

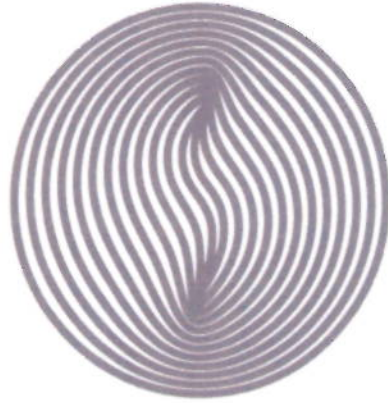
QATAR FINANCIAL CENTRE
REGULATION NO. 12 of 2007
QFC TRUST REGULATIONS

The Minister of Economy and Commerce hereby enacts the following Regulations pursuant to Article 9 of Law No. (7) of 2005.

Yousef Kamal
Acting Minister of Economy and Commerce of the State of Qatar



Issued at: The Qatar Financial Centre, Doha
On: 26 February 2007 A.D.
Corresponding to: 8 Safar 1428 A.H.



qatar

FINANCIAL CENTRE

QFC TRUST REGULATIONS

TABLE OF CONTENTS
PART 1: APPLICATION AND COMMENCEMENT

Article 1 -	Citation.....	5
Article 2 -	Application	5
Article 3 -	Commencement.....	5
Article 4 -	Language.....	5
Article 5 -	Interpretation.....	5

PART 2: GENERAL

Article 6-	Power of QFC Authority and QFC Regulatory Authority to make rules.....	6
Article 7 -	Default and mandatory rules	6
Article 8 -	Common law and principles of equity.....	7

PART 3: CHOICE OF GOVERNING LAW; PLACE OF ADMINISTRATION

Article 9 -	Governing Law.....	7
Article 10 -	Provision for change of Governing Law.....	7
Article 11 -	Matters determined by Governing Law.....	8
Article 12 -	Limitations in Foreign Law.....	8
Article 13 -	Heirship Rights.....	8
Article 14 -	Foreign Judgments	9
Article 15 -	Place of administration.....	9

PART 4: JUDICIAL AND NON JUDICIAL PROCEEDINGS

Article 16 -	Role of the Tribunal in administration of Trust.....	10
Article 17 -	Jurisdiction of the Tribunal	10
Article 18 -	Application to and certain powers of the Tribunal	10
Article 19 -	Payment of costs.....	11

PART 5: CREATION, VALIDITY AND MODIFICATION OF A QFC TRUST

Article 20 -	Creation of a Trust	12
Article 21 -	Requirements for creation	12
Article 22 -	Trust purposes	13
Article 23 -	Duration of a Trust	13
Article 24 -	Validity and invalidity of a Trust.....	13
Article 25 -	Charitable Trust.....	13
Article 26 -	Non-charitable Trusts or purpose Trusts	14
Article 27 -	Variation and revocation of a Trust.....	15
Article 28 -	Failure or lapse of interest.....	16
Article 29 -	Termination of a Trust.....	16
Article 30 -	Distribution of Property.....	17

PART 6: THE BENEFICIARIES OF A QFC TRUST

Article 31 -	Beneficiaries of a Trust.....	18
Article 32 -	Disclaimer	18
Article 33 -	Interest of Beneficiary and dealings thereof.....	18

PART 7: PROTECTIVE TRUSTS AND CREDITORS' CLAIMS

Article 34 -	Protective Trusts	19
Article 35 -	Creditors claims in relation to a Discretionary Trust	19

PART 8: OFFICE OF TRUSTEE

Article 36 -	Accepting or declining Trusteeship	20
Article 37 -	Vacancy in Trusteeship; appointment of a new Trustee	20
Article 38 -	Resignation of Trustee	21
Article 39 -	Removal of Trustee by Tribunal or under the same terms of a Trust	21
Article 40 -	Position of outgoing Trustee	22
Article 41 -	Remuneration of a Trustee.....	22

PART 9: DUTIES AND POWERS OF TRUSTEES**CHAPTER 1: DUTIES OF TRUSTEES**

Article 42 -	Duty to administer a Trust	23
Article 43 -	Duties of Trustees	23
Article 44 -	Duties of co-Trustees to act together.....	24
Article 45 -	Impartiality of a Trustee.....	24
Article 46 -	Cost of administration	24
Article 47 -	Enforcement and defence claims	24
Article 48 -	Collecting Trust Property.....	24
Article 49 -	Duty to inform and report.....	24

CHAPTER 2: GENERAL POWERS OF TRUSTEES

Article 50 -	Power of Trustee.....	26
Article 51 -	Specific powers of Trustees	26
Article 52 -	Power of accumulation and advancement	28
Article 53 -	Delegation by a Trustee	29
Article 54 -	Combination and division of Trusts.....	29

PART 10: LIABILITY OF TRUSTEES AND RIGHTS OF PERSONS DEALING WITH A TRUSTEE

Article 55 -	Liability for breach of trust	30
Article 56 -	Remedies for breach of trust	31
Article 57 -	Damages in absence of a breach.....	31
Article 58 -	Legal fees and costs	31
Article 59 -	Limitation of action against Trustee.....	31
Article 60 -	Reliance on Trust Instrument	32
Article 61 -	Exculpation of Trustee.....	32
Article 62 -	Beneficiary's consent, release or ratification.....	32
Article 63 -	Limitation on personal liability of Trustee.....	33
Article 64 -	Protection of Persons dealing with Trustees.....	33

PART 11: THE PROTECTOR

Article 65 - The Protector34

PART 12: PROVISIONS APPLICABLE TO A FOREIGN TRUST

Article 66- Enforceability of a Foreign Trust..... 35

PART 13: INTERPRETATION AND DEFINITIONS

Article 67 Interpretation.....36
Article 68 Definitions.....37

PART 1: APPLICATION AND COMMENCEMENT

Article 1 - Citation

These Regulations may be cited as the Trust Regulations 2007.

Article 2 - Application

- (1) These Regulations are made by the Minister pursuant to Article 9 of the QFC Law and shall apply in the QFC. To the fullest extent permitted by the QFC Law, the laws, rules and regulations of the State concerning the matters dealt with by or under these Regulations shall not apply in the QFC.
- (2) These Regulations apply to Express Trusts, Charitable or non-charitable, and Trusts created pursuant to law or judgment that requires the Trust to be administered in the manner of an Express Trust.

Article 3 - Commencement

These Regulations shall come into force on the date of their signature by the Minister.

Article 4 - Language

In accordance with Article 9 of the QFC Law, these Regulations are written in the English language and the English text thereof shall be the official original text. Any translation thereof into another language shall not be authoritative and in the event of any discrepancy between the English text of these Regulations and any other version, the English text shall prevail.

Article 5 - Interpretation

Words and expressions used in these Regulations and interpretative provisions applying to these Regulations are set out in Part 13.

PART 2: GENERAL

Article 6 –Power of QFC Authority and QFC Regulatory Authority to make rules

The QFC Authority and the QFC Regulatory Authority, each within the scope of their jurisdiction, authority or powers conferred upon them may make rules to the extent set out in the QFC Law, these Regulations and any other Regulations conferring powers, duties and functions on the QFC Authority and QFC Regulatory Authority as they deem necessary or appropriate to implement, carry out or enforce these Regulations.

The provisions of these Regulations shall have no effect to the extent they are excluded by, conflict or are inconsistent with, or otherwise alter the meaning or effect of, any rules made by the QFC Regulatory Authority acting within the scope of its authority under the QFC Financial Services Regulations or any other Regulations enacted with the approval of the Council of Ministers.

Article 7 – Default and mandatory rules

- (1) Except as otherwise provided in the terms of the Trust, these Regulations govern the duties and powers of a Trustee, relations among Trustees and the rights and interests of a Beneficiary.
- (2) The terms of a Trust prevail over any provision of these Regulations, except:
 - (A) the requirements for creating a Trust;
 - (B) the duty of a Trustee to act in good faith, in accordance with the purposes of the Trust and otherwise consistent with its fiduciary duties;
 - (C) the requirement that a Trust and its terms be for the benefit of its beneficiaries, and that the Trust have a purpose that is lawful, not contrary to public policy, and possible to achieve;
 - (D) the power of the Tribunal to modify or terminate a Trust in accordance with these Regulations;
 - (E) the effect of a Protective Trust as provided in Part 7;
 - (F) the power of the Tribunal under Article 41 to adjust a Trustee's compensation specified in the terms of the Trust which is unreasonably low or high;
 - (G) the effect of an exculpatory term under Article 61;
 - (H) the rights under Articles 64 and 65 of a Person other than a Trustee or Beneficiary;
 - (I) periods of limitation for commencing a judicial proceeding;
 - (J) the power of the Tribunal to take such action and exercise such jurisdiction as may be necessary in the interests of justice; and
 - (K) exclusive jurisdiction of the Tribunal under Article 17.

Article 8 – Common law and principles of equity

The common law of Trusts and principles of equity applicable in England and Wales supplement these Regulations, except to the extent modified by these Regulations or any other Regulations.

PART 3: CHOICE OF GOVERNING LAW; PLACE OF ADMINISTRATION

Article 9 – Governing Law

- (1) The meaning and effect of the terms of a Trust are:
 - (A) determined by the law of the jurisdiction expressed by the terms of the Trust as the Governing Law; failing that
 - (B) to be implied from the terms of the Trust; or failing either
 - (C) to be determined by the law with which the Trust at the time it was created had the closest connection.
- (2) The references in Article 9(1)(A) and (B) to “failing that” or “failing either” include references to cases:
 - (A) where no law is expressed or implied under Article 9(1)(A) or (B); and
 - (B) where a law is so expressed or implied, but that law does not provide for Trusts or the category of Trusts concerned.
- (3) In ascertaining, for the purpose of Article 9(1)(C), the law with which a Trust had the closest connection, reference shall be made in particular to:
 - (A) the place of administration of the Trust designated by the Settlor;
 - (B) the situs of the assets of the Trust;
 - (C) the place of residence or business of the Trustee; and
 - (D) the objects of the Trust and the places where they are to be fulfilled.
- (4) A Settlor may, whether or not he is located in the QFC, expressly declare in the Trust instrument that the laws of the QFC shall be the Governing Law of the Trust.
- (5) A term of the Trust expressly declaring that the laws of the QFC shall govern the Trust is valid, effective and conclusive regardless of any other circumstance.

Article 10 – Provision for change of Governing Law

- (1) Where a term of a Trust so provides, the Governing Law may be changed to or from the laws of the QFC, in the manner prescribed by the terms of the Trust, if:
 - (A) in the case of a change to the laws of the QFC, such change is recognised by the Governing Law previously in effect; or
 - (B) in the case of a change from the laws of the QFC, the new Governing Law would

recognise the validity of the Trust and all the Trusts, powers and provisions of the Trust remain enforceable, capable of being exercised and so taking effect.

- (2) Where the Governing Law of the Trust changes to QFC Law, that Trust shall be for all purposes a QFC Trust.
- (3) A change in the Governing Law shall not affect the legality or validity of, or render any Person liable for, anything done before the change.

Article 11 – Matters determined by Governing Law

- (1) Subject to Article 11(2), all matters arising in regard to a Trust which is for the time being governed by the laws of the QFC or in regard to any disposition of Property upon the Trust thereof shall be determined in accordance with the laws of the QFC.
- (2) Subject to Articles 12, 13 and 14, Article 11(1) shall:
 - (A) not validate any disposition of Property which is neither owned by the Settlor nor is the subject of a power in that behalf vested in the Settlor;
 - (B) not validate any Trust or disposition of immovable Property situated in a jurisdiction other than QFC in which such Trust or disposition is invalid according to the laws of such jurisdiction;
 - (C) not validate any testamentary Trust or disposition which is invalid according to the laws of the testator's last domicile;
 - (D) not affect the recognition of Foreign Laws in determining whether the Settlor is or was the owner of the settled Property or is or was the holder of a power to dispose of such Property;
 - (E) not affect the recognition of the laws of its place of incorporation in relation to the capacity of a corporation; and
 - (F) not affect the recognition of Foreign Laws prescribing generally, without reference to the existence or terms of the Trust, the formalities for the disposition of Property.

Article 12 – Limitations in Foreign Law

Without limiting the generality of Article 11(1), no Trust governed by the laws of the QFC and no disposition of Property to be held in Trust that is valid under the laws of the QFC is void, voidable, liable to be set aside or defective in any manner by reference to a Foreign Law; nor is the capacity of any Settlor in relation to the Trust or disposition to be questioned nor is the Trustee or any Beneficiary or any other Person to be subjected to any liability or deprived of any right, by reason that:

- (A) the laws of any foreign jurisdiction prohibit or do not recognise the concept of a Trust; or
- (B) the Trust or disposition voids or defeats any rights, claims or interest conferred by Foreign Law upon any Person by reason of a Personal Relationship to the Settlor or by way of Heirship Rights or contravenes any rule of Foreign Law or any foreign, judicial or administrative order, arbitration award or action intended to recognise, protect, enforce or give effect to any such rights, claims or interest.

Article 13 – Heirship Rights

An Heirship Right conferred by Foreign Law in relation to the Property of a living Person shall not be recognised as affecting the ownership of immovable Property in the State and movable Property wherever it is situated for the purposes of Article 11(2)(A) and (B) or for any other purpose.

Article 14 – Foreign Judgments

A foreign judgment shall not be recognised or enforced or give rise to any estoppels insofar as it is inconsistent with Articles 12 and 13.

Article 15 – Place of administration

- (1) Without precluding other means for establishing a close connection with the designated jurisdiction, terms of a Trust designating the place of administration are valid and conclusive if:
 - (A) a Trustee's principal place of business is located in or a Trustee is resident of the designated jurisdiction; or
 - (B) all or part of the administration occurs in the designated jurisdiction.
- (2) A Trustee is under a continuing duty to administer the Trust at a place appropriate to its purposes, its administration, and the interests of the beneficiaries or in furtherance of its purposes and in accordance with the terms of the Trust.
- (3) Without precluding the right of the Tribunal to order, approve, or disapprove a transfer in furtherance of the duty prescribed in Article 15(2), the Trustee may transfer the Trust's place of administration to another jurisdiction outside the QFC.
- (4) In connection with a transfer of the Trust's place of administration, the Trustee may transfer some or all of the Trust Property to a successor Trustee designated in the terms of the Trust.

PART 4: JUDICIAL AND NON JUDICIAL PROCEEDINGS

Article 16 – Role of the Tribunal in administration of Trust

- (1) The Tribunal may intervene in the administration of a Trust to the extent its jurisdiction is invoked by an interested Person or as provided by these Regulations.
- (2) A Trust is not subject to continuing judicial supervision unless so ordered by the Tribunal.
- (3) A judicial proceeding involving a Trust may relate to any matter involving the Trust's administration, including a request for instructions and an action to declare rights.

Article 17 – Jurisdiction of the Tribunal

The Tribunal has jurisdiction where:

- (A) the Trust is a QFC Trust;
- (B) a Trustee of a Foreign Trust is located in the QFC;
- (C) any Trust Property of a Foreign Trust is located in the QFC but only in respect of Property so situated; or
- (D) administration of any Trust Property of a Foreign Trust is carried out in the QFC.

Article 18 – Application to and certain powers of the Tribunal

- (1) A Trustee may make an application to the Tribunal for direction, opinion or advice concerning the manner in which he may or should act in connection with any matter concerning the Trust and the Tribunal may make such order, if any, as it thinks fit.
- (2) The Tribunal may if it thinks fit:
 - (A) make an order concerning:
 - (i) the execution or the administration of any Trust;
 - (ii) the Trustee of any Trust, including an order relating to the exercise of any power, discretion or duty of the Trustee, the appointment or removal of a Trustee, the remuneration of a Trustee, the submission of accounts, the conduct of the Trustee and payments, whether payments into Tribunal or otherwise;
 - (iii) the vesting of Trust Property;
 - (iv) a Beneficiary or any Person having a connection with the Trust as the Tribunal may determine; or
 - (v) the appointment or removal of an Enforcer in relation to any non-charitable purposes of the Trust;
 - (B) make a declaration as to the validity or the enforceability of a Trust; or
 - (C) rescind or vary any order or declaration made under these Regulations, or make any new or further order or declaration.

Article 19 – Payment of costs

The costs and expenses of and incidental to an application to the Tribunal under these Regulations shall be paid out of the Trust Property or be borne and paid in such other manner or by such other Person as the Tribunal may order.

PART 5: CREATION, VALIDITY AND MODIFICATION OF A QFC TRUST

Article 20 – Creation of a Trust

- (1) A Trust may be created by:
 - (A) transfer of Property to another Person as Trustee during the Settlor's lifetime or by will or other disposition taking effect upon the Settlor's death;
 - (B) the transfer of Property from one Trust to another;
 - (C) declaration by the beneficial owner of Property that the legal owner holds identifiable Property as Trustee; or
 - (D) exercise of a power of appointment in favour of a Trustee.
- (2) A Trust shall come into existence by an instrument in writing including a will or codicil.

Article 21 – Requirements for creation

- (1) A Trust is created if:
 - (A) the Settlor has the capacity to create a Trust;
 - (B) the Settlor indicates an intention to create the Trust;
 - (C) the Trust either:
 - (i) has a definite Beneficiary;
 - (ii) is a Charitable Trust, as provided for in Article 25; or
 - (iii) is a non-charitable purpose Trust, as provided for in Article 26;
 - (D) the Trustee holds or has vested in him or it Property for the benefit of a Beneficiary or for a purpose;
 - (E) the Trustee has duties to perform; and
 - (F) the same Person is not the sole Trustee and sole Beneficiary.
- (2) A Beneficiary is definite if the Beneficiary can be ascertained now or in the future.
- (3) A Trust may have at the same time a definite Beneficiary and a purpose.

Article 22 – Trust purposes

- (1) A Trust may only be created to the extent its purposes are sufficiently certain to allow the Trust to be carried out, lawful in the QFC and not contrary to public policy.
- (2) A Trust and its terms shall be for the benefit of its beneficiaries or in furtherance and support of its purposes.

Article 23 – Duration of a Trust

A Trust may continue indefinitely or terminate in accordance with these Regulations or with the terms of the Trust.

Article 24 – Validity and invalidity of a Trust

- (1) Subject to Article 24(2) and (3), a Trust shall be valid and enforceable in accordance with its terms.
- (2) A Trust shall be invalid to the extent that:
 - (A) it purports to do anything which is contrary to QFC Law;
 - (B) it is created for a purpose in relation to which there is no Beneficiary, not being a charitable purpose, unless it complies with Article 26;
 - (C) its creation was induced by fraud, duress, undue influence or misrepresentation;
 - (D) the Trust is immoral or contrary to public policy; or
 - (E) the terms of the Trust are so uncertain that its performance is rendered impossible.
- (3) Where a Trust is created for two or more purposes of which some are lawful and others are unlawful:
 - (A) if those purposes cannot be separated the Trust shall be invalid; or
 - (B) where those purposes can be separated the Tribunal may declare that the Trust is valid as to the purposes which are lawful.

Article 25 - Charitable Trust

- (1) A Charitable Trust may be created for the relief of poverty, the advancement of education or religion, the promotion of health or art, the protection of the environment, or any other purposes which are beneficial to the general public.
- (2) If the terms of a Charitable Trust do not indicate a particular charitable purpose or Beneficiary or a means by which a particular charitable purpose or Beneficiary may be selected, the Tribunal may select one or more charitable purposes or beneficiaries in accordance with the Settlor's intention to the extent it can be ascertained.
- (3) Subject to Article 25(4) if a particular charitable purpose becomes unlawful, impracticable, impossible to achieve, contrary to public policy, or obsolete in that, by reason of changed circumstances, it fails to achieve the purpose of the Trust:

- (A) the Trust does not fail, in whole or in part;
 - (B) the Trust Property does not revert to the Settlor or the Settlor's successors in interest; and
 - (C) the Tribunal may apply cy pres to vary or terminate the Trust by directing that the Trust Property be applied or distributed, in whole or in part, in a manner consistent with the Settlor's intentions.
- (4) A provision in the terms of a Charitable Trust that would result in distribution of the Trust Property to a non-charitable Beneficiary prevails over the power of the Tribunal under Article 25(3) to apply cy pres to vary or terminate the Trust only if, when the provision takes effect, the Trust Property is to revert to the Settlor and the Settlor is still living.
- (5) A Charitable Trust may be enforced by the Settlor of the Trust, if still living, maintaining a proceeding to enforce such Trust or by the Tribunal.

Article 26 – Non-charitable Trusts or purpose Trusts

- (1) A Trust shall not be invalid by reason of Article 24(2)(B) if the terms of the Trust provide for the appointment of an Enforcer in relation to its non-charitable purposes and for the appointment of a new Enforcer at any time when there is none.
- (2) Subject to Article 26(1), a Trust may be declared by trust instrument for a non-charitable purpose, including the purpose of holding or investing in shares in a company or juridical Person or any other assets constituting the Trust Property if:
- (A) the purpose is possible and sufficiently certain to allow the Trust to be carried out;
 - (B) the purpose is not contrary to public policy or unlawful under the laws of the QFC; or
 - (C) the Trust instrument specifies the event upon the happening of which the Trust terminates and provides for the disposition of surplus assets of the Trust upon its termination.
- (3) It shall be the duty of an Enforcer to enforce the Trust in relation to its non-charitable purposes.
- (4) The appointment of a Person as Enforcer of a Trust in relation to its non-charitable purposes shall not have effect if he is also a Trustee of the Trust or has a conflict of interest.
- (5) Except as permitted by these Regulations or expressly provided by the terms of the Trust, or with the approval of the Tribunal an Enforcer shall not:
- (A) directly or indirectly profit from his appointment;
 - (B) cause or permit any other Person to profit directly or indirectly from such appointment; or
 - (C) on his own account enter into any transaction with the Trustees or relating to the Trust Property which may result in profit to him or the Trustee.
- (6) Subject to Article 26(7), an Enforcer may resign his office by notice in writing delivered to the Trustee. Such resignation shall take effect upon delivery of notice.

- (7) A resignation given in order to facilitate a breach of trust shall be of no effect.
- (8) An Enforcer shall cease to be an Enforcer of the Trust in relation to its non-charitable purposes immediately upon:
 - (A) the Enforcer's removal from office by the Tribunal;
 - (B) the Enforcer's resignation becoming effective;
 - (C) the coming into effect of a provision in the terms of a Trust under which the Enforcer is removed from office or otherwise ceases to hold office; or
 - (D) the Enforcer's appointment as a Trustee of the Trust.
- (9) A Trustee of a Trust for non-charitable purposes shall, at any time when there is no Enforcer in relation to them, take such steps as may be necessary to secure the appointment of a new Enforcer.
- (10) Where the Trustee of a Trust for non-charitable purposes has reason to believe that the Enforcer in relation to such purposes is unwilling or refuses to act, or is unfit to act or incapable of acting, he shall apply to the Tribunal for the removal of the Enforcer and the appointment of a replacement.

Article 27 – Variation and revocation of a Trust

- (1) A Trust may expressly provide that:
 - (A) its terms are capable of variation; or
 - (B) the Trust itself or a power exercisable under the Trust is revocable either in whole or in part.
- (2) Where a Trust provides that the terms of the Trust may be varied, such power to vary shall be without prejudice to the power vested in the Tribunal by these Regulations for the variation of the terms of the Trust.
- (3) No variation of the terms of the Trust or revocation of a Trust or a power exercisable under a Trust shall prejudice anything lawfully done by a Trustee in relation to a Trust prior to his receiving a notice of such variation or revocation.
- (4) Subject to the terms of the Trust, where a Trust is revoked, either in whole or in part, the Trustee shall hold the Trust Property affected by the revocation for the Settlor absolutely or if the Settlor is dead, for the Settlor's personal representative or estate.
- (5) For the purposes of this Article, the "Settlor" is the particular Person who provided the Property which is the subject of revocation.
- (6) The Tribunal may vary the terms of a Trust:
 - (A) even if unambiguous, to conform the terms to the Settlor's intention if it is provided by clear and convincing evidence that both the Settlor's intent and the terms of the Trust were affected by a mistake of fact or law, whether in expression or inducement;

- (B) if, because of circumstances not anticipated by the Settlor, modification will further the purpose of the Trust; or
 - (C) if continuation of the Trust on its existing terms would be impracticable or wasteful or impair the Trust's administration.
- (7) An application under Article 27(6) may be made by the Settlor, the Trustee, the Beneficiary or the guardian or representative of a Beneficiary who is a Minor, incapacitated, unascertained or unborn.

Article 28 – Failure or lapse of interest

- (1) Subject to the terms of a Trust and to any order of the Tribunal, the Trust Property or interest under the Trust shall be held by the Trustee for the Settlor absolutely or if the Settlor is dead, for the Settlor's personal representatives or estate where:
- (A) the interest in question lapses;
 - (B) the Trust Property is vested in a Person otherwise than for his sole benefit but the Trusts upon which he is to hold the Property are not declared or communicated to him; or
 - (C) the Trust terminates otherwise than in accordance with Article 29(1)(D).
- (2) For the purposes of this Article, the "Settlor" is the particular Person who provided the Property affected by the failure or lapse.

Article 29 – Termination of a Trust

- (1) Without prejudice to the powers of the Tribunal under these Regulations a Trust terminates:
- (A) if the Trust is revoked or expires pursuant to its terms;
 - (B) if there is no Beneficiary or Person who can become a Beneficiary in accordance with the terms of the Trust or if no purpose of the Trust remains to be achieved;
 - (C) if the purposes of the Trust have become unlawful, or impossible to achieve; or
 - (D) notwithstanding the terms of the Trust, upon consent of all the beneficiaries in existence who have been ascertained and none of whom is a Minor or a Person under a legal disability.
- (2) The Tribunal may terminate a Trust:
- (A) because of circumstances not anticipated by the Settlor, if termination will further the purposes of the Trust; or
 - (B) if the value of the Trust Property is insufficient to justify the cost of administration.
- (3) An application to the Tribunal under this Article may be made by a Settlor, a Trustee or a Beneficiary, or any other Person with a legitimate interest in the Trust, as the case may be.

Article 30 – Distribution of Property

- (1) Without prejudice to the powers of the Tribunal under Article 30(3), on the termination of the Trust the Trustee shall distribute the Trust Property to the Persons entitled thereto within a reasonable time and in accordance with the terms of the Trust.
- (2) The Trustee may retain sufficient assets or obtain satisfactory security to make reasonable provision for liabilities, whether existing, future, contingent or otherwise, before distributing the Trust Property under Article 30(1).
- (3) The Tribunal may, on the termination of a Trust or at any time thereafter, upon an application made by a Trustee, any Beneficiary or any other Person with a legitimate interest in the Trust, as the case may be:
 - (A) require the Trustee to distribute the Trust Property;
 - (B) direct the Trustee not to distribute the Trust Property; or
 - (C) make such other order as it thinks fit.

PART 6: THE BENEFICIARIES OF A QFC TRUST

Article 31 – Beneficiaries of a Trust

- (1) A Beneficiary shall be:
 - (A) identifiable by name; or
 - (B) ascertainable by reference to:
 - (i) a class; or
 - (ii) a relationship to some Person whether or not living at the time of the creation of the Trust or at the time which under the terms of the Trust is the time by reference to which members of a class are to be determined.
- (2) The terms of a Trust may provide for the addition of a Person as a Beneficiary or the exclusion of a Beneficiary from benefit.
- (3) A Settlor or a Trustee of a Trust may also be a Beneficiary of a Trust.

Article 32 – Disclaimer

- (1) A Beneficiary may disclaim his whole interest.
- (2) A disclaimer made under Article 32(1) shall be in writing and shall be irrevocable.
- (3) Subject to the terms of a Trust, a Beneficiary under a Trust may disclaim part of his interest, whether or not he has received some benefit from his interest.
- (4) A disclaimer made under Article 32(3) may, subject to the terms of the Trust, be revocable and it shall be exercisable in the manner and under the circumstances so expressed.

Article 33 - Interest of Beneficiary and dealings thereof

- (1) The interest of a Beneficiary shall constitute movable Property.
- (2) Subject to the terms of a Trust, a Beneficiary may, by instrument in writing, sell, charge, transfer or otherwise deal with his interest in any manner.

PART 7: PROTECTIVE TRUSTS AND CREDITORS' CLAIMS

Article 34 – Protective Trusts

- (1) The terms of a trust may make the interest of the Beneficiary liable to termination.
- (2) Without prejudice to the generality of Article 34(1), the terms of a Trust may make the interest of a Beneficiary in the Income or capital of the Trust Property subject to:
 - (A) a restriction on alienation or disposal; or
 - (B) a diminution or termination in the event of the Beneficiary becoming bankrupt or any of his Property becoming liable to sequestration for the benefit of his creditors.
- (3) A Trust under which the interest of a Beneficiary is subject to restriction, diminution or termination under Article 34(2) is a Protective Trust.
- (4) A provision in the terms of a Trust requiring the interest of a Beneficiary in Trust Property to be held upon a Protective Trust shall be construed as a requirement that the interest of the Beneficiary be subject to restriction, diminution or termination as mentioned in Article 34(2).

Article 35 – Creditors' claims in relation to a Discretionary Trust

- (1) In the case of a Discretionary Trust, whether or not such Trust contains a protective provision, a creditor of a Beneficiary may not compel a distribution that is subject to the Trustee's discretion, even if:
 - (A) the discretion is expressed in the form of a standard of distribution; or
 - (B) the Trustee has abused the discretion.
- (2) To the extent a Trustee has not complied with a standard of distribution or has abused a discretion:
 - (A) a distribution may be ordered by the Tribunal to satisfy a judgment or Tribunal order against the Beneficiary for support or maintenance of the Beneficiary's child, spouse or former spouse; and
 - (B) the Tribunal shall direct the Trustee to pay to the child, spouse, or former spouse such amount as is equitable under the circumstances but not more than the amount the Trustee would have been required to distribute to or for the benefit of the Beneficiary had the Trustee complied with the standard or not abused the discretion.

PART 8: OFFICE OF TRUSTEE

Article 36 - Accepting or declining trusteeship

- (1) Except as otherwise provided in Article 36(3) a Person designated as Trustee accepts the trusteeship:
 - (A) by substantially complying with a method of acceptance provided in the terms of the Trust; or
 - (B) if the terms of the Trust do not provide a method or the method provided in the terms is not expressly made exclusive, by accepting delivery of the Trust Property, exercising powers or performing duties as Trustee, or otherwise indicating acceptance of the Trusteeship.
- (2) A Person designated as Trustee who has not yet accepted the Trusteeship may decline the Trusteeship. A designated Trustee who does not accept the Trusteeship within a reasonable amount of time after knowing of the designation is deemed to have rejected the Trusteeship.
- (3) A Person designated as a Trustee, without accepting the Trusteeship, may without liability for loss:
 - (A) act to preserve the Trust Property if, within a reasonable time after acting, he sends a written rejection of the Trusteeship to the Settlor or, if the Settlor is dead or lacks capacity, to a named Beneficiary;
 - (B) inspect or investigate Trust Property to determine potential liability under any other law or for any other purpose; or
 - (C) apply to the Tribunal for directions or advice.
- (4) A Person who knowingly does any act or thing in relation to the Trust Property consistent with the status of a Trustee of that Property shall be deemed to have accepted appointment as a Trustee, but he shall not be remunerated for acting in such capacity as provided in Article 41, unless the Trustee appointed under the terms of the Trust otherwise agrees.

Article 37 - Vacancy in Trusteeship; appointment of a new Trustee

- (1) A vacancy in a Trusteeship occurs if:
 - (A) a Person designated as Trustee rejects the Trusteeship;
 - (B) a Person designated as Trustee cannot be identified or does not exist;
 - (C) a Trustee resigns;
 - (D) a Trustee is removed;
 - (E) a Trustee dies; or
 - (F) a guardian is appointed for an individual serving as Trustee.
- (2) Where the terms of a Trust contain no provision for the appointment of a new Trustee, the

Trustee for the time being may appoint a new Trustee or failing that the Tribunal may appoint a new Trustee.

- (3) Subject to the terms of the Trust, a Trustee appointed under this Article shall have the same powers, discretions and duties and may act as if he had been originally appointed a Trustee.
- (4) A Trustee having power to appoint a new Trustee who fails to exercise such power may be removed from office by the Tribunal and the Tribunal may appoint a new Trustee.
- (5) If one or more co-Trustees remain in office, a vacancy in a Trusteeship need not be filled.
- (6) A vacancy in Trusteeship shall be filled if the Trust has no remaining Trustee.
- (7) Where there is no Trustee a Trust shall not fail on that account.

Article 38 - Resignation of Trustee

- (1) Subject to the terms of the Trust, a Trustee may resign his office:
 - (A) by giving at least thirty (30) days notice in writing to the beneficiaries, the Settlor, if living, and all his co-Trustees. Such resignation shall take effect upon the expiry of such thirty (30) day notice period or such earlier date as shall be agreed between the Trustee resigning and the Settlor, if living, and his co-Trustees;
 - (B) with the approval of the Tribunal; or
 - (C) otherwise in accordance with the terms of the Trust.
- (2) A resignation given in order to facilitate a Breach of Trust shall have no effect.

Article 39 - Removal of Trustee by Tribunal or under the terms of a Trust

- (1) The Settlor, an Enforcer, a co-Trustee, or a Beneficiary may request the Tribunal to remove a Trustee, or a Trustee may be removed by the Tribunal on its own initiative.
- (2) The Tribunal may remove a Trustee if:
 - (A) the Trustee has committed a breach of trust;
 - (B) lack of cooperation among co-Trustees substantially impairs the administration of the Trust;
 - (C) because of unfitness, unwillingness, or persistent failure of the Trustee to administer the Trust, the Tribunal determines that removal of the Trustee best serves the interests of the Beneficiaries; or
 - (D) there has been a substantial change of circumstances or removal is requested by all of the Beneficiaries, the Tribunal finds that removal of the Trustee best serves the interests of all the Beneficiaries and is not inconsistent with a material purpose of the Trust, and a suitable co-Trustee or successor Trustee is available.
- (3) Pending a final decision on a request to remove a Trustee, or in lieu of or in addition to removing a Trustee, the Tribunal may order an appropriate relief under Article 56.

Article 40 - Position of outgoing Trustee

- (1) A Trustee who resigns or is removed shall proceed expeditiously to deliver the Trust Property within the Trustee's possession to the co-trustee, successor Trustee or other Person entitled to it.
- (2) Unless a co-trustee remains in office or the Tribunal otherwise orders, and until the Trust Property is delivered to a successor Trustee or other Person entitled to it, a Trustee who has resigned or been removed has the duties of a Trustee and the powers necessary to protect the Property.
- (3) A Trustee who resigns or is removed may require to be provided with reasonable security for liabilities whether existing, future, contingent or otherwise before surrendering Trust Property.
- (4) A Trustee who resigns or is removed and has complied with Article 40(1) shall be released from liability to any Beneficiary, Trustee or Person interested under the Trust for any act or omission in relation to the Trust Property or the Trustee's duty as a Trustee except liability:
 - (A) arising from any breach of trust to which such Trustee was a party or to which the Trustee was privy; or
 - (B) in respect of actions to recover from such Trustee Trust Property or the proceeds of Trust Property in the possession of such Trustee.

Article 41 - Remuneration of a Trustee

- (1) Unless authorised by:
 - (A) the terms of the Trust;
 - (B) the consent in writing of all of the beneficiaries; or
 - (C) an order of the Tribunal;a Trustee shall not be entitled to remuneration for his services.
- (2) If the terms of a Trust specify the Trustee's remuneration, the Trustee is entitled to be remunerated as specified, but the Tribunal may allow more or less remuneration if:
 - (A) the duties of the Trustee are substantially different from those contemplated when the Trust was created; or
 - (B) the remuneration specified by the terms of the Trust would be unreasonably low or high.
- (3) A Trustee may reimburse himself out of the Trust Property for or pay out of the Trust all expenses and liabilities properly incurred in connection with the administration of the Trust.

PART 9: DUTIES AND POWERS OF TRUSTEES

CHAPTER 1: DUTIES OF TRUSTEES

Article 42 - Duty to administer a Trust

- (1) Upon acceptance of a Trusteeship, the Trustee shall in the execution of his duties and in the exercise of his powers and discretions:
 - (A) act with due diligence as would a prudent Person to the best of his ability and skill; and
 - (B) observe the utmost good faith;in accordance with the terms and purposes of the Trust and these Regulations.
- (2) A Trustee shall administer the Trust solely in the interest of the Beneficiaries or in furtherance or support of the purposes of the Trust.

Article 43 - Duties of Trustees

- (1) Subject to the terms of the Trust, a Trustee shall so far as is reasonably practical preserve the value of the Trust Property.
- (2) Except with the approval of the Tribunal or as permitted by these Regulations or expressly provided by the terms of the Trust, a Trustee shall not:
 - (A) directly or indirectly profit from his Trusteeship;
 - (B) cause or permit any other Person to profit directly or indirectly from such Trusteeship; or
 - (C) on his own account enter into any transaction with the Trustees or relating to the Trust Property which may result in such profit.
- (3) Subject to Article 64, a sale, encumbrance, or other transaction involving the investment or management of Trust Property entered into by the Trustee for the Trustee's own personal account or which is otherwise affected by a conflict between the Trustee's fiduciary and personal interests is voidable by a Beneficiary affected by the transaction unless:
 - (A) the transaction was authorised by the terms of the Trust;
 - (B) the transaction was approved by the Tribunal;
 - (C) the Beneficiary did not commence judicial proceedings within the time allowed by Article 59; or
 - (D) the Beneficiary consented to the Trustee's conduct or ratified the transaction.
- (4) A Trustee shall keep accurate accounts and records of his Trusteeship.
- (5) A Trustee shall keep Trust Property separate from his personal property and separately identifiable from any other property of which he is a Trustee.

Article 44 - Duties of co-Trustees to act together

- (1) Subject to the terms of the Trust, where there is more than one Trustee all the Trustees shall join in performing the Trust.
- (2) Subject to Article 44(3), where there is more than one Trustee no power or discretion given to the Trustees shall be exercised unless all the Trustees agree on its exercise.
- (3) The terms of a Trust may empower Trustees to act by a majority but a Trustee who dissents from a decision of the majority of the Trustees may require his dissent to be recorded in writing.

Article 45 - Impartiality of a Trustee

Subject to the terms of the Trust, where there is more than one Beneficiary, or more than one purpose, the Trustee shall act impartially and shall not execute the Trust for the advantage of one at the expense of the other.

Article 46 - Cost of administration

In administering a Trust, the Trustee may incur only costs that are reasonable in relation to the Trust Property, the purposes of the Trust and the skills of the Trustee.

Article 47 - Enforcement and defence claims

A Trustee may take reasonable steps to enforce claims of the Trust and to defend claims against the Trust.

Article 48 - Collecting Trust Property

A Trustee shall take reasonable steps to compel a former Trustee or other Person to deliver Trust Property to the Trustee, and, subject to the terms of the Trust, to redress a breach of trust known to the Trustee to have been committed by a former Trustee.

Article 49 - Duty to inform and report

- (1) Subject to the terms of a Trust and any order of the Tribunal, a Trustee shall, on application in writing by a Beneficiary, disclose to the applicant all documents which relate to or form part of the accounts of the Trust.
- (2) A Trustee shall not be required to disclose to any Person, any document which:
 - (A) discloses his deliberations as to the manner in which he has exercised a power or discretion or performed a duty conferred upon him;
 - (B) discloses the reason for any particular exercise of such power or discretion or performance of duty or the material upon which such reason shall or might have been based; or
 - (C) relates to the exercise or proposed exercise of such power or discretion or the performance or proposed performance of such duty.

- (3) Notwithstanding the terms of the Trust:
- (A) the Tribunal may on application made to it declare that in particular circumstances of the Trust its terms do not render the Trustees sufficiently or appropriately accountable to the Beneficiaries or any of them; and
 - (B) the Tribunal may pursuant to such declaration extend or restrict the rights of all or any Beneficiaries to information regarding the Trust or may make such other order as it thinks fit.

CHAPTER 2: GENERAL POWERS OF TRUSTEES

Article 50 - Powers of Trustee

- (1) Subject to the terms of the Trust and duties under these Regulations, a Trustee shall in relation to the Trust Property have:
 - (A) all the same powers as a natural Person;
 - (B) any other powers appropriate to achieve the proper investment, management, and distribution of Trust Property; and
 - (C) any other powers conferred by these Regulations.
- (2) A Trustee shall exercise his powers only in the interest of the Beneficiaries and in furtherance and support of the purposes of the Trust and in accordance with the terms of the Trust.

Article 51 - Specific powers of Trustees

Without limiting the generality of Article 50, and subject to the terms of the Trust, a Trustee may:

- (1) collect Trust Property and accept or reject additions to the Trust Property from a Settlor or any other Person;
- (2) subject to the terms of a Trust, without the consent of any Beneficiary, appropriate Trust Property in or towards satisfaction of the interest of a Beneficiary in such manner and in accordance with such valuation as he thinks fit;
- (3) acquire or sell property, for cash or on credit, at public or private sale;
- (4) exchange, partition, or otherwise change the character of Trust Property;
- (5) deposit Trust money in an account in a regulated financial services institution;
- (6) borrow money, with or without security, and mortgage or pledge Trust Property for a period within or extending beyond the duration of the Trust;
- (7) where the terms of a Trust so permit, exercise a discretion in relation to the manner in which and to whom Trust Property is distributed;
- (8) with respect to an interest in a partnership, limited liability company, business Trust, corporation, or other form of business or enterprise, continue the business or other enterprise and take any action that may be taken by shareholders, members, or Property owners, including merging, dissolving, or otherwise changing the form of business organisation or contributing additional capital;
- (9) with respect to stocks or other securities, exercise the rights of an absolute owner, including the right to:
 - (A) vote, or give proxies to vote, with or without power of substitution, or enter into or continue a voting Trust agreement;
 - (B) hold a security in the name of a nominee or in other form without disclosure of the Trust so that title may pass by delivery;

- (C) pay calls, assessments, and other sums chargeable or accruing against the securities, and sell or exercise stock subscription or conversion rights; and
 - (D) deposit the securities with a depository or other regulated financial services institution;
- (10) with respect to an interest in immovable property, construct, or make ordinary or extraordinary repairs to, alterations to, or improvements in, buildings or other structures, demolish improvements, raze existing or erect new party walls or buildings, subdivide or develop land, dedicate land to public use or grant public or private easements, and make or vacate plots and adjust boundaries;
 - (11) enter into a lease for any purpose as lessor or lessee, including a lease or other arrangement for exploration and removal of natural resources, with or without the option to purchase or renew, for a period within or extending beyond the duration of the Trust;
 - (12) grant an option involving a sale, lease, or other disposition of Trust Property or acquire an option for the acquisition of property, including an option exercisable beyond the duration of the Trust, and exercise an option so acquired;
 - (13) insure the property of the Trust against damage or loss and insure the Trustee, the Trustee's agents, and Beneficiaries against liability arising from the administration of the Trust and the insurance proceeds shall belong to the Trust;
 - (14) abandon or decline to administer property of no value or of insufficient value to justify its collection or continued administration;
 - (15) pay or contest any claim, settle a claim by or against the Trust, and release, in whole or in part, a claim belonging to the Trust;
 - (16) pay remuneration of the Trustee, protector or Enforcer and of employees and agents of the Trust, and other expenses incurred in the administration of the Trust;
 - (17) indemnify outgoing Trustees;
 - (18) select a mode of payment under any employee benefit or retirement plan, annuity, or life insurance payable to the Trustee, exercise rights thereunder, including exercise of the right to indemnification for expenses and against liabilities, and take appropriate action to collect the proceeds;
 - (19) make loans out of Trust Property, including loans to a Beneficiary on terms and conditions the Trustee considers to be fair and reasonable under the circumstances, and the Trustee has a lien on future distributions for repayment of those loans;
 - (20) pledge Trust Property to guarantee loans made by others to the Beneficiary;
 - (21) appoint a Trustee to act in another jurisdiction with respect to Trust Property located in the other jurisdiction, confer upon the appointed Trustee all of the powers and duties of the appointing Trustee, require that the appointed Trustee furnish security, and remove any Trustee so appointed;

- (22) pay an amount distributable to a Beneficiary who is under a legal disability or who the Trustee reasonably believes is incapacitated, by paying it directly to the Beneficiary or applying it for the Beneficiary's benefit, or by:
 - (A) paying it to the Beneficiary's guardian and the receipt by such guardian shall constitute a full discharge of the Trustee's obligation;
 - (B) if the Trustee does not know of a guardian, or custodial Trustee, paying it to an adult relative or other Person having legal or physical care or custody of the Beneficiary, to be expended on the Beneficiary's behalf and the receipt by such Person shall constitute a full discharge of the Trustee; or
 - (C) managing it as a separate fund on the Beneficiary's behalf, subject to the Beneficiary's continuing right to withdraw the distribution;
- (23) on distribution of Trust Property or the division or termination of a Trust, make distributions in divided or undivided interests, allocate particular assets in proportionate or disproportionate shares, value the Trust Property for those purposes, and adjust for resulting differences in valuation;
- (24) resolve a dispute concerning the interpretation of the Trust or its administration by mediation, arbitration, or other procedure for alternative dispute resolution;
- (25) prosecute or defend an action, claim, or judicial proceeding in any jurisdiction to protect Trust Property and the Trustee in the performance of the Trustee's duties;
- (26) sign and deliver contracts and other instruments that are useful to achieve or facilitate the exercise of the Trustee's powers; or
- (27) on termination of the Trust, exercise the powers appropriate to wind up the administration of the Trust and distribute the Trust Property to the Persons entitled to it.

Article 52 - Power of accumulation and advancement

- (1) Where the terms of a Trust so authorise, a Trustee may accumulate for a period part or all of the Income of the Trust.
- (2) Subject to Article 52(3), Income of the Trust which is not accumulated under Article 52(1) shall be distributed.
- (3) Subject to the terms of the Trust and subject to any prior interests or charges affecting the Trust Property, where a Beneficiary is a Minor and whether or not the Beneficiary's interest:
 - (A) is a vested interest; or
 - (B) is an interest which will become vested:
 - (i) on attaining the age of majority;
 - (ii) at any later age; or
 - (iii) upon the occurrence of any event;the Trustee may:

- (C) accumulate the Income attributable to the interest of such Beneficiary pending the attainment of the age of majority or such later age or the occurrence of such event;
 - (D) apply such Income or part of it to or for the maintenance, education or other benefit of such Beneficiary; or
 - (E) advance or appropriate to for the benefit of any such Beneficiary such interest or part of such interest.
- (4) The receipt by a parent or the lawful guardian of a Beneficiary who is a Minor shall be a sufficient discharge of the Trustee's obligations for a payment made under Article 52(3).

Article 53 - Delegation by a Trustee

- (1) A Trustee shall not delegate his powers unless permitted to do so by these Regulations or by the terms of the Trust.
- (2) Subject to Article 53(1), a Trustee may delegate duties and powers that a prudent Trustee of comparable skills could properly delegate under the circumstances. The Trustee shall exercise reasonable care, skill, and caution in:
- (A) selecting a competent and qualified agent;
 - (B) establishing the scope and terms of the delegation, consistent with the purposes and terms of the Trust; and
 - (C) periodically reviewing the agent's actions in order to monitor the agent's performance and compliance with the terms of the delegation.
- (3) In performing a delegated function, an agent owes a duty to the Trust to exercise reasonable care to comply with the terms of the delegation.
- (4) A Trustee who complies with Article 53(1) and otherwise acts in good faith is not liable to the beneficiaries or to the Trust for an action, omission or negligence of the agent to whom the function was delegated.
- (5) For the purposes of this Article an "agent" may include investment managers, accountants, lawyers, bankers, brokers, custodians, investment advisers, nominees, property agents, solicitors and other professional agents or Persons to act in relation to any of the affairs of the Trust or to hold any of the Trust Property.
- (6) A Trustee may authorise a Person referred to in Article 53(5) to retain any commission or other payment usually payable in relation to any transaction.

Article 54 - Combination and division of Trusts

- (1) Subject to the terms of the Trust, a Trustee may combine two or more Trusts into a single Trust or divide a Trust into two or more separate Trusts, if the result does not impair rights of any beneficiaries or adversely affect achievement of the purposes of the Trusts.
- (2) Subject to the terms of the Trust, where a Trustee divides a Trust into two or more separate Trusts, he shall have the power to appoint Trustees for such Trusts.

PART 10: LIABILITY OF TRUSTEES AND RIGHTS OF PERSONS DEALING WITH A TRUSTEE

Article 55 - Liability for breach of trust

- (1) Subject to these Regulations and to the terms of the Trust, a Trustee shall be liable for a breach of trust committed by the Trustee or in which the Trustee has concurred.
- (2) A Trustee who is liable for a breach of trust shall be liable for:
 - (A) the loss or depreciation in value of the Trust Property resulting from such breach; and
 - (B) the profit, if any, which would have accrued to the Trust Property if there had been no such breach.
- (3) Where there are two or more breaches of trust, a Trustee shall not set off a gain from one breach of trust against the loss resulting from another breach of trust.
- (4) A Trustee shall not be liable for a breach of trust committed prior to his appointment, if such breach of trust was committed by some other Person.
- (5) A Trustee shall not be liable for a breach of trust committed by a co-trustee unless:
 - (A) he becomes aware or ought to have become aware of the commission of such breach or of the intention of his co-Trustee to commit a breach of trust; and
 - (B) he actively conceals such breach or such intention or fails within a reasonable time to take proper steps to protect or restore the Trust Property or prevent such breach.
- (6) A Beneficiary may:
 - (A) relieve a Trustee of liability to him for a breach of trust; or
 - (B) indemnify a Trustee against liability for a breach of trust.
- (7) Article 55(6) shall not apply unless the Beneficiary:
 - (A) has legal capacity;
 - (B) has full knowledge of all material facts; and
 - (C) is not improperly induced by the Trustee to take action under Article 55(6).
- (8) Where two or more Trustees are liable in respect of a breach of trust, they shall be liable jointly and severally.
- (9) A Trustee who becomes aware of a breach of trust under Article 55(4) shall take all reasonable steps to have such breach remedied.
- (10) Nothing in the terms of a Trust shall relieve, release, or exonerate a Trustee from liability for breach of trust arising from his own fraud, willful misconduct or gross negligence.

Article 56 - Remedies for Breach of Trust

To remedy a breach of trust that has occurred or may occur, the Tribunal may:

- (1) compel the Trustee to perform the Trustee's duties;
- (2) restrain the Trustee from committing a breach of trust;
- (3) compel the Trustee to redress a breach of trust by paying money, restoring Property, or other means;
- (4) order a Trustee to account;
- (5) appoint a special fiduciary to take possession of the Trust Property and administer the Trust;
- (6) suspend the Trustee;
- (7) remove the Trustee as provided in Article 39;
- (8) reduce or deny remuneration to the Trustee;
- (9) subject to Article 64, invalidate an act of the Trustee, impose a lien or a constructive Trust on Trust Property, or trace Trust Property wrongfully disposed of and recover the Property or its proceeds; or
- (10) order any other appropriate relief.

Article 57 - Damages in absence of a breach

- (1) Except as expressly provided in the terms of the Trust, a Trustee is accountable to the Trust for any profit made by the Trustee arising from the administration of the Trust, even absent a breach of trust.
- (2) Except as expressly provided in the terms of the Trust, absent a breach of trust, a Trustee is not liable for a loss or depreciation in the value of Trust Property or for not having made a profit.

Article 58 - Legal fees and costs

In a judicial proceeding involving the administration of a Trust, the Tribunal, as justice and equity may require, may award costs and expenses, including reasonable lawyers' fees, to any party, to be paid by another party or from the Trust that is the subject of the proceeding.

Article 59 - Limitation of action against Trustee

- (1) Subject to Article 55(10) a Person may not commence a proceeding against a Trustee for breach of trust more than three (3) years after the date such Person or a representative of such Person receives a report from the Trustee that adequately disclosed information that could form the basis for a potential claim for breach of trust and informed such Person or his representative that any proceeding based on such information must be commenced within the three (3) year period.

- (2) A report adequately discloses the existence of a potential claim for breach of trust if it provides sufficient information so that such Person or representative knows of the potential claim or should have inquired into its existence.
- (3) If Article 59(1) does not apply, a judicial proceeding by such Person against a Trustee for breach of trust shall be commenced within seven (7) years after the first to occur of:
 - (A) the removal, resignation, or death of the Trustee;
 - (B) in relation to a claim by a Beneficiary, the termination of the Beneficiary's interest in the Trust; or
 - (C) the termination of the Trust.
- (4) No period of limitation shall apply to an action brought against a Trustee:
 - (A) in respect of any fraud to which the Trustee was a party or to which the Trustee was privy; or
 - (B) to recover from the Trustee Trust Property:
 - (i) in the Trustee's possession;
 - (ii) under the Trustee's control; or
 - (iii) previously received by the Trustee and converted to the Trustee's use.
- (5) This Article applies also to proceedings brought against an Enforcer.

Article 60 - Reliance on Trust instrument

Any Person who acts in reasonable reliance on the terms of the Trust as expressed in the Trust instrument is not liable for a Breach of Trust to the extent the breach resulted from the reliance.

Article 61 - Exculpation of Trustee

A term of a Trust relieving a Trustee of liability for breach of trust is unenforceable to the extent that it:

- (A) relieves the Trustee of liability for breach of trust committed in bad faith or with reckless indifference to the purposes of the Trust or the interests of the Beneficiaries; or
- (B) was inserted as the result of an abuse by the Trustee of a fiduciary or confidential relationship to the Settlor.

Article 62 - Beneficiary's consent, release or ratification

Subject to Article 55(10), a Trustee is not liable to a Beneficiary for breach of trust if the Beneficiary consented to the conduct constituting the breach, released the Trustee from liability for the breach as provided in Article 55(6) or ratified the transaction constituting the breach, unless:

- (A) the consent, release, or ratification of the Beneficiary was induced by improper conduct of the Trustee; or

- (B) at the time of the consent, release, or ratification, the Beneficiary did not know of the Beneficiary's rights or of the material facts relating to the breach.

Article 63 - Limitation on Personal liability of Trustee

- (1) Except as otherwise provided in the contract, a Trustee is not personally liable on a contract properly entered into in the Trustee's fiduciary capacity in the course of administering the Trust if the Trustee in the contract disclosed the fiduciary capacity.
- (2) A Trustee is personally liable for torts committed in the course of administering a Trust, or for obligations arising from ownership or control of Trust Property only if the Trustee is personally at fault.
- (3) A claim based on a contract entered into by a Trustee in the Trustee's fiduciary capacity or an obligation arising from ownership or control of Trust Property, or on a tort committed in the course of administering a Trust, may be asserted in a judicial proceeding against the Trustee in the Trustee's fiduciary capacity, whether or not the Trustee is personally liable for the claim.

Article 64 - Protection of Persons dealing with Trustees

- (1) A Person other than a Beneficiary who in good faith assists a Trustee, or who in good faith and for value deals with a Trustee, without knowledge that the Trustee is exceeding or improperly exercising the Trustee's powers is protected from liability as if the Trustee properly exercised the power.
- (2) A Person other than a Beneficiary who in good faith deals with a Trustee is not required to inquire into the extent of the Trustee's powers or the propriety of their exercise.
- (3) A Person who in good faith delivers assets to a Trustee need not ensure their proper application.
- (4) A Person other than a Beneficiary who in good faith assists a former Trustee or who in good faith and for value deals with a former Trustee, without knowledge that the Trusteeship has terminated is protected from liability as if the former Trustee were still a Trustee.
- (5) Comparable protective provisions of other QFC Regulations or rules issued thereunder relating to commercial transactions or transfer of securities by fiduciaries prevail over the protection provided by this Article.

PART 11: THE PROTECTOR

Article 65 - The Protector

- (1) A Trust instrument may contain provisions by virtue of which the exercise by the Trustees of any of their powers shall be subject to the previous consent of the Settlor or some other Person as protector, and if so provided in the Trust instrument the Trustees shall not be liable for any loss caused by their actions if the previous consent was given and he acted in good faith.
- (2) The Trust instrument may confer on the Settlor or on the protector any power, including without limitation the power to:
 - (A) determine the law of which jurisdiction shall be the Governing Law of the Trust;
 - (B) change the forum of administration of the Trust;
 - (C) remove Trustees;
 - (D) appoint new or additional Trustees;
 - (E) exclude any Beneficiary as Beneficiary of the Trust;
 - (F) add any Person as a Beneficiary of the Trust in addition to any existing Beneficiary of the Trust;
 - (G) give or withhold consent to specified actions of the Trustee either conditionally or unconditionally; or
 - (H) release any of the protector's powers.
- (3) A Person exercising any one or more of the powers set forth in Article 65(2) shall not by virtue only of such exercise be deemed to be a Trustee.
- (4) A Person may charge reasonable remuneration for his services as protector unless otherwise provided by the Trust instrument.

PART 12: PROVISIONS APPLICABLE TO A FOREIGN TRUST

Article 66 – Enforceability of a Foreign Trust

- (1) Subject to Article 64(2), a Foreign Trust shall be regarded as being governed by, and shall be interpreted in accordance with its Governing Law.
- (2) A Foreign Trust shall be unenforceable in the QFC:
 - (A) to the extent that it purports:
 - (i) to do anything which is contrary to the QFC Law or Regulations or rules issued thereunder; or
 - (ii) to confer any right or power or impose any obligation the exercise of which is contrary to the QFC Law or Regulations or rules issued thereunder; or
 - (B) to the extent that the Tribunal declares that the Trust is immoral or contrary to policy.

PART 13: INTERPRETATION AND DEFINITIONS

Article 67 - Interpretation

- (1) In these Regulations, a reference to:
 - (A) a provision of any law or regulation includes a reference to that provision as amended or re-enacted from time to time;
 - (B) an obligation to publish or cause to be published a particular document shall, unless expressly provided otherwise in these Regulations, include publishing or causing to be published in printed or electronic form;
 - (C) a Person includes any natural Person, body corporate or body incorporate, including a company, partnership, unincorporated association, government or state;
 - (D) a calendar year shall mean a year of the Gregorian calendar;
 - (E) a month shall mean a month of the Gregorian calendar;
 - (F) the masculine gender includes the feminine and the neuter; and
 - (G) writing includes any form of representing or reproducing words in legible form.
- (2) The headings in these Regulations shall not affect their interpretation.
- (3) A reference in these Regulations to a Schedule, an Article or a Part using the short form description of such Schedule, Article or Part in parenthesis are for convenience only and the short form description shall not affect the construction of the Article or Part to which it relates.
- (4) A reference in these Regulations to a Part, Article or Schedule by number only, and without further identification, is a reference to a Part, Article or Schedule of that number in these Regulations.
- (5) A reference in an Article or other division of these Regulations to a paragraph, sub-paragraph or Article by number or letter only, and without further identification, is a reference to a paragraph, sub-paragraph or Article of that number or letter contained in the Article or other division of these Regulations in which that reference occurs.
- (6) Any reference in these Regulations to "include", "including", "in particular", "for example", "such as" or similar expressions shall be considered as being by way of illustration or emphasis only and are not to be construed so as to limit the generality of any words replacing them.

Article 68 – Definitions

The following words and phrases shall where the context permits have the meanings shown against each of them:

Beneficiary	means a Person entitled to benefit under a Trust or in whose favour a discretion to distribute Property held on Trust may be exercised.
Charitable Trust	means a Trust or portion of a Trust, created for a Charitable purpose described in Article 25.
Discretionary Trust	is a Trust in which the Settlor has delegated complete or limited discretion to the Trustee to decide, amongst other things: (a) when and how much Income or Property is distributed to a Beneficiary; and (b) which of the Beneficiaries may benefit.
Express Trust	is a Trust created with the Settlor's Express intent declared in writing or a written declaration of Trust by the Trustee.
Enforcer	In relation to a Trust, means a Person who is appointed an Enforcer of the Trust.
Foreign Law	any law other than QFC Law
Foreign Trust	is a Trust whose Governing Law is the law of a jurisdiction other than QFC.
Governing Law	has the meaning given in Article 9.
Heirship Right	means any right, claim or interest in, against or to Property of a Person arising, accruing or existing in consequence of, or in anticipation of, that Person's death, other than any such right, claim or interest created by will or other voluntary disposition by such Person or resulting from an express limitation in the disposition of the Property of such Person.
Income	includes rents and profits.
Minister	The Minister of Economy and Commerce of the State
Minor	means a Person who has not attained the age of majority under the Governing Law of the Trust or the law of his domicile.

Person	includes a natural or judicial Person, body corporate, or body unincorporate, including a branch, a company, partnership, unincorporated association or other undertaking, government or state.
Personal Relationship	includes every form of relationship by blood or marriage, including former marriage and in particular a Personal Relationship between two Person which exist if: (a) one is the child of the other, natural or adopted, whether or not the adoption is recognised by law, legitimate or illegitimate; (b) one is married to the other, whether or not the marriage is recognised by law; (c) one cohabits with the other or so conducts himself or herself in relation to the other as to give rise in any jurisdiction to any rights, obligations or responsibilities analogous to those of parents and child or husband and wife; or (d) Personal Relationships exist between each of them and a third Person, but no change in circumstances cause Personal Relationship once established to terminate.
Property	means any movable or immovable Property, and includes rights and interests, whether present or future and whether vested or contingent.
Protective Trust	is a Trust that is designed to protect the Trust Property to ensure the continued support of the Beneficiary.
QFC	the Qatar Financial Centre.
QFC Authority	the Qatar Financial Centre Authority established pursuant to Article 3 of the QFC Law.
QFC Trust	means a Trust whose Governing Law is QFC law.
Regulations	Regulations enacted the Minister in accordance with Article 9 of the QFC Law.
Settlor	means a Person who provides Trust Property or makes a testamentary disposition on Trust or to a Trust.
Tribunal	the Tribunal established pursuant to the TDR Regulations.
TDR Regulations	the Regulations enacted or to be enacted by the Minister pursuant to the QFC Law relating to dispute resolution.
Terms of the Trust	means the written or oral terms of a Trust or any other terms applicable under its Governing Law.
Trust	is a right, enforceable solely in equity, to the beneficial enjoyment of Property to which another Person holds the legal title.

Trust Instrument	means an instrument by which a Trust is created and includes a unilateral declaration of Trust and any instrument varying the terms of the Trust.
Trust Property	means the Property for the time being held in Trust.
Trustee	means a Person appointed to act as a Trustee of a Trust in accordance with the provisions of these Regulations.



Approval and Recommendation for Enactment of QFC Trust Regulations

Action: The Qatar Financial Centre Authority (“QFCA”) is approving the QFC Trust Regulations and recommending that the Minister of Economy and Commerce (“Minister”) pursuant to his authority under Article 9 of the QFC Law enact these Regulations.

Summary: Article 9 of Law No. (7) of 2005 on the Law for the Qatar Financial Centre (“QFC Law”) authorizes the QFCA, among others, to prepare and submit to the Minister of Economy and Commerce such Regulations (or amendments, modifications to or repeal of existing Regulations) as it shall deem appropriate to achieve its objectives or to aid it to implement, carry out and enforce its powers and functions from time to time.

The QFC Trust Regulations contain requirements applicable to the creation of trusts, the duties and powers of a trustee, and the rights and interests of beneficiaries of QFC trusts and define the role of the QFC Tribunal in the administration of QFC trusts. Among other things, these Regulations further provide that the common law of trusts and principles of equity applicable in England and Wales supplement these Regulations, except to the extent modified by these Regulations or any other Regulations.

Consultation: The QFCA published the QFC Trust Regulations on January 17, 2007 for a thirty day consultation period inviting comment from the international financial and legal community. No public comments were received but QFC Regulatory Authority has recommended one change.

After further consideration of the matter, the QFC Authority has amended the published Regulations to reflect the concerns of the Regulatory Authority and a redlined copy of the Regulations reflecting the change is attached. The change is as follows:

- Article 6 as published had provided as follows: *“The QFC Authority and the QFC Regulatory Authority, each within the scope of their jurisdiction, authority or powers conferred upon them may make rules to the extent set out in the QFC*

Law, these Regulations and any other Regulations conferring powers, duties and functions on the QFC Authority and QFC Regulatory Authority as they deem necessary or appropriate to implement, carry out or enforce these Regulations."

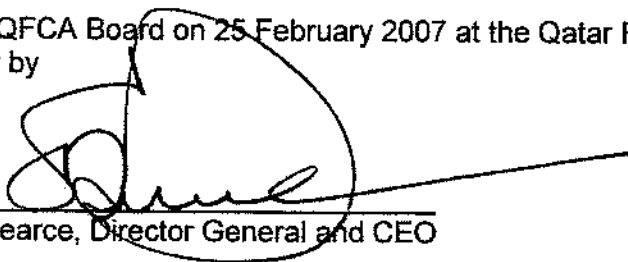
- The Regulatory Authority notes that it will be adopting certain rules regarding the operation of collective investment schemes organized as a QFC Trust and that certain of those rules intended to ensure customer protection, financial integrity or any other Regulatory Authority objective may conflict with or alter the meaning or effect of provisions of the Trust Regulations.
- The QFC Trust Regulations constitute general framework legislation and are not intended to impact on measures deemed necessary by the Regulatory Authority to achieve its regulatory objectives. For this reason, the QFCA is amending Article 6 by adding the following additional sentence as follows: *"The provisions of these Regulations shall have no effect to the extent they conflict or are inconsistent with, or otherwise alter the meaning or effect of any rules made by the QFC Regulatory Authority acting within the scope of its authority under the QFC Financial Services Regulations or any other Regulations enacted with the approval of the Council of Ministers."*

Recommendation: The QFCA has reviewed the attached Regulations, has consulted with the QFC Regulatory Authority, and has determined that the QFC Trust Regulations:

- a. are necessary for the establishment and proper functioning of the QFC;
- b. contain no matters that are reserved to the Qatar Council of Ministers on which their consent must first be obtained; and
- c. are fit for purpose.

In consideration of the foregoing, the Board of the QFCA hereby approves the attached Regulations and recommends that the Minister exercise his authority under Article 9 of the QFC Law and enact the Authority Regulations.

For the QFCA Board on 25 February 2007 at the Qatar Financial Centre, Doha, State of Qatar by



Stuart Pearce, Director General and CEO