

**FUNDING SOUQ:**  
**TERMS AND CONDITIONS FOR BORROWERS**

**General:**

Below are the terms and conditions ("**Borrower Terms**") for borrowers ("**Borrower/s**") utilizing the Funding Souq online platform ("**Funding Souq**" or the "**Company**"), a loan crowdfunding platform incorporated at Dubai International Financial Centre and regulated by the Dubai Financial Services Authority under license no. F005822.

By using Funding Souq's website and utilizing any and all of its services, the Borrower confirms that it is hereby bound and required to comply with the Borrower Terms stipulated herein. These terms create legal obligations on the Borrower that have to be carefully read, understood and followed alongside Funding Souq's **General Terms** and **Privacy Policy**, all found on Funding Souq's website, [www.fundingsouq.com](http://www.fundingsouq.com), and may be subject to amendment without prior notice. Moreover, terms defined in the General Terms and Privacy Policy shall have the same meaning when used herein, unless otherwise defined herein.

The finance contract ("**Finance Contract**") agreed between the Borrower and a lender ("**Lender**") is a separate legal agreement comprising a term sheet, term loan facility agreement, a personal guarantee and any other documents, as determined by Funding Souq, entered into between Funding Souq (acting on behalf of the Lenders – "**Investment Agent**"), the Lender (represented by Funding Souq), the Borrower, and in some circumstances, a guarantor for the Borrower (hereinafter collectively referred to as "**the Parties**"), which shall govern the relationship between the Parties. Funding Souq has certain rights under the Finance Contract to enable us to fulfil our role properly. If there is any conflict between these Borrower Terms and the Finance Contract, the terms of the Finance Contract will prevail. Upon registration to use any and all services of Funding Souq, the Borrower will be invited to accept the Finance Contract, binding the Borrower to the terms set out therein in its capacity as the Borrower in all financing transactions entered into by the Parties.

Representatives of a partnership, a company, or any other Borrower are required to provide proof that they are duly authorized to act and enter into the Finance Contract on behalf of the Borrower.

Authorized agent may be permitted to make a financing application on behalf of a third party that will be the principal Borrower, provided that it is able to furnish proof of its authority to act on the principal Borrower's behalf. The Borrower Terms shall equally apply to borrowers choosing to make financing applications through authorized agents. Also, as the authorized agent applying on behalf of a principal Borrower, provided that the required documents are submitted, Funding Souq will treat the financing application as having been tendered with the principal Borrower's full authority.

The laws of the Dubai International Financial Centre shall govern these Borrower Terms together with the documents referred to in them, and any non-contractual obligations arising out of or in connection with them. The Borrower irrevocably submits to the exclusive jurisdiction of the DIFC Courts over any claim or matter arising under or in connection with the Borrower Terms.

If any clause or part of any clause of the Borrower Terms is found to be void, unenforceable or invalid, then it will be severed from the Borrower Terms. However, the remainder of the terms

will remain in full force and effect, provided that the severance has not altered the basic nature of the Borrower Terms.

Funding Souq's single or partial exercise of, or failure or delay in exercising, any right, power or remedy entitled to it shall not constitute a waiver of its rights. Similarly, it will not impair or preclude any further exercise of, that or any right, power or remedy arising under these Borrower Terms or otherwise.

Funding Souq may:

- perform or delegate any of its obligations and exercise any of the rights granted to it herein, through a third party; and
- assign any or all of its rights and obligations herein to any third party.

The Borrower Terms and the documents referred to herein set out the entire agreement between the Borrower and Funding Souq with respect to the use of Funding Souq online platform and website and shall supersede any and all prior or contemporaneous representations, communications or agreements (written or oral) between them. Funding Souq may occasionally amend these Borrowers Terms and notify the Borrower of any such changes on the terms on the website via email.

All disclaimers, indemnities and exclusions herein shall survive termination or expiry of the Borrower Terms.

## **1. Registering/Becoming a Borrower of Funding Souq**

**1.1** The borrower applicant must meet the following minimum eligibility criteria to become a registered Borrower on Funding Souq platform:

- 1.1.1 It must have a current valid company registration certificate or trade licence issued by the appropriate licensing authority;
- 1.1.2 It must be a United Arab Emirates-based (UAE) entity (this can be any type of company, a free zone company, a professional licensee, a sole trader and a partnership);
- 1.1.3 It must have a valid UAE bank account with a valid IBAN number to facilitate repayment of any financing secured via Funding Souq;
- 1.1.4 It must be able to provide a security cheques(s) for each instalment and a cheque for the full amount of any or all financings secured;
- 1.1.5 It must have a permanent place of business;
- 1.1.6 It must submit its details for publication on the website and partial disclosure to prospective Lenders in accordance with the information for disclosure as set out below;
- 1.1.7 It must have been actively trading (not dormant) for a continuous period of at least one (1) year;
- 1.1.8 The applicant, its directors, members, partners or proprietors (as applicable) must meet the minimum credit and fraud risk criteria as determined by Funding Souq. (Note that Funding Souq may secure a credit report from a recognised agency or third party to make such determination);

- 1.1.9 It must not be a party to any ongoing legal proceedings or police investigations;
  - 1.1.10 it must not be a public body, a charity or a trust; and
  - 1.1.11 It must not be seeking finance on another crowdfunding site.
- 1.2** The screening criteria are not limited to the list above. Funding Souq shall have sole discretion to reject any application made by the borrower applicant as deemed appropriate, without any obligation to communicate the reasons behind any such decision. Note that Funding Souq's decisions on this matter shall be deemed final.
- 1.3** The Borrower will be directed to specify the sum of money it intends to raise through Funding Souq when it registers to become a Borrower.
- 1.4** Once registration is complete applicants will receive an email notification confirming the completion of the registration stage.
- 2. The Approval Process**
- 2.1** Funding Souq will conduct Know Your Borrower ("**KYB**") assessments including public searches on available information, as well as third party (including credit reference agencies) searches on all Borrower applicants.
- 2.2** Checks will comprise, but not be limited to, identity verification of the representative, the Borrower, key individuals associated with the Borrower, and authorised agents of the Borrower, and will be based on Funding Souq's internal guidelines and policies.
- 2.3** Client Classification:
- As a DFSA regulated financial firm, Funding Souq is obliged to classify its clients in order to ensure that given their experience, knowledge and resources, the scope of regulatory protection provided to the clients is adequate. The Borrower represents, confirms and agrees that:
- 2.3.1 it has been classified as a Service Based Professional Client by Funding Souq in line with Rule 2.3.6A of the DFSA's conduct of business rules;
  - 2.3.2 higher level of protection is provided to Retail Clients, however, the consent to be treated as a Service Based Professional Client is effective, unless the Borrower specifically request otherwise by submitted a written request to Funding Souq; and
  - 2.3.3 it can request Funding Souq in writing to re-classify it as a Retail Client.
- 2.4** In addition, Funding Souq may require certified copies of the following list of documents, not limited to those listed below as part of the KYB procedure and/or other similar checks under all applicable laws and regulations:
- 2.4.1 Current and past bank statements for a specified period;
  - 2.4.2 Passports, and/or ID card;
  - 2.4.3 proof of address (by way of utility bills or bank statements or Ejari tenancy contract); and
  - 2.4.4 additional documents as Funding Souq sees fit,

failure to produce, comply with, and/or submit such, as required, will automatically disqualify the applicant from becoming a registered Borrower at Funding Souq platform.

- 2.5** The Borrower agrees to Funding Souq's ongoing right to obtain and hold credit data on the Borrower, its directors and shareholders directly from any relevant agency and agrees that the same can be shared with the relevant agency and/or with any other relevant credit reference agency/bureau and/or external Collection Agencies for the purpose of collecting any overdue debts from the Borrower and/or its guarantors. Likewise, Funding Souq has the ongoing right to undertake additional checks via third parties on the Borrower, its directors and shareholders.
- 2.6** The Borrower attests, declares, and agrees that any and all information provided to Funding Souq, including disclosed details during the Borrower registration process and finance application process and/or review process, are complete, clear, true and accurate. Further, the Borrower is fully aware and acknowledges that fraud, including false misrepresentation, is a crime and a felony charge under UAE Federal Law No. 03 of 1987, with potential penalties ranging from suspended sentences and probation and fines to custodial sentences.
- 2.7** Risk Bands and Submitted Information
- 2.7.1 Funding Souq shall issue the Borrower a risk band classification once the information provided in the borrower application is processed and the results of credit score reports are obtained from credit reference agencies. It is the sole responsibility of the Borrower to ensure that the information submitted is complete, true and accurate, and not misleading in any way.
- 2.7.2 The risk band classification is intended to provide the Lender with an overview of the creditworthiness of the Borrower. However, as Funding Souq has no obligation to edit or verify any information submitted and posted by the Borrower onto the site, the Lenders shall have the right to conduct their own independent company and financial due diligence and assessment on the Borrower.
- 2.8** The Borrower's responsibilities include:
- 2.8.1 Regularly updating any and all Borrower information on Funding Souq's website and immediately notifying Funding Souq of any changes and updates pertaining thereto as soon as reasonably possible;
- 2.8.2 Providing Funding Souq with updated requested documentation, as Funding Souq will monitor, track and perform reviews on the Borrower on an ongoing basis and it is the Borrower's responsibility to provide such updated documentation; and
- 2.8.3 Notifying Funding Souq of changes in country address of any of its directors and/or shareholders, partners, sole traders and/or members. Note that Funding Souq has the right to refuse any Borrower where jurisdiction is outside the countries in which it does business.
- 2.9** Funding Souq is not responsible and liable for the following:
- 2.9.1 It is not obliged to check or edit the information submitted or uploaded by the Borrower and has no liability to the Borrower in this regard or in respect of the risk band classification allocated.
- 2.9.2 It is not liable for any information about the Borrower made available to prospective Lenders through Funding Souq. Nonetheless, Funding Souq may occasionally, but accepts no obligation to, update or amend the Borrower's information on its Funding Request page (including between when a Funding

Request page is first made available on the website and during the term of any subsequent Finance Contract).

- 2.10 Borrower applicants will be notified of the status of their application once assessment and verification of personal/borrower details and submitted documents have been finalised.
- 2.11 Upon completion of the approval process, approved Borrowers will be notified of the funding amount they are eligible for. The Borrower will then be prompted to proceed to the next stage.
- 2.12 Funding Souq may reject applications as it sees fit and in accordance with the applicable rules and regulations and is under no obligation to communicate the reasons behind any such decision. Funding Souq's decisions are final.

### 3. **Borrower Finance**

#### 3.1 The Financing Process

- 3.1.1 Upon acceptance of the application to raise funds, the Borrower will be notified by Funding Souq and a Funding Request ("**Funding Request**") page will be set up by Funding Souq on the Borrower's behalf and will be displayed on the platform in portfolio section.
- 3.1.2 The approved Funding Request will become part of the portfolio of Funding Requests, that will be offered for investment to the Lenders through Auto Investing.
- 3.1.3 The Lenders will be invited to commit funds for investment in the portfolio of Funding Requests submitted by a number of Borrowers.
- 3.1.4 Funding Souq will provide the Lenders with the relevant information specifying the full legal name of the Borrower as well as any company registration or commercial licence details. Please see Funding Souq's Privacy Policy for more information on which details are provided to, and those which are withheld from, prospective Lenders.
- 3.1.5 Pursuant to the electronic consent by the Lender at the time of registration on the FSL Platform, the system distributes total available amount in the Lender Account, across the portfolio of borrowers, aimed at tactical and strategic allocation of funds across diversified businesses, to achieve risk-adjusted optimal return on investment. This allocation of funds may be subject to preferential allocation permitted for professional clients.
- 3.1.6 The Borrower may opt to cancel its Funding Request prior to signing the Finance Contract.
- 3.1.7 Funding Souq reserves its right to request personal guarantees, as well as any other security as deemed appropriate, from directors or shareholders, partners, sole traders and members (as applicable) of the Borrower, to support any Funding Request before it is posted on the website.
- 3.1.8 During the funding application process and Funding Request period, the Borrower is not permitted to advertise Funding Souq's credit proposal or approach other potential Lenders outside Funding Souq's online platform.
- 3.1.9 In the event of a material change during the Funding Request period the Borrower is obliged to report to Funding Souq such material change to their business and Funding Souq will promptly disclose it on its Portfolio page:

- (a) Details of the material change.
- (b) That it has notified the Lenders of the material change and requires them to reconfirm their commitment within five (5) business days.
- (c) That, if reconfirmation is not provided within five (5) business days, it will cancel the commitment.

### **3.2** Acceptance Process

3.2.1 The acceptance period in respect of a Finance Offer will be three (3) business days, from the date the Funding Request expires. If not accepted within said period, the funds offered will be returned to Lenders, and the Borrower's Funding Request will be removed from the website.

## **4. Finance Contract**

**4.1** Once the Funding Request is funded fully and the Borrower accepts the Finance Offer, the Borrower will be asked to enter into the Finance Contract with Funding Souq (acting on behalf of the Lenders as an Investment Agent). The Finance Contract will be established upon being signed by the Borrower, however, it shall become effective upon the date of execution by the Investment Agent, upon completion of requisite procedural requirements. The Investment Agent shall ensure to record the date of execution in the respective section in the Finance Contract.

**4.2** As a condition precedent to sign the Finance Contract, the Borrower must provide signed checks from a recognised UAE bank for the financing secured:

4.2.1 one (1) post-dated, signed check for the full amount of the financing secured; or

4.2.2 one (1) post-dated, signed check for one (1) monthly instalment and a signed agreement that all monthly instalments will be made via electronic transfer; and

4.2.3 Separate checks for each financing instalment payable in accordance with the Finance Contract dated on the dates that each payment will fall due.

**4.3** The Borrower will have three (3) business days from the day of acceptance of the Finance Offer to deliver the checks to Funding Souq's head office address where they will be securely stored in a safe box. Only individuals authorized by Funding Souq will be granted access to the safe box.

**4.4** During the term of a Finance Contract, should there be a change in the authorised signatories of the Borrower for the purpose of issuing checks, the Borrower agrees to provide replacement checks signed by the new duly authorised signatories within three (3) business days upon the change in authorised signatory becoming effective.

**4.5** No interest will accrue on the Borrower's financing until the Finance Contract becomes effective.

## **5. Funding Souq's Fees**

**5.1** If the Borrower accepts a Finance Offer, Funding Souq will charge origination fee (compensation for its administrative services) as agreed between the Parties under the provisions of Finance Contract.

**5.2** The Borrower shall be notified via Funding Souq's platform whenever Funding Souq invokes its right to waive, reduce or increase the applicable fees from time to time.

**5.3** The Borrower acknowledges that all fees payable to Funding Souq are for compensation of Funding Souq and its affiliates in providing management, as well as for administrating and facilitating services in connection with Funding Souq.

**6. Financing Repayment**

**6.1** All cheques should be made payable to Funding Souq Limited as the Investment Agent and the relevant Lenders financing the Borrower's Funding Request, shall be the actual beneficiaries.

**6.2** Funding Souq shall transfer pro-rata repayment distribution to the Lender Accounts who participated in financing the Borrower's Funding Request.

**6.3** The schedule for payments will be set out in the Finance Contract. Said scheduled payments can be viewed on the Borrower's dashboard on the Funding Souq platform.

**7. Borrower's Default**

**7.1 Advance Notice of Foreseeable Default by the Borrower:**

7.1.1 The Borrower is obliged to inform Funding Souq immediately, if at any time the Borrower believes or foresees that it is, or may not be in a financial position to fulfil its repayment obligations on any due date.

7.1.2 On receipt of such notification from the Borrower, Funding Souq will immediately consult the Borrower and try to mitigate the risk of possible non-repayment within the following 5 working days, either by re-scheduling repayments, evaluating possibility of re-payment by the Guarantor or any other appropriate action as deemed appropriate in the given circumstances.

7.1.3 If the Borrower fails to make the requisite payment within 5 working days from the due date, the Lender will be notified of the late payment along with the actions taken by Funding Souq as an attempt to recover the overdue amount and the future course of action.

**7.2 Overdue Repayments:**

Funding Souq will continue making appropriate efforts for the full recovery, partial repayment or rescheduling the overdue amount for a period not exceeding 90 days from the due date of the overdue repayments.

**7.3 Borrower's Default:**

7.3.1 If the Borrower misses or fails to pay or does not make a full monthly instalment when due and payable under the respective Finance Contract, Funding Souq (its staff or through an agent acting on its behalf) will contact the Borrower, either by telephone or by visiting the premises of the same, within twenty-four (24) hours of non-payment and request for an immediate repayment along with explanation for the payment default.

7.3.2 If the Borrower fails to make an immediate repayment, Funding Souq shall attempt to collect the payment again on the next business day for consecutive 5 days till the re-payment is made by the Borrower.

7.3.3 Funding Souq will inform the Lenders of delay in payment by the Borrower if it fails to make payment within 5 working days from the due date. At this stage, the Borrower's account and the relevant Finance Contract will be treated as an overdue account.

- 7.3.4 Funding Souq is entitled to charge the Borrower any applicable administrative fees or costs incurred by it in this process.
- 7.3.5 If reattempts of Funding Souq to collect the funds fails and ninety (90) business days after the date payment was originally due are lapsed, Funding Souq will send the final pre-default email notice to the Borrower.
- 7.3.6 In the event that the Borrower fails to respond to the pre-default notice within twenty-four (24) hours, immediately thereafter, Funding Souq will send a default declaration email notification to the Borrower.
- 7.3.7 Funding Souq suspects that the Borrower has left the country or has attempted to defraud the Lenders, the Borrower's account and the relevant Finance Contract will be treated as a Default account, even before the pre-default or default notifications to the Borrower.
- 7.3.8 Funding Souq will inform the Lenders of the Borrower's Default as soon as practically possible.
- 7.3.9 After the Borrower is declared defaulted, Funding Souq will file a Police Report against the Borrower, whereby the authorised individual of the Borrower will be bound by a travel ban.
- 7.3.10 At this stage, Funding Souq may decide to appoint a recovery agent.

## **8. Collection Agent Appointment**

- 8.1 Funding Souq retains the right to appoint an appropriately licensed recovery, security, or debt collection agent ("Collections Agency") on behalf of the Lender to recover any monies owed. The Lender authorises Funding Souq to conduct and/or settle all negotiations in connection with the Finance Contract or to appoint the Collections Agency to collect the outstanding amount from the Borrower on the Lender's behalf and provide all reasonable assistance and full cooperation in this regard. Any fees that the Collections Agency charges will be included in the finance amounts due and payable by the Borrower.
- 8.2 The Collections Agency may deduct a considerable percentage as agreed with Funding Souq, of the amount it may recover from the Borrower, with the remaining proceeds to be distributed to the Lenders, proportionate to the amount each Lender lent to the Borrower.
- 8.3 If a Collections Agency is unable to collect the outstanding funds, Funding Souq has the right to assign the Finance Contract, on behalf of the Lenders, to itself or a third party who may seek recovery of the outstanding amounts through legal means. If such further action is necessary, it is likely that significant costs will be incurred which will be passed on to the Borrower in Default.
- 8.4 The Borrower agrees to fully indemnify Funding Souq for any and all costs, expenses, losses and any other liability (including, but not limited to, any damages) incurred in connection with, or arising out of, the Borrower's failure to comply with the Borrower Terms and/or any Default.
- 8.5 Notwithstanding the above, the Lender may decide to pursue the collection on his/her own and will be required to notify Funding Souq immediately, of such intention in writing. Thereupon, Funding Souq shall provide the relevant contact details of the Borrower to enable the Lender in pursuing the claim directly and exercise and enforce its rights under the Finance Contract.
- 8.6 Funding Souq reserves the right to file any legal proceedings, at any point, if deemed necessary to protect the interests of the Lenders and recover any amount outstanding.



However, Funding Souq will obtain the Lender's prior written approval before initiating legal proceedings (including acceptance of the risk of any adverse costs order that the Lender may be liable for). It also reserves its right to enforce the guarantees provided by the Borrower via the courts of United Arab Emirates. All fees and costs incurred in such legal proceedings will be claimed from the Borrower.

- 8.7** The Lender acknowledges and agrees that commencing court proceedings will be an action of last resort, as there are inherent risks in litigation and the outcome can never be guaranteed. Therefore, Funding Souq does not guarantee that any such action will be successful.

## **9. Liability Exclusion**

- 9.1** The Borrower shall not be entitled to terminate the Borrower Terms until all outstanding financings have been repaid in full and cleared funds, and all fees, costs and expenses otherwise due hereunder have been paid in full and cleared funds.

- 9.2** On termination, Funding Souq will either credit to the Borrower's bank account (as notified to Funding Souq) any funds Funding Souq holds for the Borrower or send a check to the address last provided by the Borrower.

- 9.3** Registration of Borrower on Funding Souq platform does not in any way constitute an obligation on Funding Souq to procure funding for the Borrower or that funding will be made available.

- 9.4** A Borrower cannot be a Lender while it has outstanding financing with Funding Souq. Funding Souq retains its right to grant specific exceptions to this rule but shall in no circumstances be obliged to do so.

- 9.5** In the case of any guarantee provided in respect of the Borrower's obligations, the guarantor and the Borrower shall attest and warrant on behalf of all directors, shareholders and members of the Borrower and Guarantor (as applicable), that there has been no undue influence or inducement of the guarantor to provide such guarantee.

- 9.6** Funding Souq may enter into contractual agreements with any Governmental or Non-Governmental third parties to secure the loan facility through a Guarantee Scheme, pursuant to which it may share information on the Borrower, its Directors and /or shareholders with such third parties.

## **10. Indemnity**

- 10.1** To the extent permitted by law and except to the extent attributable to the intentional or negligent acts or omissions of Funding Souq, the Borrower shall indemnify and hold Funding Souq, its affiliates, officers and agents harmless from and against any and all actions, claims, judgments, losses, costs, expenses, fines and/or damages, for or arising out of any breach by the Borrower of these terms or the Finance Contract and/or failure to comply with any applicable laws and regulations and/or any third party claims arising out of the same. The provisions contained in this clause shall survive the termination or expiry of the terms themselves.