**Money Services supplement**

This supplement form must be submitted by applicants applying to conduct the Regulated Activity[[1]](#footnote-2) of Providing Money Services. This financial service is defined in Schedule 1 of the AIFC General Rules and Part 4 of the AIFC Rules on Digital Asset Activities.

In addition to this supplement you[[2]](#footnote-3) will also have to complete the *Application for a Licence to carry on Regulated Activities* form. Depending on the suite of Regulated Activities your firm will be offering, there might be other forms or supplements that need to be completed and submitted. Where you believe a question in this supplement may have already been answered in the *Application for a Licence to carry on Regulated Activities* form or other forms then you may provide an unequivocal cross reference to the relevant section.

To assist you in completing this form we occasionally make reference to various Rules, sections, or chapters of the various modules which make up the AIFC Regulations and Rules. However, these references are provided only as a guide and are not an exhaustive list of the Rules that may be applicable to your situation. It is your responsibility to research any Rules that might be pertinent to your application.

Do not leave any response-cells empty. If a question we ask does not pertain to your intended Regulated Activities respond to that effect in the cell. If it is more appropriate to answer certain questions in an attachment then indicate in the cell that that is the case. The use of acronyms is to be avoided. If you do need to use acronyms then they must be defined.

As a matter of good practice, and to avoid any confusion, words and terms that are defined in AIFC Glossary should have their first letter in upper-case.

Ensure that you are using the latest version of this application form. AFSA will only accept out-of-date forms if they are submitted within one month of the latest version available on our website. For your submission we will require the paper-based originals with handwritten signature of one set of application forms, supplemental forms, and purpose-written, attachment documents, as well as the same in electronic format.

You are advised to retain a copy of the form and all relevant attachments for the records.

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| 1. **Declaration by the applicant** |

* 1. I declare that, to the best of my knowledge and belief, having made due inquiry, the information given in this form, the supplements and documents attached, as well as any applicable supporting documents, is complete and correct. I understand that it may be a breach of Article 119(e) of the AIFC Framework Regulations to provide to the AFSA any information which is deceptive, misleading or dishonest.
  2. I understand that the Authorised Person shall comply with, and be bound by, the AIFC rules and regulations. I also acknowledge that it is sole responsibility of the Authorised Person to monitor the amendments introduced to the rules and regulations published on the official website of the AFSA.
  3. I declare my understanding that the AFSA may request more detailed information (including but not limited to, personal educational, employment and financial information) should it be deemed necessary to adequately assess the fitness and propriety of the firm or any person connected to the firm. I consent to the AFSA contacting any previous employers, educational institutions, professional organisations or any other organisation, to verify any information contained in this form.
  4. I confirm that I have the authority to make this application, to declare as specified above and sign this form for, or on behalf of, the applicant. I also confirm that I have authority to give the consent specified above.
  5. I understand that any personal data provided to the AFSA will be used to discharge its regulatory functions under the AIFC Data Protection Regulations, and other relevant legislation and may be disclosed to third parties for those purposes.
  6. I confirm that all documents submitted as part of this application, whether physical or electronic, become property of the AFSA.

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| \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |
| Signature of Director/Partner of the applicant[[3]](#footnote-4) | Date |
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| Enter the name and position or title of the above signed Director/Partner of the applicant: |
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| 1. **Business model, Risk Management and Conduct of Business** |

* 1. Which specific services under the Regulated Activity of Providing Money Services (“PMS”) do you intend to offer? Please state services from the list within the definition of Providing Money Services provided in Schedule 1 of the AIFC General Rules and Part 4 of the AIFC Rules on Digital Asset Activities:

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| [Insert text here] |

* 1. Do you plan to offer international remittance? If yes, please list corridor countries.

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| [Insert text here] |

* 1. Provide details on third parties that will be involved in the business model of the applicant, including the information on their nature of business and the role in the proposed business model (e.g. banks, custodians, payment processors, card scheme operators, technology providers, etc.).

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| --- |
| [Insert text here] |

* 1. Where applicable, describe the arrangements the applicant will put in place to ensure that it does not contravene the restriction on undertaking currency transactions or exchange transactions in accordance with the Rules on Currency Regulation and Provision of Information on Currency Transactions in the AIFC[[4]](#footnote-5).

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| --- |
| [Insert text here] |

* 1. Provide an end-to-end flow of how a typical transaction will be executed. This can be provided as an attachment to the supplement form.

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| [Insert text here] |

* 1. Will there be a platform or mobile application for transaction execution? If yes, please provide details (in-house, outsourced, relevant IT certifications, results of IT audits, etc.)

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| [Insert text here] |

* 1. If the applicant has a platform or mobile application developed for its business, is it available for IT demonstration?

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| --- |
| [Insert text here] |

* 1. What cybersecurity measures are in place (penetration testing, encryption, access controls, incident response plan)? Please provide details.

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| --- |
| [Insert text here] |

* 1. Does the applicant’s risk management framework include systems and controls necessary to address the risks, including cybersecurity-related risks, to its business? If so, please provide details.

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| [Insert text here] |

* 1. Please describe the internal controls implemented by the applicant to test its IT systems prior to commencing live operations or introducing system updates.

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| [Insert text here] |

* 1. Will the applicant conduct third-party governance and IT audits of its platform? If so, please indicate the planned frequency of such audits, outline their scope, and provide details of the internal controls in place for appointing a qualified third-party auditor.

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| [Insert text here] |

* 1. Please describe the arrangements the applicant has in place to address Major Operational or Security Incidents. What internal controls are implemented to detect, respond to, and report such incidents to the AFSA?

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| [Insert text here] |

* 1. How often does the applicant conduct assessments of operational and security risks related to the Money Services it provides? What is the scope of these assessments, and identify the responsible individual within the applicant responsible for their execution?

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| --- |
| [Insert text here] |

* 1. Please describe the arrangements for implementing Strong Customer Authentication of Clients, where applicable. In addition, outline the internal controls established for carrying out Strong Customer Authentication, specifying the elements to be used in verifying the Client’s identity, and explain how the applicant will ensure the security and protection of authentication data.

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| [Insert text here] |

* 1. Does the applicant plan to establish any limits on Clients transactions? Please provide full details with reference to relevant policies and/or procedures.

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| [Insert text here] |

* 1. Describe arrangements to ensure safeguarding Clients Money in accordance with Part 9 of AIFC Rules on Providing Money Services (e.g. placing in a bank; investing in secure and liquid assets; covering by insurance policy; or other method).

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| [Insert text here] |

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| 1. **Additional questions for PMS in relation to Digital Assets** |

* 1. Briefly describe involvement of Digital Assets (“DA”) into your business model:

|  |
| --- |
| [Insert text here] |

* 1. Please list Digital Assets the applicant intends to work with/to offer to its Clients.[[5]](#footnote-6)

|  |
| --- |
| [Insert text here] |

* 1. Will the applicant support both fiat–DA/DA-fiat and DA–DA transactions?

|  |
| --- |
| [Insert text here] |

* 1. Please provide money flow/transaction flow chart. This can be provided as an attachment to the supplement form.

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| --- |
| [Insert text here] |

* 1. Please identify all payment processors or technology providers.

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| --- |
| [Insert text here] |

* 1. How will Clients’ Digital Assets be stored (Hot and Cold Wallets, etc.)

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| --- |
| [Insert text here] |

* 1. What entity will be responsible for custody/safeguarding of Digital Assets of Clients (applicant firm or other third-party)?

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| --- |
| [Insert text here] |

* 1. Identify the key risks related to working with Digital Assets in the proposed business model.

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| [Insert text here] |

**Questions below apply to the Issuers of Fiat Stablecoins and Commodity Stablecoins:**

* 1. List Fiat Currencies or Commodities (“reference assets”) that will be referred to when issuing stablecoins:

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| --- |
| [Insert text here] |

* 1. Please explain the reasons or justifications for selecting particular Fiat Currencies or Commodities as the “reference assets” against which the stablecoins are issued.

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| [Insert text here] |

* 1. How will the applicant ensure operational segregation of the reserve assets from its proprietary assets and from reserve of assets of other Fiat stablecoins or Commodity stablecoins?

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| [Insert text here] |

* 1. In accordance with AIFC Rules on Digital Asset Activities, an issuer of a Fiat stablecoin or Commodity stablecoin must establish specific internal controls[[6]](#footnote-7). Please describe arrangement plans for each aspect below:
     1. the reserve of assets[[7]](#footnote-8), including how the reserve assets will be invested and held as applicable:

|  |
| --- |
| [Insert text here] |

* + 1. the custody of the reserve assets, including the segregation of assets:

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| [Insert text here] |

* + 1. the rights or the absence of rights granted to the holders of Fiat stablecoins or Commodity stablecoins:

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| --- |
| [Insert text here] |

* + 1. the mechanism through which Fiat stablecoins or Commodity stablecoins are issued and redeemed:

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| --- |
| [Insert text here] |

* + 1. the protocols for validating transactions in Fiat stablecoins or Commodity stablecoins:

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| --- |
| [Insert text here] |

* + 1. the functioning of the issuer of a Fiat stablecoin or Commodity stablecoin’s proprietary DLT, where the Fiat stablecoins or Commodity stablecoins are issued, transferred and stored on such DLT or similar technology that is operated by the issuer of a Fiat stablecoin or Commodity stablecoin or a third party acting on its behalf:

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| --- |
| [Insert text here] |

* + 1. the mechanisms to ensure the liquidity of Fiat stablecoins or Commodity stablecoins:

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| --- |
| [Insert text here] |

* + 1. the arrangements with third parties, including for managing the reserve assets and the investment of the reserve, the custody of reserve assets, and, where applicable, the distribution of Fiat stablecoins or Commodity stablecoins to the public:

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| --- |
| [Insert text here] |

* + 1. the written consent of the issuer of the Fiat stablecoin or Commodity stablecoin given to Persons who may offer or admit to trading the Fiat stablecoin or Commodity stablecoin:

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| --- |
| [Insert text here] |

* + 1. the stabilisation mechanism:

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| [Insert text here] |

* + 1. recovery and winddown:

|  |
| --- |
| [Insert text here] |

* + 1. the management of reserve assets and the liquidity risks associated with redemptions:

|  |
| --- |
| [Insert text here] |

* + 1. compliance with requirements in relation to the investment of reserve assets[[8]](#footnote-9):

|  |
| --- |
| [Insert text here] |

* 1. How often will the applicant involve a third party to conduct an independent audit[[9]](#footnote-10)? What criteria will be applied in selecting the auditor to conduct an independent audit of the reserve assets, and what methodology is expected to be used in auditing and verifying the valuation of the aggregate reserve assets? Make reference to a document covering these matters that was provided by the applicant.

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| --- |
| [Insert text here] |

* 1. Has the applicant provided a draft plan for the AFSA’s approval in case it decides to discontinue providing services and activities, such as issuing the Fiat stablecoin or Commodity stablecoin?[[10]](#footnote-11)

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| --- |
| [Insert text here] |

* 1. How many categories of Fiat stablecoins or Commodity stablecoins does the applicant intend to offer to the public?

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| [Insert text here] |

* 1. Which fiat currency will be accepted from a Client, and should this be the same currency as the reference asset?

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| [Insert text here] |

* 1. Provide description of a custodian of the reserve assets to be appointed by the applicant, including information about the necessary licences, regulatory authority, expertise and market reputation to act as a custodian of such reserve assets, taking into account the accounting practices, safekeeping procedures and internal control mechanisms.

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| [Insert text here] |

* 1. Has the applicant made any contractual arrangements with potential custodian of the reserve assets? If yes, please provide documentary confirmation thereto as a supporting document to this supplement form.

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| [Insert text here] |

* 1. Please provide a list of IT platforms (including blockchain networks, middleware solutions, or other digital infrastructures) that will be used for the issuance and redemption of fiat-backed or commodity-backed stablecoins.

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| [Insert text here] |

* 1. Please attach a draft white paper of the applicant in compliance with the requirements set out in DAA 4.8.1. In addition, provide details of the internal controls governing any modification of the white paper, its publication, and the applicant’s liability for the information contained therein.

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| [Insert text here] |

* 1. Please describe the arrangements the applicant will establish for maintaining records on the value of issued stablecoins, the size of reserve assets, the average daily number and value of issuance and redemption requests, as well as details of the customer base, including its segregation by size, type, and geographical distribution.

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| [Insert text here] |

* 1. Does the applicant plan to list the stablecoin on platforms of any of digital asset service providers (e.g. cryptoexchanges), or is the intention to use the stablecoin solely for internal (e.g. intragroup settlement and treasury management) or private purposes (e.g. selling/redeeming for institutional Clients)?

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| --- |
| [Insert text here] |

* 1. Please provide details on the measures the applicant will implement to ensure that holders of Fiat or Commodity stablecoins have access to clear, accurate, and transparent information about issued stablecoins. Additionally, specify what information will be made available to the stablecoin holders.

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| [Insert text here] |

* 1. Please describe how the redemption rights of each stablecoin holder will be implemented and specify the internal controls the applicant will establish to ensure that these redemption rights can be fully and reliably exercised.

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| [Insert text here] |

**Questions below apply to the issuers of Electronic Money:**

* 1. In accordance with AIFC Rules on Providing Money Services, a Money Service Provider that issues, redeems, and sells Electronic Money must establish, maintain, and implement specific internal controls[[11]](#footnote-12). Please describe arrangement plans for each aspect below with reference to a specific document provided by the applicant:

1. safeguarding of Client Money, including how it will be paid or placed in a Client Money Account, invested, insured or guaranteed in accordance with safeguarding requirements:

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| --- |
| [Insert text here] |

1. segregation of Client Money:

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| [Insert text here] |

1. Electronic Money issuance and redemption:

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| [Insert text here] |

1. mechanisms to ensure the liquidity of Electronic Money, including management of safeguarded Client Money and the liquidity risks associated with redemptions:

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| [Insert text here] |

1. recovery and wind-down procedures:

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| --- |
| [Insert text here] |

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| 1. **Documentation Checklist** |

* 1. The documents must be attached with this application. Mark the appropriate response-cells with an “X” to confirm that these attachments form part of this submission:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Verify that the following required documents are attached with this application submission:** | **Yes** | **No** | **N/a** |
|  | Business flow charts (all inflows from Clients, how and where the funds are held, the intermediaries and service providers involved (banks, custodians, brokers, Payment System Operators), the investment or transaction pathways, and the ultimate outflows back to Clients or counterparties). |  |  |  |
|  | Service level agreements (if any) |  |  |  |
|  | Discontinuation plan[[12]](#footnote-13) (if applicable) |  |  |  |
|  | Technology governance and risk assessment framework[[13]](#footnote-14) |  |  |  |
|  | Cyber-security policy[[14]](#footnote-15) |  |  |  |
|  | Custody policy and procedures[[15]](#footnote-16) |  |  |  |

* 1. If you responded “No” in any of the cells above provide an explanation:

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* 1. List additional supporting documents not covered in the above checklist:

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1. Terms defined in the Glossary (GLO) or the glossary sections in the Rules are identified by the capitalisation of the initial letter of a word or of each word in a phrase, unless the context otherwise requires the word to have its natural meaning. [↑](#footnote-ref-2)
2. The terms “you” and “your” as used throughout are not implied in the personal sense, but rather refer to the applicant applying for a Licence to carry on Regulated Activities. The terms “we” and “our” refer to the AFSA. [↑](#footnote-ref-3)
3. Or the person who will be authorised by the entity once it has been incorporated or established. [↑](#footnote-ref-4)
4. [Rules on Currency Regulation and Provision of Information on Currency Transactions in the AIFC](https://orderly.myafsa.com/articles/rules-on-currency-regulation-and-provision-of-information-on-currency-transactions-in-the-aifc) [↑](#footnote-ref-5)
5. According to PMS 2.4.1. (2), for the purposes DAA 4.1.-1., Money Service Provider may use a Digital Asset in connection with providing Money Services if such Digital Asset has been approved by the AFSA for use in providing Money Services in accordance with the procedures set out in subrules (3)(a), (4) and PMS 2.4.2. (1), (2), (3) and (4). [↑](#footnote-ref-6)
6. Refer to AIFC Rules on Digital Asset Activities, Part 4 - Rules Applicable to Authorised Firms Providing Money Services in Relation to Digital Assets and Issuance of Fiat Stablecoins and Commodity Stablecoins [↑](#footnote-ref-7)
7. Refer to AIFC Rules on Digital Asset Activities, Rule 4.7. [↑](#footnote-ref-8)
8. Refer to AIFC Rules on Digital Asset Activities, Rule 4.7.4. [↑](#footnote-ref-9)
9. Refer to AIFC Rules on Digital Asset Activities, Rules 4.5(2) and 4.7.2. [↑](#footnote-ref-10)
10. Refer to AIFC Rules on Digital Asset Activities, Rule 4.6.1(4) [↑](#footnote-ref-11)
11. Refer to AIFC Rules on Providing Money Services, Part 4 - Requirements Applicable to Money Service Providers that Issue Electronic Money [↑](#footnote-ref-12)
12. Refer to AIFC Rules on Digital Asset Activities, Rule 4.6.1(4) [↑](#footnote-ref-13)
13. Refer to AIFC Rules on Digital Asset Activities, Rule 4.6.2. [↑](#footnote-ref-14)
14. Refer to AIFC Rules on Digital Asset Activities, Rule 4.6.4. [↑](#footnote-ref-15)
15. Refer to AIFC Rules on Digital Asset Activities, Rule 4.7.3. [↑](#footnote-ref-16)