



هيئة تنظيم  
مركز قطر للمال

QATAR FINANCIAL CENTRE  
REGULATORY AUTHORITY

# General Rules 2005 (GENE)

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(QFCRA Rules 2019-1)





# General Rules 2005

made under the

*Financial Services Regulations*

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## **Chapter 1            General provisions**

### **Part 1.1            Introductory**

#### **1.1.1            Name of rules**

These rules are the *General Rules 2005* (or GENE).

#### **1.1.2            Effect of definitions, notes and examples**

- (1) A definition in the glossary to these rules also applies to any instructions or document made under these rules.
- (2) A note in or to these rules is explanatory and is not part of these rules. However, examples and guidance are part of these rules.
- (3) 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.

*Note*        Under FSR, art 17 (4), guidance is indicative of the view of the Regulatory Authority at the time and in the circumstances in which it was given.

#### **1.1.3            Application of GENE**

These rules apply to:

- (a) an authorised firm operating, or applying to operate, in or from the QFC; and
- (b) an individual approved, or applying for approval, to exercise a controlled function.

#### **1.1.4            References to particular currencies**

In these rules, the specification of an amount of money in a particular currency is also taken to specify the equivalent sum in any other currency at the relevant time.

## **Part 1.2 Principles relating to the conduct, operation and financial standing of authorised firms**

### **1.2.1 Application of the principles**

- (1) The principles in this Part apply to an authorised firm in relation to its conduct of regulated activities in or from the QFC.
- (2) The principles also apply to the activities of such a firm carried on outside the QFC, if the activities relate to regulated activities carried on by the firm in or from the QFC and are capable of having an effect on:
  - (a) confidence in the financial system operating in or from the QFC;
  - (b) the firm's ability to comply with the Regulatory Authority's requirements as to financial resources; or
  - (c) the firm's fitness and propriety.
- (3) When the Regulatory Authority is considering the fitness and propriety of an authorised firm, it may take into account whether or not the other members of its group act in accordance with the principles in this Part.

### **1.2.2 Principle 1—integrity**

An authorised firm must observe high standards of integrity in the conduct of its business.

### **1.2.3 Principle 2—skill, care and diligence**

An authorised firm must act with due skill, care and diligence in the conduct of its business.

### **1.2.4 Principle 3—management**

An authorised firm must ensure that its affairs are managed effectively by its senior management.

### **1.2.5 Principle 4—systems and controls**

An authorised firm must have effective systems and controls, including risk management systems and adequate human and technological resources.

### **1.2.6 Principle 5—financial prudence**

An authorised firm must maintain adequate financial resources.

### **1.2.7 Principle 6—market conduct**

An authorised firm must observe proper standards of market conduct.

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**1.2.8 Principle 7—regard to customers’ interests**

An authorised firm must have due regard to its customers’ interests and must treat them fairly.

**1.2.9 Principle 8—communications with clients**

An authorised firm must pay due regard to the information needs of its clients, and must communicate information to them in a way that is clear, fair and not misleading.

**1.2.10 Principle 9—conflicts of interest**

An authorised firm must manage conflicts of interest fairly, both between itself and its customers and between 1 customer and another, and must organise its affairs in such a way that conflicts can be identified.

**1.2.11 Principle 10—relationship of trust**

An authorised firm must faithfully discharge a responsibility of trust toward a customer. In doing so it must take reasonable care to ensure the suitability of its advice and discretionary decisions for a customer who is entitled to rely upon the firm’s judgment.

**1.2.12 Principle 11—customers’ assets**

An authorised firm must arrange adequate protections for its customers’ assets when it is responsible for them in accordance with the responsibility it has accepted.

**1.2.13 Principle 12—confidentiality**

An authorised firm must ensure that information of a confidential nature received in the course of dealings with its customers is treated in an appropriate manner.

**1.2.14 Principle 13—relations with regulators**

An authorised firm must deal with all relevant regulators in an open and cooperative manner and must keep the Regulatory Authority promptly informed of anything relating to the firm of which the authority would reasonably expect notice.

**Guidance**

- 1 The principles in this Part are drawn up in accordance with FSR, article 15 (3), and are part of these rules.
- 2 The principles are a general statement of the standards expected of authorised firms. They apply directly to the conduct of business, and the operation and financial standing, of authorised firms.

**Chapter 1**  
**Part 1.2**

General provisions  
Principles relating to the conduct, operation and financial standing of authorised firms

Rule 1.2.14

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- 3 The principles are not exhaustive of the standards expected. Complying with the principles does not absolve an authorised firm from failing to observe other requirements in these rules, and observing other requirements in these rules is not necessarily complying with the principles.
- 4 An authorised firm's failure to comply adequately with the principles is likely to affect the Regulatory Authority's assessment of the firm's fitness and propriety. A breach of the principles could form the basis of action by the authority.

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## Chapter 2                      Fitness and propriety

### Part 2.1                              Application

#### 2.1.1                      Application—Chapter 2

This Chapter applies to an *applicant* and an authorised firm.

##### Guidance

- 1 FSR, article 29 provides the Regulatory Authority with the power to make *rules* setting out the criteria which an *applicant* must satisfy before authorisation can be granted. FSR states that such criteria shall include the fitness and propriety, legal form, resources, systems and controls and location of offices of an *applicant*.
- 2 The purpose of fitness and propriety criteria is to set out the minimum criteria that a person must meet for it to become and remain *Authorised*. It also enables the Regulatory Authority to ensure that its regulation of authorised firms is not impeded as a result of:
  - (a) the authorised firm's group structure or internal administration;
  - (b) any other laws, regulations or administrative provisions of another jurisdiction to which the authorised firm is subject; or
  - (c) an inability or unwillingness to comply, on an ongoing basis with the requirements imposed by the *regulatory system*.
- 3 The fitness and propriety criteria summarises some of the areas that the Regulatory Authority will consider during the assessment of an *applicant* for authorisation. Also, as part of its supervisory approach, the Regulatory Authority will monitor whether an authorised firm continues to meet the fitness and propriety requirements. Under article 31, the Regulatory Authority may impose conditions or withdraw the authorised firm's authorisation if it fails to satisfy the criteria in article 29.

## **Part 2.2                      General provisions**

### **2.2.1      What applicant must demonstrate**

Under FSR, article 29, in order to become and remain an authorised firm, a person must be able to demonstrate to the Regulatory Authority's satisfaction both initially and on an ongoing basis that it satisfies the fitness and propriety criteria outlined in this chapter.



## Part 2.3 Fitness and propriety

### 2.3.1 What Regulatory Authority will consider

In considering the fitness and propriety of an *applicant* or authorised firm, the Regulatory Authority will consider:

- (a) the *applicant's* or authorised firm's connection with its controllers as outlined in FSR and Chapter 8;
- (b) the *applicant's* or authorised firm's *close links* with another person or connection with any other person including any person appearing to be, or likely to be in a contractual relationship with the *applicant* or authorised firm;
- (c) the nature of the regulated activities concerned;
- (d) whether the *applicant's* or authorised firm's affairs will be or are conducted and managed in a sound and prudent manner;
- (e) the location and jurisdiction of the *applicant* or authorised firm's head office and registered office and the location and jurisdiction of its parent entity;
- (f) the legal form that the *applicant* intends to adopt in light of the location of its offices and of the regulated activities concerned; and
- (g) any other relevant matters including those contained in Schedule 1.

## Part 2.4 Other authorisation requirements

### 2.4.1 When applicant must be body corporate

If the application is in respect of any of the following regulated activities:

- (a) *effecting contracts of insurance*;
- (b) *carrying out contracts of insurance*; or
- (c) *deposit taking*;

the *applicant* must be a body corporate.

### 2.4.2 Applicant for authorisation must be incorporated etc in QFC

An application for authorisation may be granted only if the applicant is:

- (a) a limited liability company incorporated under the *Companies Regulations 2005*;
- (b) a limited liability partnership incorporated under the *Limited Liability Partnerships Regulations 2005*;
- (c) a partnership formed (including a limited partnership incorporated) under the *Partnership Regulations 2007*; or
- (d) an entity registered as a branch under any *regulations*.

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## **Chapter 3            General provisions**

### **Part 3.1            Disclosure of regulatory status**

#### **3.1.1            Regulatory status not to be misrepresented**

An authorised firm must not misrepresent its regulatory status expressly or by implication.

#### **3.1.2            Disclosures that must be in business documents**

- (1) An authorised firm must take reasonable care to ensure that all business documents in connection with the carrying on of regulated activities in or from the QFC include 1 of the disclosures in subrule (3).
- (2) The expression “business documents”:
  - (a) includes, but is not limited to, letterheads, whether issued by post, fax or electronic means, terms of business, client agreements, written financial communications, business cards, prospectuses and websites; but
  - (b) does not include compliment slips, account statements or text messages.
- (3) The disclosure required under this rule is:
  - (a) “Authorised by the Qatar Financial Centre Regulatory Authority”;  
or
  - (b) “Authorised by the QFC Regulatory Authority”.
- (4) The Regulatory Authority logo must only be reproduced with the express written permission of the Regulatory Authority and in accordance with any conditions for use issued from time to time.

## **Part 3.5                      Provision of information**

### **3.5.1      Certain extracts to be evidence**

An extract of information from the registers maintained by the Regulatory Authority, in relation to any particular authorised firm or approved individual, provided in accordance with FSR, article 18 by the Regulatory Authority, upon application and payment of the prescribed fee, is prima facie evidence of the matters stated in it.

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## Chapter 4 Notice of certain events required

### 4.1.1 Notice of changes in certain core details

- (1) An authorised firm must give the Regulatory Authority reasonable notice of at least 10 business days before any proposed change in relation to a matter to which this rule applies.
- (2) If the authorised firm cannot give advance notice of a change in relation to a matter to which this rule applies in accordance with subrule (1), the firm must tell the Regulatory Authority about the change immediately after it becomes aware that the change is to happen or has happened, but by no later than the second business day after the day it becomes aware of the change.
- (3) This rule applies to the following matters:
  - (a) the authorised firm's name;
  - (b) any business or trading name under which the firm conducts a regulated activity in or from the QFC;
  - (c) the address of the firm's principal place of business in the QFC;
  - (d) if the firm is a branch—its registered office or head office address;
  - (e) the firm's legal structure;
  - (f) the name of an approved individual for the firm or any material matter relating to the approved individual's suitability and competence to *exercise* a controlled function for which the individual is approved.

### 4.1.2 Notice of establishing or closing of branch office by local firm

A *local firm* must not establish or close a branch office anywhere in the world from which it proposes to conduct, or conducts, financial services unless it gave notice to the Regulatory Authority of its intention to do so at least 10 business days before the day it establishes or closes the branch office.

### 4.1.3 Notice of certain significant events

- (1) If an authorised firm becomes aware, or has reasonable grounds to believe, that a matter to which this rule applies has or may have happened, or may be about to happen, the firm must tell the Regulatory Authority about the matter immediately, but within 1 business day.

**Examples—meaning of “within 1 business day”**

- 1 If, on a business day, the authorised firm becomes aware that a matter to which this rule applies has or may have happened, the firm must tell the authority about it immediately, but on that day.

2 If, on a day that is not a business day, the authorised firm has reasonable grounds to believe that a matter to which this rule applies may be about to happen, the firm must tell the authority about it immediately, but by no later than the next business day.

(2) This rule applies to the following matters:

- (a) the authorised firm's failure to satisfy fitness and propriety;
- (b) any matter which could have a significant adverse effect on the authorised firm's reputation;
- (c) any matter in relation to the authorised firm which could result in serious adverse financial consequences to the financial system or to other firms;
- (d) a significant breach of a *rule* by the authorised firm or any of its employees;
- (e) a significant breach of any requirement imposed by any applicable regulation or other law by the authorised firm or any of its employees;
- (f) any proposed restructuring, merger, acquisition, reorganisation or business expansion which could have a significant impact on the authorised firm's risk profile or resources;

**Example**

material changes in the firm's controllers

- (g) any material deficiency, material weakness or material failure in the firm's internal control functions (within the meaning given by CTRL);
- (h) any action that would result in a material change in the capital adequacy or solvency of the authorised firm;
- (i) a contravention of any *rules* by the firm because of an emergency outside the firm's control;
- (j) the implementation or planned implementation of major new or revised information technology systems or new technology affecting the firm's business, risk profile or resources.

#### 4.1.4 Notice of events relating to fraud etc

(1) If an event to which this rule applies happens in relation to the activities of an authorised firm that are conducted in or from the QFC, the firm must tell the Regulatory Authority about the event immediately, but within 1 business day after the day the event happens.

**Examples**

See examples to rule 4.1.3 (1) on the meaning of "within 1 business day".

- (2) This rule applies to the following events:
- (a) it becomes aware that an employee may have committed a fraud against 1 of its customers;
  - (b) a serious fraud has been committed against it;
  - (c) it has reason to believe that a person is acting with intent to commit a serious fraud against it;
  - (d) it identifies significant irregularities in its accounting or other records, whether or not there is evidence of fraud;
  - (e) it suspects that 1 of its employees who is connected with the authorised firm's regulated activities may be guilty of serious misconduct concerning his honesty or integrity.

#### **4.1.5 Notice of certain events involving other regulators**

- (1) If an authorised firm becomes aware of an event to which this rule applies, the firm must tell the Regulatory Authority about the event immediately, but within 1 business day.

##### **Examples**

See examples to rule 4.1.3 (1) on the meaning of "within 1 business day".

- (2) This rule applies to the following events:
- (a) an application by the authorised firm for, or for revocation of, an authorisation (however described) to conduct financial services in any *jurisdiction* outside the QFC is granted, refused or withdrawn (however described);
  - (b) an application by the firm for, or for revocation of, membership of any exchange or clearing house is granted, refused or withdrawn (however described);
  - (c) an *overseas regulator* starts an investigation (however described) into any of the firm's affairs;
  - (d) an *overseas regulator* appoints investigators (however described) to investigate any of the firm's affairs;
  - (e) disciplinary measures or sanctions (however described) are imposed on the firm by an *overseas regulator*, or any exchange or clearing house, in relation to its conduct of financial services.

#### **4.1.6 Notice of certain action against authorised firm**

- (1) If an authorised firm becomes aware of an event to which this rule applies, the firm must tell the Regulatory Authority about the event immediately, but within 1 business day.

##### **Examples**

See examples to rule 4.1.3 (1) on the meaning of "within 1 business day".

- (2) This rule applies to the following events:
  - (a) a civil proceeding is brought against the authorised firm and the amount involved is significant in relation to its financial resources or reputation;
  - (b) the firm is prosecuted for, or found guilty of, any offence involving fraud or dishonesty;
  - (c) a penalty is imposed on the firm for tax evasion.

#### **4.1.7 Notice of certain insolvency-related events**

- (1) If an authorised firm becomes aware of an event to which this rule applies, the firm must tell the Regulatory Authority about the event immediately, but within 1 business day.

##### **Examples**

See examples to rule 4.1.3 (1) on the meaning of “within 1 business day”.

- (2) This rule applies to the following events:
  - (a) the calling of a meeting to consider a resolution for winding up the authorised firm;
  - (b) an application to dissolve the authorised firm or to strike it from the register, maintained by the *CRO*, or a comparable register in another jurisdiction;
  - (c) the presentation of a petition for the winding up of the authorised firm;
  - (d) the making of, or any proposals for the making of, a composition or arrangement with creditors of the authorised firm;
  - (e) the application of any person for the commencement of any insolvency proceedings, appointment of any receiver, administrator or provisional liquidator under the law of any country.



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## Chapter 4A Protected reporting

### Part 4A.1 General

#### 4A.1.1 Introductory

This Chapter provides a framework for making confidential reports about alleged wrongdoing by authorised firms or persons connected with such firms. Protected reporting is often called whistleblowing. The maker of such a report is often (but not necessarily) an employee of the firm concerned.

#### 4A.1.2 Meaning of *protected report* and *protected reporter*

(1) In this Chapter:

*protected report* means a report that meets all of the following requirements:

- (a) it is made in good faith;
- (b) it is about an authorised firm or a person connected with such a firm;
- (c) it is made to the firm itself or an authority or officer specified or referred to in subrule (3);
- (d) if it is made to an authority or officer, the authority or officer is responsible for matters of the kind reported;
- (e) it gives information that the reporter believes shows that any of the following has happened, is happening, or is likely to happen:
  - (i) a criminal offence (whether under the law of Qatar or of another jurisdiction);
  - (ii) a contravention of a relevant requirement, or a failure to comply with a legal obligation of another kind;  
*Note* For contravention of a relevant requirement, see FSR, article 84.
  - (iii) the endangering of the health and safety of an individual;
  - (iv) a breach of an authorised firm's policies and procedures (including, for example, a breach of any code of conduct or policy in relation to ethical behaviour);
  - (v) the deliberate concealment of a matter referred to in any of subparagraphs (i) to (iv).

***protected reporter*** means an individual who makes a protected report.

**Guidance**

Nothing in this Chapter requires that a protected reporter be an employee of the authorised firm about which the report is made.

- (2) For this Chapter, a report is made in good faith only if the individual who made it believes on reasonable grounds that it is true.
- (3) For this Chapter, a report with the characteristics set out in the definition of *protected report* in subrule (1) is a protected report whether it is made to:
  - (a) the authorised firm concerned;
  - (b) the Regulatory Authority;
  - (c) an officer of the State to whom crimes may be reported under Law No. (23) of 2004, or whose responsibilities include the matters that are referred to in the report; or
  - (d) a regulatory or governmental authority, body or agency in a jurisdiction outside the QFC (whether in Qatar or not), including a body or officeholder responsible for enforcing the criminal law of the jurisdiction.

**4A.1.3 Reports to be treated as protected until contrary established**

- (1) An authorised firm that receives a report that purports to be a protected report:
  - (a) must treat the individual who made the report as a protected reporter; and
  - (b) must treat the report as a protected report;until the firm has decided, on the basis of a proper investigation, that the report is not a protected report.
- (2) Subrule (3) applies if an authorised firm becomes aware that an individual has made a report that purports to be a protected report about the firm to an authority or officer specified or referred to in rule 4A.1.2 (3).
- (3) The firm must treat the individual as a protected reporter until the firm establishes that the report is not a protected report.

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## Part 4A.2 Protected reporting policies

### 4A.2.1 Obligation to have protected reporting policy

- (1) An authorised firm must establish a written policy on protected reporting that:
  - (a) is approved by the firm's governing body;
  - (b) complies with this Part; and
  - (c) is appropriate for the nature, scale and complexity of the firm's business.
- (2) An authorised firm that is a branch, or is a member of a corporate group, may rely on the protected reporting policy of its head office, or a group-wide protected reporting policy, provided that the policy substantially complies with this Part.

### 4A.2.2 Content of protected reporting policy

- (1) An authorised firm's protected reporting policy must comply with all of the following requirements:
  - (a) it must provide 2 or more independent channels for making a protected report;

**Guidance**

For example, a firm's policy could provide both a dedicated email address and a dedicated telephone number to which reports can be made.

- (b) if appropriate, it must provide for such a report to be made in a language other than English;
- (c) it must recognise that such a report could be made by anybody with the necessary information (not only by an officer or employee);
- (d) it must allow a protected report to be made anonymously;
- (e) it must provide for the identity of a protected reporter to be kept confidential (so far as possible);

**Guidance**

The Regulatory Authority recognises that the investigation of a protected report may reveal the identity of a protected reporter or make it possible to infer it.

- (f) it must provide for reasonable measures to protect a protected reporter, anyone who assists in investigating a protected report, and anyone who cooperates with the investigation, against retaliation;
- (g) it must explicitly recognise a protected reporter's right (and, in certain cases, obligation) to report to or communicate with the

Regulatory Authority, another regulator or an authority of the State;

*Note 1* Under the Criminal Procedures Code of the State (Law No. (23) of 2004), article 32, a person who has knowledge of certain crimes must report it to the State Prosecutor's Office or a judicial commissioner.

*Note 2* For the firm's obligation to cooperate with the Regulatory Authority, see rule 1.2.14.

- (h) it must provide a suitable set of guiding principles, and clear procedures, for the assessment, investigation and escalation of a protected report;
- (i) it must provide for the investigation of a protected report to be independent of the individual or business unit concerned;

**Guidance**

This could include making arrangements for the investigation to be done by a third party.

- (j) it must provide for a protected report to be acknowledged, and for the protected reporter who made it to be kept informed (to the extent that is appropriate in the circumstances) about the progress and outcome of the investigation;
  - (k) it must provide for the reporting, monitoring and investigation of retaliation, attempts at retaliation and threats of retaliation;
  - (l) it must provide for retaliation, an attempt at retaliation, or a threat of retaliation to be treated as gross misconduct;
  - (m) it must provide for appropriate reporting to the firm's governing body and the Regulatory Authority about protected reports, the investigation of such reports and the outcome of the investigations.
- (2) The firm must set out the policy clearly in a document, and must ensure that all of the firm's officers and employees have access to, and understand, the document.
  - (3) The document must also clearly set out statements of:
    - (a) the benefits to the firm of the protected reporting policy; and
    - (b) the firm's commitment to it.

#### **4A.2.3 Implementation of protected reporting policy**

- (1) The senior management of an authorised firm must ensure that the firm's protected reporting policy is fully implemented.
- (2) In particular, the firm's senior management must take reasonable steps to ensure that a protected reporter, anyone who assists in investigating

a protected report, and anyone who cooperates in the investigation, are protected against retaliation.

*Note* Under the *Employment Regulations* of the QFC, article 16, a person “...who in good faith raises concerns about or reports crimes, contraventions (including negligence, breach of contract, breach of law or requirements), miscarriages of justice, dangers to health and safety or the environment and the cover up of any of these by their Employer shall not be dismissed or otherwise penalised directly or indirectly for such acts, including in respect of any prohibition against disclosure of non-public information.”.

**Guidance**

- 1 Retaliation or an attempt at retaliation against an employee who has made a report referred to in the *Employment Regulations*, article 16, would therefore be a contravention of a legal requirement (see rule 4A.1.1 (1), definition of *protected report*, paragraph (e) (ii)), and could itself be the subject of a protected report.
- 2 Also, see FSR, article 84 (1) (B)—retaliation against such an employee would contravene article 16 of the *Employment Regulations*, thus is a contravention of a relevant requirement, and could therefore give rise to disciplinary or enforcement action under FSR, Part 9.
- 3 However, article 16 protects only employees; this Chapter requires anybody who makes a protected report to be protected against retaliation.

- (3) An authorised firm must nominate an appropriately senior individual to oversee the implementation of the firm’s protected reporting policy.

**Guidance**

The individual nominated need not be an employee or even a board member, but could for example be a legal adviser in an outside law firm.

- (4) An authorised firm that receives a protected report must notify the Regulatory Authority within 5 business days.
- (5) An authorised firm’s governing body must ensure that the firm’s protected reporting policy is reviewed at least once every 3 years by:
  - (a) the firm’s internal auditor; or
  - (b) an independent and objective external reviewer.
- (6) An authorised firm must provide regular training for all of its officers and employees on its protected reporting policy and the applicable procedures. In particular, the firm must provide appropriate specialist training for the officers and employees who are responsible for key elements of the policy.
- (7) An authorised firm may outsource the implementation of its protected reporting policy. If the firm does so, it must ensure that the outsourcing agreement:
  - (a) nominates the individual referred to in subrule (3); and

- (b) otherwise provides appropriately for the implementation of the firm's obligations under the policy.

*Note* For outsourcing in general, see the *Governance and Controlled Functions Rules 2012*, Chapter 5.

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## Chapter 5                      Communications to Regulatory Authority

### Part 5.1                      Communications to Regulatory Authority—general provisions

#### 5.1.1                      Communications to Regulatory Authority must generally be in writing

- (1) This rule applies if a person is required or permitted under any *law, regulations* or *rules* to give any information (however described), or make another communication, to the Regulatory Authority.

**Examples of application of rule**

- 1 a person is permitted under any *rules* to make any application or request, or to give any election, to the authority
  - 2 a person is required under any *regulations* to give the authority any certificate, declaration, notice, return or statement of opinion or belief
  - 3 a person is required under any *rules* to notify or tell the authority about something
- (2) The person must give the information, or make the other communication, to the Regulatory Authority in writing unless:
- (a) the information or communication is required or permitted under any *law, regulations* or *rules* to be given or made to it in another way; or
  - (b) the authority, whether under this subrule or otherwise, requires or permits the person to give the information, or make the communication, to it in another way.

*Note* See especially rule 5.1.3 (Giving documents to Regulatory Authority—general requirements) and rule 5.4.1 (Electronic submission system).

- (3) A requirement or permission under subrule (2) (b) may be imposed or given either:
- (a) generally or otherwise by *written* notice published on an *approved website*; or
  - (b) by notice given to the person in relation to the giving of particular information, or the making of a particular communication, to the Regulatory Authority by the person.
- (4) A permission under subrule (2) (b) may be given subject to conditions.
- (5) If the person gives the information, or makes the other communication, to the Regulatory Authority in contravention of:
- (a) this rule;
  - (b) a requirement made under this rule; or

- (c) a condition of a permission given under this rule;  
then, for the purpose of satisfying any requirement to give the information or make the other communication to the authority, the person is taken not to have given the information or made the other communication to the authority.
- (6) Without limiting subrule (5) and any other remedies available to the Regulatory Authority in relation to that contravention, the authority may require the person to give the information or make the communication to it in accordance with this rule (including any requirement or condition under this rule) within a stated time.
- (7) The person must comply with a requirement under subrule (6).

### 5.1.2 Communications to Regulatory Authority must generally be in English

- (1) This rule applies if a person is required or permitted under any *law, regulations or rules* to give any information (however described), or make another communication, to the Regulatory Authority.

#### Examples of application of rule

See examples of application of rule 5.1.1.

- (2) The person must give the information, or make the other communication, to the Regulatory Authority in English unless:
  - (a) the information or communication is required or permitted under any *law, regulations or rules* to be given or made to it in another language; or
  - (b) the authority, whether under this subrule or otherwise, requires or permits the person to give the information, or make the communication, to it in another language.

*Note* See especially rule 5.1.3 (Giving documents to Regulatory Authority—general requirements) and rule 5.4.1 (Electronic submission system).
- (3) A requirement or permission under subrule (2) (b) may be imposed or given either:
  - (a) generally or otherwise by *written* notice published on an *approved website*; or
  - (b) by notice given to a person in relation to the giving of particular information, or the making of a particular communication, to the Regulatory Authority by the person.
- (4) A permission under subrule (2) (b) may be given subject to conditions.



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- (5) If a person gives the information, or makes the other communication to the Regulatory Authority, in contravention of:
- (a) this rule;
  - (b) a requirement made under this rule; or
  - (c) a condition of a permission given under this rule;
- then, for the purpose of satisfying any requirement to give the information or make the other communication to the authority, the person is taken not to have given the information or made the other communication to the authority.
- (6) Without limiting subrule (5) and any other remedies available to the Regulatory Authority in relation to that contravention, the authority may require the person to give the information or make the communication to it in accordance with this rule (including any requirement or condition under this rule) within a stated time.
- (7) The person must comply with the requirement under subrule (6).

### 5.1.3 Giving documents to Regulatory Authority—general requirements

- (1) This rule applies if a person is required or permitted under any *law, regulations* or *rules* to give a document (however described) to the Regulatory Authority, whether the word “give”, “lodge”, “serve”, “tell” or some other word is used.

*Note* A “document” includes anything in writing (see INAP, glossary, def *document*).

- (2) To remove any doubt, this rule applies in relation to a document (including a document in electronic form) if it includes or contains information (however described), or another communication, that a person is required or permitted under any *law, regulations* or *rules* to give or make to the authority.

#### **Example**

See examples of application of rule 5.1.1.

- (3) The Regulatory Authority may, by written notice published on an *approved website*:
- (a) prescribe requirements (including requirements mentioned in subrule (4)) that must be complied with in relation to the giving of a document to the authority (the *lodgement requirements*); and

- (b) provide that stated requirements applying to the document under any *rules* are taken to be satisfied if the lodgement requirements are satisfied in relation to the document.

**Examples of requirements for paragraph (b)**

- 1 a requirement that information be given to the authority in writing
  - 2 a requirement that a document be signed by a particular person or in a particular way
  - 3 a requirement that a document or information in a document be verified in a particular way
- (4) Without limiting subrule (3) (a), a notice under that provision may:
- (a) require a document to be given to the Regulatory Authority in a stated way or form;
  - (b) require a stated person or persons to sign the document;
  - (c) require a person who is required or permitted to sign a document to sign and keep the signed document and to give a copy of the signed document in any form (including electronic form) to the Regulatory Authority;
  - (d) require a person who is required or permitted to sign a document, to give a declaration or certificate (however described) in or with a document, or to verify (however described) a document or any information in or with a document, to take stated steps:
    - (i) to confirm his or her identity; or
    - (ii) to indicate the person's agreement to, and acceptance of responsibility for the accuracy and completeness (however described) of, the document, information in the document, or any other document (or information in any other document);  
or
  - (e) prescribe consequential or ancillary requirements in relation to the document or the giving of the document to the authority.
- (5) The Regulatory Authority may permit a person to give a document to the authority even though a lodgement requirement has not (or may not have) been complied with in relation to the document.
- (6) A permission under subrule (5) may be given subject to conditions.
- (7) If a person gives a document to the Regulatory Authority in contravention of:
- (a) a lodgement requirement (and without a permission under subrule (5)); or
  - (b) a condition of a permission given under that subrule;

then, for the purpose of satisfying any requirement to give the document to the authority, the person is taken not to have given the document to the authority.

- (8) Without limiting subrule (7) and any other remedies available to the Regulatory Authority in relation to that contravention, the authority may require the person to give the document to the authority in accordance with any requirement or condition under this rule within a stated time.
- (9) The person must comply with the requirement under subrule (8).

#### **5.1.4 Time documents are taken to have been given to Regulatory Authority**

- (1) If a document (however described) is given to the Regulatory Authority on a working day before the start of or during ordinary business hours on that day, the document is taken, for any *rules*, to have been given to the authority on that day.
- (2) If a document (however described) is given to the Regulatory Authority on a day that is not a working day or on a working day after ordinary business hours on that day, the document is taken, for any *rules*, to have been given to the authority on the next working day.
- (3) For this chapter, the Regulatory Authority may, by *written* notice published on an *approved website*, declare:
  - (a) that a stated day is or is not a working day; or
  - (b) that stated times on a day are ordinary business hours on that day.
- (4) Subject to any notice made under subrule (3), in this rule:

***ordinary business hours***, on a day, means between 8 am and 5 pm on that day.

***working day*** means a business day.

#### **5.1.5 Due date for periodic reports, returns and other documents**

- (1) If:
  - (a) an authorised firm is required under any *rules* to give a report, return or other document (however described) to the Regulatory Authority periodically; and
  - (b) the firm would, apart from this rule, be required to give a particular report, return or other document of that kind to the authority on a day that is not a working day;the firm may give the report, return or other document to the authority on the next working day.
- (2) The Regulatory Authority may, by *written* notice published on an *approved website*, declare that a report, return or other document

(however described) is a report, return or other document to which this rule applies.

- (3) Subject to any notice made under rule 5.1.4 (3) (a) (Time documents are taken to have been given to Regulatory Authority), in this rule:

*working day* means a business day.

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## Part 5.2                      **Communications to Regulatory Authority—accuracy and completeness of information**

### **5.2.1      Authorised firms must ensure accuracy and completeness of information given to Regulatory Authority etc**

- (1) An authorised firm or other person must take all reasonable steps to ensure that all information that the person gives to the Regulatory Authority under any *law, regulations or rules* is:
  - (a) factually accurate or, for an estimate or judgment, fairly and properly based after appropriate inquiries have been made; and
  - (b) complete, in that it includes everything that the authority would reasonably expect to be told about.
- (2) Without limiting subrule (1), the authorised firm or other person must take particular care to ensure that information that the person gives to the Regulatory Authority:
  - (a) is not false or misleading; and
  - (b) does not omit anything without which the information is false or misleading.
- (3) If the authorised firm or other person becomes aware that, or becomes aware of information that suggests (or may reasonably suggest) that, information given (or that may have been given) by it to the Regulatory Authority:
  - (a) was (or may have been) factually inaccurate or, for an estimate or judgment, not fairly or properly based after appropriate inquiries had been made;
  - (b) was (or may have been) incomplete, in that it did not (or may not) include something that the authority would reasonably expect to be told about;
  - (c) was (or may have been) false or misleading;
  - (d) omitted (or may have omitted) something without which the information was (or may have been) false or misleading;
  - (e) was (or may have been) otherwise inaccurate or incomplete; or
  - (f) is no longer (or may no longer be) accurate and complete for any reason;

the person must tell the authority about the matter immediately, but within 1 business day.

**Examples**

See examples to rule 4.1.3 (1) on the meaning of “within 1 business day”.

- (4) Without limiting subrule (3), the notification under that subrule must:
- (a) identify:
    - (i) the information given (or that may have been given) by the authorised firm or other person to the Regulatory Authority; and
    - (ii) the particulars in which:
      - (A) it was (or may have been) inaccurate or incomplete; or
      - (B) it is (or may) now be inaccurate or incomplete;
  - (b) explain why those particulars of the information were (or may have been) given to the authority; and
  - (c) provide the correct and complete, or correct and complete up-to-date, information.
- (5) An authorised firm must:
- (a) have adequate and appropriate policies, procedures, systems and controls to ensure that it can comply, and does comply, with this rule; and
  - (b) make and keep the records necessary to show how it complied with this rule in relation to all information (however described) given by it to the Regulatory Authority.
- (6) A person (other than an authorised firm, but including a person acting on behalf of an authorised firm) who gives information (however described) to the Regulatory Authority under any *law, regulations or rules* must make and keep the records necessary to show how the person complied with this rule in relation to the information.
- (7) For this rule and without limiting the persons who may give information to the Regulatory Authority on behalf of an authorised firm, any information given to the authority by an approved individual or director of the firm is taken to have been given to the authority by the firm.
- (8) This rule is additional to, and does not limit, any other *provision* of these rules or any other *rules* (including CTRL).

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### 5.2.2 Powers of Regulatory Authority in relation to inaccurate or incomplete information

- (1) This rule applies if the Regulatory Authority considers that information (however described) given to it by an authorised firm or another person under any *law, regulations* or *rules*:
  - (a) is (or may be) factually inaccurate or, for an estimate or judgment, not fairly or properly based after appropriate inquiries had been made;
  - (b) is (or may be) incomplete, in that it does not (or may not) include something that the authority would reasonably expect to be told about;
  - (c) is (or may be) false or misleading;
  - (d) omitted (or may have omitted) something without which the information is (or may be) false or misleading;
  - (e) is otherwise (or may otherwise be) inaccurate or incomplete; or
  - (f) is no longer (or may no longer be) accurate and complete for any reason.
- (2) The Regulatory Authority may, by *written* notice given to the authorised firm or other person, require the person to do all or any of the following within the period stated in the notice:
  - (a) give the authority an explanation or further information;
  - (b) provide the correct and complete, or correct and complete up-to-date, information;
  - (c) if the information is included in an application, report, return or other document (however described) all or any of the following:
    - (i) amend the document;
    - (ii) withdraw the document;
    - (iii) give the authority a replacement document;
  - (d) do anything else in relation to the information, or a document that includes the information, that the authority considers necessary or desirable for the *exercise* of its functions;
  - (e) comply with the authority's directions in doing anything mentioned in paragraphs (a) to (d).
- (3) The authorised firm or other person must comply with a requirement under subrule (2).
- (4) To remove any doubt, the Regulatory Authority may give the authorised firm or other person 2 or more notices under subrule (2).

**Chapter 5**  
**Part 5.2**

Communications to Regulatory Authority  
Communications to Regulatory Authority—accuracy and completeness of  
information

Rule 5.2.2

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- (5) The power given by this rule is additional to the Regulatory Authority's other powers.

*Note* See for example FSR, article 48 (Power to obtain documents and information).

- (6) This rule does not limit any other action that the Regulatory Authority may take against the authorised firm or other person (or anyone else) in relation to the giving of the information to the authority.

*Note* See for example FSR, Part 9 (Disciplinary and enforcement powers).



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## Part 5.3 Approved forms

### 5.3.1 Approval of forms etc

- (1) The Regulatory Authority may:
  - (a) approve forms for any purpose under or related to any *law, regulations* or *rules*; and
  - (b) give instructions for the completion of approved forms.
- (2) To remove any doubt, instructions for the completion of an approved form may be given under subrule (1) (b) in the form itself or in a separate document.
- (3) Forms approved, and instructions given, under subrule (1) must be published on an *approved website*.

### 5.3.2 Approved forms to be used and properly completed

- (1) If a form is approved under rule 5.3.1 for a particular purpose, a person must:
  - (a) use the form for that purpose unless the Regulatory Authority permits the person not to use the form for the purpose; and
  - (b) properly complete the form in accordance with rule 5.3.3.
- (2) If the person does not use the form for that purpose or does not properly complete the form in accordance with rule 5.3.3, the purpose is taken not to be satisfied.

#### Example

If a person makes an application to the Regulatory Authority but does not use the form approved under rule 5.3.1 for the application, or uses the form but does not properly complete it in accordance with rule 5.3.3, the authority may treat the application as having not been made to it and accordingly refuse to consider it.

- (3) A permission under subrule (1) (a) may be given subject to conditions.
- (4) Without limiting subrule (2), if:
  - (a) a person is required or permitted under any *law, regulations* or *rules* to give an application, report, return or other document (however described) to the Regulatory Authority;
  - (b) a form is approved under rule 5.3.1 for the document; and
  - (c) the person gives the document to the authority; but
  - (d) any of the following applies:
    - (i) the person does not use the approved form (and does not have a permission under subrule (1) (a));
    - (ii) the person does not properly complete the form in accordance with rule 5.3.3;

- (iii) a permission under subrule (1) (a) applies, but the person contravenes a condition of the permission;

then, for the purpose of satisfying any requirement to give the document to the authority, the person is taken not to have given the document to the authority unless the authority waives the requirement.

- (5) Without limiting subrule (4) and any other remedies available to the Regulatory Authority in relation to the contravention of subrule (1), the authority may require the person to give the document to the authority within a stated time using, and properly completing, the approved form.
- (6) The person must comply with the requirement under subrule (5).

### **5.3.3 Proper completion of approved forms**

- (1) This rule applies if a form approved by the Regulatory Authority under rule 5.3.1, or instructions given by the Regulatory Authority under that rule in relation to a form approved by the authority, require:
  - (a) the form to be signed, signed in a stated way or signed by a stated person or persons;
  - (b) the form to be prepared in a stated way (for example, on paper of a stated size or quality or in a stated electronic form);
  - (c) the form to be completed in a stated way;
  - (d) stated information to be included in the form, or in a stated document to be attached to or given with the form;
  - (e) a stated document to be attached to or given with the form;
  - (f) the form, information or a document to be verified in a stated way (for example, by a declaration or certificate); or
  - (g) another requirement to be satisfied.
- (2) The form is properly completed only if the requirement is complied with unless the Regulatory Authority waives the non-compliance.
- (3) Without limiting subrule (2), if the form is required to be signed by 2 or more persons, the requirement is not complied with (and the form is not properly completed) if the form is not signed by each of those persons.
- (4) Without limiting subrule (2), if stated information is required to be included in the form, or in a stated document to be attached to or given with the form, the requirement is not complied with (and the form is not properly completed) if:
  - (a) the information is not included in the form or document at all; or

- (b) the information that is included:
  - (i) is factually inaccurate in a material particular or, for an estimate or judgment, not fairly or properly based after appropriate inquiries have been made;
  - (ii) is incomplete in a material particular;
  - (iii) is false or misleading in a material particular;
  - (iv) omits something without which the information is false or misleading in a material particular; or
  - (v) is otherwise inaccurate or incomplete in a material particular.
- (5) Without limiting subrule (2), if a stated document is required to be attached to or given with the form, the requirement is not complied with (and the form is not properly completed) if:
  - (a) the document is not attached to or given with the form at all; or
  - (b) the document is attached to or given with the form but:
    - (i) the document itself is false or misleading in a material particular; or
    - (ii) the document includes information of a kind mentioned in subrule (4) (b) (i) to (v).
- (6) A decision by the Regulatory Authority under subrule (2) to waive non-compliance with a requirement may be made subject to conditions.
- (7) If a condition is contravened, the requirement is not complied with (and the form is not properly completed).

## Part 5.4 Electronic submission system

### 5.4.1 Electronic submission system

- (1) The Regulatory Authority may establish a system (the *electronic submission system*) to enable authorised firms and other persons to communicate to it electronically and, in particular, to give it documents and information in electronic form that can be reproduced by it in legible form.
- (2) The Regulatory Authority may, by *written* notice published on an *approved website*:
  - (a) require or permit authorised firms and other persons (each of which is a *permitted user*) to make stated communications to it using the electronic submission system;
  - (b) require stated communications to the authority on behalf of a permitted user to be submitted by a stated person or persons;  
**Example of requirement**

If the permitted user is an authorised firm, particular communications to the authority may be required to be submitted by an approved individual for, or director of, the firm.
  - (c) issue instructions (*access instructions*) in relation to the provision of access to the system for individuals who are to use the system on behalf of permitted users, including, for example, instructions in relation to:
    - (i) the nomination of individuals to the Regulatory Authority by permitted users;
    - (ii) the acceptance of nominated individuals by the authority; and
    - (iii) the withdrawal of nominations by permitted users; and
  - (d) issue instructions (*usage instructions*) about access to and use of the system, including, for example, instructions that the authority considers necessary or desirable to maintain the integrity and security of the system or confidence in its integrity and security.
- (3) An individual using the electronic submission system must not contravene any of the usage instructions.
- (4) A permitted user of the electronic submission system must take all reasonable steps to ensure:
  - (a) that it nominates only suitable individuals to the Regulatory Authority to have access to the system;

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- (b) that only individuals who are nominated by it, and accepted by the authority as users, have access to the system on its behalf;
  - (c) that individuals who have access to the system on its behalf do not contravene the usage instructions or otherwise use the system improperly; and
  - (d) that it and its directors, officers, employees, agents and contractors do not do, or fail to do, anything that compromises, or could reasonably compromise, the integrity or security of the system or confidence in its integrity or security.
- (5) An authorised firm that is a permitted user of the electronic submission system must:
- (a) have adequate and appropriate policies, procedures, systems and controls to ensure that it can comply, and does comply, with subrule (4); and
  - (b) make and keep the records necessary to show how it complied with that subrule.
- (6) A person (other than an authorised firm) who is a permitted user of the electronic submission system must make and keep the records necessary to show how it complied with subrule (4).
- (7) If a communication is made to the Regulatory Authority using access to the electronic submission system provided to a permitted user (including to any individual nominated by the permitted user and accepted by the authority as a user), then, whether or not the communication was made by or on behalf of the permitted user:
- (a) the permitted user is taken to have made the communication to the authority; and
  - (b) for the purposes of FSR and any *rules*—is taken to have made the communication to the authority in writing and to have signed (and, if necessary, sealed, stamped or otherwise executed) the communication.
- Note* See FSR, article 108 (1) (D) and article 109 (1) (F).
- (8) However, subrule (7) does not apply to the communication if the permitted user satisfies the Regulatory Authority that:
- (a) the communication was not made by it (or by any person on its behalf or with its approval or permission);
  - (b) it complied fully with subrules (4) and (5);
  - (c) the making of the communication was not caused or contributed to by a contravention of any of the usage instructions by an individual nominated by it for this rule (other than an individual whose

nomination had been withdrawn in accordance with the access instructions); and

- (d) it informed the authority that it had not made the communication immediately after becoming aware of it, but within 1 business day.

**Examples for rule (8) (d) and rule (10) (c)**

See examples to rule 4.1.3 (1) on meaning of “within 1 business day”.

- (9) If a communication is made to the Regulatory Authority using access to the electronic submission system provided to an individual nominated by a permitted user for this rule, then, whether or not the communication was made by or on behalf of the individual:
  - (a) the individual is taken to have made the communication to the authority; and
  - (b) for the purposes of FSR and any *rules*—is taken to have made the communication to the authority in writing and to have signed (and, if necessary, otherwise executed) the communication.
- (10) However, subrule (9) does not apply to the communication if the individual satisfies the Regulatory Authority that:
  - (a) the communication was not made by the individual (or by any person on the individual’s behalf or with the individual’s approval or permission);
  - (b) the making of the communication was not caused or contributed to by a contravention by the individual of any of the usage instructions; and
  - (c) the individual informed the permitted user and the authority that the individual had not made the communication immediately after becoming aware of it, but within 1 business day.
- (11) A communication made to the Regulatory Authority using the electronic submission system is taken to have been made to the authority at the time it is received by the authority, but subject to rule 5.1.4 (Time documents are taken to have been given to Regulatory Authority).
- (12) This rule is additional to, and does not limit, rule 5.1.3 (Giving documents to Regulatory Authority—general requirements), any other provision of these rules or any other *rules* (including CTRL).

## **Chapter 5A      Giving of written notices by Regulatory Authority**

### **Part 5A.1      Application**

#### **5A.1.1      Application of Chapter 5A**

- (1) This Chapter sets out how the Regulatory Authority may give a person any written notice that FSR require the authority to give the person.

*Note*      In FSR, *writing* includes any form of representing or producing words in legible form—see FSR, article 109 (1) (F).

- (2) Nothing in this Chapter applies in relation to the publication of a statement required or permitted by FSR.

*Note*      The Regulatory Authority is required or permitted to publish statements by FSR, articles 15, 16, 17, 18, 58, 59 and 79.

## Part 5A.2 Rules about giving written notices

### 5A.2.1 How written notices may be given

- (1) Where the Regulatory Authority is required to give a person a written notice, the authority may do so by any means that the authority reasonably believes will bring the notice to the person's attention.
- (2) In particular, and without limiting subrule (1), the authority may give a person a written notice:
  - (a) personally;
  - (b) electronically; or
  - (c) by post.

### 5A.2.2 Giving written notices personally

- (1) A written notice is given to a person (the *intended recipient*) personally if:
  - (a) where the intended recipient is an individual—it is given to him or her directly;
  - (b) where the intended recipient is not an individual—it is given to an individual who is a member, or an employee or representative, of the intended recipient;
  - (c) it is given to another person (for example, a solicitor) who the intended recipient has nominated to receive the notice; or
  - (d) it is left at the intended recipient's principal place of business or place of residence last notified to the authority.
- (2) If a written notice is left at the intended recipient's principal place of business or place of residence, it is given to the intended recipient personally for this rule if:
  - (a) it is given to a person at the place who is:
    - (i) apparently 16 years old or older;
    - (ii) apparently employed at the place or resident at the place, as the case requires; and
    - (iii) apparently capable of ensuring that the intended recipient receives it; or
  - (b) it is otherwise left at the place in such a way that it can reasonably be expected to come to the intended recipient's attention.



### 5A.2.3 Giving written notices electronically

- (1) A written notice is given to a person (the *intended recipient*) *electronically* if the notice is sent electronically to:
  - (a) the intended recipient's fax number or email address notified to the Regulatory Authority; or
  - (b) if there is no such fax number or email address—any other electronic address at which the authority reasonably believes that the notice will come to the intended recipient's attention.
- (2) For subrule (1), a written notice is *sent electronically* if the notice:
  - (a) is incorporated in or attached to an email message;
  - (b) is sent by fax; or
  - (c) is placed on a website where the intended recipient:
    - (i) is able to have access to it; and
    - (ii) is likely to become aware of it.
- (3) In this rule:

*electronic address* means:

  - (a) a fax number;
  - (b) an email address; or
  - (c) a person's user identity on an electronic communication facility (for example, a social networking website).

### 5A.2.4 Giving written notices by post

- (1) A written notice is given to a person *by post* if the notice is properly pre-paid, posted and addressed to:
  - (a) the person's post office box notified to the Regulatory Authority; or
  - (b) if there is no such post office box—to any other post office box, or any other address, at which the authority reasonably believes that the notice will reach the person.

### 5A.2.5 When written notice is taken to have been given

- (1) If a written notice is given to a person electronically during working hours, the person is taken to have been given the notice on the day on which the notice was sent.
- (2) If a written notice is given to a person electronically outside working hours, the person is taken to have been given the notice at 8 am on the next business day after it was sent.

- (3) If a written notice is given by post to a person who is normally resident in the State, the person is taken to have been given the notice on the 3rd working day after the notice is posted.
- (4) If a written notice is given by post to a person who is not normally resident in the State, the person is taken to have been given the notice on the 5th business day after the notice is posted.
- (5) In this rule:  
*business day*:
  - (a) in a place that is in the State, has the meaning given by INAP; and
  - (b) in a place that is not in the State, means a day on which banks are open for business.

## Chapter 6 Recordkeeping

### Part 6.1 General recordkeeping requirement

#### 6.1.1 Records that must be kept—general requirement

An authorised firm must maintain appropriate records of:

- (a) matters and dealings, including accounting records;
- (b) policies and procedures; and
- (c) other documentation;

which are required under *regulations* or *rules* applicable in the QFC.

*Note* FSR, article 107 (2) provides that “all internal procedures, records or other documentation created or maintained by authorised firms or approved individuals as the Regulatory Authority shall determine shall be in English.”.

## Part 6.2 Maintenance of records

### 6.2.1A Application of Part 6.2

To remove any doubt, this Part applies to records that an authorised firm is required to keep (however described) under any *regulations* or *rules*.

### 6.2.1 Reproduction of records on paper

An authorised firm must ensure records, however stored, are capable of reproduction on paper within a reasonable period not exceeding 3 days.

### 6.2.2 How records must be kept

In keeping records, an authorised firm must have regard to any requirements for preservation, confidentiality, security and the frequency and ease of access required to records.

### 6.2.3 General requirement for records to be kept in English

Subject to rule 6.2.4, an authorised firm must ensure records are maintained in the English language.

### 6.2.4 Keeping records in other languages

Where records relate to an authorised firm's activities not related to regulated activities in or from the QFC, the authorised firm may maintain those records in another language. If those records are requested by the Regulatory Authority they must be reproduced in English within a reasonable period not exceeding 7 days.

### 6.2.5 Certified copies for original records

- (1) If original documents cannot be maintained, copies may be kept, provided they are duly certified copies of the original documents.
- (2) A document in subrule (1) must be certified by:
  - (a) in the case of a document created or issued by the authorised firm itself, a director or secretary of the authorised firm;
  - (b) in the case of a document issued by a public body responsible for the maintenance of the original document, a person properly authorised by that public body; or
  - (c) in any other case, a person duly authorised to certify official documents in the jurisdiction in which the copy is being certified.

### 6.2.6 How long records and documents must be kept—general requirement

Unless otherwise stated in a specific provision, records and documents must be maintained by the authorised firm for at least 6 years.

### **6.2.7 Records of firms formerly authorised**

- (1) This rule applies to an authorised firm:
  - (a) that has applied for its authorisation to be withdrawn in relation to all regulated activities; or
  - (b) that has been given notice under FSR, article 31 (2) (C), that the Regulatory Authority has withdrawn the firm's authorisation, or varied it to remove all regulated activities.
- (2) Before the authorisation ceases to be in effect, the firm must make arrangements satisfactory to the Regulatory Authority:
  - (a) for the storage and safe-keeping, for at least 6 years after the authorisation ceases to be in effect, of the firm's records in relation to its regulated activities; and
  - (b) providing for those records to be produced to the authority within a reasonable period, at the authority's request, during the 6-year period.

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## Chapter 7 Waivers and modifications

### 7.1.1 Application for waiver or modification of provisions of rules

An application under FSR, article 16 (Waiver or modifications of Rules) must include:

- (a) the applicant's name and QFC number;
- (b) the provisions of the *rules* to which the application relates;
- (c) a clear explanation of the waiver or modification sought and why it is sought;
- (d) details of any requirements for the waiver or modification sought and the reasons for them;

**Example of requirements**

the waiver or modification is required for a particular, stated period

- (e) any reasons why the applicant requests that the waiver or modification notice should not be published or should be published without disclosing the applicant's identity or the confidential or proprietary nature of stated information; and
- (f) all relevant facts to support the application.

*Note 1* An application may be made by "a person in the QFC" for example an authorised firm.

*Note 2* For the matters about which the Regulatory Authority must be satisfied before giving a waiver or modification notice, see FSR, article 16 (2).

*Note 3* For the publication, revocation and variation of waiver and modification notices, see FSR, article 16 (4) to (6).

**Guidance**

- 1 An applicant for a waiver or modification may withdraw the application at any time up to when the application is decided. The applicant should give reasons for the withdrawal of the application.
- 2 If a provision of the *rules* is modified in its application to a person, contravention by the person of the provision as modified may be a contravention of a Relevant Requirement under FSR (see article 84).
- 3 If a waiver or modification notice is given to a person subject to a condition, contravention of the condition may also be a contravention of a relevant requirement under FSR.

### 7.1.2 Notice of material change in circumstances—applicant for waiver etc

If an applicant for a waiver or modification notice under FSR becomes aware of any material change in circumstances that may affect the Regulatory Authority's decision on the application, the applicant must

tell the authority about the change immediately, but within 1 business day.

**Examples**

See examples to rule 4.1.3 (1) on the meaning of “within 1 business day”.

**7.1.3 Notice of material change in circumstances—person with waiver etc**

If a waiver or modification under FSR applies to a person and the person becomes aware of any material change in circumstances that may affect the continuing relevance of the waiver or modification, the person must tell the Regulatory Authority about the change immediately but within 1 business day.

**Examples**

See examples to rule 4.1.3 (1) on the meaning of “within 1 business day”.

## Chapter 8                      Controllers and close links

### Part 8.1                              General provisions

#### 8.1.1                      Introduction

This Chapter is about:

- (a) the controllers of applicants for authorisation and authorised firms, and the entities with which such applicants and firms have close links;
- (b) the obligations and procedures relating to first becoming such a controller, and to increasing, decreasing and ceasing control; and
- (c) the systems and controls that a firm must have, and the reports it must make, relating to its controllers and the entities with which it has close links.

*Note*                      Under rule 2.3.1, the connection of an applicant or authorised firm with its controllers, and the persons with which an applicant or firm has close links, are matters to be considered in determining an applicant's or firm's fitness and propriety.

#### 8.1.2                      Application of Part 8.1

This Part applies to all authorised firms.

#### 8.1.3                      Meaning of *controller*, *types of control* and *first becomes a controller*

- (1) *Controller*, of an authorised firm, is a person who (whether alone or together with 1 or more associates) has acquired control over the firm through any of the following *types of control* described in FSR, article 37 (1):
  - (a) holding 10% or more of the shares in the firm;
  - (b) being entitled to exercise, or control the exercise of, 10% or more of the voting power in the firm;
  - (c) holding 10% or more of the shares in a parent entity of the firm;
  - (d) being entitled to exercise, or control the exercise of, 10% or more of the voting power in a parent entity of the firm;
  - (e) being able to exercise significant influence over the management of the firm or a parent entity of the firm because of the person's



shareholding or voting power, or by contractual or other arrangements;

**Guidance**

Other arrangements include trusts, agreements, understandings and practices, whether or not having legal or equitable force and whether or not based on legal or equitable rights. These arrangements could comprise a number of arrangements that would not individually enable the person to exercise a type of control over the authorised firm but would do so if they were taken together.

- (f) being able to exercise, or control the exercise of, 10% or more of the voting power in the firm because of the person's shareholding or voting power in a third party that holds 10% or more of the shares of the firm;
  - (g) being able to exercise significant influence over the management of the firm because of the person's shareholding or voting power in a third party that holds 10% or more of the shares of the firm.
- (2) In determining whether a person is a controller of an authorised firm, any shares, voting power or rights to acquire shares or voting power that the person holds in the firm (whether alone or together with 1 or more associates) must be disregarded if:
- (a) the shares are held for the sole purpose of clearing and settling within a short settlement cycle;
  - (b) the shares are held as custodian or nominee and the voting power attached to the shares is exercised only in accordance with written instructions given to the person; or
  - (c) the person is an authorised firm and it:
    - (i) acquires shares as a result of an underwriting of a share issue or a placement of shares on a firm commitment basis;
    - (ii) does not exercise the voting power attached to the shares or otherwise intervene in the management of the issuer; and
    - (iii) retains the shares for less than 1 year.
- (3) A person *first becomes a controller*:
- (a) when the person becomes a controller of the firm for the first time; or
  - (b) if the person is not a controller of the firm but had previously been such a controller—when the person again becomes a controller of the firm.

#### **8.1.4 Meaning of *increases control***

- (1) A controller *increases control* over an authorised firm if:
  - (a) the controller (whether alone or together with 1 or more associates) acquires a different type of control over the firm;
  - (b) the controller becomes a parent entity of the firm;
  - (c) the percentage of shares held by the controller (whether alone or together with 1 or more associates) in the firm or in a parent entity of the firm increases from, or below, a level mentioned in subrule (2) to above that level; or
  - (d) the percentage of voting power that the controller (whether alone or together with 1 or more associates) is entitled to exercise, or control the exercise of, in the firm or in a parent entity of the firm increases from, or below, a level mentioned in subrule (2) to above that level.
- (2) The levels for increased control are 24%, 49% and 74%.

#### **8.1.5 Meaning of *decreases control***

- (1) A controller *decreases control* over an authorised firm if:
  - (a) the controller (whether alone or together with 1 or more associates) loses a type of control over the firm;
  - (b) the controller ceases to be a parent entity of the firm;
  - (c) the percentage of shares held by the controller (whether alone or together with 1 or more associates) in the firm or in a parent entity of the firm decreases from above a level mentioned in subrule (2) to, or below, that level; or
  - (d) the percentage of voting power that the controller (whether alone or together with 1 or more associates) is entitled to exercise, or control the exercise of, in the firm or in a parent entity of the firm decreases from above a level mentioned in subrule (2) to, or below, that level.
- (2) The levels for decreased control are 74%, 49% and 24%.

#### **8.1.6 Meaning of *voting power and control***

- (1) *Voting power* of a person in an authorised firm or a parent entity of the firm means the total rights of the person to vote, or take part in any decision-making, about any of the following:
  - (a) the distribution of capital or profits of the firm to its shareholders;
  - (b) the articles of association, partnership agreement or similar document constituting the firm or governing its activities;

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- (c) any variation of the share capital of the firm;
  - (d) any appointment of a director (however called) of the firm;
  - (e) the overall policy of the firm.
- (2) A person's voting power includes:
- (a) voting power held by a third party with whom the person has concluded an agreement that obliges the person and the third party to adopt, by concerted exercise of the voting power they hold, a lasting common policy towards the management of the firm or parent entity;
  - (b) voting power held by a third party under an agreement concluded with the person providing for the temporary transfer, for consideration, of the voting power;
  - (c) voting power attaching to shares that are lodged as collateral with the person, if the person controls the voting power and declares an intention to exercise it;
  - (d) voting power attaching to shares in which the person has a life interest;
  - (e) voting power that is held, or may be exercised in any of the ways described in paragraphs (a) to (d), by a subsidiary of the person;
  - (f) voting power attaching to shares deposited with the person that the person has discretion to exercise in the absence of specific instructions from the shareholders;
  - (g) voting power held in the name of a third party on behalf of the person; and
  - (h) voting power that the person may exercise as a proxy where the person has discretion about the exercise of the voting power in the absence of specific instructions from the shareholders.
- (3) **Control** (of the exercise of voting power) includes direct and indirect control, and control that is exercisable as a result, or by means, of arrangements or practices:
- (a) whether or not having legal or equitable force; and
  - (b) whether or not based on legal or equitable rights.
- (4) If the percentage of total rights to vote or participate in decision-making differs as between different types of voting or decision-making, the highest of those percentages applies for the purposes of this rule.
- (5) If a firm or parent entity:
- (a) is limited both by shares and by guarantee; or
  - (b) does not have a share capital;

this rule has effect as if the members or policy holders of the firm or parent entity were shareholders.

*Note*      FSR, article 37 (3) (B) states that *voting power*, in relation to an authorised firm or relevant parent entity which does not have general meetings at which matters are decided by the exercise of voting rights, means the right under the constitution of the authorised firm or relevant parent entity to direct the overall policy of the authorised firm or relevant parent entity or alter the terms of its constitution.

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## Part 8.2 Seeking approval to change control—QFC entities

### 8.2.1 Application of Part 8.2

This Part applies to an authorised firm that is a QFC entity.

### 8.2.2 Approval to change control—QFC entities (FSR, articles 35 and 38)

A person must not first become a controller or increase or decrease control over an authorised firm without the Regulatory Authority's approval.

### 8.2.3 Controller notice seeking approval to change control—QFC entities

- (1) An authorised firm must give a controller notice in the approved form to the Regulatory Authority before a person becomes a controller of the firm or increases or decreases control over the firm. The controller notice serves as an application for the approval required under rule 8.2.2.
- (2) If the firm does not know of the matter or does not have sufficient information to give the controller notice, the notice must be given by the person proposing to first become a controller or increase or decrease control.
- (3) If the firm has reasonable grounds to suspect that any of the matters mentioned in subrule (1) exists, the firm must make appropriate inquiries to satisfy itself about the matter and decide whether it should give a controller notice.  
*Note* Under FSR, article 36 (3), an authorised firm that does not have sufficient information to enable it to give the controller notice must notify the person proposing to acquire or change control about the person's obligation to give the controller notice to the authority.
- (4) A controller notice must be given:
  - (a) at least 30 days before the person first becomes a controller or increases or decreases control; or
  - (b) if it is not practicable to give the notice in accordance with paragraph (a)—immediately after the firm or person required to give the notice becomes aware of the matter.
- (5) A controller notice may be withdrawn at any time before the authority decides on the application for approval.
- (6) If, at any time before the authority makes its decision, the firm or person making the proposal becomes aware of a change that is reasonably

likely to be material to the Regulatory Authority's decision, the firm or person must notify the authority about the change without delay.

#### 8.2.4 Additional requirement—letter of comfort

- (1) A controller notice must be accompanied by a letter of comfort if the notice is seeking approval to increase existing control:

- (a) from a level of 10% to 48.99% to a level of 49% or more; or
- (b) from a level of 10% to 73.99% to a level of 74% or more.

*Note* By giving a letter of comfort when a controller crosses the thresholds at 49% and 74%, the controller signifies its continuing willingness and commitment to support the firm in case of unforeseen contingencies that may affect the firm's ability to maintain adequate capital and liquidity levels in order to meet its obligations and regulatory requirements.

- (2) The Regulatory Authority may require a letter of comfort to accompany a controller notice seeking approval to increase control from a level of 10% to 23.99% to a level up to 48.99%.

- (3) A letter of comfort must be in a form acceptable to the authority and must state that the person:

- (a) has adequate financial resources to fulfil its commitments under the letter;
- (b) will support the firm:
  - (i) to conduct its business under the applicable laws, regulations and rules; and
  - (ii) to enable it at all times to meet its obligations in accordance with standards of prudence generally accepted for the firm's business; and
- (c) will notify the authority immediately of any significant change in its relationship with the firm.

#### Guidance

The Regulatory Authority expects the following to be part of the letter in addition to the matters in rule 8.2.4 (3):

- acknowledgment of its purpose
- clear statement of the relationship between the firm and the controller, and the type and level of control to which the letter relates
- the nature and extent of the commitments to support the firm.

- (4) A letter of comfort given by a person ceases to have effect if:
- (a) the person's level of control subsequently decreases to 49% or less; and
  - (b) on application by the person, the Regulatory Authority is satisfied (after considering the person's financial capability, capital

adequacy and risk profile and any evidence offered by the person) that the letter should cease to have effect.

- (5) The Regulatory Authority will notify the person in writing of its decision. If the authority is satisfied that the letter of comfort should cease to have effect, the notice must state the date when the letter so ceases.
- (6) A letter of comfort from a person that is not an individual must also state that it is made under a resolution of the governing body of the person. The person must give a copy of the resolution to the Regulatory Authority if the authority requires it.
- (7) A firm that is the beneficiary of a letter of comfort must immediately notify the authority of any cancellation or variation of the letter.

### 8.2.5 Approval process (FSR, article 38)

- (1) If the Regulatory Authority receives a controller notice in relation to a proposal for a person to first become a controller of a firm or to increase or decrease control over a firm, the authority may:
  - (a) approve the proposal without conditions;
  - (b) approve the proposal subject to such conditions as the authority considers appropriate;
  - (c) refuse to approve the proposal; or
  - (d) object to the proposal and then decide whether to approve or refuse to approve it.

*Note 1* Under FSR, article 38 (2), the Regulatory Authority shall seek to make its determination within 30 days of receipt of all the required information and shall notify the authorised firm (or if the controller notice has been submitted by another person, both the firm and that other person) of its determination promptly.

*Note 2* Under FSR, article 38 (4), the Regulatory Authority may grant unconditional approval only if it is satisfied that:

- the person acquiring or increasing the control is a fit and proper person to have the control in question;
- the conditions in article 29 (5) (A) and (B) (Close Links) have been met; and
- granting such approval would be consistent with the regulatory objectives.

- (2) Nothing in this rule prevents the authority from taking any other action against a person who has failed to comply with these rules or any other *rules* or law applying in the QFC.

*Note* Under FSR, article 38 (6), the Regulatory Authority's power to approve or refuse to approve a proposal remains even if no controller notice seeking approval is given to the authority.

### **8.2.6 Objection process**

- (1) If the Regulatory Authority objects to a proposal for a person to first become a controller or to increase or decrease control, the authority must, as soon as practicable after it receives the controller notice, letter of comfort and any additional information it requires, give the authorised firm and the person written notice:
  - (a) stating the reasons for its objection; and
  - (b) giving the firm and person an opportunity to make representations within 14 days after receipt of the notice or a longer period fixed by the authority.

#### **Example**

The Regulatory Authority may object to a proposal if it considers that the letter of comfort accompanying the application is not acceptable taking into consideration the financial capability, capital adequacy and risk profile of the proposed controller or controller and the authorised firm.

- (2) The authority must, as soon as practicable after the expiry of the period for making representations, consider any representations and:
  - (a) withdraw its objection and approve (with or without conditions) the proposal; or
  - (b) refuse to approve the proposal.

*Note* Under rule 5.2.2 (2), the Regulatory Authority may require a person to give additional information in relation to any document given to the authority.

### **8.2.7 When approved proposal lapses**

- (1) A proposal for a person to first become a controller or to increase or decrease control that has been approved (with or without condition) must be acted on by the person:
  - (a) by the date specified by the Regulatory Authority in its approval;  
or
  - (b) if there is no date specified—within 6 months after the date of the approval.
- (2) The approval lapses if the person does not become a controller or does not increase or decrease control by that date or period, unless the Regulatory Authority gives an extension in writing.



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## Part 8.3 Giving notice about changes in control—branches

### 8.3.1 Application of Part 8.3

This Part applies only to authorised firms that are branches.

### 8.3.2 Controller notice about changes in control of branches (FSR, article 36)

- (1) An authorised firm must give a controller notice in the approved form to the Regulatory Authority if the firm knows that:
  - (a) a person is proposing to first become a controller of the firm;
  - (b) a controller is proposing to increase control over the firm;
  - (c) a controller is proposing to decrease its level of control over the firm from more than 50% to 50% or less; or
  - (d) a controller is proposing to cease control.
- (2) The notice must be given immediately after the firm becomes aware of the matter.
- (3) If the firm has reasonable grounds to suspect that any of the matters in subrule (1) exists, the firm must make appropriate inquiries to satisfy itself about the matter and decide whether it should give a controller notice.

*Note* A firm that is a branch must have systems and controls to monitor changes in control; it must also give to the authority annual reports on controllers (see rules 8.5.2 and 8.5.3).

## Part 8.4 Giving notice about controllers

### 8.4.1 Application of Part 8.4

This Part applies to all authorised firms.

### 8.4.2 Significant changes in controllers

- (1) An authorised firm must give notice to the Regulatory Authority if any of the following matters happen in relation to a controller:
  - (a) the controller is the subject of a legal proceeding or an investigation that calls, or might call, the controller's integrity into question;
  - (b) there is a significant deterioration in the controller's financial position;
  - (c) there is any significant change in the conduct or circumstances of the controller that might reasonably be considered to diminish the fitness and propriety of the firm or its ability to conduct its business soundly and prudently;
  - (d) if the controller is not an individual—the controller undergoes a substantial change or series of changes in its governing body;

*Note* **Governing body** is defined in the glossary.

#### Examples for para (d)

- 1 for a firm incorporated under the *Companies Regulations 2005*—removal or replacement of a majority of the members of the board of directors in a single event or a series of connected events
  - 2 for a firm that is a partnership constituted under the *Partnership Regulations 2007*—removal of all, or a majority of, the members of the body (whatever it is called) that, under the firm's constitutional document, has the responsibility of overseeing the firm's business in or from the QFC
  - 3 for a firm that is a branch that has for its governing body a committee of management given the responsibility of overseeing the firm's business in or from the QFC—abolition or change of the committee.
- (2) The notice must be given in the approved form immediately after the firm becomes aware of the matter.
  - (3) If the firm has reasonable grounds to suspect that any of the matters in subrule (1) may happen or has happened, the firm must make appropriate inquiries to satisfy itself about the matter and decide whether it should give notice.

#### Guidance

The test of reasonable grounds for suspicion applies to the firm's obligation to make inquiries for itself (and thereafter decide whether or not to give notice). The grounds for making inquiries based on the suspicion must be that a reasonable person would, in the circumstances, be expected to make those inquiries.

- (4) If there is a legal or regulatory restriction on a firm's complying with subrule (1), (2) or (3), the firm must immediately notify the Regulatory Authority of the specific nature of the restriction. On being notified, the authority will direct the firm as to what action the firm must take to comply with this rule.

## Part 8.5 Systems, controls and reports

### 8.5.1 Application of Part 8.5

This Part applies to all authorised firms.

#### 8.5.1A Meaning of *close links* for Part 8.5

- (1) For this Part, an authorised firm has *close links* with any undertaking:
  - (a) that is its direct holding company;
  - (b) that is its direct subsidiary;
  - (c) that is another direct holding company of a subsidiary of the firm;  
or
  - (d) that is another direct subsidiary of the firm's holding company.
- (2) For this Part, an authorised firm has *close links*:
  - (a) with any undertaking of which the firm owns or controls 10% or more of the voting rights or shares; or
  - (b) with any undertaking that, or individual who, owns or controls 10% or more of the firm's voting rights or shares.
- (3) For this rule, an *undertaking* is an entity that is carrying on a trade or business with or without a view to profit.

### 8.5.2 Systems and controls to monitor changes (FSR, article 36 (4))

The systems and controls that an authorised firm is required to have under FSR, article 36 (4) must enable it to be notified of, and to monitor:

- (a) any change or proposed change of its controllers;
- (aa) any change or proposed change in the persons with which it has close links;
- (b) any significant change in the conduct or circumstances of its controllers, or the persons with which it has close links, that might reasonably be considered to diminish the fitness and propriety of the firm or its ability to conduct its business soundly and prudently;  
and

- (c) any other change required to be notified to the Regulatory Authority under these rules.

**Examples of how to monitor**

A firm may monitor changes about controllers using regulatory disclosures, press reports, public announcements, share registers and entitlements to vote, or the control of voting power, at general meetings

*Note* Matters referred to in paragraph (a) will be reported to the Regulatory Authority under Part 8.2, 8.3 or 8.4, as appropriate. Matters referred to in paragraph (b) will be reported under rule 8.4.2 (1) (c).

**8.5.3 Annual report on controllers (FSR, article 40)**

- (1) The annual report on controllers that an authorised firm is required to give to the Regulatory Authority under FSR, article 40 must include:
- (a) the name of each person who was a controller of the firm at any time during the financial year;
  - (b) the type of control (that is, whether by way of shareholding or of voting rights) held by each controller;
  - (c) if applicable, the level of control (expressed as a percentage) held by each controller;
  - (d) for each controller that is an individual—his or her date and place of birth; and
  - (e) for each controller that is a body corporate—its place of incorporation, address and registered number.
- (2) In subrule (1):
- (a) a reference to an individual's place of birth is a reference to the country, and the city or town, in which that birth happened; and
  - (b) a reference to a body corporate's place of incorporation is a reference to the jurisdiction of its incorporation and the city or town in which its principal office is located.

**8.5.4 Annual report about close links**

- (1) With the report on controllers referred to in rule 8.5.3, an authorised firm must give the Regulatory Authority a report setting out the following:
- (a) the name of each person with which the firm had close links at any time during the financial year;
  - (b) for each such person who is an individual—his or her date and place of birth;
  - (c) for each such person that is a body corporate—its place of incorporation, address and registered number;
  - (d) the firm's relationship with each such person;

- (e) for each such person, if applicable, the level of control (expressed as a percentage of shareholding or voting power or both, as the case may be) that the person held over the firm; and
  - (f) for each such person, if applicable, the level of control (expressed as a percentage) that the firm held over the person.
- (2) In subrule (1), references to an individual's place of birth, or to a body corporate's place of incorporation, have the same respective meanings as in rule 8.5.3 (1).

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## Chapter 9 Accounting and auditing

### Part 9.1 Application

#### 9.1.1 Application—Chapter 9

This Chapter applies to every authorised firm.

##### Guidance

- 1 Authorised firms that are QFC *entities* are subject to the accounting and audit requirements set out in the *Companies Regulation 2005* (Section 11) and the *Limited Liability Partnerships Regulations 2005* (Part 9) as appropriate.
- 2 Article 123 of the *Companies Regulations 2005* and article 52 of the *Limited Liability Partnerships Regulations 2005* contain record keeping requirements for branches.
- 3 FSR contain provisions relating to:
  - (a) disclosure of information by auditors; and
  - (b) rights and obligations regarding cooperation with auditors and an auditor's right of access to an authorised firm's books, accounts and material records.
- 4 This Chapter provides additional provisions relating to audit and accounting requirements as they apply to authorised firms.

## Part 9.2 Accounting records

### 9.2.1 Matters about which accounting records must be kept

An authorised firm must keep accounting records with respect to all sums of money received and expended by the authorised firm and all sales and purchases of goods and services and other transactions by the authorised firm and the assets, liabilities and equity of the authorised firm. Such accounting records must be sufficient to show and explain all transactions by the authorised firm and must be such to:

- (a) disclose with reasonable accuracy the financial position and performance of the authorised firm at any time;
- (b) enable the authorised firm to ensure that any accounts prepared by the authorised firm comply with the requirements in these rules; and
- (c) record the firm's financial position and performance as at its financial year end or as at the end of some other period.

### 9.2.2 How long accounting records must be retained

An authorised firm must maintain the accounting records, financial accounts and statements and auditors' reports required under the *Companies Regulations 2005*, the *Limited Liability Partnerships Regulations 2005* and this Chapter for at least 6 years from the date to which they relate.



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## **Part 9.3                      Accounting standards**

### **9.3.1            Accounting standards generally**

Subject to rules 9.3.2 and 9.3.3, an authorised firm must prepare and maintain all financial accounts and statements in accordance with *IFRS*, *US GAAP* or other principles or standards approved in writing by the Regulatory Authority.

### **9.3.2            Accounting standards—Islamic financial institutions**

An authorised firm that is an Islamic financial institution must prepare and maintain all financial accounts and statements in accordance with the accounting standards of AAOIFI or any other accounting standards approved in writing by the Regulatory Authority.

### **9.3.3            Accounting standards—firms that operate Islamic windows**

An authorised firm which operates an Islamic window must prepare and maintain all financial accounts and statements in accordance with 1 of those standards referred to in rule 9.3.1 as supplemented by AAOIFI FAS 18 in respect of its Islamic financial business.

#### **Guidance**

AAOIFI FAS 18 sets out the accounting rules for conventional financial institutions offering Islamic financial services. It provides rules for the recognition, measurement and presentation of assets managed, funds held and income earned on the basis of Shari'a principles. It also sets out the necessary disclosures required to be made in the course of conducting Islamic financial business.

## **Part 9.4 Time limits for annual financial statements and other matters for assurance**

### **9.4.1 Time limits for auditing and reporting on annual financial statements**

Within 3 months after the day each financial year of an authorised firm ends, the firm must:

- (a) have its accounts and annual financial statements audited and reported upon by the authorised firm's auditor in accordance with the requirements of the *Companies Regulations 2005* or the *Limited Liability Partnerships Regulations 2005* and this Chapter; and
- (b) file with the Regulatory Authority a copy of the annual financial statements and auditor's reports required under this Chapter.

### **9.4.2 Time limits for other assurance engagements and reports**

- (1) An authorised firm must ensure that its auditor conducts an assurance engagement, and produces the appropriate assurance report, in relation to the firm's year-end or annual prudential returns (as the case may be), within 3 months after the firm's financial year end.

*Note* For the annual prudential returns, see PINS, rule 1.4.2 for QFC insurers; CAPI, rule 2.3.2 for QFC captive insurers and IMEB rule 2.4.2 for QFC insurance intermediaries.

- (2) For any other assurance engagement and report that is not related to an authorised firm's year-end or annual prudential returns, the firm must ensure that its auditor conducts the engagement, and produces the appropriate assurance report, on or before the day directed by the Authority.

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## Part 9.5 Assurance engagements and reports

### 9.5.1 Audit and audit reports

- (1) An authorised firm that is a QFC entity, or a branch required to do so by the Regulatory Authority, must ensure that its auditor:
  - (a) conducts an audit of the firm's annual financial statements; and
  - (b) produces an audit report in accordance with the relevant standards published by the International Auditing and Assurance Standards Board (IAASB), as applicable to listed or public interest entities.
- (2) The requirement in this rule is in addition to those in the *Companies Regulations 2005* and the *Limited Liability Partnerships Regulations 2005*.

### 9.5.1A Additional assurance reports

- (1) An authorised firm must ensure that its auditor conducts an assurance engagement, and produces the appropriate assurance report, as directed by the Regulatory Authority, in relation to the firm's prudential returns.
- (2) The Authority may also direct an assurance engagement to be conducted, and the appropriate assurance report to be produced, in relation to any matter not related to the firm's prudential returns.

### 9.5.2 Additional audit reports—client money

- (1) This rule applies to an authorised firm for a financial year of the firm if the firm controls or holds client money at any time during the year.
- (2) The authorised firm must ensure that its auditor also produces a report for the financial year that states whether, in the auditor's opinion:
  - (a) the firm maintained systems and controls throughout the year to enable it to comply with the provisions of INMA or IMEB (or both) relating to client money;
  - (b) the firm's controls ensured that client money controlled or held by it was identifiable and secure at all times during the year;
  - (c) any of the requirements of INMA or IMEB relating to client money were not complied with by the firm during the year;
  - (d) the firm controlled or held an appropriate amount of client money in accordance with INMA or IMEB (or both) at the date the firm's audited balance sheet was prepared; and
  - (e) there have been material discrepancies in the reconciliation of client money during the year.

- (3) *Client money* has the meaning given by whichever of INMA or IMEB applies under this rule.

**9.5.3 Additional audit reports—custody**

- (1) This rule applies to an authorised firm for a financial year of the firm if the firm *provided custody services* at any time during the year.
- (2) The authorised firm must ensure that its auditor also produces a report for the financial year that states whether, in the auditor’s opinion:
- (a) the firm maintained systems and controls throughout the year to enable it to comply with the provisions of INMA relating to the *provision of custody services*;
  - (b) the investments in relation to which the firm *provided custody services* during the year were registered, recorded and held in accordance with those provisions;
  - (c) any of the other requirements of those provisions were not complied with during the year; and
  - (d) there have been material discrepancies in the reconciliation of those investments during the year.

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## Part 9.6 Change in the financial year end

*Note 1* Under the *Companies Regulations 2005*, article 81 (3), a limited liability company incorporated under the regulations may set a new financial year end date by giving notice in the prescribed form to the *CRO*.

*Note 2* Under the *Limited Liability Partnerships Regulations 2005*, article 33 (3), a limited liability partnership may set a new financial year end date by giving notice in the prescribed form to the *CRO*.

### 9.6.1 Change in financial year end—QFC entity

- (1) An authorised firm which is a QFC entity must obtain the prior written consent of the Regulatory Authority before specifying a new financial year end relating to:
  - (a) the QFC entity's current financial year and subsequent financial years; or
  - (b) the QFC entity's previous financial year and all financial years subsequent to that previous financial yearwhere a QFC entity's previous financial year means the year immediately preceding its current financial year.
- (2) A change to the financial year end of an authorised firm that is a QFC entity will not be approved by the Regulatory Authority in respect of a previous financial year if the period allowed for laying and delivering accounts in relation to that year has already expired.

### 9.6.2 Change in financial year end—non-QFC entity

An authorised firm which is not a QFC entity must provide the Regulatory Authority with reasonable advance notice prior to changing its financial year end.

## Part 9.7 Auditors

### 9.7.1 Part 9.7 additional to other provisions

To remove any doubt, if an authorised firm is a limited liability company, limited liability partnership, or limited partnership, incorporated under any *regulations*, this Part is additional to the provisions of any *regulations* (including any rules made or in force under any *regulations*) applying in relation to the firm as such a company or partnership.

### 9.7.2 Appointment of auditor

- (1) An authorised firm that is a QFC entity must ensure that there is, at all times, an auditor appointed for the firm.
- (2) Before appointing an auditor (whether or not in replacement of another auditor and whether or not the appointment is at the direction of the Regulatory Authority), such a firm must apply to the authority for approval to appoint the proposed auditor.
- (3) The application must include statements:
  - (a) that the firm is satisfied that the proposed auditor is eligible to be appointed as the firm's auditor under rule 9.7.3 (1); and
  - (b) if the firm is a QFC entity—that the proposed appointment would not contravene rule 9.7.3A.
- (4) The Regulatory Authority must:
  - (a) approve the appointment of the proposed auditor; or
  - (b) refuse to approve the appointment of the proposed auditor.
- (5) The Regulatory Authority must give the authorised firm written notice of its decision on the application.
- (6) If the Regulatory Authority refuses to approve the appointment of the proposed auditor, the notice must:
  - (a) give reasons for the decision; and
  - (b) tell the authorised firm that it may appeal to the *Regulatory Tribunal* against the decision.
- (7) The authorised firm must not appoint the proposed auditor unless the Regulatory Authority has approved the appointment.
- (8) If the authorised firm appoints the proposed auditor, the firm must tell the Regulatory Authority about the appointment, and when it takes effect, immediately, but by no later than the second business day after the day the appointment is made.

**9.7.3 Eligibility for appointment as auditor**

- (1) An authorised firm must not appoint a person as auditor for the firm unless the person:
  - (a) has consented in writing to the appointment being made;
  - (b) has the skills, resources and experience necessary to audit the firm's business; and
  - (c) has satisfied the firm that it and its relevant audit staff are:
    - (i) independent of the firm; and
    - (ii) not subject to any conflict of interest in relation to the firm.
- (2) The authorised firm must make and keep sufficient records to demonstrate that it complied with subrule (1) before the appointment was made.
- (3) The records must be kept for at least 6 years after the day the person ceases to be auditor for the authorised firm.

**9.7.3A Limit on term of auditor's appointment**

Subject to rule 9.7.3B (4), an authorised firm that is a QFC entity:

- (a) must not appoint a person as its auditor for a period longer than 5 years; and
- (b) must not re-appoint a person as its auditor if the re-appointment would result in the person's having been the firm's auditor continuously for longer than 5 years, unless at least 2 years has elapsed since the end of the person's last appointment as the firm's auditor.

**Guidance**

In general terms, the purpose of requiring rotation of firms' auditors is to ensure that auditors are independent of the firms they audit.

**9.7.3B Effect of group audit rotation arrangements**

- (1) This rule applies in relation to an authorised firm that is a member of a group.
- (2) If the group has an arrangement for the rotation of auditors that the firm considers achieves the purposes of rule 9.7.3A, the firm must give the Regulatory Authority, in writing:
  - (a) details of the arrangement; and
  - (b) confirmation from the firm's governing body that the arrangement achieves the purposes of rule 9.7.3A.
- (3) If the authority is satisfied that the arrangement achieves the purposes of rule 9.7.3A, the authority must give the firm written notice to that effect.

- (4) Rule 9.7.3A does not apply to the firm while the notice is in effect.
- (5) The firm must notify the authority in writing of any change in the arrangement.
- (6) The authority may revoke a notice under subrule (3) if the authority considers that the arrangement no longer achieves the purposes of rule 9.7.3A (whether after receiving notification of a change or on any other basis).

#### **9.7.4 Direction to replace auditor**

- (1) This rule applies if:
  - (a) the Regulatory Authority considers that a person appointed as auditor for an authorised firm that is a QFC entity is not suitable to be, or to continue to be, auditor for the firm; or
  - (b) the person's appointment contravened rule 9.7.3A.
- (2) The Regulatory Authority may, by written notice, direct the authorised firm to end the person's appointment as auditor and to appoint another auditor for the firm.
- (3) The authorised firm must comply with the direction within the period stated in the direction or, if no period is stated, within a reasonable period.
- (4) The Regulatory Authority must give the person a copy of the notice.
- (5) The notice must:
  - (a) give, or be accompanied by, reasons for the direction; and
  - (b) state that the authorised firm or person (or both) may appeal to the *Regulatory Tribunal* against the decision to give the direction.

#### **9.7.5 Direction to appoint auditor**

- (1) This rule applies if there is not, at any time, an auditor appointed for an authorised firm that is a QFC entity.

*Note* See rule 9.7.6 for the duty of an authorised firm to notify the authority if the appointment of an auditor ends for any reason.
- (2) The Regulatory Authority may, by written notice, direct the authorised firm to appoint an auditor for the firm.

*Note* The auditor must be appointed in accordance with rule 9.7.2 (Appointment of auditor).
- (3) The authorised firm must comply with the direction within the period stated in the direction or, if no period is stated, within a reasonable period.



### **9.7.6 Notification if appointment of auditor ends**

If the appointment of an auditor of an authorised firm ends for any reason, the firm must tell the Regulatory Authority immediately, but by no later than the second business day after the day the appointment ends:

- (a) that the appointment has ended; and
- (b) the reason for the appointment ending.

*Note* For the obligation of the person to notify the Regulatory Authority if the person's appointment ends, see FSR, article 91 (Resignation of auditors and actuaries).

## **Chapter 10** Fees

### **Part 10.1** Application

#### **10.1.1** Application—Chapter 10

This Chapter applies to an authorised firm, or an *applicant* for authorised firm status.

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## Part 10.2                      General provisions

### 10.2.1      **Application not submitted until fee paid**

Where a fee is payable for any application to the Regulatory Authority, the application may not be regarded as submitted until the fee has been paid in full.

### 10.2.2      **Increase of sum due if fee not paid**

Where an annual fee or supplementary fee in relation to ongoing supervision is due from an authorised firm under a provision of these rules, it must be paid by the date upon which it falls due. Should an authorised firm fail to pay by the due date then, without limiting the right of the Regulatory Authority to take any other action, the sum due will be increased by 1% for each month, or part of a month, that it remains outstanding beyond the due date.

#### **Guidance**

If a fee is not paid by the date on which it becomes due, the authorised firm is in breach of a *rule* and the Regulatory Authority is entitled to take action including, but not limited to, taking steps to withdraw authorisation to conduct 1 or more regulated activities.

### 10.2.3      **Regulatory Authority's power to reduce or waive fees**

The Regulatory Authority may reduce, waive or refund all or part of any fee if, having considered the circumstances of a particular case, it deems it would be equitable to do so.

## Part 10.3 Supplementary fees

### 10.3.1 Regulatory Authority may require supplementary fees in certain cases

- (1) The Regulatory Authority may require an authorised firm or *applicant* to pay a supplementary fee to the Regulatory Authority in circumstances where it expects to incur substantial additional costs in dealing with an application or conducting ongoing supervision.
- (2) In such cases the Regulatory Authority will notify the *applicant* as soon as reasonably practicable of the amount of the supplementary fee.

#### Guidance

- 1 A supplementary fee may be levied by the Regulatory Authority because it expects that certain applications will require more intensive scrutiny than others. For example, where the entity is a branch from a jurisdiction where there are not or are not expected to be in place arrangements for co-operation between the Regulatory Authority and the relevant regulators in that jurisdiction. Equally, where the entity is incorporated in the QFC, a full analysis of the prudential and systems arrangements will be required.
- 2 A supplementary fee may also be levied by the Regulatory Authority in cases where the ongoing supervision of the authorised firm appears to the Regulatory Authority to be likely to cause it to incur substantial additional costs.

## **Part 10.4                      Application fees**

### **10.4.1      What application fees are payable**

An *applicant* seeking to conduct regulated activities in or from the QFC and an authorised firm applying for authorisation to conduct additional regulated activities must pay to the Regulatory Authority:

- (a) the application fees specified in Schedule 4; and
- (b) any supplementary fee required by the Regulatory Authority.

### **10.4.2      Fees not refundable**

Any application fees paid, whether in respect of an *applicant*, authorised firm or approved individual, are non-refundable, regardless of whether the application is successful or not.

## Part 10.5 Annual fees

### 10.5.1 What annual fees are payable

An authorised firm must pay to the Regulatory Authority:

- (a) the annual fee specified in Schedule 4; and
- (b) any supplementary fee required by the Regulatory Authority.

### 10.5.2 When annual fees payable

- (1) The initial annual fee must be paid in full to the Regulatory Authority within 21 days of the date of authorisation.
- (2) Subsequent annual fees must be paid in full to the Regulatory Authority on or before 1 January of every calendar year.

#### **Guidance**

With regard to the payment of an annual fee on or before 1 January, invoices will be issued at least 21 days before that date.

## **Part 10.6**

# **Fees for extracts of information from the registers of public information**

### **10.6.1 Fees payable for extracts from Regulatory Authority registers**

Persons seeking extracts of information in accordance with rule 3.5.1 maintained in the public registers by the Regulatory Authority in relation to an authorised firm or approved individual must, upon application pay the fee prescribed in Schedule 4.

## Part 10.7 Fees for certain reporting etc contraventions

### 10.7.1 Application of Part 10.7

- (1) This Part applies if a person contravenes any of the rules mentioned in subrule (2) by failing to provide a notification, report or return (however described) to the Regulatory Authority as, or within the time within which, that rule requires it to be provided.
- (2) The rules are the following:
  - (a) rules 8.2.3, 8.3.2, 8.4.2, 8.5.3 and 9.4.1;
  - (b) CAPI, rule 2.3.1 (Preparation of prudential returns), rule 2.3.7 (Strategy and risk document—copy must be given to Regulatory Authority), rule 7.2.4 (2) (Time for giving report) and rule 7.3.1 (Regulatory Authority may require additional reports);
  - (c) the *Collective Investment Schemes Rules 2010*, rule 5.6.3 (Reports and accounts generally—QFC qualified investor schemes), rule 5.6.18 (Publication and availability of annual and half-yearly long reports—QFC retail schemes), rule 9.2.7 (Accounting and reports during winding-up—all QFC schemes) and rule 10.2.6 (Quarterly returns for financial promotions etc—all non-QFC schemes);
  - (d) IMEB, rule 2.4.2 (Time Limit for Annual Prudential Returns) and rule 2.4.3 (Time Limit for Quarterly Prudential Returns );
  - (e) ISFI, rule 6.2.2;
  - (f) BANK, rule 2.1.4 (Preparing returns) and rule 2.1.5 (Giving information);
  - (g) IBANK, rule 2.1.4 (Preparing returns) and rule 2.1.5 (Giving information);
  - (h) INMA, rule 2.1.2 (Preparing returns) and rule 2.1.3 (Giving information);
  - (i) PINS, rule 1.4.2 (Time limit for annual prudential returns of insurers), rule 1.4.3 (Time limit for biannual prudential returns of insurers), and rule 1.4.4 (Time limit for quarterly prudential returns of insurers);
  - (j) the *Private Placement Schemes Rules 2010*, rule 5.5.3 (Reports and accounts generally) and rule 7.2.6 (Accounting and reports during winding-up).



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- (3) Without limiting subrule (1) and to remove any doubt, this Part applies:
- (a) in relation to a contravention referred to in subrule (1) whether the relevant rule uses the word “provide”, “submit”, “give”, “notify”, “advise”, “inform” or “tell”, or some other word; and
  - (b) to a failure to provide a notification, report, or return (however described) to the authority as, or within the time within which, it was required to be provided, if:
    - (i) the notification, report or return was not received (or considered to have been received) at all by the authority within that time; or
    - (ii) the notification, report or return was received by the authority within that time, but:
      - (A) it was incomplete or inaccurate in a material respect;
      - (B) if under any *regulations* or *rules* it was required to be in a particular form, it was not in substantially that form;
      - (C) if under any *regulations* or *rules* it was required to be prepared, completed or signed in a particular way, it was not prepared, completed or signed in that way; or
      - (D) if under any *regulations* or *rules* it was required to be provided (however described) to the authority in a particular way, it was not provided in that way.
- (4) In this Part, a reference to a **notification**, **report**, or **return** (however described) includes a reference to any part of the notification, report or return.

### 10.7.2 Late fees

- (1) A fee, of the relevant amount, is payable by a person for a contravention by the person to which this Part applies if the contravention continues for 5 business days or longer.
- (2) For this Part, the **relevant amount** is the total of:
  - (b) US \$500; and
  - (c) US \$100 for each business day (or part of a business day) after the 6th business day during which the contravention continues.

*Note* The Regulatory Authority may reduce, waive or refund such a fee—see rule 10.2.3.

**10.7.3 Other action not prevented**

Nothing in this Part prevents the Regulatory Authority taking action under FSR, article 31 or Part 8 or 9, in relation to a contravention to which this Part applies.

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## Part 10.8 Fees for failure to comply with certain requirements

### 10.8.1 Application of Part 10.8

- (1) This Part applies if an authorised firm fails to comply with a written requirement by the Regulatory Authority that specifies:
  - (a) an action that the firm is to take; and
  - (b) a date by which the action is to be taken.

#### Example

A failure to comply with a requirement to take an action under a risk mitigation program.

- (2) For subrule (1), an authorised firm *fails to comply* with such a requirement if the firm:
  - (a) does not take the specified action by the specified date; or
  - (b) purports to take the action but does so in a way that the authority regards as inadequate.

### 10.8.2 Fees

- (1) A fee, of the relevant amount, is payable by the firm concerned if a failure referred to in rule 10.8.1 continues for 5 business days or longer after the specified date for compliance.
- (2) The *relevant amount* is the total of:
  - (a) QR 2,000; and
  - (b) QR 400 for each business day (or part of a business day) after the 6th business day during which the failure continues.

*Note* The Regulatory Authority may reduce, waive or refund such a fee—see rule 10.2.3.

### 10.8.3 Other action not prevented

Nothing in this Part prevents the Regulatory Authority taking action under the FSR, article 31 or Part 8 or 9, in relation to such a failure.

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## Chapter 11 Restrictions in relation to specified products

### Note for Chapter 11

Provisions of FSR, Schedule 3, Part 2 permit the making of rules in relation certain specified products (see paragraph 7.2 (Options), paragraph 8.3 (Futures) and paragraph 10.2 (Qualifying contracts of insurance)). This Chapter sets out rules, and related guidance, for those specified products.

### 11.1.1 Options and futures that are and are not specified products

The circumstances in which either an *option* or a *futures* contract is regarded as being made for commercial purposes and therefore excluded from the respective definition of a *specified product*; and conversely, the circumstances in which it is considered to be made for investment purposes and therefore included within the respective definition, are set out below:

- (a) a contract is regarded as made for investment purposes if:
  - (i) it is made, or traded, on a regulated exchange; or
  - (ii) it is made otherwise than on a regulated exchange, but is expressed to be traded on:
    - (A) a regulated exchange; or
    - (B) the same terms on which an equivalent contract would be traded on a regulated exchange;
- (b) a contract not falling within paragraph (a) is regarded as made for commercial purposes if under the terms of the contract delivery is to be made within 7 days, unless it can be shown that there existed an understanding that (notwithstanding the express terms of the contract) delivery would not be made within 7 days;
- (c) the following are indications that a contract not falling within paragraph (a) or (b) is made for commercial purposes (the absence of them is an indication that it is made for investment purposes):
  - (i) 1 or more of the parties produces, or uses in his business the commodity or other property;
  - (ii) the seller delivers or intends to deliver the property or the purchaser takes or intends to take delivery of it; or
  - (iii) the price, the lot size, the delivery date and other terms are determined by the parties for the purposes of the particular contract and not by reference (or not solely by reference) to regularly published prices, to standard lots or delivery dates or to standard terms;

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- (d) the following are indications that a contract is made for investment purposes:
- (i) it is expressed to be as traded on an a regulated exchange;
  - (ii) performance of the contract is ensured by a regulated exchange or a clearing house; or
  - (iii) there are arrangements for the payment or provision of margin; and
- (e) for the purposes of paragraph (a), a price is to be taken to be agreed on when a contract is made:
- (i) notwithstanding that it is left to be determined by reference to the price at which a contract could be entered into on a market or exchange or could be entered into at a time and place specified in the contract; or
  - (ii) in a case where the contract is expressed to be by reference to a standard lot and quality, notwithstanding that provision is made for a variation in the price to take account of any variation in quantity or quality on delivery.

### 11.1.2 **Contracts of insurance that are qualifying contracts of insurance**

A *contract of insurance* is a qualifying contract of insurance if it falls into 1 or more of the categories of general insurance contract or long term insurance contract mentioned in FSR, Schedule 3, Part 3, paragraphs 10.3 and 10.4.

#### **Guidance**

*Contracts of insurance* are further sub-defined in INAP into those constituting *non-investment insurance contracts*, *pure protection contracts* and *long term care insurance contracts* and the restrictions surrounding activities conducted in relation to them are detailed in PINS.

## Schedule 1 Guidance on fitness and propriety of authorised firms

### A1.1 Introduction

#### Guidance

- 1 This Schedule provides guidance on the criteria the Regulatory Authority may take into account when assessing for the purposes of FSR, article 29 and Chapter 2 the fitness and propriety of:
  - (a) an *applicant* to be an authorised firm; and
  - (b) an authorised firm.
- 2 In considering any specific matters, the Regulatory Authority may request reviews by any appropriately skilled third party on any aspect of the authorised firm's proposed or actual activities or the environment in which it predominantly operates.
- 3 The Regulatory Authority may request or require any information which it considers relevant to its consideration of an application.

### A1.2 Fitness and propriety criteria

- 1 In addition to FSR, article 29 and Chapter 2, the Regulatory Authority may consider the following matters in assessing the fitness and propriety of an *applicant* or an authorised firm.

#### Controllers, close links and other connections

- 2 Pursuant to rule 2.3.1 (a) and (b) the Regulatory Authority must be satisfied that an *applicant's* or authorised firm's controllers, *close links* and other connections, are not likely to prevent effective supervision of the authorised firm by the Regulatory Authority.
- 3 The Regulatory Authority will also have regard to:
  - (a) the authorised firm's position within its group, including any other relationships that may exist between the authorised firm's affiliates, controllers or other *close links*;
  - (b) any information provided by other regulators in relation to the authorised firm or any entity within its group;
  - (c) the background, history and principal activities of the authorised firm's controllers, including that of the controller's directors, *partners* or other officers associated with the group, and the degree of influence that they are, or may be, able to exert over the authorised firm or its activities; and
  - (d) whether the authorised firm or its group is subject to any adverse effect or considerations arising from its country of incorporation or the country (or countries) of incorporation of its controllers. In considering such matters, the Regulatory Authority will also have regard to the type and level of regulatory oversight in the country or countries of incorporation referred to above, the regulatory infrastructure and adherence to any internationally held conventions and standards.
- 4 The Regulatory Authority may request that an *applicant* or authorised firm submit a report on its controllers, *close links* or other connections at any time.

**Location of offices**

- 5 Under rule 2.3.1 (e), an *applicant* or an authorised firm will need to satisfy the Regulatory Authority that the location of its and its parent entity's head office and registered office will not prevent the effective supervision of the authorised firm.
- 6 The Regulatory Authority will consider the head office of an authorised firm to be where the firm's mind and management is and will have regard to the location of its directors, partners and senior management with respect to its strategic, operational and administrative arrangements.

**Background and History**

- 7 The Regulatory Authority will have regard to:
- (a) any matter affecting the propriety of the authorised firm's conduct, whether or not such conduct may have resulted in the commission of a criminal offence or the contravention of the law or the institution of legal or disciplinary proceedings of whatever nature;
  - (b) whether an authorised firm has ever been the subject of disciplinary procedures by a government body or agency or any self-regulating organisation or other professional body;
  - (c) any contravention of any provision of financial services legislation or of rules, regulations, statements of principle or codes of practice made under it or made by a recognised self-regulatory organisation, exchange or clearing house;
  - (d) whether an authorised firm has been refused, or had a restriction placed on, the right to carry on a trade, business or profession requiring a licence, registration or other permission;
  - (e) any adverse finding or an agreed settlement in a civil action by any court or tribunal of competent jurisdiction resulting in an award against or payment by an authorised firm in excess of \$10,000 or awards that total more than \$10,000;
  - (f) whether an authorised firm has been censured, disciplined, publicly criticised or the subject of a court order at the instigation of any regulatory authority, or any officially appointed inquiry, or any other *overseas regulator*; or
  - (g) whether an authorised firm has been open and truthful in all its dealings with the Regulatory Authority.

**Resources, systems and controls**

- 8 The Regulatory Authority will have regard to whether the authorised firm has sufficient resources of all types, including:
- (a) the authorised firm's financial resources and whether it complies, or will comply, with any applicable financial *rules*, and whether the authorised firm appears in a position to be able to continue to comply with such *rules*;
  - (b) the extent to which the authorised firm is or may be able to secure additional capital in a form acceptable to the Regulatory Authority where this appears likely to be necessary at any stage in the future;
  - (c) the availability of sufficient competent human resources to conduct and manage the authorised firm's affairs, in addition to having a sufficient type and number of approved individuals to conduct and manage the authorised firm's regulated activities;

- (d) whether the authorised firm has sufficient and appropriate systems and controls in order to support, monitor and manage its affairs, resources and regulatory obligations in a sound and prudent manner;
- (e) whether the authorised firm has an appropriate AML/CFT programme; and
- (f) the impact of other members of the authorised firm's group on the adequacy of the authorised firm's resources and in particular, though not exclusively, the extent to which the authorised firm is or may be subject to consolidated prudential supervision by the Regulatory Authority or another *overseas regulator*.

**Collective suitability of individuals or other persons connected to an authorised firm**

- 9 Although an individual exercising a controlled function must be an approved individual, and an authorised firm must appoint individuals to certain controlled functions, in assessing the fitness and propriety of an authorised firm the Regulatory Authority will also consider:
- (a) the collective suitability of all of the firm's staff taken together, and whether there is a sufficient range of individuals with appropriate skills and experience to understand, operate and manage the firm's affairs in a sound and prudent manner;
  - (b) the individual suitability of each person connected with the firm, and the collective suitability of all such persons;
  - (c) whether the firm has robust human resources policies designed to ensure high standards of conduct and integrity in the conduct of its activities; and
  - (d) whether the firm has appointed auditors, actuaries and advisers with sufficient experience and understanding of the firm's activities.



## Schedule 4 Fees table

### Part A4.1 The fees table

#### A4.1.1 Base fees

Base fees are determined by the regulated activities the authorised firm conducts or intends to conduct, as set out below:

Application fee by regulated activities	(US \$)
<i>Deposit taking</i>	40,000
<i>Providing credit facilities</i>	40,000
<i>Effecting a contract of insurance or carrying out a contract of insurance (otherwise than as a QFC captive insurer)</i>	40,000
<i>Effecting a contract of insurance or carrying out a contract of insurance as a QFC captive insurer that is not a protected cell company</i>	5,000
<i>Effecting a contract of insurance or carrying out a contract of insurance as a QFC captive insurer that is a protected cell company</i>	8,000, plus 1,000 for each cell (within the meaning given by CAPI)
<i>Dealing in investments (as principal)</i>	25,000
<i>Dealing in investments (as agent), except if carried on only for the purpose of insurance mediation business or captive insurance management</i>	10,000
<i>Operating collective investment schemes</i>	10,000
<i>Managing investments, except if carried on only for the purpose of insurance mediation business or captive insurance management</i>	10,000
<i>Arranging deals in investments, except if carried on only for the purpose of insurance mediation business or captive insurance management</i>	10,000
<i>Arranging credit facilities</i>	10,000

<b>Application fee by regulated activities</b>	<b>(US \$)</b>
<i>Advising on investments, except if carried on only for the purpose of insurance mediation business or captive insurance management</i>	10,000
<i>Providing custody services</i>	10,000
<i>Arranging the provision of custody services</i>	10,000
<i>Dealing in investments (as agent), managing investments, arranging deals in investments, advising on investments or assisting in the administration or performance of contracts of insurance, if carried on only for the purpose of insurance mediation business or captive insurance management</i>	1,000

## Part A4.2 Application fees

### A4.2.1 Fees for initial application—firm to conduct 1 or more regulated activities

- (1) An *applicant* seeking authorisation to conduct 1 or more regulated activities specified in the fees table must pay:
- the fee specified for the regulated activity in the table (or, if the applicant intends to carry on more than 1 regulated activity, the highest fee specified in the table for any of those regulated activities); and
  - US \$500 for each individual for whom approved individual status is sought.

#### Guidance

- These fees relate only to the *applicant's* initial application.
- No separate application fee is payable for registration with the *CRO* or for the grant of a *licence* by the *QFC Authority*.

- (2) However, if an individual for whom approved individual status is sought is from a captive insurance manager (within the meaning given by CAPI, rule 1.2.7), and is already approved to carry on the relevant controlled function, no additional fee is payable for his or her approval.

### A4.2.2 Application fee for approval of individuals

An authorised firm submitting applications on behalf of additional individuals seeking approved individual status must pay an application

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fee of \$500 in respect of each additional approved individual application.

## **Part A4.3 Applications to conduct additional regulated activities**

### **A4.3.1 Fees for application—firm to conduct additional regulated activities**

An authorised firm seeking authorisation to conduct additional regulated activities specified must pay a fee equal to the difference between:

- (a) the basic fee which would be payable under rule A4.2.1 (1) (a) if it were an *applicant* firm seeking authorisation to conduct the regulated activities in the terms of the authorisation sought; and
- (b) the basic fee which would be payable under rule A4.2.1 (1) (a) if it were an *applicant* firm seeking authorisation to conduct the regulated activities in the terms of the authorisation currently held.

## **Part A4.4 Other fees**

### **A4.4.1 Initial annual fee**

- (1) An authorised firm must pay to the Regulatory Authority an initial annual fee for the initial period of regulation after the grant of authorised firm status.
- (2) The initial annual fee is calculated as the fee which was payable at the time of application for authorisation, pro-rated over the whole months remaining between the date of authorisation and the end of the year.

### **A4.4.2 Subsequent annual fees**

- (1) An authorised firm must pay to the Regulatory Authority a standard annual fee for any period of regulation after the period described in rule A4.4.1.
- (2) The standard annual fee is:
  - (a) the highest of the fees specified in the fees table corresponding to the regulated activities which the authorised firm is authorised to carry on; plus
  - (b) US\$500 for each approved individual employed by the authorised firm at 30 September in the previous year, or on the date of the grant of authorisation, whichever is the later.

**A4.4.3 Fee for extracts from Regulatory Authority registers**

In accordance with rule 10.6.1, persons must upon application for extracts of information from the registers of public information maintained by the Regulatory Authority, whether relating to either an authorised firm or an approved individual, pay to the Regulatory Authority the prescribed fee of US\$50 for each specific information request.

## Glossary

(see rule 1.1.2)

**AAOIFI** means the Accounting and Auditing Organisation for Islamic Financial Institutions.

**approved form** means a form approved under rule 5.3.1.

**approved individual** means an individual approved under FSR, article 41 to perform 1 or more controlled functions.

**associate**, of a person (**X**) holding shares in an authorised firm (or a parent entity of an authorised firm) or entitled to exercise, or control the exercise of, voting power in an authorised firm (or a parent entity of an authorised firm), means:

- (a) a trust controlled or administered by X;
- (b) a legal person of which the governing body is accustomed to act in accordance with the instructions of X;
- (c) if X is an individual:
  - (i) the spouse, child or stepchild of X;
  - (ii) any other person with whom X has an agreement or arrangement:
    - (A) for the acquisition, holding or disposal of shares or other interests in the authorised firm (or a parent entity of the firm); or
    - (B) under which they undertake to act together in exercising their voting power in relation to the authorised firm (or a parent entity of the firm); or
- (d) if X is a legal person:
  - (i) a subsidiary of X;
  - (ii) an entity in the same group as X;
  - (iii) any person in accordance with whose instructions the governing body of X is accustomed to act; and
  - (iv) a director or employee of X, or a director or employee of a subsidiary of X, if the director or employee is under an obligation to act in accordance with the instructions of X in relation to the shares or voting power in the authorised firm (or a parent entity of the firm).

**authorisation** means an authorisation granted under FSR, Part 5.

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

**BANK** means the *Banking Business Prudential Rules 2014*.

**body corporate** means a company or limited liability partnership incorporated in or outside the QFC.

**branch** means a legal entity incorporated in a jurisdiction outside the QFC. A firm that is a branch is the local office in the QFC of a company or limited liability partnership incorporated in a jurisdiction outside the QFC.

**business day** means a day that is not a Friday, Saturday, or a public or bank holiday in Qatar.

**CAPI** means the *Captive Insurance Business Rules 2011*.

**control** (of the exercise of voting power)—see rule 8.1.6 (3).

**controlled function** has the meaning given by FSR, article 41 (2).

*Note* See CTRL, ch 3 for the functions that are controlled functions.

**controller**—see rule 8.1.3 (1).

**contravene** includes fail or refuse to comply with.

**CTRL** means the *Governance and Controlled Functions Rules 2012*.

**decrease control**—see rule 8.1.5.

**director**, of a firm, means a person appointed to direct the firm's affairs, and includes:

- (a) a person named as director; and
- (b) any other person in accordance with whose instructions the firm is accustomed to act.

**document** means a record of information in any form (including electronic form) and includes, for example:

- (a) anything in writing or on which there is writing;
- (b) anything on which there are figures, marks, numbers, perforations, symbols or anything else having a meaning for individuals qualified to interpret them;
- (c) a drawing, map, photograph or plan; and
- (d) any other item or matter (in whatever form) that is, or could reasonably be considered to be, a record of information.

**employee**, of a person, means an individual:

- (a) who is employed or appointed by the person, whether under a contract of service or for services or otherwise; or
- (b) whose services are, under an arrangement between the person and a third party, placed at the disposal and under the control of that person.

**entity** means any kind of entity, and includes for example, any person.

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

**first become a controller**—see rule 8.1.3 (3).

**fitness and propriety**, of an authorised firm or applicant, has the same meaning as in FSR, article 29.

**FSR** means the Financial Services Regulations.

**function** includes authority, duty and power.

**governing body** means:

(c) in the case of a firm that is a QFC entity or a partnership constituted under the *Partnership Regulations 2007*—its board of directors or the body (whatever it is called) that, under the firm’s constitutional document, has the responsibility of overseeing the firm’s business in or from the QFC; and

(d) in the case of a firm that is a branch:

that part of the board of directors of the firm that has the responsibility of overseeing the firm’s business in or from the QFC;

if the firm does not have that part of the board described in subparagraph (i)—that part of the firm’s membership, committee of management or other body (whatever it is called) that has the responsibility of overseeing the firm’s business in or from the QFC; or

if the firm does not have that part of the board or body described in subparagraphs (i) and (ii)—the person or persons delegated by the board, membership, committee or other body with the responsibility of overseeing the firm’s business in or from the QFC.

**group**, in relation to a legal person (A) means the following:

(a) A;

(b) any parent entity of A;

(c) any subsidiary (direct or indirect) of any parent entity of A.

**IBANK** means the *Islamic Banking Business Prudential Rules 2015*.

**IMEB** means the *Insurance Mediation Business Rules 2011*.

**INAP** means the *Interpretation and Application Rules 2005*.

**increase control**—see rule 8.1.4.

**INMA** means the *Investment Management and Advisory Rules 2014*.

**ISFI** means the *Islamic Finance Rules 2005*.

**Islamic financial business** means the business of carrying on 1 or more *regulated activities* in accordance with Shari'a.

**Islamic financial institution** has the meaning given by ISFI, rule 1.2.2.

**Islamic window** has the meaning given by ISFI, rule 8.1.1.

**legal person** means an entity (other than an individual) on which the legal system of a jurisdiction confers rights and imposes duties, and includes, for example, any entity that can own, deal with or dispose of property.

**Examples**

- 1 a company
- 2 any other corporation
- 3 a partnership, whether or not incorporated
- 4 an association or other undertaking, whether or not incorporated

**month** means calendar month—that is, the period beginning at the start of any day of 1 of the 12 named months of the year and ending:

- (a) at the end of the day before the corresponding day on the next named month; or
- (b) if there is no corresponding day—at the end of the last day of next named month.

**PINS** means the *Insurance Business Rules 2006*.

**parent entity** of a legal person (A) means any of the following:

- (a) a legal person that holds a majority of the voting power in A;
- (b) a legal person that is a member of A (whether direct or indirect, or though legal or beneficial entitlement) and alone, or together with 1 or more legal persons in the same group, holds a majority of the voting power in A;
- (c) a parent entity of any legal person that is a parent entity of A.

**person** means:

- (a) an individual (including an individual occupying an office or position from time to time); or
- (b) a legal person.

**QFC** means the Qatar Financial Centre.

**QFC entity** means a company incorporated under the *Companies Regulations 2005* or a limited liability partnership incorporated under the *Limited Liability Partnerships Regulations 2005*.

**regulated activity** means an activity that is a regulated activity under FSR.



**regulated exchange** means an exchange:

- (a) that is incorporated or otherwise established in a jurisdiction outside the QFC; and
- (b) that is regulated as an exchange by an overseas regulator in that jurisdiction.

**Regulatory Authority** means the Regulatory Authority of the QFC.

**shares** in relation to a controller has the meaning given in FSR, article 37 (3).

**subsidiary**—a legal person (**A**) is a subsidiary of another legal person (**B**) if B is the parent entity of A.

**type of control** means any of the types of control in rule 8.1.3 (1).

**voting power**—see rule 8.1.6 (1).

**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 Rulebook history

#### **General Rulebook (GENE)**

*made by*

#### **General Rulebook Rule Making Instrument No. 8, 2005 (RM8/2005)**

Made 5 December 2005

Commenced 5 December 2005

Version No. 1

*as amended by*

#### **Conduct of Business Rulebook Rule Making Instrument 2007 (RM2007/01 att D)**

Made 28 June 2007

Commenced 1 July 2007

Version No. 2

#### **Collective Investment Funds Rulebook Rule Making Instrument 2007 (RM2007/02 att C)**

Made 28 June 2007

Commenced 15 July 2007

Version No. 3

#### **General (Fees) Amendment Rules 2007 (RM2007/03 att A)**

Made 5 September 2007

Commenced 1 October 2007

Version No. 4

**Rulebooks (Miscellaneous Amendments) Rules 2008 (RM2008/01 sch 1, pt 1.4 and sch 2, pt 2.6)**

Made 30 March 2008

Commenced 7 April 2008

Version No. 5

**Rulebooks (Miscellaneous Amendments) Rules 2008 (No 2) (RM2008/02 sch 1, pt 1.3 and sch 2, pt 2.3)**

Made 21 September 2008

Commenced 1 October 2008

Version No. 6

**Miscellaneous Amendments Rules 2009 (QFCRA Rules 2009-2 sch 1, pt 1.6 and sch 2, pt 2.3)**

Made 6 December 2009

Commenced 6 December 2009

Version No. 7

**Miscellaneous Amendments Rules 2010 (QFCRA Rules 2010-1 sch 2, pt 2.4)**

Made 3 February 2010

Commenced 3 March 2010

Version No. 8

**Anti-Money Laundering (Repeal and Amendment) Rules 2010 (QFCRA Rules 2010-3 sch 1, pt 1.3)**

Made 15 April 2010

Commenced 30 April 2010

Version No. 9

**Miscellaneous Amendments Rules 2010 (No 2) (QFCRA Rules 2010-4 sch 1, pt 1.5 and sch 2, pt 2.6)**

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. 10

**Asset Management (Repeal and Amendment) Rules 2010 (QFCRA Rules 2010-7 sch 1, pt 1.4)**

Made 5 December 2010

Commenced 1 January 2011

Version No. 11

**Captive Insurance Business (Consequential Amendments) Rules 2011  
(QFCRA Rules 2011-2 sch 1, pt 1.3)**

and

**Insurance Mediation Business (Consequential Amendments) Rules 2011  
(QFCRA Rules 2011-4 sch 1, pt 1.5)**

Made 20 June 2011

Commenced 1 July 2011

Version No. 12

**Training, Competency and Miscellaneous Amendments Rules 2011 (QFCRA  
Rules 2011-5 sch1, pt 1.1 and sch 2, pt 2.3)**

Made 4 December 2011

Commenced 1 January 2012

Version No. 13

**Governance and Controlled Functions (Consequential and Miscellaneous)  
Amendment Rules 2012 (QFCRA Rules 2012-5 sch 4, pt 4.4)**

Made 19 December 2012

Commenced 1 July 2013

Version No. 14

**General (Controller and Miscellaneous) Amendments Rules 2014 (QFCRA  
Rules 2014-1 sch 1)**

Made 14 January 2014

Commenced 1 February 2014

Version No. 15

**Individuals (Assessment, Training and Competency) (Consequential) and  
Miscellaneous Amendments Rules 2014 (QFCRA Rules 2014-6, sch 1, pt 1.3  
and sch 2, pt 2.3)**

Made 7 December 2014

and

**PIIB, PRIN and ASET Repeal and Consequential Amendments Rules 2014  
(QFCRA Rules 2014-3 sch 1, pt 1.4 and sch 2, pt 2.2 and sch3, pt 3.2)**

Made 17 December 2014

Commenced 1 January 2015

Version No. 16

**Miscellaneous Amendments Rules 2015 (QFCRA Rules 2015–1, sch 4 and  
sch 6, pt 6.3)**

Made 13 June 2015

Commenced 1 July 2015

Version No. 17

**Islamic Banking Business Prudential (Consequential) and Miscellaneous Amendments Rules 2015 (QFCRA Rules 2015–3, sch 1, pt 1.3 and sch 3, pt 3.4)**

Made 13 December 2015

Commenced 1 January 2016

Version No. 18

**Miscellaneous Amendments Rules 2017 (QFCRA Rules 2017–3, sch 1, pt 1.4)**

Signed 29 March 2017

Commenced 1 April 2017

Version No. 19

**Banking Business Prudential (Liquidity Risk and Miscellaneous) Amendments Rules 2018 (QFCRA Rules 2018–1, sch 2)**

and

**General (Protected Reporting) Amendments Rules 2018 (QFCRA Rules 2018-3 sch 1)**

Signed 25 March 2018

Commenced 1 May 2018

Version No. 20

**General (Controllers and Miscellaneous) Amendments Rules 2018 (QFCRA Rules 2018–4 sch 1)**

Signed 28 June 2018

Commenced 1 August 2018

Version No. 21

**Miscellaneous Amendments Rules 2019 (QFCRA Rules 2019–1 sch 2)**

Made 26 March 2019

Commenced 28 March 2019

Version No. 22

### 3 Amendment history

**General provisions**

ch 1 ins Rules 2011-5  
ch 1 hdg am Rules 2014-3

**Introductory**

pt 1.1 hdg ins Rules 2014-3

**Application**

ch 1 hdg om Rules 2010-4

**Application**

s 1.1 hdg om Rules 2010-4  
r 1.1.1 om Rules 2010-4

**Effect of definitions, notes and examples**

r 1.1.2 ins Rules 2014-1

sub Rules 2018-4

**References to particular currencies**

r 1.1.4 ins Rules 2017-3

**Principles relating to the conduct, operation and financial standing of authorised firms**

pt 1.2 ins Rules 2014-3

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r 2.1.1 hdg ins Rules 2015-3

**What applicant must demonstrate**

r 2.2.1 hdg ins Rules 2015-3

**What Regulatory Authority will consider**

r 2.3.1 hdg ins Rules 2015-3

**When applicant must be body corporate**

r 2.4.1 hdg ins Rules 2015-3

r 2.4.1 am RM2008/01

**Applicant for authorisation must be incorporated etc in QFC**

r 2.4.2 am RM2008/01  
sub Rules 2010-4

**Restrictions on Client Money and Insurance Money**

s 2.5 om Rules 2011-4

**Regulatory status not to be misrepresented**

r 3.1.1 hdg ins Rules 2015-3

**Disclosures that must be in business documents**

r 3.1.2 hdg ins Rules 2015-3

**Communication with the Regulatory Authority**

s 3.2 hdg om Rules 2010-4

s 3.2 om Rules 2010-4

s 3.3 om Rules 2014-1

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**Certain extracts to be evidence**

r 3.5.1 hdg ins Rules 2015-3

**Notice of certain events required**

ch 4 hdg sub Rules 2010-4

**Application and Purpose**

s 4.1 hdg om Rules 2010-4

**Notice of changes in certain core details**

r 4.1.1 (orig r 4.1.1) sub Rules 2009-2  
om Rules 2010-4  
(prev r 4.3.1) sub Rules 2009-2  
am Rules 2010-4  
renum as r 4.1.1 Rules 2010-4

**Notice of establishing or closing of branch office by local firm**

r 4.1.2 (prev r 4.3.2) sub Rules 2009-2  
renum as r 4.1.2 Rules 2010-4

**Notice of certain significant events**

r 4.1.3 (prev r 4.4.1) am Rules 2009-2  
renum as r 4.3.3 Rules 2009-2  
am Rules 2010-4

renum as r 4.1.3 Rules 2010-4  
am Rules 2012-5

**Notice of events relating to fraud etc**

r 4.1.4 (prev r 4.5.1) am Rules 2009-2  
renum as r 4.3.4 Rules 2009-2  
am Rules 2010-4  
renum as r 4.1.4 Rules 2010-4

**Notice of certain events involving other regulators**

r 4.1.5 (prev r 4.6.1) sub Rules 2009-2  
renum as r 4.3.5 Rules 2009-2  
am Rules 2010-4  
renum as r 4.1.5 Rules 2010-4

**Notice of certain action against authorised firm**

r 4.1.6 (prev r 4.7.1) sub Rules 2009-2  
renum as r 4.3.6 Rules 2009-2  
am Rules 2010-4  
renum as r 4.1.6 Rules 2010-4

**Notice of certain insolvency-related events**

r 4.1.7 (prev r 4.8.1) sub Rules 2009-2  
renum as r 4.3.7 Rules 2009-2  
am Rules 2010-4  
renum as r 4.1.7 Rules 2010-4

**Provision of Notifications**

s 4.2 hdg om Rules 2010-4  
r 4.2.1 om Rules 2010-4  
r 4.2.2 om Rules 2010-4  
r 4.2.3 om Rules 2010-4  
r 4.2.4 ins RM2007/02  
om Rules 2010-4

**Notice of certain events required**

s 4.3 hdg sub Rules 2009-2  
om Rules 2010-4

**Notice of changes in certain core details**

r 4.3.1 renum as r 4.1.1

**Notice of establishing or closing of branch office by local firm**

r 4.3.2 renum as r 4.1.2

**Notice of certain significant events**

r 4.3.3 (prev r 4.4.1) renum as r 4.1.3

**Notice of events relating to fraud etc**

r 4.3.4 (prev r 4.5.1) renum as r 4.1.4

**Notice of certain events involving other regulators**

r 4.3.5 (prev r 4.6.1) renum as r 4.1.5

**Notice of certain action against authorised firm**

r 4.3.6 (prev r 4.7.1) renum as r 4.1.6

**Notice of certain insolvency-related events**

r 4.3.7 (prev r 4.8.1) renum as r 4.1.7

**Significant Events**

s 4.4 hdg om Rules 2009-2  
r 4.4.1 renum as r 4.3.3 and then as r 4.1.3

**Fraud and Errors**

s 4.5 hdg om Rules 2009-2  
r 4.5.1 renum as r 4.3.4 and then as r 4.1.4

**Other Regulators**

s 4.6 hdg om Rules 2009-2  
r 4.6.1 renum as r 4.3.5 and then as r 4.1.5

**Action against an Authorised Firm**

s 4.7 hdg om Rules 2009-2  
r 4.7.1 renum as r 4.3.6 and then as r 4.1.6

**Winding up, Bankruptcy and Insolvency**

s 4.8 om Rules 2009-2  
r 4.8.1 renum as r 4.3.7 and then as r 4.1.7

**Protected reporting**

ch 4A ins Rules 2018-3

**Communications to Regulatory Authority**

ch 5 hdg sub Rules 2010-4

**Communications to Regulatory Authority—general provisions**

s 5.1 hdg sub Rules 2010-4

**Communications to Regulatory Authority must generally be in writing**

r 5.1.1 am Rules 2009-2  
sub Rules 2010-4

**Communications to Regulatory Authority must generally be in English**

r 5.1.2 ins Rules 2010-4  
am Rules 2012-5

**Giving documents to Regulatory Authority—general requirements**

r 5.1.3 ins Rules 2010-4

**Time documents are taken to have been given to Regulatory Authority**

r 5.1.4 ins Rules 2010-4

**Due date for periodic reports, returns and other documents**

r 5.1.5 ins Rules 2010-4  
r 5.1.5 n om Rules 2019-1

**Communications to Regulatory Authority—accuracy and completeness of information**

s 5.2 hdg sub Rules 2010-4

**Authorised firms must ensure accuracy and completeness of information given to Regulatory Authority etc**

r 5.2.1 am RM2008/01  
sub Rules 2010-4

**Powers of Regulatory Authority in relation to inaccurate or incomplete information**

r 5.2.2 sub Rules 2010-4  
am Rules 2012-5

**Approved forms**

s 5.3 hdg om Rules 2009-2  
ins Rules 2010-4  
s 5.3 g om Rules 2009-2

**Approval of forms etc**

r 5.3.1 ins Rules 2010-4



**Approved forms to be used and properly completed**

r 5.3.2 ins Rules 2010-4  
am Rules 2015-3

**Proper completion of approved forms**

r 5.3.3 ins Rules 2010-4  
am Rules 2015-3

**Transitional provisions—approved forms and instructions**

r 5.3.4 ins Rules 2010-4  
om Rules 2017-3

**Electronic submission system**

s 5.4 hdg ins Rules 2010-4

**Electronic submission system**

r 5.4.1 ins Rules 2010-4

**Giving of written notices by Regulatory Authority**

ch 5A ins Rules 2011-5

**General recordkeeping requirements**

s 6.1 hdg sub Rules 2010-4  
s 6.1 material om Rules 2010-4

**Records that must be kept—general requirement**

r 6.1.1 am Rules 2009-2; Rules 2010-1; Rules 2010-4  
r 6.1.1 n sub Rules 2019-1

**Application of s 6.2**

r 6.2.1A ins Rules 2009-2

**Reproduction of records on paper**

r 6.2.1 am Rules 2010-1

**How records must be kept**

r 6.2.2 am Rules 2010-1

**General requirement for records to be kept in English**

r 6.2.3 am Rules 2010-4

**Keeping records in other languages**

r 6.2.4 am Rules 2010-4

**Certified copies for original records**

r 6.2.5 am Rules 2010-1

**How long records and documents must be kept—general requirements**

r 6.2.6 am Rules 2010-1

**Records of firms formerly authorised**

r 6.2.7 ins Rules 2017-3

**Summary of Record Keeping Requirements**

s 6.3 hdg om Rules 2009-2  
s 6.3 g om Rules 2009-2

**Application**

s 7.1 hdg om Rules 2010-4  
s 7.1 material om Rules 2010-4

**Application for waiver or modification of provisions of Rules**

r 7.1.1 (orig r 7.1.1) om Rules 2010-4  
(prev r 7.2.1) sub Rules 2010-4  
renum as r 7.1.1 Rules 2010-4

## Endnotes

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### **Notice of material change in circumstances—applicant for waiver etc**

r 7.1.2 (orig r 7.1.2) am Rules 2009-4  
om Rules 2010-4  
(prev r 7.2.4) am Rules 2010-4  
renum as r 7.1.2 Rules 2010-4

### **Notice of material change in circumstances—applicant for waiver etc**

r 7.1.3 (orig r 7.1.3) om Rules 2010-4  
(prev r 7.6.1) sub Rules 2009-4  
sub Rules 2010-4  
renum as r 7.1.3 Rules 2010-4

s 7.2 hdg om Rules 2010-4

r 7.2.1 om Rules 2010-4

r 7.2.2 am RM2008/01

om Rules 2010-4

r 7.2.3 om Rules 2010-4

### **Notice of material change in circumstances—applicant for waiver etc**

r 7.2.4 renum as r 7.1.2

### **Procedure on Receipt of an Application**

s 7.3 hdg om Rules 2010-4

s 7.3 g om Rules 2010-4

### **Conditions for Granting a Waiver or Modification**

s 7.4 hdg om Rules 2010-4

s 7.4 material om Rules 2010-4

### **Applicability of a Waiver or Modification Notice**

s 7.5 hdg om Rules 2010-4

s 7.5 g om Rules 2010-4

### **Continuing relevance of waiver or modification notice**

s 7.6 hdg sub Rules 2009-2

om Rules 2010-4

### **Notice of material change in circumstances—firm with waiver etc**

r 7.6.1 renum as r 7.1.3

### **Publication of a Waiver or Modification Notice**

s 7.7 hdg om Rules 2010-4

s 7.7 material om Rules 2010-4

### **Revocation or Variation of a Waiver or Modification Notice**

s 7.8 hdg om Rules 2010-4

s 7.8 material om Rules 2010-4

### **Referral of the Regulatory Authority's decisions in relation to a Waiver or Modification Notice**

s 7.9 hdg om Rules 2009-2

s 7.9 g om Rules 2009-2

### **Controllers and close links**

Ch 8 sub Rules 2014-1

Ch 8 hdg sub Rules 2018-4

r 8.1.1 sub Rules 2018-4

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### **Additional requirement—letter of comfort**

r 8.2.4 am Rules 2015-1

r 8.2.4 g am Rules 2015-1

### **Application of Part 8.3**

r 8.3.1 sub Rules 2018-4

**Controller notice about changes in control of branches (FSR, article 36)**

- r 8.3.2 am Rules 2015-3
- r 8.3.3 am Rules 2009-2; Rules 2010-4  
om Rules 2014-1

**Giving notice about controllers**

- pt 8.4 hdg sub Rules 2018-4

**Application of Part 8.4**

- r 8.4.1 am RM2008/01  
om Rules 2010-4  
ins Rules 2014-1  
sub Rules 2018-4

**Significant changes in controllers**

- r 8.4.2 am RM2008/01  
om Rules 2010-4  
ins Rules 2014-1
- r 8.4.3 om Rules 2010-4
- r 8.4.4 om Rules 2014-1
- r 8.4.5 om Rules 2010-4
- r 8.4.6 om Rules 2010-4

**Time limit for giving controller notice**

- r 8.4.7 sub Rules 2009-2  
am Rules 2010-4  
om Rules 2014-1

**Meaning of *close links* for Part 8.5**

- r 8.5.1A ins Rules 2018-4
- r 8.5.2 am Rules 2018-4
- r 8.5.3 am Rules 2018-4

**Annual report about close links**

- r 8.5.4 ins Rules 2018-4
- s 8.6 om Rules 2014-1
- r 8.6.1 am Rules 2009-2  
om Rules 2014-1

**Application—Chapter 9**

- r 9.1.1 hdg ins Rules 2015-3
- r 9.1.1 am RM2008/01
- r 9.1.1 g am Rules 2019-1

**Matters about which accounting records must be kept**

- r 9.2.1 hdg ins Rules 2015-3
- r 9.2.1 am Rules 2019-1

**How long accounting records must be retained**

- r 9.2.2 hdg ins Rules 2015-3
- r 9.2.2 am RM2008/01

**Accounting standards generally**

- r 9.3.1 hdg ins Rules 2015-3
- r 9.3.1 am Rules 2015-3; Rules 2019-1

**Accounting standards—Islamic financial institutions**

- r 9.3.2 hdg ins Rules 2015-3
- r 9.3.2 am Rules 2015-3; Rules 2019-1

**Accounting standards—firms that operate Islamic windows**

- r 9.3.3 hdg ins Rules 2015-3
- r 9.3.3 am Rules 2015-3

## Endnotes

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### **Time limits for annual financial statements and other matters for assurance**

pt 9.4 hdg sub Rules 2019-1

### **Time limits for auditing and reporting on annual financial statements**

r 9.4.1 hdg sub Rules 2019-1

r 9.4.1 am RM2008/01; Rules 2009-2; Rules 2015-3; Rules 2019-1

### **Time limits for other assurance engagements and reports**

r 9.4.2 ins Rules 2019-1

### **Assurance engagements and reports**

pt 9.5 hdg sub RM2008/01; Rules 2011-4; Rules 2019-1

### **Audit and audit reports**

r 9.5.1 am RM2008/01; Rules 2011-4; Rules 2014-3; Rules 2015-3;

Rules 2018-4

sub Rules 2019-1

### **Additional assurance reports**

r 9.5.1A sub Rules 2019-1

### **Additional audit reports—client money**

r 9.5.2 ins Rules 2011-4

am Rules 2014-3

### **Additional audit reports—custody**

r 9.5.3 ins Rules 2011-4

am Rules 2014-3

s 9.6 g sub RM2008/01

s 9.6 n ins RM2008/01

### **Change in financial year end—QFC entity**

r 9.6.1 hdg sub Rules 2015-3

r 9.6.1 am Rules 2015-3

### **Change in financial year end—non-QFC entity**

r 9.6.2 hdg sub Rules 2015-3

### **Auditors**

s 9.7 hdg sub Rules 2009-2

### **Section 9.7 additional to other provisions**

r 9.7.1 sub Rules 2009-2

### **Appointment of auditor**

r 9.7.2 sub Rules 2009-2

am Rules 2010-4; Rules 2017-3; Rules 2018-1

### **Eligibility for appointment as auditor**

r 9.7.3 am RM2008/01; RM2008/02

sub Rules 2009-2

### **Limit on term of auditor's appointment**

r 9.7.3A ins Rules 2017-3

### **Effect of group audit rotation arrangements**

r 9.7.3B ins Rules 2017-3

### **Direction to replace auditor**

r 9.7.4 sub Rules 2009-2

am Rules 2017-3; Rules 2018-1

### **Direction to appoint auditor**

r 9.7.5 ins Rules 2009-2

am Rules 2018-1

**Notification if appointment of auditor ends**

r 9.7.6 ins Rules 2009-2  
am Rules 2010-4

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s 9.8 hdg om Rules 2009-2  
r 9.8.1 om Rules 2009-2

**Application—Chapter 10**

r 10.1.1 hdg ins Rules 2015-3

**Application not submitted until fee paid**

r 10.2.1 hdg ins Rules 2015-3

**Increase of sum due if fee not paid**

r 10.2.2 hdg ins Rules 2015-3  
r 10.2.2 am Rules 2009-2; Rules 2015-3

**Regulatory Authority's power to reduce or waive fees**

r 10.2.3 hdg ins Rules 2015-3  
r 10.2.3 am Rules 2011-5

**Regulatory Authority may require supplementary fees in certain cases**

r 10.3.1 hdg ins Rules 2015-3

**What application fees are payable**

r 10.4.1 hdg ins Rules 2015-3

**Fees not refundable**

r 10.4.2 hdg ins Rules 2015-3

**What annual fees are payable**

r 10.5.1 hdg ins Rules 2015-3

**When annual fees payable.**

r 10.5.2 hdg ins Rules 2015-3

**Fees payable for extracts from Regulatory Authority registers**

r 10.6.1 hdg ins Rules 2015-3

**Fees for certain reporting etc contraventions**

s 10.7 ins Rules 2011-5

**Application of s 10.7**

r 10.7.1 am Rules 2014-1; Rules 2014-3; Rules 2018-4

**Fees for failure to comply with certain requirements**

pt 10.8 ins Rules 2017-3

**Purpose**

s 11.1 hdg om Rules 2010-4  
s 11.1 g om Rules 2010-4  
ch 11 n ins Rules 2010-4

**Options and futures that are and are not specified products**

r 11.1.1 (prev r 11.2.1) am Rules 2009-2; Rules 2010-4  
renum as r 11.1.1 Rules 2010-4

**Contracts of insurance that are qualifying contracts of insurance**

r 11.1.2 (prev r 11.3.1) am RM 2007/01; Rules 2010-4  
renum as r 11.1.2 Rules 2010-4  
r 11.1.2 g am Rules 2018-4

## Endnotes

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### **Futures and Options**

s 11.2 hdg om Rules 2010-4  
s 11.2 material om Rules 2010-4  
r 11.2.1 renum as r 11.1.1

### **Qualifying contracts of insurance**

s 11.3 hdg om Rules 2010-4  
s 11.3 material om Rules 2010-4  
r 11.3.1 renum as r 11.1.2  
s A1.2 g am Rules 2010-3; Rules 2012-5

### **Reporting table**

app 2 hdg om Rules 2009-2  
s A2.1 sub RM2008/01  
om Rules 2009-2  
s A2.1 table sub RM2008/01  
am RM2008/02  
om Rules 2009-2

### **Overview of reporting requirements**

sch 2 ins Rules 2009-2  
am Rules 2010-7; Rules 2011-4; Rules 2012-5; Rules 2014-1;  
Rules 2014-3; Rules 2015-3  
om Rules 2018-4

### **Record Keeping Requirements**

app 3 hdg om Rules 2009-2  
s A3.1 g am RM2007/01  
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s A3.1 tables am RM2007/01; RM2008/01  
om Rules 2009-2

### **Overview of recordkeeping requirements**

sch 3 ins Rules 2009-2  
am Rules 2010-4; Rules 2010-7; Rules 2011-4; Rules 2011-5;  
Rules 2012-5; Rules 2014-3; Rules 2014-6; Rules 2015-1; Rules  
2015-3  
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### **Base fees**

r A4.1.1 hdg ins Rules 2015-3  
r A4.1.1 am RM2007/03; Rules 2010-7; Rules 2011-2; Rules 2011-5  
r A4.1.1 table am Rules 2018-4  
r A4.1.2 renum as r A4.2.1

### **Fees for initial application—firm to conduct 1 or more regulated activities**

r A4.2.1 (prev r A4.1.2) renum as r A4.2.1 RM2008/01  
sub Rules 2011-2  
am Rules 2018-4

### **Application fee for approval of individuals**

r A4.2.2 hdg ins Rules 2015-3

### **Fees for application—firm to conduct additional regulated activities**

r.A4.3.1 am Rules 2012-5  
r A4.3.1 hdg ins Rules 2015-3

### **Other fees**

Part A4.4 hdg sub Rules 2018-4

### **Initial annual fee**

r A4.4.1 hdg sub Rules 2015-3

**Subsequent annual fees**

r A4.4.2 hdg sub Rules 2015-3  
r A4.4.2 am Rules 2015-3

**Fee for extracts from Regulatory Authority registers**

r A4.4.3 hdg sub Rules 2015-3  
r A4.4.3 am Rules 2015-3

**Glossary**

glos ins Rules 2014-1

def **AAOIFI**  
ins Rules 2015-3

def **BANK**  
ins Rules 2014-3

def **CAPI**  
ins Rules 2018-4

def **fitness and propriety**  
sub Rules 2014-6

def **FSR**  
sub Rules 2017-3

def **IBANK**  
ins Rules 2015-3

def **IMEB**  
ins Rules 2014-3

def **INMA**  
ins Rules 2014-3

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ins Rules 2015-3

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ins Rules 2015-3

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ins Rules 2015-3

def **month**  
ins Rules 2015-3

def **PINS**  
ins Rules 2018-4

## 4 Editorial changes

INAP, rule 3.1.7, authorises certain editorial changes to Rules on publication (provided that the changes do not change the legal effect of the Rules). In version 18 of GENE, the following editorial changes were made:

- table of contents and page headers and footers brought into line with current practice
- the following terms changed from initial-capital to all lower case, except where an initial capital is grammatically required:
  - Close Links*
  - Law, Regulations* (except in citations), *Rule* (referring to a provision of other rules) and *Rules* (except in citations)
  - Option, Options*
  - Person*
  - Rule* (in cross-references within GENE)
- *chapter, part* and *schedule* in cross-references capitalised
- *Chapter* inserted into chapter headings where it is not at present, and *Part* into former section headings; former references in the text to sections now references to Parts
- *App* in the headings to former Appendices 1 and 4 replaced with *Schedule*, and former references in the text to *Appendices* now to *Schedules*.
- capitalisation of the text of certain headings changed to conform to current practice (that is, only the first word now has an initial capital, unless grammatically required)
- paragraphs formerly lettered with upper-case letters now lettered with lower-case letters, and references in the text changed accordingly
- *subrule* and *subrules, paragraph* and *paragraphs* inserted into cross-references where formerly omitted
- the punctuation before a series of paragraphs or subparagraphs is now uniformly a colon rather than an em-dash, in accordance with current practice
- citations of the *Companies Regulations 2005*, the *Limited Liability Partnerships Regulations 2005* and the *Partnership Regulations 2007* completed wherever they appear; erroneous *Limited Liability Partnership Regulations 2005* (should have been *Partnerships*) corrected in several places in Chapter 9 and the Glossary; citations in italics
- numerals substituted for numbers formerly spelt out, and % for *per cent*"
- conjunctions omitted where formerly present in sequences of paragraphs or subparagraphs preceded by "the following" or a similar expression
- in other sequences of paragraphs and subparagraphs, conjunctions omitted where formerly present except before the last paragraph or subparagraph



- *the* inserted before *Limited Liability Partnerships Regulations 2005*
- *these rules* (however formerly capitalised or italicised) no longer capitalised (except where an initial capital is grammatically required) nor italicised
- *IMEB* no longer in italics (the term is defined in the Glossary)
- spelling of *intermediaries* corrected in Schedule 3 item 13.6
- headings before paragraphs removed from rule 2.3.1
- single quotation marks replaced with double quotation marks
- “eg” replaced with “for example”
- “esp” in notes now spelt out.