



QATAR FINANCIAL CENTRE
**REGULATORY
AUTHORITY**

Assets Rules 2005 (ASET)

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Chapter 1 **General provisions**

Part 1.1 **Introductory**

1.1.1 **Name of rules**

These rules are the *Assets Rules 2005* (or ASET).

1.1.2 **Glossary**

The glossary at the end of these rules is part of these rules.

Note 1 There are also relevant definitions in the *Interpretation and Application Rulebook (INAP)* glossary. To assist the reader, the application of a definition in that glossary would usually be indicated by the word(s) being in italics (other than bold italics).

Note 2 By contrast, the application of a definition in the glossary in these rules is not indicated by the word(s) being in italics.

Note 3 For the application of definitions, see INAP, r 2.1.8 (Application of definitions).

Note 4 A note in or to these rules is explanatory and is not part of the rules (see INAP, r 2.1.6 (1) and r 2.1.7).

Note 5 However, examples and guidance are part of these rules (see INAP, r 2.1.4 (1) (b) and (2)).

Note 6 An example is not exhaustive, and may extend, but does not limit the meaning of these rules or the particular provision of these rules to which it relates (see INAP, r 2.1.5).

Note 7 For the effect of guidance, see the *Financial Services Regulations*, art 17 (4).

Part 1.2 Basic concepts and key terms

Guidance

The *Regulatory Authority* considers that the proper safeguarding of money and other assets belonging to clients is essential to the pursuit of its objectives of maintaining the financial stability of the QFC, the promotion and maintenance of market confidence in, and the international reputation of, the QFC, and promoting and maintaining efficient and transparent markets.

1.2.1 What is *client money*?

- (1) For these rules, *client money* of an authorised firm (or firm) is money—
 - (a) that the firm receives from or holds for a *client* in the course of, or in connection with, conducting *investment business* in or from the QFC; or
 - (b) that the firm treats as client money in accordance with chapter 2.

Note *Money* is defined in r 1.2.2 and *holds* is defined in r 1.2.3.

- (2) This rule is subject to part 2.2 (Client money exceptions).

1.2.2 What is *money*?

For these rules, *money* is any form of money of any currency, and includes a cheque or other payable order.

1.2.3 When does a firm *hold* money?

For these rules, a firm *holds* money if the money is held—

- (a) directly by the firm; or
- (b) in an account in the firm's name; or
- (c) by a *person*, or in an account in the name of a *person*, controlled by the firm.

1.2.4 What is a *custody investment*?

A *custody investment* of an authorised firm (or firm) is a *relevant investment* belonging to a *client* in relation to which the firm provides custody services, or arranges the provision of custody services, in or from the QFC.

Note *Providing custody services* and *arranging the provision of custody services* are defined in the glossary.

Chapter 2 Client money

Part 2.1 Client money—application

2.1.1 Application—ch 2

- (1) This chapter applies to an authorised firm (or firm) if—
 - (a) the firm conducts *investment business* in or from the QFC; and
 - (b) the firm holds client money.

Note 1 **Client money** is defined in r 1.2.1 and **holds** is defined in r 1.2.3.

Note 2 Rule 7.1.1 prohibits certain firms from holding money for clients.

- (2) However, this chapter does not apply to a firm with an authorisation that permits it to conduct *insurance mediation* or *captive insurance management* (or both) and no other business that is or includes a regulated activity.

Note 1 **Insurance mediation** and **captive insurance management** are defined in the *Insurance Mediation Business Rules 2011*, r 1.2.2 and r 1.2.5 respectively. **Authorisation** and **regulated activity** are defined in the glossary.

Note 2 For subrule (2), the client money provisions in the *Insurance Mediation Business Rules 2011* apply to the firm.

- (3) Also, this chapter does not apply to the independent entity of a QFC scheme that is not a private placement scheme, or to the operator of a QFC scheme that is a private placement scheme, in relation to the exercise of the function of safeguarding the scheme property.

Note 1 **Independent entity**, **QFC scheme**, **private placement scheme**, **operator** and **scheme property** are defined in the *Collective Investment Schemes Rules 2010*.

Note 2 **Exercise** and **function** are defined in the glossary.

Note 3 For audit and reporting requirements for client money, see *GENE*, r 9.5.1 and r 9.5.2.

Part 2.2 Client money exceptions

2.2.1 Client money exceptions—money payable to firm

- (1) Money is not *client money* of a firm in relation to a *client* if it is (or becomes) payable immediately by the *client* to the firm for the firm's own account.
- (2) Without limiting subrule (1), money is payable to the firm for the firm's own account if it is paid by the *client* to the firm, or deducted by the firm from money held by the firm for the *client*, in settlement of—
 - (a) a fee or charge that is payable by the *client* to the firm; or
 - (b) an amount payable by the *client* to the firm in relation to an amount paid by the firm—
 - (i) in relation to the purchase of an investment by or for the *client*; or
 - (ii) in settlement of a margin payment made for the *client*; or
 - (c) an amount payable by the *client* to the firm in relation to an unpaid purchase of an investment by or for the *client* if the investment has been delivered to the *client* or credited to the *client's* account.

2.2.2 Client money exceptions—cheques etc forwarded to regulated financial institutions outside QFC

- (1) *Client money* of a firm does not include a cheque or other payable order received from a *client* that is made payable to a *regulated financial institution* if it—
 - (a) is not collected or paid in the QFC; but
 - (b) is forwarded by the firm to the *regulated financial institution* outside the QFC in accordance with the *client's* instructions as soon as practicable (but no later than 2 *business days* after the day it is received by the firm).
- (2) A firm must make, and keep—
 - (a) a record of all cheques and other payable orders to which subrule (1) applies; and
 - (b) a copy of each of them.
- (3) The record of a cheque or other payable order must include the following details:
 - (a) the *client*;
 - (b) the *regulated financial institution*;
 - (c) the date it was received by the firm;
 - (d) the date it was forwarded to the *regulated financial institution*.

2.2.3 Client money exceptions—money to which client money protection rules do not apply

Client money of a firm does not include money to which the client money protection rules do not apply under section 2.3 (Disapplication of Client Money Protection Rules).

Note *Client money protection rules* is defined in the glossary.

2.2.4 Client money exceptions—money held as an eligible bank

- (1) This rule applies to a firm that is an *eligible bank*.
- (2) **Client money** of a firm does not include money held in an account with the firm if the firm has notified the *client* in writing (through the firm's terms of business or otherwise) that—
 - (a) money belonging to the *client* will be held by the firm as a bank and not as trustee; and
 - (b) such money will not be subject to the client money protection rules.

2.2.5 Client money exceptions—money held in account with itself

- (1) **Client money** of a firm does not include money held in an account with the firm itself if—
 - (a) the money is held in circumstances where all of the firm's obligations to repay such money to the client (or to its order) have been fully, unconditionally and irrevocably guaranteed by an eligible bank; and
 - (b) the firm complies with subrule (2).
- (2) For subrule (1) (b), the firm must—
 - (a) notify the *client* in writing (through the firm's terms of business or otherwise) that—
 - (i) the firm's obligations to repay money belonging to the *client* have been fully, unconditionally and irrevocably guaranteed by an *eligible bank*; and
 - (ii) such money will not be subject to the client money protection rules; and
 - (b) give the *client* a copy of the guarantee from the *eligible bank*; and
 - (c) obtain a legal opinion from a reputable law firm in the jurisdiction in which the *eligible bank* is incorporated, confirming that the guarantee is legal, valid, binding and enforceable under the laws of that jurisdiction (including on the insolvency or winding-up of the firm); and
 - (d) confirm to the *Regulatory Authority* that it has obtained the opinion required under paragraph (c).

2.2.6 Client money exceptions—money from associate

- (1) **Client money** of a firm does not include money received from an *associate*.
- (2) However, money received from an *associate* of a firm is **client money** if the *associate* notifies the firm in writing that the money is to be held by the firm on behalf of a *person* who is not in the same *group* as the firm.

2.2.7 Client money exceptions—money for issue or redemption of units in QFC schemes

- (1) Client money of a firm does not include money received by a firm in a ‘delivery against payment transaction’ for settling a transaction in relation to units in a QFC scheme if—
 - (a) the operator of the scheme receives it from the *client* in relation to the operator’s obligation to issue units in accordance with COLL, unless the price of those units has not been determined by the close of business on the next *business day*—
 - (i) after the date of the receipt of the money from the *client*; or
 - (ii) if the money was received by an *appointed representative* of the operator under rule 2.5.3A—after the date of receipt at the registered address in the QFC of the operator; or
 - (b) the money is held in the course of redeeming units in accordance with COLL and the proceeds of that redemption are paid to a *client* within the time specified in COLL.
- (2) If the operator of the scheme draws a cheque or other payable order to pay a *client* under subrule (1) (b) and the cheque or order is drawn within the time specified in COLL for paying the client, rule 2.8.3 does not apply.

Note *Unit, QFC scheme, operator* are defined in the *Collective Investment Schemes Rules 2010*.

2.3 Disapplication of the Client Money Protection Rules

2.3.1 The *Client Money Protection Rules* do not apply to money held by an *Authorised Firm* on behalf of a *Client* that is:

- (A) a *Business Customer* who has opted out of protections conferred by the *Client Money Protection Rules* in accordance with Rule 2.3.2; or
- (B) a *Market Counterparty*, unless the *Authorised Firm* has agreed to treat money held by or on behalf of that *Client* in accordance with the *Client Money Protection Rules*

provided that the *Authorised Firm* has notified the *Client* in writing (which may include a notification in the *Authorised Firm’s Terms of Business*) that:

- (C) the *Client’s* money will not be subject to the protections conferred by the *Client Money Protection Rules*;
- (D) as a consequence, *the Client’s* money will not be segregated from the money of the *Authorised Firm*;
- (E) the *Client* will rank only as a general unsecured creditor of the *Authorised Firm* in relation to that money; and
- (F) in the case of a *Client* to whom the *Authorised Firm* proposes to provide discretionary investment management services, the *Client* should be aware that the *Authorised Firm* therefore has a significant degree of control over the amount of unsecured credit risk that the *Client* is taking on the *Authorised Firm* and that the *Client* should therefore consider this carefully before commencing business on this basis with the *Authorised Firm*.

2.3.2 A *Client* who is a *Business Customer* can opt out of the protections conferred by the *Client Money Protection Rules* by providing the *Authorised Firm* with a written acknowledgement of the notifications made to the *Client* by the *Authorised Firm* pursuant to Rules 2.3.1(C), (D), (E) and (F).

2.3.3 DvP transactions through commercial settlement systems

- (1) Subject to subrule (2), the client money protection rules do not apply to money received from a *client* of an authorised firm in respect of a *DvP transaction* through a commercial settlement system if—
 - (a) the authorised firm has elected not to treat money from that *client* as *client money*; and
 - (b) the authorised firm has notified the *client* in writing (which may include a notification in the authorised firm's *terms of business*) about the matters mentioned in rules 2.3.1 (c) to (f); and
 - (c) in the case of a *client* purchase, the money will be due to the authorised firm within 1 *business day* after the firm's delivery of the investments; and
 - (d) in the case of a *client* sale, the money will be due to the *client* within 1 *business day* after the *client's* delivery of the investments.
- (2) Money in respect of which an election has been made in accordance with subrule (1) must be treated as *client money* if the delivery or payment by the authorised firm does not occur within 3 *business days* after the date of the payment or delivery of the investments by the *client*.

2.4 Creation of Trust over Client Money

2.4.1 All client money held by an authorised firm shall be subject to a trust (and the authorised firm shall be the trustee of that trust). Any client money held pursuant to that trust shall be held on the following terms:

- (A) for the purposes of and on the terms of the client money protection rules and the client money distribution rules;
- (B) subject to Rule 2.4.1(C), for the *Clients* for whom that money is held according to their respective interests in it;
- (C) on the failure of the authorised firm, for the payment of the costs properly attributable to the distribution of the client money, in accordance with Rule 2.4.1(B); and
- (D) after all valid claims and costs under Rules 2.4.1(B) and (C) have been met, for the authorised firm itself.

2.5 Payment of Client Money into Client Bank Accounts

2.5.1 What is a *client bank account*?

A *client bank account* of an authorised firm (or firm) is a bank account, maintained by the firm with an *eligible bank*, that complies with rule 2.5.2.

2.5.2 Client bank account requirements

- (1) A client bank account of a firm must have the words ‘client bank account’ in the name of the account.
- (2) When a firm opens a client bank account with an *eligible bank*, the firm must—
 - (a) notify the bank in writing that—
 - (i) all money standing to the credit of the account is held by the firm as trustee; and
 - (ii) the bank is not entitled to combine the account with any other account or to exercise any right of set-off or counterclaim against money in the account in relation to any amount owed to it on any other account of the firm; and
 - (b) ask the bank in writing to give it a written acknowledgement of the matters mentioned in paragraph (a) (i) and (ii).

Note **Writing** is defined in the glossary.

- (3) If the *eligible bank* does not give the firm the written acknowledgment within 1 *month* after the day the firm asks for it, the firm must cease to hold any client money with the bank unless the firm is satisfied on reasonable grounds that the failure to obtain the acknowledgement would not affect the recognition of *client* beneficial entitlements to the money held in the client bank account (under the trust created by rule 2.4.1) under the laws of the jurisdiction in which the account is held (including on the insolvency or winding-up of the firm or the bank).

Note **Jurisdiction** is defined in the glossary.

- ### 2.5.3
- (1) Where an authorised firm holds client money it must ensure, except where otherwise provided in section 2.5 or section 2.6, that the client money is paid into one or more client bank accounts as soon as possible and in any event within one *Business Day* of receipt.
 - (2) If the client money is received by an authorised firm in the form of an automated transfer, it must take reasonable steps to ensure that:
 - (A) the money is received directly into a client bank account; and
 - (B) if money is received directly into the authorised firm’s own account, the money is transferred into a client bank account within one *Business Day* of receipt.
 - (3) If an authorised firm receives a mixed remittance (part client money and part other money), it must:
 - (A) pay the full sum into a client bank account in accordance with (1); and

- (B) transfer out that part of the payment which is not client money within one *Business Day* of the day on which it would normally expect the remittance to be cleared (or, if such day is not a *Business Day* in the jurisdiction in which the account is held, on the next *Business Day* in that jurisdiction).
- (4) An authorised firm must take reasonable steps to ensure that it is notified promptly of any receipt of client money in the form of *Client* entitlements.

Guidance

Client entitlements are such things as dividends, coupons and other distributions with similar characteristics.

2.5.3A Approved representatives and non-QFC intermediaries—payment into client bank accounts

A firm must take reasonable steps to ensure that client money received by an *approved representative* or *non-QFC intermediary* of the firm is paid into a client bank account of the firm as soon as possible after it is received but within 1 *business day* after the day it is received.

- 2.5.4** An authorised firm may segregate client money in a different currency from that of receipt, provided that it ensures that the amount held is adjusted each day to an amount at least equal to the original currency amount (or the currency in which the authorised firm has its liability to its *Clients*, if different), translated at the previous day's closing spot exchange rate.

Guidance

1. Rule 2.5.4 is intended for those authorised firms where they receive money in a currency that they do not usually receive and for which they do not have a client bank account. Authorised firms should not view this *Rule* as an opportunity to speculate with client money on the currency markets.
2. Authorised firm's are reminded of the obligation owed to *Retail Customers* under *COND*, chapter 4 to disclose in writing the basis or amount of its *Charges* for conducting *Investment Business*. This would include any costs or charges associated with holding or converting client money in a different currency from that of receipt that are not borne by the authorised firm.

- 2.5.5** (1) An authorised firm may only pay client money, or permit client money to be paid, into a client bank account held with an *eligible bank* if—
- (a) under the laws applying to the money and the bank account, the money will be recognised as segregated from, and will not form part of, the authorised firm's assets in its insolvency; and
 - (b) the firm has an appropriate legal opinion about the matters mentioned in paragraph (a) and is satisfied, on the basis of the opinion, that the paragraph will be met; and
 - (c) after conducting an appropriate assessment, the firm is satisfied, on reasonable grounds, that the *eligible bank* is a suitable person to hold the money in a client bank account.

Note Rule 2.5.6 applies to the making of an assessment for paragraph (c).

- (2) The authorised firm must have systems and controls in place to ensure that—
 - (a) subrule (1) (a) continues to be met; and
 - (b) the assessment made for subrule (1) (c) remains correct.

2.5.6 When assessing the suitability of an *eligible bank*, an authorised firm must have regard to all relevant circumstances including, without limitation:

- (A) the bank's credit rating, capital and financial resources;
- (B) the amount of client money placed with the bank, as a proportion of the bank's capital and deposits;
- (C) the regulatory and insolvency regimes of the jurisdiction in which the bank is located;
- (D) the bank's reputation;
- (E) the bank's regulatory status and history; and
- (F) to the extent that the information is available, the level of risk in the investment and loan activities undertaken by the bank and other members of its *Group*.

2.5.7 The requirement for an authorised firm to pay client money into a client bank account does not apply with respect to client money:

- (A) received in the form of cheque, or other payable order, until the authorised firm is in receipt of the proceeds of that cheque; or
- (B) temporarily held by an authorised firm before forwarding to a *Person* nominated by the *Client*.

2.5.8 An authorised firm must have procedures for identifying client money received by it and for promptly recording the receipt of the money either in the books of account or a register for later posting to the *Client* cash book and ledger accounts. The procedures must cover client money received by the authorised firm through the mail, electronically or via agents of the authorised firm or through any other means.

2.6 Transfer of Client Money to Eligible Third Parties

2.6.1 Except as otherwise provided in these rules, an authorised firm may only pay, or permit to be paid, client money into an account with a *Person* who is not an *eligible bank* if that *Person* is an *Eligible Third Party*.

2.6.2 An authorised firm may only pass, or permit to be passed, client money belonging to a *Client* to a third party account if:

- (A) the client money is to be used in respect of a transaction or series of transactions for that *Client*; or
- (B) the client money is to be used to meet an obligation of that *Client*.

2.6.3 An authorised firm must not hold any excess client money in a third party account longer than necessary to effect the relevant transactions or satisfy the relevant obligations.

2.6.4 An authorised firm may only pay, or permit to be paid, client money to a third party account where:

- (A) the account includes the words “Client Account” in its title; and
- (B) the authorised firm has:
 - (i) notified the relevant *Eligible Third Party* in writing that all money standing to the credit of that account is held by the authorised firm as trustee and that the *Eligible Third Party* is not entitled to combine the account with any other account or to exercise any right of set-off or counterclaim against money in that account in respect of any sum owed to it on any other account of the authorised firm; and
 - (ii) requested the *Eligible Third Party* to provide it with a written acknowledgement of the matters set out in (i).

2.6.5 If an *Eligible Third Party* does not provide the acknowledgement required pursuant to Rule 2.6.4(B)(ii) within 1 *month* after the day the authorised firm sends the request to provide the acknowledgement, the authorised firm may continue to hold client money with that *Eligible Third Party*, provided that the authorised firm:

- (A) promptly provides notice in writing to any existing *Clients* to whom the authorised firm owes client money that the particular *Eligible Third Party* has not accepted that it has no right of set off or counterclaim against client money, in relation to sums owed to it by the authorised firm; and
- (B) ensures that any notifications that it sends thereafter pursuant to Rule 2.3.1 contain an additional notification that the particular *Eligible Third Party* has not accepted that it has no right of set off or counterclaim against client money, in relation to sums owed to it by the authorised firm.

2.6.6 (1) An authorised firm may only pay client money, or permit client money to be paid, into a third party account held with an *eligible third party* if—

- (a) under the laws applying to the money and the account, the money will be recognised as segregated from, and will not form part of, the authorised firm's assets in its insolvency; and
- (b) the firm has an appropriate legal opinion about the matters mentioned in paragraph (a) and is satisfied, on the basis of the opinion, that the paragraph will be met; and
- (c) after conducting an appropriate assessment, the firm is satisfied, on reasonable grounds, that the *eligible third party* is a suitable person to hold the money in a third party account.

Note Rule 2.6.7 applies to the making of an assessment for paragraph (c).

- (2) The authorised firm must have systems and controls in place to ensure that—
 - (a) subrule (1) (a) continues to be met; and
 - (b) the assessment made for subrule (1) (c) remains correct.

2.6.7 When assessing the suitability of an *Eligible Third Party*, an authorised firm must have regard to all relevant circumstances including, without limitation:

- (A) the *Eligible Third Party*'s credit rating, capital and financial resources;
- (B) the regulatory and insolvency regimes of the jurisdiction in which the *Eligible Third Party* is located;
- (C) the *Eligible Third Party*'s reputation;
- (D) its regulatory status and history; and
- (E) the other members of the *Eligible Third Party's Group* and their activities.

2.7 Segregation of Client Money from the Authorised Firm's Own Money

2.7.1 Subject to Rule 2.7.2, an authorised firm must not deposit its own money into a client bank account or a third party account.

2.7.2 An authorised firm must not hold money other than client money in a client bank account unless it is:

- (A) a minimum sum required to open the account or to keep it open;
- (B) money that is temporarily in the account in accordance with Rule 2.5.3(3) (mixed remittance);
- (C) interest credited to the account that exceeds the amount payable to *clients* as interest if the interest has not been credited to the account for longer than 1 *month*; or

- (D) it is to meet a shortfall in client money in accordance with rule 2.11.4.

2.7.3 If it is prudent to do so to ensure that client money is protected, an authorised firm may pay into a client bank account money of its own, and that money will then become client money for the purposes of the client money protection rules and the client money distribution rules.

2.7.4 An authorised firm must maintain systems and controls for identifying money that is not permitted to be in a client bank account or a third party account and for transferring any such money which is in a client bank account or a third party account out of that account without delay.

2.8 Payment of Client Money from Client Bank Accounts

2.8.1 An authorised firm must have procedures for ensuring all withdrawals from a client bank account are authorised.

2.8.2 Subject to Rule 2.8.3, client money held by an authorised firm must remain in a client bank account, or third party account, until it is:

- (A) due and payable to the authorised firm;
- (B) paid to the *Client* on whose behalf the client money is held;
- (C) paid in accordance with an instruction from the *Client* on whose behalf the client money is held;
- (D) required to meet the payment obligations of the *Client* on whose behalf the client money is held; or
- (E) paid out in circumstances that are otherwise authorised by the *Regulatory Authority*

whereupon it shall cease to be client money and the authorised firm's obligations as trustee in respect of such money shall cease.

2.8.3 Money paid out by way of cheque or other payable order under Rule 2.8.2 must remain in a client bank account until the cheque or payable order is presented to the *Client's* bank and cleared by the paying agent.

2.9 Client Notifications

2.9.1 Before, or as soon as reasonably practicable after, an Authorised firm receives client money, it must notify the *Client* on whose behalf the client money is held in writing (which may include a notification in the authorised firm's *Terms of Business*):

- (A) the basis and any terms governing the way in which the client money will be held;
- (B) that the *Client* is subject to the protection conferred by the client money protection

rules and as a consequence:

- (i) the *Client's* money will be held separately from money belonging to the authorised firm; and
 - (ii) in the event of the authorised firm's insolvency, winding-up or other similar event, the *Client's* money will be subject to the client money distribution rules;
- (C) whether interest is payable to the *Client* and, if so, the terms and frequency of such payments;
- (D) that, notwithstanding that the *Client's* money will benefit from the protections conferred by the client money protection rules, the *Client* will still be taking unsecured credit risk on any bank or third party with whom the authorised firm places the client money that it holds;
- (E) if applicable, that client money may be held in a jurisdiction outside the QFC and that the market practices, insolvency and legal regime applicable in that jurisdiction may differ from the regime applicable in the QFC;
- (F) if the authorised firm is a *Non-Local Firm* (operates in the QFC via a branch), that the *Client* will not benefit from a priority ranking against other creditors of the authorised firm (to whom the protections under the client money protection rules do not apply), in relation to money owed to the *Client* by the authorised firm, in the event that there is any shortfall in the amounts held by the authorised firm in its client bank accounts and third party accounts (and that the *Client* would benefit from such a priority ranking if the authorised firm was incorporated in the QFC);
- (G) if applicable, that the authorised firm holds or intends to hold the client money in a client bank account with an *eligible bank* or in a third party account with an *Eligible Third Party* which is in the same *Group* as the authorised firm and the identity of the *eligible bank* or *Eligible Third Party* concerned;
- (H) if applicable, details about how any client money arising out of *Islamic Financial Business* are to be held; and
- (I) details of any claims or set offs which the Authorised firm may have on client money held on behalf of the *Client* in satisfaction of a default by the *Client* or otherwise, and any rights which the authorised firm may have to close out or liquidate contracts or positions in respect of any of the *Client's* investments without the *Client's* prior instruction or consent.

Guidance

1. In outlining its terms of payment of interest under Rule 2.9.1(C) an authorised firm need not disclose the actual rates prevailing at any particular time however it should disclose the terms, for example, QCB Rate (Qatar Central Bank Rate) plus or minus 'x' basis points.
2. In relation to Rule 2.9.1(C) (interest payable), authorised firms are reminded of the obligations owed to *Retail Customers* under *COND*, part 4.2 to disclose the nature or amount of any income receivable by it or, to its knowledge, by its *Associate* and attributable to that business. This would include any interest received by the authorised firm that is not payable to its *Retail Customers*.

2.10 Client Reporting

2.10.1 Periodic client money statements to be prepared and sent to client

- (1) An authorised firm that holds client money must prepare, and send to the *client*, periodic statements that include the information described in rule 2.10.2.
- (2) Each statement must be prepared as at a date (the *reporting date*) that is not more than—
 - (a) 1 *month* since the last statement; or
 - (b) if another interval is agreed with the *client*—the agreed interval.
- (3) Each statement must be sent to the *client* within 1 *month* after the reporting date.
- (4) The firm must send each statement directly to the *client* and not to another *person*, unless it has written instructions from the *client* requiring or allowing it to send the statement to the other *person*.

Note **Writing** is defined in the glossary.

2.10.2 Contents of periodic client money statements

The statement under rule 2.10.1 must include—

- (A) the *Client's* total client money balances held by the authorised firm reported in the currency in which the client money is held, or the relevant exchange rate if not reported in the currency in which the money is held;
- (B) the amount, date, value and description of each credit and debit paid into and out of the account since the previous statement; and
- (C) any interest earned and charged on the client money since the previous statement.

2.10.3 When periodic client money statements need not be sent to client

- (1) An authorised firm may, with the *Client's* prior written agreement, retain statements required to be sent to a *Client* who is ordinarily resident outside the *State*.
- (2) Statements retained in accordance with (1) must be held by an individual approved by the *Regulatory Authority* to carry out the authorised firm's *Compliance Oversight Function*.

2.11 Reconciliation

2.11.1 An authorised firm must maintain a system to ensure that accurate reconciliations of the client bank accounts and third party accounts in which client money is held are carried out, as frequently as necessary to ensure the accuracy of its records, and no less than once as at the close of the last *Business Day* of each *month*.

2.11.2 The reconciliation in Rule 2.11.1 must include:

- (A) a full list of individual *Client* credit ledger balances, as recorded by the authorised firm;
- (B) a full list of individual *Client* debit ledger balances, as recorded by the authorised firm;
- (C) a full list of unpresented cheques and outstanding lodgements;
- (D) a full list of client bank account and third party account balances, as recorded in the authorised firm's accounting records; and
- (E) formal statements from *eligible banks* and *Eligible Third Parties* showing account balances as at the date of reconciliation.

Guidance

In order that an authorised firm may check that it has sufficient client money segregated in its client bank account (and held by third parties) to meet its obligations to *Clients* it is required periodically to check the amount which should be segregated and to compare this with the amount actually segregated. This check is, in the first instance, based upon the authorised firm's accounting records and is followed by a reconciliation with its banking records and records of third parties. An authorised firm is required to make a payment into the client bank account if there is a shortfall or to remove any money which is not required to meet the authorised firm's obligations.

2.11.3 An authorised firm must:

- (A) reconcile the individual credit ledger balances, client bank account and third party account balances and the balances on the relevant *eligible bank* and *Eligible Third Party* statement;
- (B) check that the balance in the client bank accounts and third party accounts as at the close of business on the previous day was at least equal to the aggregate balance of individual credit ledger balances as at the close of business on the previous day; and
- (C) ensure that all shortfalls, excess balances and unresolved differences, other than differences arising solely as a result of timing differences between the accounting systems of the *eligible bank* or *Eligible Third Party* and the authorised firm, are investigated and, where applicable, corrective action taken as soon as is practicable.

2.11.4 An authorised firm must ensure that where the amount by which the client money in a client bank account is insufficient to satisfy the claims of *Clients* in respect of that money, or not immediately available to satisfy such claims, any shortfall is paid from the authorised firm's own money into the client bank account by the close of business on the day the shortfall is identified.

2.11.5 An authorised firm must perform the reconciliations required pursuant to Rule 2.11.3 within ten *Business Days* of the date to which the reconciliation relates.

2.11.6 When performing the reconciliations required pursuant to Rule 2.11.3, an authorised firm must:

- (A) include in the credit ledger balances:
 - (i) unallocated client money, suspense and error accounts;
 - (ii) dividends received and interest earned and allocated;
 - (iii) sale proceeds which have been received by the authorised firm where the *Client* has delivered the investments or the authorised firm holds or controls the investment; and
 - (iv) money paid by the *Client* in respect of a purchase where the authorised firm has not remitted the money to the counterparty or delivered the Investment to the *Client*; and
- (B) deduct from the credit ledger balances:
 - (i) money owed by the *Client* in respect of unpaid purchases by or for the *Client* if delivery of those investments has been made to the *Client*; and
 - (ii) money remitted to the *Client* in respect of sales transactions by or for the *Client* if the *Client* has not delivered the investments.

2.11.7 An authorised firm must maintain a clear separation of duties to ensure that *Employees* with responsibility for operating client bank accounts or third party accounts or that have authority to make payments, do not perform the reconciliations required pursuant to Rule 2.11.3.

- 2.11.8** (1) Each reconciliation performed in accordance with Rule 2.11.3 must be reviewed by an *Employee* of the authorised firm with adequate seniority.
- (2) The *Employee* referred to in (1) must state in writing whether the reconciliation has been undertaken in accordance with the requirements of these rules and provide a written statement to that effect.

2.11.9 Notice to be given of certain material discrepancies—client money

- (1) This rule applies if—
- (a) an authorised firm identifies a material discrepancy in performing a reconciliation under rule 2.11.3; and
 - (b) the discrepancy is not rectified by the end of the next *business day* after

the day it is identified.

- (2) The authorised firm must notify the *Regulatory Authority* of the discrepancy immediately, but by no later than the second *business day* after the day it is identified.
- (3) In this rule:

material discrepancy includes discrepancies that have the cumulative effect of being material.

2.13 Record Keeping

2.13.1 An authorised firm must maintain records:

- (A) which enable the authorised firm to demonstrate to its auditors and the *Regulatory Authority* its compliance with the requirements set out in this chapter; and
- (B) which enable the authorised firm to demonstrate and explain all entries of money held in accordance with this chapter.

2.13.2 An authorised firm must maintain proper books and accounts based on the double-entry bookkeeping principle. They must be legible, up to date and contain narratives with the entries which identify and provide adequate information about each transaction to which these rules apply. Entries must be made in chronological order and the current balance must be shown on each of the authorised firm's ledgers.

2.13.3(1) An authorised firm must maintain a master list of all of its client bank accounts and third party accounts. The master list must detail:

- (A) the name of the account;
 - (B) the account number;
 - (C) the location of the account;
 - (D) whether the account is currently open or closed; and
 - (E) the date of opening and if applicable, closure.
- (2) The details of a client bank account or third party account must be documented and maintained in the master list for at least six years following the closure of the relevant client bank account or third party account.

2.13.4 An authorised firm must maintain adequate records of all cheques and payment orders received in accordance with Rule 2.5.7(A) including, in respect of each payment, the:

- (A) date of receipt;
- (B) name of the *Client* for whom payment is to be credited; and
- (C) date when the cheque or payment order was presented to the authorised firm's *eligible bank*.

2.13.5 Except as otherwise stated, all records maintained by an authorised firm pursuant to this chapter must be kept for at least six years.

3 Client Money Distribution Rules

Part 3.1 Client money distribution rules—application

3.1.1 Application—ch 3

- (1) This chapter applies to an authorised firm (or firm) if—
- (a) the firm conducts *investment business* in or from the QFC; and
 - (b) the firm holds client money.

Note 1 **Client money** is defined in r 1.2.1 and **holds** is defined in r 1.2.3.

Note 2 Rule 7.1.1 prohibits certain firms from holding money for clients.

- (2) However, this chapter (other than rule 3.2.2) does not apply to a firm with an authorisation that permits it to conduct *insurance mediation* or *captive insurance management* (or both) and no other business that is or includes a regulated activity.

Note 1 **Insurance mediation** and **captive insurance management** are defined in the *Insurance Mediation Business Rules 2011*, r 1.2.2 and r 1.2.5 respectively. **Authorisation** and **regulated activity** are defined in the glossary.

Note 2 For subrule (2), the client money provisions in the *Insurance Mediation Business Rules 2011* apply to the firm.

- (3) Also, this chapter does not apply to the independent entity of a QFC scheme that is not a private placement scheme, or to the operator of a QFC scheme that is a private placement scheme, in relation to the exercise of the function of safeguarding the scheme property.

Note 1 **Independent entity**, **QFC scheme**, **private placement scheme**, **operator** and **scheme property** are defined in the *Collective Investment Schemes Rules 2010*.

Note 2 **Exercise** and **function** are defined in the glossary.

Note 3 For audit and reporting requirements for client money, see *GENE*, r 9.5.1 and r 9.5.2.

3.2 Firm-Related Distribution Event

- 3.2.1** Following the occurrence of a firm-related distribution event in relation to an authorised firm, that authorised firm must distribute client money in the following order of priorities (subject to the deduction of any fees payable to the insolvency practitioner or other similar official that has responsibility for distributing such client money):

- (A) first, all client money held in any client bank account or a third party account, shall be pooled and distributed among the authorised firm's *Clients* on a proportionate basis in accordance with the value of their respective valid claims against the authorised firm in respect of money owed to them by the authorised firm that is client money; and
- (B) secondly, upon satisfaction of all claims in (A):
 - (i) if a liquidator, receiver, administrator, or trustee in bankruptcy has been appointed over the authorised firm, the surplus shall be distributed in accordance with applicable insolvency or bankruptcy laws; or

- (ii) in all other cases, the surplus shall be distributed in accordance with the direction of the *Regulatory Authority*.

3.2.2 Following the occurrence of a firm-related distribution event in relation to a *Local Firm*, if the amount of client money held in the authorised firm's client bank accounts and third party accounts, or in client bank accounts within the meaning of *IMEB*, is insufficient to satisfy the valid claims against the authorised firm of any *Clients* in respect of money owed to them by the authorised firm that is client money, all other assets beneficially owned by the authorised firm shall be used to satisfy any outstanding amounts remaining payable to such *Clients* in respect of those claims that have not been satisfied from the application of rule 3.2.1 (A) or *IMEB*, rule 4.2.1 (1) (a) in priority to all of the authorised firm's other creditors other than those that have a prior ranking security interest in such assets.

Note Under rule 3.1.1 (2), this rule applies to a firm that is incorporated in the QFC and is conducting *insurance mediation* or *captive insurance management* (or both) and no other business that is or includes a regulated activity.

3.2.3 To the extent that the above requirements are inconsistent with the *Insolvency Regulations*, the above requirements will prevail.

3.3 Third Party-Related Distribution Event

3.3.1 (1) When client money is held by an authorised firm in a client bank account with an *eligible bank* or a third party account with an *Eligible Third Party*, the authorised firm continues to owe fiduciary duties to the *Client* by virtue of the trust constituted under section 2.4. However, an authorised firm will not be held responsible for a shortfall in client money arising as a result of or in connection with a third party-related distribution event, provided that the authorised firm has complied with its fiduciary duties, including its duty to exercise proper care and skill in:

- (A) the selection of the *eligible bank* or *Eligible Third Party*; and
- (B) its subsequent monitoring of the *eligible bank* or *Eligible Third Party*.

(2) Subject to compliance with these fiduciary duties, the authorised firm is therefore not required to make good any such shortfall (although it may, of course, choose to do so in the interests of its relationship with the relevant *Clients*).

3.3.2 Following the occurrence of a third party-related distribution event in relation to an *eligible bank* or *Eligible Third Party*:

- (A) unless the authorised firm chooses to make good shortfalls in the client money balances held (or which should have been held) in the client bank accounts or third party accounts held by an authorised firm with the *eligible bank* or *Eligible Third Party*, such shortfalls shall be borne by *Clients* who have valid claims against the authorised firm in respect of money owed to them by the authorised firm that is client money, in proportion to the respective value of their claims;
- (B) the authorised firm must, as soon as is practicable, make and retain a record of each such *Client's* share of the shortfall and must promptly notify the amount of the shortfall to the affected *Clients* (except where the authorised firm chooses to

make good the shortfall); and

(C) client money received after the third party-related distribution event:

- (i) must not be transferred to the *eligible bank* or *Eligible Third Party* which has suffered the third party-related distribution event unless this is on the specific instructions of the *Client* (given after the occurrence of the third party-related distribution event) in order to settle an obligation of that *Client* to the *eligible bank* or *Eligible Third Party*; and
- (ii) must, subject to (i), be placed in a separate client bank account that has been opened with a different *eligible bank* after the third party-related distribution event has occurred.

4 Providing Custody Services

4.1 Application

- 4.1.1** (1) Subject to (2), (3) and (4), this chapter applies to an authorised firm that provides custody services or arranges the provision of custody services.
- (2) This chapter does not apply when an authorised firm holds *Relevant Investments* under an arrangement of the type described in chapter 5.
- (3) Sections 4.4, 4.6 and 4.8 to 4.11 do not apply in relation to arranging the provision of custody services.
- (4) This chapter does not apply to an authorised firm when it safeguards and administers a *Relevant Investment* on behalf of an *Associate*, unless that *Associate* has confirmed to the authorised firm, in writing, that such investments are held by it on behalf of a *Person* who is not part of the authorised firm's *Group*.

Note For audit and reporting requirements in relation to custody services, see *GENE*, r 9.5.1 and r 9.5.3.

4.1.2 A *Relevant Investment* need not be treated as a custody investment in respect of a *DvP Transaction* if it is intended that the *Relevant Investment* is either to be:

- (A) in respect of a *Client's* purchase, due to the *Client* within one *Business Day* following the *Client's* fulfilment of a payment obligation; or
- (B) in respect of a *Client's* sale, due to the authorised firm within one *Business Day* following the fulfilment of a payment obligation

unless the delivery or payment by the authorised firm does not occur by the close of business within three *Business Days* following the date of payment or delivery of the *Relevant Investment* by the *Client*.

4.1.3 Until a transaction of the type described in Rule 4.1.2 settles, an authorised firm may segregate money (in accordance with the client money protection rules) instead of the *Client's* custody investment.

4.1.4 An authorised firm need not treat a *Relevant Investment* as a custody investment when it temporarily holds a *Relevant Investment* on behalf of a *Client* and the authorised firm:

- (A) keeps it secure, records it as belonging to that *Client*, and forwards it to the *Client* or in accordance with the *Client's* instructions, as soon as practicable after receiving it;
- (B) retains the *Relevant Investment* for no longer than the authorised firm has taken reasonable steps to determine is necessary to check for errors and to receive the final documents in connection with any series of transactions to which the documents relate; and
- (C) makes a record, which must then be retained for at least six years after the record is made, of all the *Relevant Investments* handled in accordance with (A) and (B)

together with the details of the *Clients* concerned and of any action the authorised firm has taken.

4.1.5 An authorised firm is responsible to its *Client* for any *Nominee* controlled by the authorised firm in respect of any requirements of this chapter.

4.1.6 Application of ch 4 in relation to QFC schemes

(1) This chapter applies to the independent entity of a QFC scheme that is not a private placement scheme, and to the operator of a QFC scheme that is a private placement scheme, in relation to the exercise of the function of safeguarding the scheme property as if—

- (a) a reference to the *client* were a reference to the QFC scheme; and
- (b) all other necessary changes were made.

Note 1 **Independent entity, QFC scheme, operator** and **scheme property** are defined in the *Collective Investment Schemes Rules 2010*. **Private placement scheme** is defined in the *Private Placement Schemes Rules 2010*.

Note 2 **Exercise** and **function** are defined in the glossary.

(2) This chapter does not apply to the operator of a QFC scheme in relation to the exercise of any other function in relation to the scheme.

4.3 Systems and Controls

4.3.1 An authorised firm which holds or controls custody investments must have systems and controls in place to:

- (A) ensure the proper safeguarding of such custody investments;
- (B) ensure that such *Custody Investments* are identifiable and secure at all times; and
- (C) be able to evidence compliance with the requirements of chapter 4 to its auditors and the *Regulatory Authority*.

4.3.2 Custody investments are held or controlled by an authorised firm if they are:

- (A) directly held by the authorised firm;
- (B) held in an account in the name of the authorised firm; or
- (C) held by a *Person*, or in an account in the name of a *Person*, controlled by the authorised firm.

4.3.3 For the purposes of Rule 4.3.2:

- (A) a custody investment is held by a *Person* if the document of title relating to that custody investment is held in that *Person's* physical possession or if legal title to the custody investment is registered in that *Person's* name;
- (B) an account is controlled by a *Person* if that account is operated in accordance with the instructions of that *Person*; and

- (C) a *Person* is controlled by an authorised firm if that *Person* is inclined to act in accordance with the instructions of the authorised firm.

4.4 Recording, Registration and Holding Requirements

4.4.1 An authorised firm that provides custody services must ensure that custody investments are recorded, registered and held in an appropriate manner to safeguard and control them.

4.4.2 Except as permitted in these rules or as required by applicable law, an authorised firm that provides custody services must record, register and hold custody investments separately from its own assets.

4.4.3 To the extent practicable, an authorised firm must effect appropriate registration or recording of legal title to a custody investment in the name of:

- (A) the *Client*;
- (B) a *Nominee* controlled by the authorised firm provided that the *Client*'s beneficial entitlement to that custody investment is properly recorded in the books and records of that *Nominee*;
- (C) a *Nominee* controlled by an eligible custodian;
- (D) an eligible custodian if:
- (i) the custody investment is subject to the law or market practice of a jurisdiction outside the QFC and the authorised firm has taken reasonable steps to determine that it is in the *Client*'s best interests to register or record it in that way, or that it is not feasible to do otherwise, because of the nature of the applicable law or market practice; and
 - (ii) the authorised firm has notified the *Client* in writing;
- (E) the authorised firm if:
- (i) the authorised firm has determined on reasonable grounds, having regard to the nature of the law and the market practice to which that custody investment is subject, that it is in the *Client*'s best interests for the custody investment to be registered or recorded in the name of the authorised firm or that it is not feasible to do otherwise; and
 - (ii) the authorised firm has notified the *Client* in accordance with Rule 4.7.2(I) (notifications); or
- (F) any other *Person*, in accordance with the *Clients* specific written instruction, provided the authorised firm has notified the *Client* in accordance with Rule 4.7.2(J) (notifications).

4.4.4 An authorised firm may hold any document of title to a custody investment either in the physical possession of the authorised firm or with an eligible custodian, or in a *Nominee*

controlled by an eligible custodian, in an account designated for *Clients'* custody investments.

4.5 Assessment of Eligible Custodians

4.5.1 (1) An authorised firm may only hold a custody investment with an eligible custodian if—

- (a) under the laws applying to the custody investment, it will be recognised as segregated from, and will not form part of, the authorised firm's assets in its insolvency; and
- (b) the firm has an appropriate legal opinion about the matters mentioned in paragraph (a) and, on the basis of the opinion, is satisfied that the paragraph will be met; and
- (c) after conducting an appropriate assessment, the firm is satisfied that the eligible custodian is a suitable person to hold the custody investment.

Note Rule 4.5.3 applies to the making of an assessment for paragraph (c).

(2) The authorised firm must have systems and controls in place to ensure that—

- (a) subrule (1) (a) continues to be met; and
- (b) the assessment made for subrule (1) (c) remains correct.

4.5.2 When assessing the suitability of the eligible custodian, the authorised firm must ensure that the eligible custodian will provide protections equivalent to the protections conferred in chapter 4.

4.5.3 When assessing the suitability of an eligible custodian, an authorised firm must have regard to all relevant circumstances including, without limitation:

- (A) the expertise and market reputation of the eligible custodian;
- (B) on a continuing basis, the quality of services provided to the authorised firm;
- (C) the eligible custodian arrangements for holding and safeguarding custody investments and its use of agents and service providers;
- (D) the eligible custodian credit rating, capital and financial resources;
- (E) the regulatory and insolvency regimes of the jurisdiction in which the eligible custodian is located;
- (F) the eligible custodian's regulatory status and history; and
- (G) the other members of the eligible custodian's *Group* and their activities.

4.5.4 Before an authorised firm that provides custody services or arranges the provision of

custody services permits custody investments to be held by an eligible custodian or *Nominee* controlled by an eligible custodian, it must have procured a written acknowledgement from the eligible custodian stating:

- (A) that the title of the account sufficiently distinguishes that account from any account containing assets beneficially belonging to the authorised firm or its *Nominee* and is in the form requested by the authorised firm;
- (B) that the custody investments will only be credited and withdrawn from the account in accordance with the instructions of the authorised firm;
- (C) that the eligible custodian will hold or record the custody investments separately from assets belonging to the eligible custodian and will procure that any sub-custodians used by it do the same;
- (D) that the eligible custodian will use due skill, care and diligence in the selection of any sub-custodian which it uses;
- (E) the arrangements for recording and registering the custody investments, claiming and receiving dividends and other entitlements and interest and the giving and receiving of instructions;
- (F) that the eligible custodian will deliver a statement to the authorised firm (including the frequency of such statement), which details the description and amounts of custody investments in the account;
- (G) that the eligible custodian is not entitled to combine the account with any other account or to exercise any charge, mortgage, lien, right of set-off or counterclaim against custody investments in that account in respect of any sum owed to it on any other account of the authorised firm except in respect of any charges relating to the administration or safekeeping of the custody investments in that account; and
- (H) the extent of the eligible custodian's liability in the event of the loss of a *Custody Investment* caused by the fraud, wilful default or negligence of the *Eligible Custodian*, or an agent appointed by him.

4.5.5 (1) A *person* is an ***eligible custodian*** in relation to a *client* of an authorised firm if the *person* is—

- (a) an authorised firm that has an authorisation for providing custody services; or
- (b) an *eligible bank*; or
- (c) a *person* to whom subrule (2) applies; or
- (d) a central securities depository to which subrule (3) applies; or
- (e) an *eligible clearing house*; or
- (f) another *person* to whom subrule (4) applies.

- (2) This subrule applies to a *person* if—
- (a) the *person* is regulated by an *overseas regulator* in a jurisdiction outside the QFC; and
 - (b) the *Regulatory Authority* has not, by notice, declared that this subrule does not apply to the jurisdiction; and
 - (c) the *person's* regulatory authorisation (however described) in the jurisdiction covers carrying on activities that are broadly equivalent to providing custody services; and
 - (d) the *person* is required to prepare audited accounts; and
 - (e) the *person* has minimum assets of US \$500,000 (or its equivalent in any other currency at the relevant time); and
 - (f) the *person* has surplus revenue over expenditure for the *person's* last 2 financial years; and
 - (g) the *person's* latest annual audit report is not materially qualified.
- (3) This subrule applies to a central securities depository if—
- (a) its custody services are regulated by an *overseas regulator* in a jurisdiction outside the QFC; and
 - (b) the *Regulatory Authority* has not, by notice, declared that this subrule does not apply to the jurisdiction; and
 - (c) it is required to prepare audited accounts; and
 - (d) it has minimum assets of US \$10 million (or its equivalent in any other currency at the relevant time); and
 - (e) it has surplus revenue over expenditure for its last 2 financial years; and
 - (f) its latest annual audit report is not materially qualified.
- (4) This subrule applies to a *person (A)* in relation to a *client* of an authorised firm if—
- (a) *A* is not a *person* mentioned in subrule (1) (a) to (e); and
 - (b) *A's* business includes the provision of custodial services; and
 - (c) the firm believes, on reasonable grounds, that—
 - (i) it is not feasible for the firm to use a *person* mentioned in subrule (1) (a) to (e) to provide custodial services for the *client*; and

- (ii) A can provide appropriate custodial services for the *client*; and
- (iii) it is in the *client's* best interests for the firm to use A to provide custodial services for the *client*; and
- (d) the firm's use of A to provide custodial services for the *client* otherwise complies with these rules.

4.6 Use of Custody Investments

4.6.1 Subject to Rule 4.6.2, an authorised firm which provides custody services must not use a *Client's* custody investment for its own purpose or that of another *Person*.

4.6.2 An authorised firm may use a *Client's* custody investments for its own purpose or that of another *Person*, if it has systems and controls in place to ensure that:

- (A) it obtains that *Client's* prior written permission;
- (B) adequate records are maintained to protect custody investments which are applied as collateral or used for *Stock Lending* activities;
- (C) the equivalent assets can be returned to the *Client*; and
- (D) the *Client* is not disadvantaged by the use of his custody investments.

Guidance

Such permission does not need to be specific but may be a general permission given via the *Client's* acceptance of an appropriate statement (concerning the use of the *Client's* custody investments) in the authorised firm's *Terms of Business*.

4.6.3 If a custody investment belonging to a *Customer* is used for *Stock Lending* activity, the authorised firm must ensure that:

- (A) collateral in the form of money or *Readily Realisable Investments* is provided by the borrower in favour of the *Customer*;
- (B) the current realisable value of the custody investment and of the collateral is monitored daily; and
- (C) the authorised firm provides collateral in the form of money or *Readily Realisable Investments* to make up the difference where the current realisable value of the collateral falls below that of the custody investment, unless otherwise agreed in writing by the *Customer*.

4.7 Client Notifications

4.7.1 Before an authorised firm arranges the provision of custody services for a *Client* it must, if applicable, notify that *Client* in writing (which may include a notification in the authorised firm's *Terms of Business*) that the *Client's* custody investments may be held in a

jurisdiction outside the QFC and the market practices, insolvency and legal regime applicable in that jurisdiction may differ from the regime applicable in the QFC.

4.7.2 Before an authorised firm provides custody services to a *Client* it must notify in writing the *Client* on whose behalf the custody investments will be held (which may include a notification in the authorised firm's *Terms of Business*):

- (A) of the arrangements for recording and registering custody investments, claiming and receiving dividends and other entitlements and interest and the giving and receiving of instructions relating to those custody investments;
- (B) of the obligations that the authorised firm will have to the *Client* in relation to exercising rights in respect of custody investments on behalf of the *Client*;
- (C) of the basis and any terms governing the way in which custody investments will be held, including any rights which the authorised firm may have to realise custody investments held on behalf of the *Client* on a default by the *Client*;
- (D) of the method and frequency upon which the authorised firm will report to the *Client* in relation to the *Client*'s custody investments;
- (E) if applicable, that the authorised firm intends to mix custody investments with those of other *Clients* and, in respect of *Retail Customers*, that
 - (i) individual entitlements may not be identifiable by separate certificates, other physical documents or equivalent electronic record; and
 - (ii) in the event of an unreconcilable shortfall after the appointment of a liquidator, receiver or administrator, or trustee in bankruptcy of the custodian, *Clients* may share in that shortfall in proportion to their original share of the assets in the account;
- (F) if applicable, that the *Client*'s custody investments may be held in a jurisdiction outside the QFC and the market practices, insolvency and legal regime applicable in that jurisdiction may differ from the regime applicable in the QFC;
- (G) if applicable, that the authorised firm holds or intends to hold custody investments in an account with an eligible custodian which is in the same *Group* as the authorised firm;
- (H) the extent of the authorised firm's liability in the event of default by a *Nominee* controlled by the authorised firm or an eligible custodian and, in the case of a *Nominee* controlled by the authorised firm, the authorised firm shall not exclude liability for the negligence, wilful default or fraud of that *Nominee*;
- (I) if applicable, that legal title to the custody investments will be registered or recorded in the name of the authorised firm and, if the *Client* is a *Retail Customer*, obtained their written consent after having notified the *Client* that:
 - (i) the custody investments will or may be registered or recorded in the authorised firm's name;

- (ii) as a result the custody investments may not be segregated from the investments of the authorised firm; and
 - (iii) in the event of the appointment of a liquidator, receiver or administrator, or trustee in bankruptcy of the authorised firm, the *Client's* assets may not be as well protected from claims made on behalf of the general creditors of the authorised firm; and
- (J) if applicable, if a *Client* has instructed the authorised firm on the holding, registration or recording of a custody investment under Rule 4.4.3(F) (recording, registration and holding requirements), the authorised firm must notify the *Client* that the consequences of doing so are at the *Client's* own risk, unless the authorised firm has agreed otherwise.

4.8 Client Reporting

4.8.1 Periodic custody investment statements to be prepared and sent to client

- (1) An authorised firm that provides custody services for a *client* must prepare, and send to the *client*, periodic statements listing the *client's* custody investments.
- (2) Each statement must be prepared as at a date (the **reporting date**) that is not more than—
 - (a) 6 *months* since the last statement; or
 - (b) if another interval is agreed with the *client*—the agreed interval.
- (3) Each statement must be sent to the *client* within 1 *month* after the reporting date.
- (4) The firm must send each statement directly to the *client* and not to another *person*, unless it has written instructions from the *client* requiring or allowing it to send the statement to the other *person*.

Note **Writing** is defined in the glossary.

4.8.2 When periodic custody statements need not be sent to client

- (1) An authorised firm may, with the *Client's* prior written agreement, retain statements required to be sent to a *Client* who is ordinarily resident outside the *State*.
- (2) Statements retained in accordance with (1) must be held by an individual approved by the *Regulatory Authority* to carry out the authorised firm's *Compliance Oversight Function*.

4.9 Reconciliation

4.9.1 An authorised firm which provides custody services must:

- (A) at least once each *month*, reconcile its records of *Client Investments* held with eligible custodians with monthly statements received from those eligible

custodians;

- (B) at least every 6 *months*, count all custody investments physically held by the authorised firm, or a *Nominee* controlled by the authorised firm, and reconcile the result of that count to the records of the authorised firm; and
- (C) at least every 6 *months*, reconcile between the authorised firm's record of individual *Client* holdings, and the authorised firm's record of the location of custody investments.

4.9.2 An authorised firm must perform the reconciliations required pursuant to Rule 4.9.1 within ten *Business Days* of the date to which the reconciliation relates.

4.9.3 An authorised firm must maintain a clear separation of duties to ensure that *Employees* with responsibility for the production or maintenance of the records to be reconciled do not perform the reconciliations required pursuant to Rule 4.9.1.

4.9.4 (1) Reconciliations performed in accordance with Rule 4.9.1 must be reviewed by an *Employee* of the authorised firm with adequate seniority.

- (2) The *Employee* referred to in (1) must state in writing whether the reconciliation has been undertaken in accordance with the requirements in these rules and provide a written statement to that effect.

4.9.5 An authorised firm must promptly correct any discrepancies which are revealed, and make good, or provide the equivalent of, any unreconciled shortfall for which there are reasonable grounds for concluding that the authorised firm is responsible.

4.9.6 Notice to be given of certain material discrepancies—custody investments

- (1) This rule applies if—
 - (a) an authorised firm identifies a material discrepancy in performing a reconciliation under rule 4.9.1; and
 - (b) the discrepancy is not rectified by the end of the next *business day* after the day it is identified.
- (2) The authorised firm must notify the *Regulatory Authority* of the discrepancy immediately, but by no later than the second *business day* after the day it is identified.
- (3) In this rule:

material discrepancy includes discrepancies that have the cumulative effect of being material.

4.11 Record Keeping

4.11.1 An authorised firm must maintain records:

- (A) which enable the authorised firm to demonstrate to its auditors and the *Regulatory Authority* its compliance with the requirements set out in this chapter; and
- (B) which enable the authorised firm to demonstrate and explain all entries of custody investments held or controlled in accordance with this chapter.

4.11.2 (1) An authorised firm must maintain a master list of all accounts held with *Eligible Custodians*. The master list must detail:

- (A) the name of the account;
- (B) the account number;
- (C) the location of the account;
- (D) whether the account is currently open or closed; and
- (E) the date of opening and where applicable, closure.

- (2) The details of each account must be documented and maintained in the master list for at least six years following the closure of the relevant account.

4.11.3 An authorised firm must maintain records of all agreements with eligible custodians and any instructions given by the authorised firm to those eligible custodians under the terms of those agreements.

4.11.4 Except as otherwise stated, all records maintained by an authorised firm pursuant to this chapter must be kept for at least six years.

5 Collateral

5.1 Application

5.1.1 This chapter applies to an authorised firm when it receives or holds *Relevant Investments* for the purposes of securing the obligations of a *Client* to the authorised firm in the course of, or in connection with, the authorised firm's carrying on of *Investment Business* where either:

- (A) the *Client's* entire legal and beneficial interest in those *Relevant Investments* has been transferred to the authorised firm; or
- (B) the security arrangements grant to the authorised firm a right to use those *Relevant Investments* as if the *Client's* entire legal and beneficial interest in those *Relevant Investments* had been transferred to the authorised firm

in either case, subject to an obligation to return equivalent *Relevant Investments* to the *Client* upon satisfaction of the *Client's* obligations to the authorised firm.

5.1.2 If an authorised firm receives or holds *Relevant Investments* under an arrangement described in Rule 5.1.1(B) but has not yet exercised its right to use the *Relevant Investments*, then section 5.2 and 5.3 will not apply to those *Relevant Investments*. Instead, until such time as the authorised firm exercises its right to use such *Relevant Investments*, they will be custody investments and the authorised firm must comply with the requirements in chapter 4 in relation to them. Once the authorised firm has exercised its right to use such *Relevant Investments*, Rule 5.2.1 will apply to them.

5.1.3 This chapter does not apply when an authorised firm's interest in the *Relevant Investments* is only a bare security interest (without a right to use them as if the client's entire legal and beneficial interest in them had been transferred to the firm). In such circumstances, the *Relevant Investments* will be custody investments and the firm must comply with the requirements in chapter 4 in relation to them. For the purpose of this chapter, a security interest in a *Relevant Investment* will be a bare security interest if it gives the authorised firm the right to realise the *Relevant Investment* only on the *Client's* default and without a right to use that *Relevant Investment* other than on the *Client's* default.

5.2 Records for relevant investments held as collateral

5.2.1 Adequate records to be kept for relevant investments held as collateral

- (1) This rule applies if an authorised firm receives or holds *relevant investments* of a *client* under an arrangement mentioned in rule 5.1.1.
- (2) However, if the *relevant investments* are received under an arrangement mentioned in rule 5.1.1 (b), this rule applies only if the authorised firm has *exercised* its right to use them as if the *client's* entire legal and beneficial interest in them had been transferred to the firm.
- (3) The authorised firm must keep adequate records to enable it to meet any future obligations to the *client* in relation to the *relevant investments*, including any return of equivalent *relevant investments* to the *client*.

5.3 Reports on relevant investments held as collateral

5.3.1 Periodic relevant investment statements to be prepared and sent to client

- (1) An authorised firm that holds *relevant investments* of a *client* under an arrangement described in rule 5.1.1 must prepare, and send to the *client*, periodic statements listing the investments and their market values.
- (2) Each statement must be prepared as at a date (the *reporting date*) that is not more than—
 - (a) 6 *months* since the last statement; or
 - (b) if another interval is agreed with the *client*—the agreed interval.
- (3) Each statement must be sent to the *client* within 1 *month* after the reporting date.
- (4) The firm must send each statement directly to the *client* and not to another *person*, unless it has written instructions from the *client* requiring or allowing it to send the statement to the other *person*.

Note **Writing** is defined in the glossary.

6 Client mandates

6.1.1 Mandates—systems and controls

(1) In this rule:

mandate, for an authorised firm (or firm), means any written authority from a *client* under which the firm may control assets or liabilities of the *client* in the course of, or in connection with, the firm's *investment business*.

Note **Writing** is defined in the glossary.

Examples of authority

- 1 authority for direct debit of a bank account
- 2 authority to charge a credit card

(2) If an authorised firm holds 1 or more mandates, it must establish appropriate systems and controls in relation to its use of the mandates to prevent misuse of the authority given by the mandates.

(3) Without limiting subrule (2), the systems and controls must include the following:

- (a) an up-to-date list of the authorised firm's mandates and all conditions and restrictions imposed by *clients* on their use;
- (b) a record of all transactions entered into using a mandate and appropriate controls to ensure that each transaction is within the scope of the authority given by the relevant mandate;
- (c) details of the procedures and authorities for giving and receiving instructions under the mandates;
- (d) all reasonable steps to ensure that any *employees* who are, or are likely to be, required to give or receive instructions under a mandate are fully aware of its terms, including—
 - (i) the procedures and authorities for giving and receiving instructions under the mandate; and
 - (ii) all conditions and restrictions (if any) imposed by the *client* on its use.

6.1.2 Application of ch 6 in relation to QFC schemes

This chapter applies to the independent entity of a QFC scheme that is not a private placement scheme, and to the operator of a QFC scheme that is a private placement scheme, in relation to mandates as if—

- (a) a reference to the *client* were a reference to the QFC scheme; and
- (b) all other necessary changes were made.

Note **Independent entity**, **QFC scheme** and **operator** are defined in the *Collective Investment Schemes Rules 2010*. **Private placement scheme** is defined in the *Private Placement Schemes Rules 2010*.

Chapter 7 Restrictions on holding client money

7.1.1 Certain firms must not hold client money

- (1) An authorised firm (or firm) must not hold client money if its authorisation permits it to conduct only 1 or more of the following regulated activities in or from the QFC:
 - (a) arranging deals in investments;
 - (b) arranging credit facilities;
 - (c) arranging the provision of custody services;
 - (d) advising on investments.

Note 1 **Client money** is defined in r 1.2.1. **Regulated activity** and the regulated activities mentioned in r (1) are defined in the glossary.

Note 2 The *Insurance Mediation Business Rules 2011* applies to the holding (and the prohibition against holding) of client money by firms with an authorisation to conduct *insurance mediation* or *captive insurance management* (or both) and no other business that is or includes a regulated activity.

Note 3 The *Captives Insurance Business Rules 2011* applies to the holding (and the prohibition against holding) of client money by firms with an authorisation to conduct *captive insurance business* and no other business that is or includes a regulated activity.

- (2) If—
 - (a) the firm receives any money from a *client*; and
Note **Money** is defined in r 1.2.2.
 - (b) an exception in part 2.2 (Client money exceptions) does not apply to the money;
the firm must immediately return the money to the *client*.
- (3) The firm must make, and keep—
 - (a) a record of all money to which subrule (2) applies; and
 - (b) for a cheque or other payable order—a copy of the cheque or other payable order.
- (4) The record must include the following details:
 - (a) the *client*;
 - (b) the date the money was received by the firm;
 - (c) the date the money was returned to the *client*.

Glossary

(see r 1.1.2)

advising on investments means the regulated activity described in the *Financial Services Regulations*, schedule 3, part 2, paragraph 11.

Note **Regulated activity** is defined in this glossary.

arranging credit facilities means the regulated activity described in the *Financial Services Regulations*, schedule 3, part 2, paragraph 7.

arranging deals in investments means the regulated activity described in the *Financial Services Regulations*, schedule 3, part 2, paragraph 5.

arranging the provision of custody services means the regulated activity described in the *Financial Services Regulations*, schedule 3, part 2, paragraph 9.

authorisation means an authorisation granted under the *Financial Services Regulations*, part 5.

authorised firm (or **firm**) means a *person* that has an authorisation.

Note **Authorisation** is defined in this glossary.

client bank account has the meaning given by rule 2.5.1.

client money has the meaning given by rule 1.2.1.

client money distribution rules means the provisions of chapter 3.

client money protection rules means the provisions of sections 2.4 to 2.13.

COLL means the *Collective Investment Schemes Rules 2010*.

custody investment has the meaning given by rule 1.2.4.

eligible custodian has the meaning given by rule 4.5.5.

exercise a function means exercise or perform the function.

Note **Function** is defined in this glossary.

firm (or **authorised firm**) means a *person* that has an authorisation.

firm-related distribution event, for a firm, means—

- (a) the appointment of a liquidator, receiver or administrator or of a trustee in bankruptcy; or
 - (b) an event in any jurisdiction equivalent to an appointment mentioned in paragraph (a); or
- Note* **Jurisdiction** is defined in this glossary.
- (c) the withdrawal of the firm's authorisation; or
 - (d) the imposition or variation of a condition, restriction or requirement on the firm's authorisation so that it is no longer permitted to hold client money.

Note **Client money** is defined in r 1.2.1.

function means any function, authority, duty or power.

holds money has the meaning given by rule 1.2.3.

independent entity has the meaning given by COLL, rule 1.2.9.

jurisdiction means any kind of legal jurisdiction, and includes, for example—

- (a) the State of Qatar; and
- (b) a foreign country (whether or not an independent sovereign jurisdiction), or a state, province or other territory of such a foreign country; and
- (c) the Qatar Financial Centre or a similar jurisdiction.

money has the meaning given by rule 1.2.2.

operator has the meaning given by COLL, rule 1.2.8.

PRIV means the *Private Placement Schemes Rules 2010*.

private placement scheme has the meaning given by PRIV, rule 1.1.4.

providing custody services means the regulated activity described in the *Financial Services Regulations*, schedule 3, part 2, paragraph 8.

Note **Regulated activity** is defined in this glossary.

QFC means the Qatar Financial Centre.

QFC scheme has the meaning given by COLL, rule 1.2.6.

regulated activity means an activity that is a regulated activity under the *Financial Services Regulations*.

scheme property has the meaning given by COLL, rule 1.2.3.

third party account, of a firm, means an account with an *eligible third party* in which client money is (or is to be) held by the firm.

Note **Client money** is defined in r 1.2.1.

third party-related distribution event, for an *eligible bank* or *eligible third party*, means—

- (a) the appointment of a liquidator, receiver or administrator or of a trustee in bankruptcy; or
- (b) an event in any jurisdiction equivalent to an appointment mentioned in paragraph (a).

Note **Jurisdiction** is defined in this glossary.

writing means any form of writing, and includes, for example, any way of representing or reproducing words, numbers, symbols or anything else in legible form (for example, by printing or photocopying).

Endnotes

1 Abbreviation key

a	=	after	ins	=	inserted/ added
am	=	amended	om	=	omitted/ repealed
amdt	=	amendment	orig	=	original
app	=	appendix	par	=	paragraph/ subparagraph
art	=	article	prev	=	previously
att	=	attachment	pt	=	part
b	=	before	r	=	rule/ subrule
ch	=	chapter	renum	=	renumbered
def	=	definition	reloc	=	relocated
div	=	division	s	=	section
g	=	guidance	sch	=	schedule
glos	=	glossary	sdiv	=	subdivision
hdg	=	heading	sub	=	substituted

2 Rules history

Assets Rules 2005 (ASET), previously named Assets Rulebook

made by

Assets Rulebook Rule Making Instrument No. 10, 2005 (RM10/2005)

Issued 5 December 2005

Commenced 5 December 2005

Version No. 1

as amended by

Conduct of Business Rulebook Rule Making Instrument 2007 (RM2007/01 att B)

Made 28 June 2007

Commenced 1 July 2007

Version No. 2

Collective Investment Funds Rulebook Rule Making Instrument 2007 (RM2007/02 att B)

Made 28 June 2007

Commenced 15 July 2007

Version No. 3

Rulebooks (Miscellaneous Amendments) Rules 2008 (RM2008/01 sch 2, pt 2.2)

Made 30 March 2008

Commenced 7 April 2008

Version No. 4

Rulebooks (Miscellaneous Amendments) Rules 2008 (No2) (RM2008/02 sch 1, pt 1.1)

Made 21 September 2008

Commenced 1 October 2008

Version No. 5

Miscellaneous Amendments Rules 2009 (QFCRA Rules 2009-2 sch 1, pt 1.2)

Made 6 December 2009
Commenced 6 December 2009
Version No. 6

Miscellaneous Amendments Rules 2010 (No 2) (QFCRA Rules 2010-4 sch 1, pt 1.2 and sch 2, pt 2.2)

Made 19 September 2010
r 1 to 4 commenced 19 September 2010
sch 1, pt 1.5 and sch 2, pt 2.6 commenced 1 October 2010
Version No. 7

Asset Management (Repeal and Amendment) Rules 2010 (QFCRA Rules 2010-7 sch 1, pt 1.1)

Made 5 December 2010
Commenced 1 January 2011
Version No. 8

Captive Insurance Business (Consequential Amendments) Rules 2011 (QFCRA Rules 2011-2 sch 1, pt 1.1)

and

Insurance Mediation Business (Consequential Amendments) Rules 2011 (QFCRA Rules 2011-4 sch 1, pt 1.1)

Made 20 June 2011
Commenced 1 July 2011
Version No. 9

Training, Competency and Miscellaneous Amendments Rules 2011 (QFCRA Rules 2011-5 sch 2, pt 2.1)

Made 4 December 2011
Commenced 1 January 2012
Version No. 10

3 Amendment history

Background

Background om Rules 2011-4

General provisions

ch 1hdg sub Rules 2011-4

Name of rules

r 1.1.1 am RM2008/ 01
sub Rules 2011-4

Glossary

r 1.1.2 ins Rules 2010-7
sub Rules 2011-4

Basic concepts and key terms

pt 1.2hdg sub Rules 2011-4

What is *client money*?

r 1.2.1 sub Rules 2011-4

What is *money*?

r 1.2.2 am RM2007/ 01
sub Rules 2011-4

What does a firm *hold money*?

r 1.2.3 ins Rules 2011-4

What is *custody investment*?

r 1.2.4 ins Rules 2011-4

Application for collective investment funds

s 1.3hdg ins RM2007/ 02
om Rules 2010-7

r 1.3.1 ins RM2007/ 02
om Rules 2010-7

r 1.3.2 ins RM2007/ 02
om Rules 2010-7

Client money

ch 2hdg sub Rules 2011-4

Client money—application

pt 2.1hdg sub Rules 2011-4

Application—ch 2

r 2.1.1 sub Rules 2011-4

r 2.1.2 am Rules 2009-2
om Rules 2011-4

Client money exceptions

pt 2.2hdg sub Rules 2011-4

Client money exceptions—money payable to firm

r 2.2.1 am RM2008/ 01; RM2008/ 02; Rules 2010-4
sub Rules 2011-4

Client money exceptions—cheques etc forwarded to regulated financial institutions outside QFC

r 2.2.2 sub Rules 2011-4

Client money exceptions—money to which client money protection rules do not apply

r 2.2.3 sub Rules 2011-4

Client money exceptions—money held as an eligible bank

r 2.2.4 sub Rules 2011-4

Client money exceptions—money held in account with itself

r 2.2.5 ins Rules 2011-4

Client money exceptions—money from associate

r 2.2.6 ins Rules 2011-4

Client money exceptions—money for issue or redemption of units in QFC schemes

r 2.2.7 ins Rules 2011-4

DvP transactions through commercial settlement systems

r 2.3.3 sub Rules 2011-5

What is a *client bank account*?

r 2.5.1 am RM2008/ 02
sub Rules 2011-4

Client bank account requirements

r 2.5.2 am RM2008/ 02; Rules 2009-2
sub Rules 2011-4

Approved representatives and non-QFC intermediaries—payment into client bank accounts

r 2.5.3A ins Rules 2011-4

r 2.5.4 am RM2007/ 01; RM2008/ 01

r 2.5.5 sub RM2008/ 02

r 2.5.6 am RM2008/ 01; RM2008/ 02

r 2.6.1 am RM2008/ 02; Rules 2011-4

r 2.6.5 am Rules 2009-2

r 2.6.6 sub RM2008/ 02
am Rules 2011-2

r 2.7.2 am RM2008/ 01; Rules 2009-2

r 2.9.1 am RM 2007/ 01; RM2008/ 02

Periodic client money statements to be prepared and sent to client

r 2.10.1 sub Rules 2009-2
am Rules 2011-4

Contents of periodic client money statements

r 2.10.2 am Rules 2009-2

When periodic client money statements need not be sent to client

r 2.10.3 (orig r 2.10.3) om Rules 2009-2
(prev r 2.10.4) renum Rules 2009-2
am Rules 2009-2

r 2.10.4 renum as r 2.10.3

r 2.11.1 am Rules 2009-2

r 2.11.2 am RM2008/ 02

r 2.11.8 am Rules 2011-4

Notice to be given of certain material discrepancies—client money

r 2.11.9 sub Rules 2009-2

Auditor's Reports

s 2.12hdg om Rules 2009-2

r 2.12.1 om Rules 2009-2

r 2.13.2 am Rules 2011-4; Rules 2011-5

r 2.13.4 am RM2008/ 02

Client money distribution rules—application

pt 3hdg sub Rules 2011-4

Application—ch 3

r 3.1.1 sub Rules 2011-4

r 3.2.2 am Rules 2011-4

r 3.3.1 am RM2008/ 02

r 3.3.2 am RM2008/ 02

r 4.1.1 am Rules 2009-2; Rules 2011-4

Application of ch 4 in relation to QFC schemes

r 4.1.6 ins Rules 2011-4

Custody Investments

s 4.2 om Rules 2011-4

r 4.4.2 am Rules 2011-4

r 4.5.5 am Rules 2011-4

r 4.5.1 sub RM2008/ 02

r 4.5.3 am RM2008/ 01

r 4.5.5 ins RM2008/ 02
am Rules 2009-2

Periodic custody investment statements to be prepared and sent to client

r 4.8.1 sub Rules 2009-2;
am Rules 2011-4

When periodic custody statements need not to be sent to client

r 4.8.2 (orig r 4.8.2) om Rules 2009-2
(prev r 4.8.3) renum Rules 2009-2
am Rules 2009-2

r 4.8.3 renum as r 4.8.2

r 4.9.1 am Rules 2009-2

r 4.9.4 am Rules 2011-4

Notice to be given of certain material discrepancies—custody investments

r 4.9.6 sub Rules 2009-2

Auditor's Reports

s 4.10hdg om Rules 2009-2

r 4.10.1 om Rules 2009-2

r 5.1.2 am Rules 2010-4

r 5.1.3 am Rules 2010-4

Records for relevant investments held as collateral

s 5.2hdg sub Rules 2010-4

Adequate records to be kept for relevant investments held as collateral

r 5.2.1 sub Rules 2010-4

Reports on relevant investments held as collateral

s 5.3hdg sub Rules 2009-2

Periodic relevant investment statements to be prepared and sent to client

r 5.3.1 sub Rules 2009-2
am Rules 2011-4

r 5.3.2 om Rules 2009-2

Client mandates

s 6hdg sub Rules 2009-2

Application

s 6.1hdg om Rules 2009-2

Mandates—systems and controls

r 6.1.1 sub Rules 2009-2
am Rules 2011-4

Application of ch 6 in relation to QFC schemes

r 6.1.2 ins Rules 2011-4

Systems and Controls in Relation to Mandates

s 6.2hdg om Rules 2009-2

r 6.2.1 om Rules 2009-2

Restrictions on holding client money

ch 7hdg sub Rules 2011-4

r 7.1.1 am RM2008/ 01; Rules 2009-2
sub Rules 2011-4

r 7.1.2 om Rules 2011-4

General

s 7.2 om Rules 2011-4

Insurance Money Segregation

s 7.3hdg om Rules 2011-4

r 7.3.1 am RM2008/ 01; RM2008/ 02; Rules 2010-4
om Rules 2011-4

r 7.3.2 am RM 2008/ 02
om Rules 2011-4

r 7.3.3 om rules 2011-4

r 7.3.4 am RM2008/ 02
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r 7.3.5 om Rules 2011-4

r 7.3.6 am RM2008/ 02
om Rules 2011-4

r 7.3.7 om Rules 2011-4

r 7.3.8 om Rules 2011-4

r 7.3.9 om Rules 2011-4

r 7.3.10 am RM2008/ 01
om Rules 2011-4

r 7.3.11 am RM2008/ 01
om Rules 2011-4

r 7.3.12 am RM2008/ 01
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