Shariah-Compliant Access for Conventional Client Books

How private banks, external asset managers and multi-family offices can open compliant Gulf product to a conventional client base without re-platforming the book

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ABSTRACT

A conventional client book and a Shariah-compliant product universe are often treated as two separate worlds, served by separate desks, separate platforms and separate sales narratives. This paper argues that, for an intermediary, they need not be. The compliant Gulf product set, funds, private credit, real assets and structured exposures, can be opened to a conventional client base through a thin layer of access architecture rather than a wholesale re-platforming of the book. The paper sets out that architecture as four layers, the client book, the screening and governance function, the access wrapper, and the underlying compliant product, and shows how an intermediary moves capital down through them. It distinguishes the two screens that define compliance, the activity screen and the financial-ratio screen, and explains the supporting mechanics of governance, disclosure and purification that a conventional book must add rather than rebuild. It then compares the routes by which access is actually delivered, the direct sub-fund, the feeder, the compliant share class, the managed account and the structured note, on the friction each imposes. The analysis is framed for 2026 Gulf conditions, where the depth of compliant product and the maturity of the intermediary channel make the question one of distribution rather than of supply. All quantitative figures are illustrative and stylised, calibrated to make the structure legible rather than to forecast any market. Nothing here is investment advice. The contribution is a single, reusable framework that lets a conventional intermediary reason about compliant access as an extension of an existing book, not a parallel business.

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Keywords: Shariah compliance, Islamic finance, fund distribution, private banks, external asset managers, multi-family offices, feeder funds, screening, purification, Gulf, GCC

1. INTRODUCTION

An intermediary that allocates on behalf of many clients, a private bank, an external asset manager, a multi-family office, faces a recurring question when it looks at the Gulf. A meaningful share of the most attractive regional product, and an even larger share of the regional client base that wants to own it, is Shariah-compliant. The intermediary's book, by contrast, was built on conventional rails. Its mandates, its product-approval committees, its custody and its reporting were designed for conventional instruments. The instinct, when compliant demand appears, is to treat it as a separate business: a separate desk, a separate platform, perhaps a separate licence. That instinct is expensive, and it is usually wrong.

This paper sets out the case that compliant access is better understood as a thin layer added to an existing conventional book than as a parallel platform built beside it. The compliant Gulf product set is now deep and institutional. What stands between a conventional intermediary and that product set is not supply but a set of access and governance mechanics: how a product is screened for compliance, how the intermediary documents and discloses that compliance to its clients, how the residual non-compliant income is dealt with, and through which wrapper the exposure is actually delivered into a conventional mandate. None of these requires the intermediary to rebuild its book. Each can be added as a layer.

The paper supplies the framework for that layer. It treats the problem as a four-layer architecture, running from the conventional client book at the top, through the intermediary's own screening and governance function, through the access wrapper, down to the underlying compliant product. It then works through the two screens that define compliance and the supporting mechanics that a conventional book must adopt, compares the wrappers by which access is delivered, and sets out a twelve-month path to standing the capability up.

It is worth stating plainly why this matters in commercial terms before turning to the mechanics. An intermediary's franchise is, at bottom, a distribution franchise. Its value lies in the trust of its clients and in the breadth of product it can credibly place into their mandates. A conventional book that cannot serve compliant demand is, in a Gulf context, leaving a structural part of its addressable market unserved, and is doing so not because the product is unavailable but because the intermediary has not built the access layer. Conversely, the intermediary that does build it widens its addressable market without diluting its existing one, because the same platform now serves both a conventional client who is indifferent to compliance and a client for whom compliance is the deciding factor. The economics of distribution, low marginal cost on an established channel, mean that the return on building the access layer is high precisely because the channel already exists. This is the practical case the paper makes concrete.

The aim is practical. The paper is written for the intermediary, the private bank, the EAM, the multi-family office, that wants to serve compliant demand from a conventional platform, and for the family-office allocator deciding whether a compliant sleeve can sit cleanly inside an existing portfolio. It is also written for the manager or placement agent who must explain to such an intermediary how its product can be made accessible. The framing throughout is the intermediary's: what must I add, what can I reuse, and what does each route cost me. Where the paper uses the word client it means the end investor whose mandate the intermediary manages; where it uses the word product it means the underlying compliant investment, fund, private-credit exposure or real asset, into which the allocation ultimately flows.

Three caveats frame the analysis. First, this is an orientation and structuring document, not investment advice, and nothing in it recommends any product, manager, structure or allocation. Second, all quantitative content, the friction indices, the illustrative screening thresholds, the stylised roadmaps, is illustrative and calibrated to make the structure legible; it is not sourced data, a forecast, or a statement of any actual market level, and it should be verified against current, named sources before any decision. Third, Shariah compliance is ultimately a matter for qualified scholars and a product's own Shariah board; this paper describes the commonly applied mechanics at a structural level and does not issue or substitute for any religious ruling.

The paper makes three contributions. First, it organises a fragmented operational subject into a single, legible four-layer architecture that an intermediary can reason about as a whole. Second, it separates the two distinct screens and the supporting mechanics, governance, disclosure and purification, so that an intermediary can see precisely which functions it must add and which it already has. Third, it compares the access wrappers on a consistent basis, so that the choice of route becomes a deliberate trade-off rather than a default. Together these let a conventional book treat compliant access as an extension of what it already does.

The remainder of the paper is structured as follows. Section 2 reviews the relevant literature on Islamic finance, financial intermediation and screening, and draws from it five propositions. Section 3 sets out the data and the analytical method, and is explicit about what the illustrative framework does and does not do. Section 4 develops the architecture: the four layers, the two screens, the supporting mechanics, and the comparison of access routes. Section 5 gives a twelve-month implementation roadmap. Section 6 sets out the risks, caveats and limitations. Section 7 concludes. Appendices provide the base-case assumptions, a compliant-versus-conventional comparison, an access-route decision checklist, a frequently-asked-questions section and a glossary.

Figure 1. Illustrative compliance-access architecture

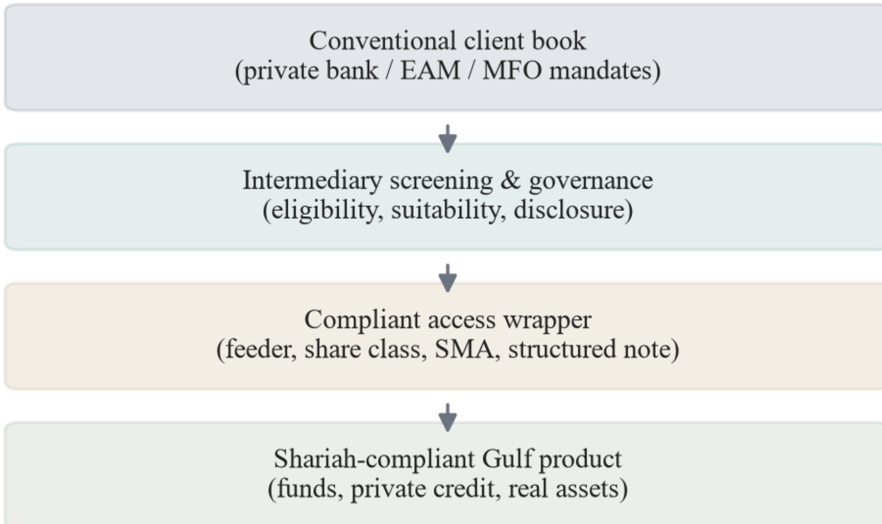

Figure 1. The Compliance-Access Architecture

Illustrative schematic. Capital and demand sit in the conventional book at the top; the intermediary's screening and governance, and the access wrapper, are the layers added to reach the compliant product.

2. LITERATURE REVIEW AND PROPOSITIONS

The analysis draws on three bodies of work: the literature on Islamic finance and Shariah screening; the literature on financial intermediation and distribution; and the literature on product structuring and access vehicles. Each contributes a piece of the framework, and together they yield the propositions that the rest of the paper develops and illustrates.

2.1 Islamic Finance and Shariah Screening

A substantial literature describes the principles that distinguish Islamic finance from conventional finance and the way those principles are operationalised as screens. The foundational prohibitions, of riba (interest), gharar (excessive uncertainty) and investment in prohibited activities, are well documented in the survey literature on Islamic financial systems (El-Gamal, 2006; Iqbal and Mirakhor, 2011). The important point for an intermediary is that these principles do not remain abstract: they are reduced to two operational screens, a qualitative activity screen and a quantitative financial-ratio screen, codified in standards such as those of the Accounting and Auditing Organisation for Islamic Financial Institutions (Derigs and Marzban, 2008). This codification is what makes compliance auditable, and therefore what makes it possible for a conventional book to add a screen rather than to acquire judgement it does not have.

The literature also examines whether compliance carries a performance cost. The evidence on Shariah-compliant equity indices and funds is mixed and period-dependent, with several studies finding no systematic underperformance once sector and style tilts are controlled for (Hayat and Kraeussl, 2011; Ho et al., 2014). The relevant conclusion for this paper is not that compliance is free, but that the screens are a constraint on the investable set rather than a tax on returns, and that an intermediary can therefore present compliant access as a different opportunity set, not an inferior one. The intuition is that the screens redirect exposure rather than degrade it: a compliant portfolio tends to be lighter in conventional financials and heavier in real assets and operating businesses, a tilt that helps in some periods and hurts in others, but that does not impose a structural drag. For a

Gulf intermediary this is a convenient fact, because so much of the regional product set, real estate, infrastructure, asset-backed private credit, sits naturally on the compliant side of the activity screen in any case.

A final strand of this literature, important for the operational argument of the paper, concerns the standardisation of screening. Early Islamic finance suffered from a proliferation of bespoke scholarly opinions that made compliance hard to audit and harder still to distribute at scale. The codification of screens by standard-setters changed this: it turned a matter of case-by-case judgement into a repeatable, checkable test (Derigs and Marzban, 2008). That shift is what makes the present paper possible. An intermediary cannot acquire scholarly judgement, but it can rely on a codified screen and a certified board, and codification is precisely what lets it do so with confidence.

2.2 Financial Intermediation and Distribution

A second literature concerns what intermediaries do and why their distribution function has value. The classical account of intermediation stresses the reduction of information and transaction costs and the delegation of monitoring (Diamond, 1984; Allen and Santomero, 1997). Applied to the present problem, this literature frames the intermediary's compliance screen and disclosure as exactly the kind of delegated, cost-reducing function that gives an intermediary its reason to exist: the client does not itself verify each product's compliance, but relies on the intermediary's governance to do so. The literature on distribution and platforms further notes that the marginal cost of adding a product to an established channel is low relative to the cost of building the channel, which is the economic basis for treating compliant access as an extension rather than a new business.

This literature also supplies a caution. Intermediation rests on trust, and an intermediary that mislabels or inadequately screens a product damages the very asset, client confidence, on which its franchise depends. The governance layer is therefore not a formality but the load-bearing element of the whole architecture, a point developed in Section 4. The same literature explains why an intermediary, rather than the end client, is the right place for the screen to sit: the client faces a steep information cost in verifying compliance for every product, while the intermediary, applying one governed process across many products and clients, faces a far lower cost per allocation. The compliance screen is thus a classic economy of scope, cheaper to run once for the book than many times for each client, which is part of why it belongs in the intermediary's middle layer.

2.3 Product Structuring and Access Vehicles

A third strand concerns the vehicles through which exposure is delivered, the feeder fund, the share class, the managed account and the structured note, and the trade-offs between them. The structuring literature treats these as substitutes that differ in cost, control, transparency and the legal relationship they create between client and underlying asset. The same literature notes that wrappers introduce their own frictions, layered fees, basis risk and operational complexity, and that the right choice depends on the size of the allocation, the sophistication of the client and the constraints of the existing platform. This is the basis for the comparison of access routes in Section 4.4.

A recurring theme in this strand is that the cheapest wrapper is the one that reuses the most existing infrastructure. A compliant share class of a fund an intermediary already distributes settles through the same custody, reports through the same statements and clears the same approval committee as the conventional class; the compliance is handled once, at the class level, by the fund. A bespoke managed account, by contrast, recreates much of that infrastructure for a single client. The structuring literature's practical lesson, that one should escalate the elaborateness of the wrapper only as the allocation's size or the client's requirements demand, is the lesson this paper carries into its access-route comparison.

2.4 Synthesis and Propositions

Taken together, these literatures yield five propositions that the rest of the paper develops and illustrates.

Proposition 1. Compliant access for a conventional book is best understood as a four-layer architecture, client book, screening and governance, access wrapper, and underlying compliant product, through which capital flows downward and compliance assurance flows upward.

Proposition 2. Compliance is defined by two distinct screens, a qualitative activity screen and a quantitative financial-ratio screen; an intermediary that wishes to serve compliant demand must be able to apply or rely on both, but need not itself originate the underlying product.

Proposition 3. The functions a conventional book must add, screening, governance, disclosure and purification, are layers on top of an existing platform, not a replacement for it; the marginal build is small relative to a parallel platform.

Proposition 4. The access wrappers, the direct sub-fund, the feeder, the compliant share class, the managed account and the structured note, are substitutes that differ in friction; the right route depends on allocation size, client sophistication and platform constraints.

Proposition 5. Because compliant product supply in the Gulf is now deep, the binding constraint for 2026 is distribution, and the intermediary that solves access cleanly captures a channel advantage rather than a product advantage.

3. DATA AND METHODOLOGY

This study is analytical and descriptive rather than empirical. It builds an architecture and a set of decision frameworks and illustrates them with stylised figures, rather than estimating relationships from a dataset. This section sets out the method and is explicit about its scope.

3.1 The Access Framework

The framework has four components. The first is the four-layer architecture of Figure 1, which identifies the client book, the screening and governance function, the access wrapper and the underlying compliant product, and the direction in which capital and assurance move between them. The second is the screening model, which separates the activity screen from the financial-ratio screen and sets out the supporting mechanics of governance, disclosure and purification. The third is the access-route comparison, which scores the wrappers on the friction each imposes. The fourth is the implementation roadmap, which sequences the build over twelve months.

3.1a What the Framework Does and Does Not Do

It is important to be clear about scope. The framework is a tool for reasoning about how a conventional intermediary can open compliant product to its book. It is not a compliance certification, a Shariah ruling, or a legal opinion. It describes the commonly applied screening mechanics at a structural level; it does not determine whether any specific product is compliant, which is a matter for that product's Shariah board and the intermediary's own qualified advisers. It compares access routes on illustrative friction, not on price quotes for any real vehicle. And it sequences an implementation without asserting that any particular timeline is achievable on a given platform.

The choice of an analytical, illustrative method rather than an empirical one is deliberate and worth defending. The subject is operational and institution-specific: the screens are standardised, but the governance, the wrappers and the timelines vary by intermediary, by jurisdiction and by client. A single-market empirical estimate would be both fragile and misleading if read as a general rule. A transparent framework with explicit, illustrative calibrations is more honest and more reusable: the reader can substitute its own platform's real figures into the structure and reach a conclusion fitted to its circumstances.

3.2 Assumptions and Their Justification

The stylised inputs used in the figures, the relative friction of the access routes, the illustrative screening thresholds, the indicative governance allocation and the roadmap durations, are chosen to be representative of the direction and ordering that practitioners would recognise, not to be precise market values. The illustrative financial-ratio thresholds shown in Figure 5 reflect the order of magnitude of commonly cited screening standards, but the exact cut-offs differ across standard-setters and index providers and must be taken from the relevant standard in any real application. Table 1 summarises the base case; the full set is given in Appendix A.

Parameter	Illustrative basis
Architecture layers	Four: client book; screening and governance; access wrapper; compliant product
Compliance screens	Two: qualitative activity screen; quantitative financial-ratio screen
Ratio screen thresholds	Order-of-magnitude only; verify against the applicable standard
Access routes compared	Five: direct sub-fund; feeder; compliant share class; managed account; structured note
Friction scoring	Relative index, set-up and ongoing; ordinal, not priced
Governance model	R/A/C/I across Shariah board, manager, intermediary, client
Implementation horizon	Twelve months, stylised and overlapping phases

Table 1. Base-case assumptions for the access framework.

Indicative, illustrative calibrations used to make the structure legible; not forecasts or sourced data. See Appendix A.

4. THE ARCHITECTURE AND THE ACCESS ROUTES

This section develops the framework in the order of the propositions. It first sets out the four layers of the architecture (Proposition 1), then the two screens (Proposition 2), then the supporting mechanics a conventional book must add (Proposition 3), then the comparison of access routes (Proposition 4), and closes on the distribution argument for 2026 (Proposition 5).

4.1 The Four Layers

The architecture of Figure 1 runs from the conventional client book at the top to the compliant product at the bottom, and it is read in two directions. Capital flows downward: a client's mandate, sitting in the conventional book, is the source of the allocation, which passes through the access wrapper into the underlying compliant product. Compliance assurance flows upward: the underlying product's Shariah board certifies the product, the intermediary's governance function relies on and documents that certification, and the client receives a clear, evidenced statement that its allocation is compliant. The two layers in the middle, the intermediary's screening and governance, and the access wrapper, are the only parts a conventional book must add. The top and bottom layers it either already has (the book) or can source from the market (the product).

Reading the architecture this way dissolves the false choice between a conventional and a compliant platform. The intermediary does not need two books. It needs one book and two added layers, and the second of those, the wrapper, is frequently shared with conventional product the intermediary already distributes. The marginal build is the screening and governance layer and the configuration of an appropriate wrapper, not a parallel business.

The overlap between the conventional and compliant product universes, shown illustratively in Figure 2, reinforces the point. A large part of the Gulf product set is accessible to both kinds of book once the wrapper exists; what differs is not the asset but the screening and documentation applied to it. The intermediary that builds the middle layers turns the overlap into addressable demand.

It is worth being precise about what flows in each direction, because the two flows are governed by different parties and this division is the key to keeping the build small. The downward flow, of capital, is owned end to end by the intermediary and its client: the client commits, the intermediary directs the commitment through the wrapper, and the wrapper subscribes to the product. The upward flow, of assurance, is owned mostly by others: the product's Shariah board certifies, the manager maintains compliance, and the intermediary's role is to rely on that assurance correctly and to translate it into a statement the client can trust. The intermediary, in other words, owns the capital pipe and the client relationship but rents the certification. Recognising which parts are owned and which are rented is what prevents an intermediary from over-building, from trying to recreate a Shariah board it should instead rely upon.

Figure 2. Illustrative product-universe overlap

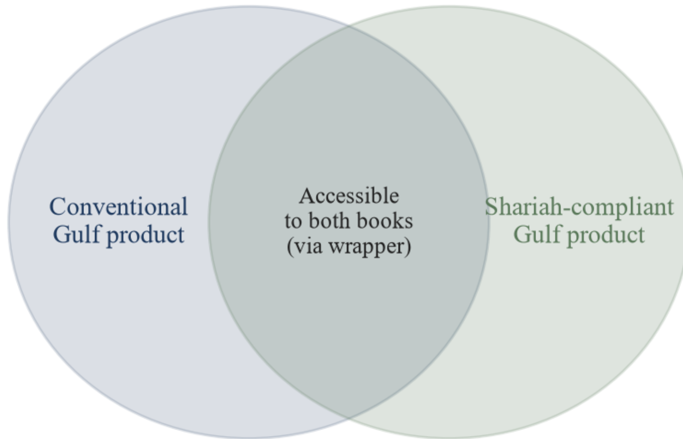

Figure 2. The Compliant and Conventional Product Universes

Illustrative. A substantial overlap of Gulf product is accessible to both a conventional and a compliant book once an access wrapper exists; the screening and documentation, not the asset, is what differs.

4.2 The Two Screens

Compliance, at the operational level that matters to an intermediary, is defined by two screens applied in sequence. The first is the activity screen, a qualitative test of what the underlying business does. Businesses whose core activity is prohibited, conventional interest-based lending, alcohol, gambling, pork, tobacco, adult entertainment and certain others, are excluded outright. The activity screen is binary and is applied first because it removes whole categories before any number is computed. For most Gulf private-market product, real assets, infrastructure, compliant operating companies, the activity screen is passed comfortably, which is part of why the region's product set lends itself to compliant distribution.

Two features of the activity screen matter for an intermediary. The first is that it is applied to the core activity of the business, not to incidental or de minimis exposures; a business is not failed because a trivial fraction of its activity touches a prohibited area, which is what the second, quantitative screen and the purification mechanic exist to handle. The second is that the activity screen is where most of the intellectual work has already been done by the product's Shariah board before the intermediary ever sees the product. The intermediary's task at this stage is verification and reliance, confirming that the screen has been applied and certified, not reapplication from first principles.

The second is the financial-ratio screen, a quantitative test of how the business is financed and what it earns. It typically examines three ratios: interest-bearing debt as a share of assets; cash and interest-bearing securities as a share of assets; and income from non-compliant sources as a share of total revenue. A business that passes the activity screen but is financed largely with conventional debt, or earns a material share of its revenue from interest, fails the ratio screen. The illustrative thresholds in Figure 5 convey the order of magnitude, commonly cited cut-offs sit in the region of one third of assets for the leverage and liquidity ratios and a low single-digit percentage for impermissible income, but the exact figures differ across standard-setters and must be taken from the applicable standard.

Figure 3. Illustrative screening funnel

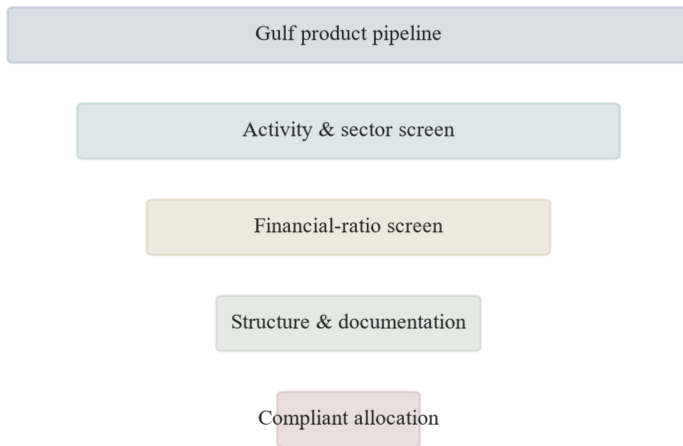

Figure 3. The Screening Funnel

Illustrative. A Gulf product pipeline narrows through the activity screen, the financial-ratio screen and the structuring and documentation step to a compliant allocation.

Figure 3 shows the two screens as a funnel. The pipeline of candidate product narrows at each stage: the activity screen removes prohibited businesses, the ratio screen removes over-leveraged or interest-heavy ones, and the structuring and documentation step removes those that cannot be cleanly wrapped or evidenced. What emerges is a compliant allocation that the intermediary can place into a conventional mandate with a clear audit trail. The crucial point for a conventional book is that it does not need to perform this screening from first principles. For most product, the screening is already done by the product's own Shariah board and certified; the intermediary's task is to rely on that certification properly, to document the reliance, and to apply its own overlay where its house policy is stricter.

Figure 5. Illustrative financial-ratio screens

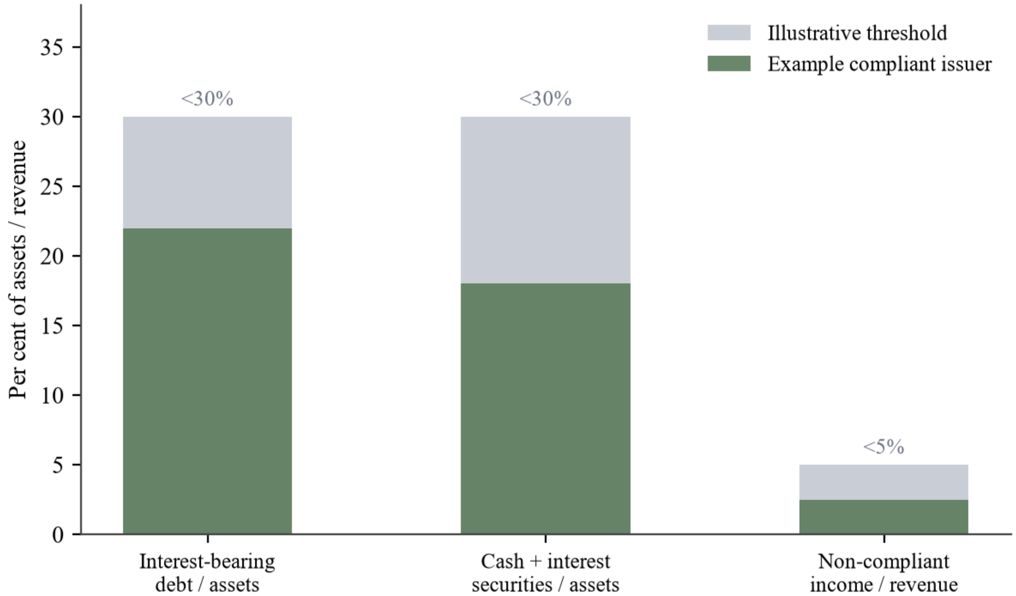

Figure 5. The Financial-Ratio Screens

Illustrative thresholds and an example compliant issuer. Order-of-magnitude only; exact cut-offs differ across standards and must be verified against the applicable standard.

4.3 The Supporting Mechanics a Conventional Book Must Add

Beyond the two screens, three supporting mechanics distinguish a compliant allocation from a conventional one, and each is a layer a conventional book adds rather than a system it rebuilds.

4.3a Governance

The first is Shariah governance. A compliant product is overseen by a Shariah board or adviser that certifies it at launch and reviews it periodically. The intermediary does not replicate this board; it relies on it, but it must document that reliance and define who in its own organisation is responsible for checking that certification remains current. Figure 6 sets out the responsibilities illustratively as a responsibility matrix across the Shariah board, the manager, the intermediary and the client. The pattern to note is that the intermediary is accountable for disclosure and suitability, the parts that touch its client relationship, while it relies on the board and the manager for the screens and the purification. This division is what keeps the marginal build small: the intermediary owns the client-facing layer, not the certification engine.

Figure 6. Illustrative governance responsibilities (R/A/C/I)

	Shariah board	Manager	Intermediary	Client
Activity screen	A	R	C	I
Ratio screen	A	R	C	I
Purification	A	R	I	I
Disclosure	C	R	A	I
Suitability	I	C	A	R

Figure 6. The Governance Responsibility Matrix

Illustrative R/A/C/I allocation across the Shariah board, the manager, the intermediary and the client. The intermediary owns disclosure and suitability and relies on others for the screens.

4.3b Disclosure

The second is disclosure. A conventional client receiving a compliant allocation must be told, clearly and in writing, that the allocation is compliant, on what basis, by whose certification, and what that does and does not mean. For a compliant client this disclosure is the point of the exercise; for a conventional client who has simply bought a Gulf product that happens to be compliant, it is a matter of accurate labelling. Either way the disclosure is a document the intermediary produces, slotted into its existing client-reporting flow, not a new system.

4.3c Purification

The third is purification, the cleansing of any small residual of non-compliant income. Even a product that passes both screens may earn a minor amount of impermissible income, for instance incidental interest on cash balances. The accepted treatment is to calculate that portion and direct it away from the investor, typically to charity, so that the return the investor keeps is cleansed. Figure 7 shows the flow: a gross distribution, the identification of the non-compliant portion, the cleansing, and the net distribution to the client. For a conventional book the operational addition is a calculation and a payment instruction, performed by the manager or administrator and reported by the intermediary, not a change to how distributions are processed.

Figure 7. Illustrative purification flow

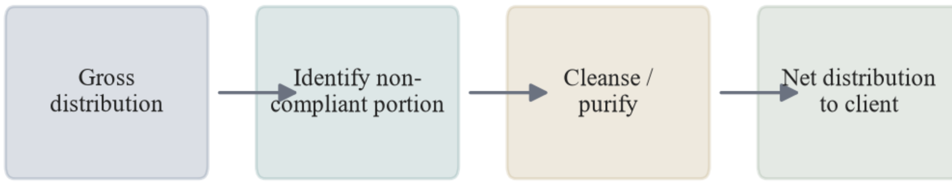

Figure 7. The Purification Flow

Illustrative. A gross distribution is screened for any non-compliant portion, which is cleansed before the net distribution reaches the client.

It is worth dwelling on why purification, though small in amount, matters out of proportion to its size. For a compliance-driven client, the purification step is what makes the difference between an allocation that is genuinely compliant and one that is merely marketed as such. A product that passes both screens but quietly retains a sliver of impermissible income has not delivered what the client was promised. The amount cleansed is typically immaterial to return, but the act of cleansing is material to trust, and trust is the asset the intermediary cannot afford to spend. The operational lesson is that purification should be automated and evidenced, calculated by the manager or administrator and reported to the client as a line item, rather than left as an informal afterthought.

The three mechanics together are the substance of Proposition 3: they are additive layers, governance reliance, a disclosure document and a purification calculation, that sit on top of an existing platform. None requires the intermediary to re-platform its book. The right mental model is a thin compliance overlay on a conventional spine: the spine, the platform, custody, reporting and client relationships, is unchanged, and the overlay, the reliance, the disclosure and the purification, is added where the conventional process would otherwise be silent on compliance. An intermediary that internalises this distinction will resist the temptation, expensive and unnecessary, to rebuild the spine.

4.4 Choosing an Access Route

The fourth component is the wrapper through which the compliant exposure is actually delivered into a conventional mandate. Five routes are common, and they are substitutes that differ in friction rather than in the asset they deliver. Figure 4 scores them illustratively on set-up and ongoing friction.

Figure 4. Illustrative friction by access route

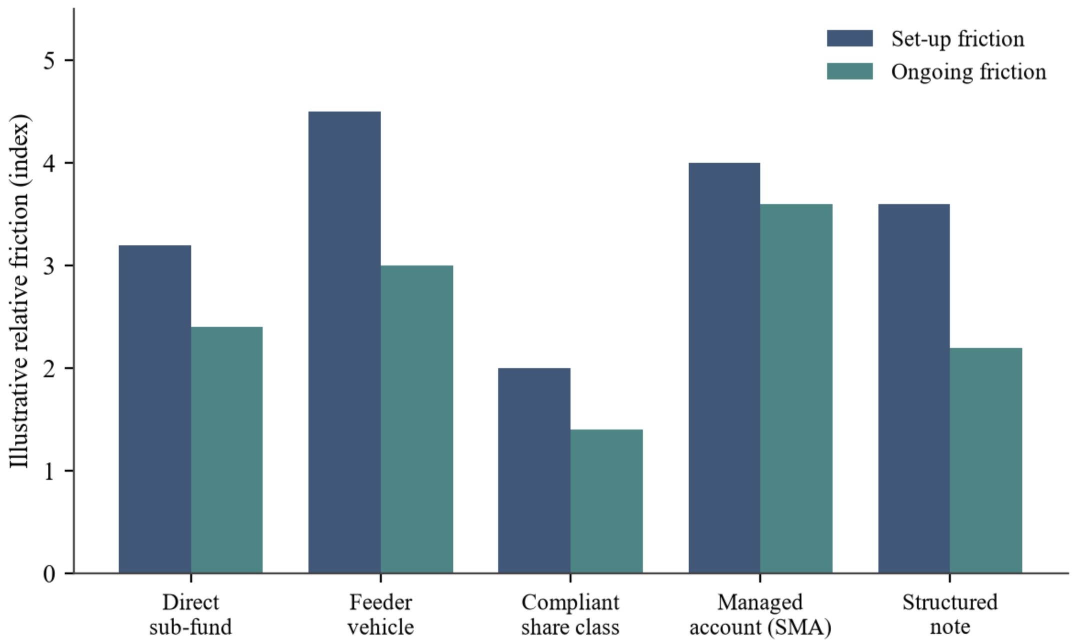

Figure 4. Friction by Access Route

Illustrative relative friction, set-up and ongoing, for five access routes. Ordinal and stylised, not priced; the right route depends on allocation size, client sophistication and platform constraints.

Before describing each route, it is worth naming the dimensions on which they differ, because the single friction index in Figure 4 collapses several distinct considerations. The first is set-up cost, the one-off legal, onboarding and structuring effort to make the route available. The second is ongoing cost, the recurring administration, fee layers and monitoring the route imposes thereafter. The third, not shown in the figure but central to the choice, is the legal directness of the client's claim on the underlying asset, which falls as one moves from a direct holding to a note. The fourth is transparency, how clearly the client can see through to the underlying. And the fifth is reusability, how much of the intermediary's existing platform the route reuses rather than recreates. A route can score well on one dimension and poorly on another, which is why the choice is a trade-off rather than a ranking, and why the checklist in Appendix C works through the dimensions rather than naming a single best route.

The direct sub-fund places the client directly into a compliant sub-fund of an umbrella structure. It is clean and transparent but requires the client to be onboarded into the structure, which carries set-up friction and suits larger, more sophisticated allocations. The feeder vehicle pools several clients into a feeder that invests into the master; it spreads set-up cost across clients but adds a layer of fees and administration, and is the classic route where an intermediary aggregates demand. The compliant share class is frequently the lowest-friction route where it exists: a compliant class of a fund the intermediary already distributes, accessible through the same platform plumbing as the conventional class, with compliance handled at the class level. The managed account gives the client a segregated, bespoke mandate with full control and transparency, but at the highest set-up and ongoing cost, and suits only the largest allocations. The structured note wraps the exposure in a note the conventional platform can hold like any other security; it is operationally simple to distribute but introduces issuer and basis considerations and a fee layer.

The practical guidance that follows from Figure 4 is ordering, not prescription. Where a compliant share class exists, it is usually the first route to consider because it reuses the most existing plumbing. Where it does not, a feeder is the natural aggregator for mid-sized demand, a direct sub-fund suits a large single client, a managed account suits the largest and most bespoke, and a structured note is the route of last resort where the platform cannot hold a fund directly. Appendix C gives a decision checklist that works through these choices.

4.5 Why 2026 Makes This a Distribution Question

The final proposition concerns timing. The constraint on compliant access used to be supply: there was not enough institutional-grade compliant product to fill a serious allocation. That constraint has eased. By 2026 the Gulf compliant product set, across funds, private credit, real assets and infrastructure, is deep enough that an intermediary is not short of things to allocate to. What is scarce is clean access: the intermediary that can take compliant product onto a conventional platform, screen and document it properly, and place it into a client mandate without friction, has something its competitors do not. The advantage has shifted from owning the product to owning the channel.

This is why the framing of the whole paper is the intermediary's. The manager that originates compliant product is no longer rare. The intermediary that can distribute it cleanly to a conventional book is. The architecture in this paper is the means by which an intermediary captures that channel advantage, and it does so, the central claim of the paper, without re-platforming the book.

4.6 The 2026 Gulf Context

It is worth setting out, without resorting to specific numbers, the conditions that make 2026 a distinctive moment for this argument. Three features of the Gulf landscape bear on it. First, the depth and institutionalisation of the compliant product set. A decade ago compliant private-market product was thin and bespoke; by 2026 it spans funds, private credit, real assets and infrastructure at a scale and a standard of documentation that an institutional intermediary can rely on. The activity screen, moreover, is passed comfortably by much of the regional product, because so much of it is real-asset and operating in nature rather than financial. Supply, in short, is no longer the constraint.

Second, the maturity of the intermediary channel itself. The Gulf's private banks, external asset managers and multi-family offices have grown in number and sophistication, and they increasingly serve cross-border client bases that include both compliance-driven and compliance-indifferent investors on the same platform. This is exactly the setting in which a single book serving both kinds of demand is most valuable, and in which the cost of running two parallel platforms is least justifiable.

Third, the role of the region's financial centres in standardising the wrappers and the governance an intermediary relies upon. The presence of well-regulated centres with established fund, custody and disclosure regimes lowers the friction of every access route, because the legal and operational plumbing on which the wrappers depend is mature and familiar. The combination of deep product, a mature channel and standardised infrastructure is what turns compliant access from a structuring problem into a distribution problem, and it is why an intermediary that builds the access layer now captures an advantage that will be competed away as the rest of the channel follows.

None of this is a forecast, and none of it is a claim about any specific market level. It is a description of the structural conditions, deep supply, a mature channel and standardised infrastructure, that make the framework in this paper timely rather than merely correct. An intermediary should verify each of these conditions against current, named sources for its own market and client base before acting on the argument.

5. IMPLEMENTATION: A TWELVE-MONTH ROADMAP

This section sequences the build into a stylised twelve-month roadmap, shown in Figure 8. The phases overlap, and the durations are illustrative; the purpose is to show the order of dependencies, not to assert a fixed timetable.

Figure 8. Illustrative 12-month implementation roadmap

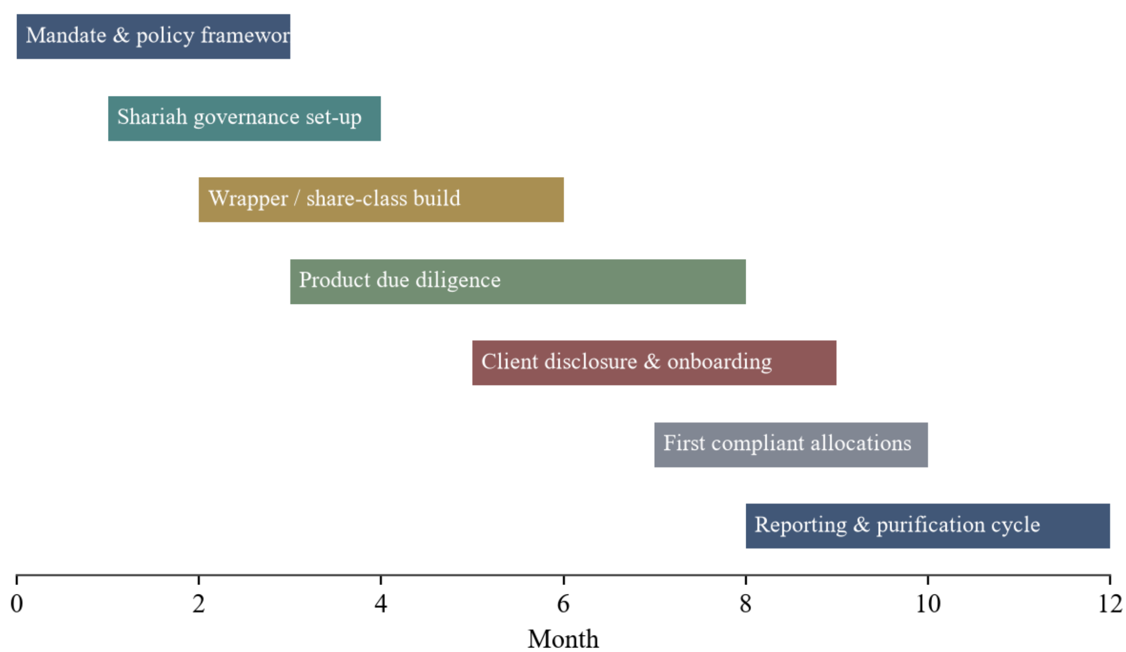

Figure 8. A Twelve-Month Implementation Roadmap

Illustrative and overlapping phases. The sequence shows dependencies, not a fixed timetable; durations vary by intermediary, jurisdiction and platform.

5.1 Months 0 to 3: Mandate and Policy Framework

The build begins with policy, not product. The intermediary defines its compliance policy: which standard it will rely on, how strict its house overlay will be, what it will and will not represent to clients, and how it will document reliance on a product's Shariah board. This is the cheapest phase and the one that prevents the most expensive mistakes, because it fixes the standard against which everything later is judged.

5.2 Months 1 to 4: Shariah Governance Set-Up

In parallel the intermediary stands up its governance arrangement: who in the organisation owns compliance reliance, whether it appoints or retains a Shariah adviser for its house overlay, and how it will monitor that product certifications remain current. The output is the responsibility matrix of Figure 6, populated with named owners.

5.3 Months 2 to 6: Wrapper and Share-Class Build

The intermediary then configures the access route or routes it will offer, the compliant share class where one exists, the feeder where it must aggregate, the note where the platform requires it, and works with administrators and custodians so that the chosen wrapper settles and reports through existing plumbing. This is the most platform-dependent phase and the one where timelines vary most.

5.4 Months 3 to 8: Product Due Diligence

With the policy, governance and wrapper in place, the intermediary runs its diligence on the actual product it intends to distribute: confirming the activity and ratio screens, reviewing the product's Shariah certification, and checking that purification is handled by the manager or administrator. The output is an approved-product list the intermediary can place with confidence.

5.5 Months 5 to 9: Client Disclosure and Onboarding

The intermediary prepares the client-facing layer: the disclosure documents, the suitability process for compliant allocations, and the onboarding of clients into the chosen wrapper. This phase touches the client relationship directly and is where the intermediary's existing strengths, knowing its clients and communicating clearly, do most of the work.

5.6 Months 7 to 10: First Compliant Allocations

The first allocations are made, deliberately at modest size, to test the full chain end to end: screening relied upon, wrapper settling, disclosure delivered, purification reported. The aim is to surface any operational gap on a small allocation before scaling.

5.7 Months 8 to 12: Reporting and Purification Cycle

Finally the intermediary establishes the steady-state cycle: periodic confirmation that certifications remain current, the regular purification calculation and reporting, and the inclusion of compliant allocations in standard client reporting. At this point compliant access has become a routine part of the book rather than a project.

5.8 Common Pitfalls and How the Roadmap Avoids Them

Three pitfalls recur. The first is building product before policy, which leads to inconsistent representations and rework; the roadmap puts policy first. The second is treating compliance as a marketing label rather than a governed function, which risks the intermediary's credibility; the roadmap makes governance an explicit, owned layer. The third is choosing the most elaborate wrapper by default, usually a bespoke managed account or a structured note, when a compliant share class would have reused existing plumbing at a fraction of the friction; the roadmap forces the access-route decision to be made deliberately against Figure 4 and Appendix C.

Two further pitfalls deserve a mention because they appear late and are therefore costly. The first is failing to assign a named owner to the monitoring of certifications, with the result that a lapsed certification is discovered only when a client or a regulator asks. The roadmap's governance phase exists precisely to put a name against this task before any allocation is made. The second is scaling before the first end-to-end allocation has been tested, so that an operational gap, a wrapper that does not settle cleanly, a purification calculation that does not flow into reporting, is discovered at size rather than at a deliberately small first ticket. The roadmap's sequencing, a modest first allocation before the steady-state cycle, is designed to surface such gaps cheaply.

6. RISKS, CAVEATS AND LIMITATIONS

6.1 The Limits of an Illustrative Framework

The framework is a structured way of reasoning, not a source of figures. Every quantitative element, the friction indices, the illustrative thresholds, the roadmap durations, is stylised and chosen to make the structure legible. None should be read as a market value, a price, or a forecast. An intermediary applying the framework must substitute its own platform's real costs, its own standard's real thresholds and its own jurisdiction's real timelines.

6.2 Compliance and Certification Risk

The central risk in compliant distribution is that a product represented as compliant is later found not to be, or that a certification lapses. The framework mitigates this by making reliance explicit and owned, but it cannot eliminate it. The intermediary must monitor certifications actively and must not treat a launch certification as permanent. Compliance is a matter for qualified scholars and the product's Shariah board; nothing in this paper is or substitutes for a religious ruling.

6.3 Operational and Wrapper Risk

Each access route introduces its own operational risk: feeders and notes add fee and counterparty layers, managed accounts add bespoke administration, and any wrapper can introduce basis risk between the client's holding and the underlying. The friction comparison in Figure 4 is ordinal and illustrative; the real frictions must be priced for the specific vehicle and platform.

6.4 Suitability and Mis-Selling Risk

Disclosure that is inaccurate or incomplete exposes the intermediary to suitability and mis-selling risk, and damages the trust on which its franchise rests. The disclosure layer must be treated as a governed control, not a marketing flourish, and must be reviewed by the intermediary's compliance and legal functions in the relevant jurisdictions.

6.5 Reputational and Concentration Risk

Because compliant distribution touches a matter of conviction for many clients, the reputational stakes are asymmetric: a single mislabelled or improperly screened allocation can damage an intermediary's standing with its entire compliance-driven client base, not merely with the client who held it. This argues for conservatism in representation and for an explicit house policy that errs towards the stricter interpretation where standards diverge. A related risk is concentration: an intermediary that builds its compliant offering around a single product, manager or wrapper inherits that counterparty's compliance and operational risk wholesale. Diversifying the approved-product list and the access routes mitigates this, at the cost of a larger initial build.

6.6 Scope

This paper addresses the structural question of how a conventional intermediary opens compliant product to its book. It does not address the merits of any specific product, manager or allocation; the selection of underlying product is outside its scope. It does not provide legal, tax, regulatory or religious advice, all of which an intermediary must take from qualified advisers in the relevant jurisdictions before acting.

7. CONCLUSION

A conventional client book and a Shariah-compliant product universe are usually presented as two businesses. This paper has argued that, for an intermediary, they are better understood as one book and a thin layer of access architecture. The architecture has four layers, the client book, the screening and governance function, the access wrapper, and the underlying compliant product, and only the two middle layers must be added. Compliance itself reduces to two screens, an activity screen and a financial-ratio screen, that the intermediary can rely on rather than originate, supported by three additive mechanics, governance, disclosure and purification, that sit on top of an existing platform. The exposure is delivered through one of five wrappers that differ in friction, with the compliant share class usually the lowest-friction route where it exists.

The framework is deliberately general. It does not depend on any one jurisdiction's rules, any one standard-setter's exact thresholds, or any one platform's plumbing, because those are the variables an intermediary substitutes for itself. What the framework supplies is the invariant structure: the four layers, the two screens, the three mechanics and the five routes. That structure holds whether the intermediary is a Gulf private bank serving a regional book, a European EAM serving cross-border clients, or a multi-family office assembling a bespoke compliant sleeve. The reusability of the structure across these settings is itself part of the contribution, because it means an intermediary need not re-derive the problem each time the jurisdiction or the client changes.

The argument matters most because of timing. In 2026 Gulf conditions the supply of institutional compliant product is no longer the binding constraint; clean distribution is. The intermediary that can take compliant product onto a conventional platform, screen and document it properly, and place it into a client mandate without friction, captures a channel advantage that its competitors lack. It does so, the central claim of this paper, without re-platforming its book.

Three implications follow for the intermediary that accepts the argument. The first is sequencing: build policy and governance before product, because the standard against which everything is judged must exist before anything is judged against it. The second is restraint in the choice of wrapper: prefer the route that reuses the most existing plumbing, usually a compliant share class, and escalate to more elaborate vehicles only as the size or bespoke nature of the allocation demands. The third is discipline in reliance: rent the certification, do not rebuild it, but assign a named owner to monitor that the rented certification remains current. Each implication points the same way, towards a thin, well-governed overlay on an unchanged conventional spine.

The contribution is a single, reusable framework that lets a conventional intermediary treat compliant access as an extension of what it already does rather than a parallel business it must stand up. The framework is deliberately invariant to jurisdiction, standard and platform, so that an intermediary can substitute its own real figures into the same structure wherever it operates. The practical next step is the twelve-month roadmap with which Section 5 closes, and the practical caution is the one that runs throughout: every figure here is illustrative, the screens and their thresholds must be taken from the applicable standard, and nothing in this paper is investment, legal, tax or religious advice.

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Chennakeshav (CK) Adya is an independent researcher and corporate-finance practitioner with more than twenty-five years of experience as both an operator and an investor across capital markets, private capital and cross-border transactions. His research focuses on capital structure, private markets, and the financing and distribution of investment product across the Gulf and beyond. He writes to make the structure of unfamiliar markets and instruments legible to international investors and intermediaries, combining a practitioner's view of how capital is actually raised, structured and distributed with the discipline of a structured, evidence-aware framework.

APPENDIX A. BASE-CASE ASSUMPTIONS

Input	Illustrative value / basis	Used in
Architecture layers	Client book; screening and governance; access wrapper; compliant product	Figure 1

Product-universe overlap	Large shared set accessible to both books via wrapper	Figure 2
Screening funnel	Activity screen; ratio screen; structuring and documentation	Figure 3
Access-route friction	Five routes scored on set-up and ongoing friction (ordinal index)	Figure 4
Ratio-screen thresholds	~1/3 of assets (leverage, liquidity); low single-digit % (impermissible income)	Figure 5
Governance matrix	R/A/C/I across Shariah board, manager, intermediary, client	Figure 6
Purification flow	Gross distribution; identify; cleanse; net distribution	Figure 7
Implementation roadmap	Seven overlapping phases across twelve months	Figure 8

Table A1. Full base-case assumptions.

All values are illustrative and stylised, chosen to make the structure legible. They are not sourced data, market levels, prices or forecasts, and the ratio thresholds in particular must be taken from the applicable Shariah standard before any use.

APPENDIX B. COMPLIANT VERSUS CONVENTIONAL: A COMPARISON

Dimension	Conventional allocation	Shariah-compliant allocation
Underlying asset	Any permitted by mandate	Same asset set, after activity and ratio screens
Screening	Mandate and house policy only	Plus activity screen and financial-ratio screen
Governance	Manager and intermediary	Plus product Shariah board; intermediary reliance documented
Income	Retained gross	Purified: non-compliant portion cleansed before net
Disclosure	Standard product disclosure	Plus a clear compliance statement and its basis
Financing of underlying	Unconstrained	Interest-bearing leverage constrained by ratio screen
Wrapper	Existing platform vehicles	Same vehicles, compliant class or feeder where needed
Marginal build for the book	None	Screening, governance, disclosure, purification layers

Table B1. A compliant allocation differs from a conventional one in the screens and supporting mechanics applied, not in the underlying asset or the platform. Illustrative.

APPENDIX C. ACCESS-ROUTE DECISION CHECKLIST

- Does a compliant share class of the target product already exist on a platform you use? If yes, consider it first; it usually reuses the most existing plumbing.
- Is the allocation a single large client or aggregated demand from several? A direct sub-fund suits the former; a feeder aggregates the latter.

- Does the client require a segregated, bespoke mandate with full control? If so, a managed account, at the highest friction, may be warranted.
- Can your platform hold a fund directly, or only securities? If only securities, a structured note may be the route, with issuer and basis considerations priced in.
- Has the underlying product's Shariah board certified it, and is the certification current? Confirm before relying on it.
- Who in your organisation owns the reliance on that certification, and how is it monitored over time?
- Is purification handled by the manager or administrator, and is it reported to the client?
- Does your client disclosure state clearly that the allocation is compliant, on what basis, and what that does and does not mean?
- Have legal, tax and regulatory advisers in the relevant jurisdictions reviewed the route?

APPENDIX D. FREQUENTLY ASKED QUESTIONS

Q. Do we need a separate Islamic licence to distribute compliant product?

A. Not necessarily, and the question is jurisdiction-specific. In many cases a conventional intermediary distributes compliant product through existing permissions, relying on the product's own Shariah certification and adding the screening, governance, disclosure and purification layers described in this paper. Whether a separate licence or registration is required is a legal and regulatory matter to confirm with advisers in each jurisdiction.

Q. Does offering compliant product alienate our conventional clients?

A. It need not. A compliant allocation is, to a conventional client, simply a Gulf product that happens to pass the screens; the disclosure labels it accurately without requiring the client to share the underlying preference. The same product can serve a compliant client for whom the screening is the point and a conventional client for whom it is incidental.

Q. Is there a return penalty for compliance?

A. The evidence is mixed and period-dependent. The screens constrain the investable set rather than tax returns directly; several studies find no systematic underperformance once sector and style tilts are controlled for. The honest framing is that compliance changes the opportunity set, it does not automatically make it inferior.

Q. Who decides whether a product is actually compliant?

A. The product's Shariah board or adviser, supported by the manager. The intermediary relies on and documents that certification and applies its own house overlay where stricter. Compliance is ultimately a matter for qualified scholars; this paper describes the mechanics, not the rulings.

Q. How much does the build really cost?

A. The marginal build is the screening and governance layer plus the configuration of an access wrapper, not a parallel platform. Where a compliant share class already exists, the wrapper cost can be small. The friction comparison in Figure 4 is illustrative and ordinal; real costs must be priced for the specific platform and vehicle.

APPENDIX E. GLOSSARY OF KEY TERMS

Activity screen. A qualitative test excluding businesses whose core activity is prohibited under Shariah, such as conventional lending, alcohol or gambling.

Financial-ratio screen. A quantitative test of leverage, liquidity and impermissible income against threshold ratios.

Riba. Interest or usury; its avoidance is a defining principle of Islamic finance.

Gharar. Excessive uncertainty or ambiguity in a contract, to be avoided in compliant structures.

Shariah board. The body of qualified scholars that certifies a product as compliant and reviews it over time.

Purification. The cleansing of any residual non-compliant income, typically by directing it to charity, so the investor's return is compliant.

Feeder fund. A pooling vehicle that aggregates investors and invests into a master fund.

Compliant share class. A class of a fund structured to be Shariah-compliant, often alongside a conventional class of the same fund.

Managed account (SMA). A segregated, bespoke mandate giving a single client full control and transparency at higher cost.

Intermediary. A private bank, external asset manager or multi-family office that allocates on behalf of many clients.

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