm can continue to fulfil its obligations under the law applicable in the QFC in the event of an interruption?	Yes		
3.1.17(2)	Is the business resilience and continuity plan required under CTR 3.1.17(1) periodically reviewed?	Yes		
3.1.17(3)	Is the business resilience and continuity plan required under CTR 3.1.17(1) periodically tested at intervals not longer than 18 months?	Yes		
3.1.18(1)	Has the governing body ensured that the firm's corporate governance framework, and of its risk management framework, is designed: a) to avoid conflicts of interest (or to mitigate such conflicts, if it is not possible to avoid them), and b) to deal effectively with any conflict of interest that arises?	Yes		
3.1.18(2)(a)	Does the firm's corporate governance framework, and of its risk management framework, require that any conflict of interest that arises must be reported: a) to the firm's senior management, or, if the firm is a branch, to the body that is responsible for the branch; and b) if it is not addressed within a reasonable time by the senior management, to the firm's governing body?	Yes		
3.1.18(2)(b)	Has the senior management given the governing body, every 6 months, a written summary of all conflicts of interest addressed by the senior management during the period?	No	There has been no conflict of interest cases during 2023	
3.1.19	Has the governing body put in place arrangements to ensure that the firm's corporate governance framework and risk management framework are reviewed at least once every 3 years by either the firm's internal auditor or an independent and objective external reviewer?	Yes		
3.1.20	Has the governing body of the firm (and each committee of the governing body where applicable) maintained appropriate records of its deliberations and decisions, sufficient to show that the body or committee is effective and has carried out its responsibilities?	Yes		
3.1.21	Is the governing body satisfied (taking specific account of the measure at CTR 3.1.21(2)) that each employee to whom a responsibility is allocated within the firm's internal controls framework is sufficiently free from influence for the framework to be effective in achieving its purpose?	Yes		
3.1.23 (a)	Does the Risk committee receive regular reports about the firm's risk profile, measurement against the approved risk appetite and risk limits, and any limit breaches and actions taken as a result of such breaches?	Not Applicable	the responsibilities of the risk committee have been outsourced to the Risk Management department of Mazur Al Rayan	
6.4.3(2)	Has the firm established an internal audit function that provides independent and objective assurance on the effectiveness of risk management, internal control and governance processes?	Yes		
7.1.2	Does the firm have a documented risk management framework approved by the governing body?	Yes		
7.1.1(2)	Does the risk management framework comprise of appropriate strategies, policies, procedures and controls to manage different types of material risks as per CTR 7.1.2, and provide the firm's governing body with a comprehensive firm-wide view of material risks?	Yes		
7.1.2 (3)	Does the risk management framework reflect the firm's business objectives and the business plan approved by the firm's governing body, and meets the requirements under 7.1.2(5)? The framework must include: a. a risk appetite statement; b. a risk management strategy; c. a risk management function dedicated to the framework; d. a management information system to support the effectiveness of the framework; and e. a robust review process to ensure that the framework remains effective	Yes		
7.1.2 (4)	Is the risk management strategy documented in writing and reviewed at least once in every year?	Yes		
7.1.8	Has the firm's senior management ensured that appropriate risk management training is available to individuals at all levels throughout the firm?	Yes		

Note

- Note CTR Rule 3.1.6(12) – The allocation of responsibilities referred to in this rule is separate from operational authorities and limits exercised by the individual who exercises the firm's senior executive function and the firm's senior management (such as those set out in the firm's internal controls framework, or in the firm's risk management framework).
- An authorised firm that is a QFC bank, or a QFC insurer (other than a QFC captive insurer) must have an individual who is approved to exercise the internal audit function.
- An authorised firm that is a QFC bank, or a QFC insurer (other than a QFC captive insurer) must have an individual who is approved to exercise the risk management function.
- The firm must give a copy of the report to the Regulatory Authority within 30 days after the firm's governing body receives the report as per 3.1.19 (3).

Schedule 3 – to be completed by authorised firms that are branches.

Ref No.	Question:	Response (Check appropriate box)	Why is your firm not in compliance with this requirement?	What is your firm doing, or intending to do, to bring itself into compliance with this requirement?
3.2.1(1)	Does the governing body of the branch have at least 3 members			
3.2.1(3)	During the last calendar year did the governing body meet at least every 3 months, and at least 4 times in that year?			

Schedule 4 – to be completed by all Category A authorised firms that are incorporated in the QFC.

Ref No.	Question:	Response (Check appropriate box)	Why is your firm not in compliance with this requirement?	What is your firm doing, or intending to do, to bring itself into compliance with this requirement?
3.3.6(2)	Is the board of directors made up of at least 5 directors ^[1] ?	Yes		
3.3.6(5)	Are a majority of the members of the board non-executive directors, and are majority of the non-executive directors independent non-executive directors ^[2] ?	Yes		ARI, being a subsidiary of Masraf Al Rayan has 2 independent non-executive directors
3.3.8(1)(a)	Has the board of directors established a nominations committee ^[3] ?	No	Given ARI's size, the Board did not consider it needed to establish a separate Board committee for this purpose	The responsibilities of the nomination committee are carried out by the Board
3.3.8(1)(b)	Has the board of directors established a remuneration committee ^[4] ?	No	Given ARI's size, the Board did not consider it needed to establish a separate Board committee for this purpose	The responsibilities of the remuneration committee are carried out by the Board
3.3.8(1)(c)	Has the board of directors established an audit committee ^[5] ?	Yes		
3.3.8(1)(d)	Has the board of directors established a risk committee ^[6] ?	Yes		
3.3.8(2)	Is the chair of each committee established pursuant to CTRL 3.3.8(1) an independent non-executive director?	Yes		
3.3.8(4)	Does each committee established by the board have clear terms of reference setting out its role and objectives and the authority delegated to it by the board?	Yes		
3.3.8(5)(a)	Does each committee established by the board report regularly to the board?	Yes		
3.3.8(5)(b)	Does each committee established by the board circulate its minutes to all of the members of the board?	Yes		
3.3.11(2)	Are all of the members of the remuneration committee non-executive directors ^[7] ?	No	Not applicable	
3.3.12(2)	Are a majority of the members of the audit committee non-executive directors?	Yes		
3.3.12(3)	The chair of the board must not be a member of the audit committee – is this rule observed?	Yes		
3.3.12(4)	During the last calendar year did the audit committee meet at least 4 times?	Yes		
3.3.13(2)	Are a majority of the members of the risk committee non-executive directors?	No	Given ARI's size, the Board did not consider it needed to establish a separate risk committee	The Board has outsourced the responsibilities of this committee to the Risk management department of its parent, Masraf Al Rayan
3.3.14	During the last calendar year did the board of directors meet at least every 3 months and at least 4 times?	Yes		
3.3.15(1)	Is the chair of the board a non-executive director?	Yes		
3.3.15(2)	If the firm is not a subsidiary, is the chair of the board an independent non-executive director ^[8] ?	No	Not applicable	
3.3.15(3)	The chair of the board of a firm must not have been an employee of the firm during the previous 5 years – is this rule complied with?	Yes		
3.3.16(2)(a)	Has the board ensured that a suitable induction program is offered to a newly-appointed board member to help him or her to understand the duties and role of a member?	Yes		
3.3.16(2)(b)	Has the board ensured that regular updates and training are offered to each board member to maintain the member's competency for that role?	Yes		
3.3.17(2)	During the last calendar year did the board undertake the assessments of performance required under CTRL 3.3.17(1)?	Yes		
3.3.17(3)	During the last calendar year did the board review the effectiveness of its own governance practices and procedures, determine where improvements may be needed, and make any necessary changes?	Yes		
3.3.18	If the firm is the parent company of a corporate group, during the last calendar year has the board exercised adequate oversight over the subsidiaries while respecting the subsidiaries' legal and governance responsibilities.	Not Applicable		
3.3.18(3)	If the firm is the parent company of a corporate group, during the last calendar year has the board complied with all of the requirements of CTRL 3.3.18(3)?	Not Applicable		

Note

- 1 Or, where relevant, such greater number as may be directed by the Regulatory Authority.
- 2 Where a firm is a subsidiary, the majority of its board's members may be directors or senior executives of the parent firm or another member of the corporate group. However, the authorised firm must still have at least 2 independent non-executive directors. If this applies, please say so.
- 3 If the firm has received written consent from the Regulatory Authority to combine the nomination committee and the remuneration committee then the firm should answer Yes to this question.
- 4 If the firm has received written consent from the Regulatory Authority to combine the nomination committee and the remuneration committee then the firm should answer Yes to this question.
- 5 If the firm has received written consent from the Regulatory Authority to combine the audit committee and the risk committee then the firm should answer Yes to this question.
- 6 If the firm has received written consent from the Regulatory Authority to combine the audit committee and the risk committee then the firm should answer Yes to this question.
- 7 If, with the written consent of the Regulatory Authority, a category A firm has combined the nomination committee and the remuneration committee, all of the members of the combined committee must be non-executive directors.
- 8 If the chair of a firm that is not a subsidiary is not an independent non-executive director, the firm must explain how its governance arrangements satisfy the need for independent oversight of the firm's senior management.

Schedule 5 - to be completed by all Category B authorised firms that are incorporated in the QFC.

Ref No.	Question:	Response (check appropriate box)	Why is your firm not in compliance with this requirement?	What is your firm doing, or intending to do, to bring itself into compliance with this requirement?
3.3.6(3)	Is the board of directors made up of at least 3 directors ^[1] ?			
3.3.6(6)	Are a majority of the members of the board of the firm non-executive members, and is at least 1 of the non-executive members an independent non-executive member.			
3.3.9(1)	Has the board of directors established a nominations committee ^[2] ?			
3.3.9(1)	Has the board of directors established a remuneration committee ^[3] ?			
3.3.9(1)	Has the board of directors established an audit committee ^[4] ?			
3.3.9(1)	Has the board of directors established a risk committee ^[5] ?			
3.3.11(2)	If a remuneration committee has been established are all of the members of the remuneration committee non-executive directors?			
3.3.12(2)	If an audit committee has been established, are a majority of the members of the audit committee non-executive directors?			
3.3.12(3)	If an audit committee has been established, the chair of the board must not be a member of the audit committee – is this rule observed?			
3.3.12(4)	If an audit committee has been established during the last calendar year did the audit committee meet at least 4 times?			
3.3.13(2)	If a risk committee has been established are a majority of the members of the risk committee non-executive directors?			
3.3.14	During the last calendar year did the board of directors meet at least every 3 months and at least 4 times?			
3.3.15(1)	Is the chair of the board a non-executive director?			
3.3.15(3)	The chair of the board of a firm must not have been an employee of the firm during the previous 5 years – is this rule complied with?			
3.3.16(2)(a)	Has the board ensured that a suitable induction program is offered to a newly-appointed board member to help him or her to understand the duties and role of a member?			
3.3.16(2)(b)	Has the board ensured that regular updates and training are offered to each board member to maintain the member's competency for that role?			
3.3.17(2)	During the last calendar year did the board undertake the assessments of performance required under CTRL 3.3.17(1)?			
3.3.17(3)	During the last calendar year did the board review the effectiveness of its own governance practices and procedures, determine where improvements may be needed, and make any necessary changes?			
3.3.18	If the firm is the parent company of a corporate group, during the last calendar year has the board exercised adequate oversight over the subsidiaries while respecting the subsidiaries' legal and governance responsibilities.			
3.3.18(3)	If the firm is the parent company of a corporate group, during the last calendar year has the board complied with all of the requirements of CTRL 3.3.18(3)?			

Note

- 1 Or, where relevant, such greater number as may be directed by the Regulatory Authority.
- 2 The board of a Category B firm is not required to establish committees, and if no nominations committee has been established an explanation is not required.
- 3 The board of a Category B firm is not required to establish committees, and if no remuneration committee has been established an explanation is not required.
- 4 The board of a Category B firm is not required to establish committees, and if no audit committee has been established an explanation is not required.
- 5 The board of a Category B firm is not required to establish committees, and if no risk committee has been established an explanation is not required.

Schedule 6 – To be completed by every firm that wishes to make additional disclosure(s).

Al Rayan Investment has received a waiver from QFCRA in relation to the establishment of the nomination and Remuneration Committee and tabled this matter in an RMP with ongoing monitoring.