



QATAR FINANCIAL CENTRE  
**REGULATORY  
AUTHORITY**

# **Principles Rulebook (PRIN)**

**Version No. 1**

**Effective: 13 October 2005 – 31 December 2014**

**Rules not amended**

**Repealed by  
PIIB, PRIN and ASET Repeal and Consequential Amendments Rules 2014  
(QFCRA Rules 2014-3)**

**TABLE OF CONTENTS**

Background ..... 3

**1 Application and Interpretation ..... 4**

    1.1 Application ..... 4

    1.2 Interpretation ..... 4

**2 The Principles ..... 5**

    2.1 The Principles for Authorised Firms ..... 5

Endnotes ..... 7

### Background to this Rulebook

1. The *Principles* are drawn up in accordance with Article 15(3) of the *FSR* and have the status of *Rules*. A breach of the *Principles* may form the basis of disciplinary action by the *Regulatory Authority*.
2. The *Principles* are a general statement of the standards expected of *Authorised Firms* and apply directly to the conduct of business, operation and financial standing of *Authorised Firms*.
3. The *Principles* are not exhaustive of the standards expected. Conformity with the *Principles* does not absolve a failure to observe other requirements in the *Rulebooks*, while the observance of other requirements in the *Rulebooks* does not necessarily amount to conformity with the *Principles*.
4. Failure by an *Authorised Firm* to comply adequately with the *Principles* is likely to impact on the *Regulatory Authority's* assessment of that *Authorised Firm's Fitness and Propriety*.

# 1 Application and Interpretation

## 1.1 Application

**1.1.1** This rulebook (*PRIN*) applies to an *Authorised Firm* in respect of the conduct of *Regulated Activities* in or from the *QFC*.

**1.1.2** This rulebook also applies to activities of an *Authorised Firm* wherever they are carried on if the activities relate to *Regulated Activities* carried on by the *Authorised Firm* in or from the *QFC* and they are capable of having an effect on:

- (A) confidence in the *Financial System*;
- (B) the *Authorised Firm's* ability to comply with the *Regulatory Authority's* requirements as to financial resources; or
- (C) the *Authorised Firm's Fitness and Propriety*.

**1.1.3** *Principles* 3, 4 and 5 also take into account any activities of other members of an *Authorised Firm's Group* where those activities impact or potentially impact the *Authorised Firm's* compliance with these principles.

## 1.2 Interpretation

**1.2.1** References in the *Principles* to *Clients* and *Customers* include references to potential *Clients* and potential *Customers*.

## 2 The Principles

### 2.1 The Principles for Authorised Firms

2.1.1	<b>Principle 1 Integrity</b>	An <i>Authorised Firm</i> must observe high standards of integrity in the conduct of its business.
2.1.2	<b>Principle 2 Skill, Care and Diligence</b>	An <i>Authorised Firm</i> must act with due skill, care and diligence in the conduct of its business.
2.1.3	<b>Principle 3 Management</b>	An <i>Authorised Firm</i> must ensure that its affairs are managed effectively by its senior management.
2.1.4	<b>Principle 4 Systems and Controls</b>	An <i>Authorised Firm</i> must have effective systems and controls including risk management systems and adequate human and technological resources.
2.1.5	<b>Principle 5 Financial Prudence</b>	An <i>Authorised Firm</i> must maintain adequate financial resources.
2.1.6	<b>Principle 6 Market Conduct</b>	An <i>Authorised Firm</i> must observe proper standards of market conduct.
2.1.7	<b>Principle 7 Customers' Interests</b>	An <i>Authorised Firm</i> must have due regard to its <i>Customers'</i> interests and treat them fairly.
2.1.8	<b>Principle 8 Communications with Clients</b>	An <i>Authorised Firm</i> must pay due regard to the information needs of its <i>Clients</i> and communicate information to them in a way which is clear, fair and not misleading.
2.1.9	<b>Principle 9 Conflicts of Interest</b>	An <i>Authorised Firm</i> must manage conflicts of interest fairly, both between itself and its <i>Customers</i> and between a <i>Customer</i> and another <i>Client</i> and must organise its affairs such that conflicts can be identified.

2.1.10	<b>Principle 10</b> <b>Relationship of Trust</b>	An <i>Authorised Firm</i> must discharge faithfully a responsibility of trust toward a <i>Customer</i> , including taking reasonable care to ensure the suitability of its advice and discretionary decisions for any <i>Customer</i> who is entitled to rely upon its judgment.
2.1.11	<b>Principle 11</b> <b>Client Assets</b>	An <i>Authorised Firm</i> must arrange adequate protections for <i>Clients'</i> assets when it is responsible for them in accordance with the responsibility it has accepted.
2.1.12	<b>Principle 12</b> <b>Confidentiality</b>	An <i>Authorised Firm</i> must ensure that information of a confidential nature received in the course of dealings with its <i>Clients</i> is treated in an appropriate manner.
2.1.13	<b>Principle 13</b> <b>Relations with Regulators</b>	An <i>Authorised Firm</i> must deal with all relevant regulators in an open and cooperative manner and keep the <i>Regulatory Authority</i> promptly informed of anything relating to the <i>Authorised Firm</i> , of which the <i>Regulatory Authority</i> would reasonably expect notice.

## 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

#### **Principles Rulebook (PRIN)**

made by

#### **Principles Rulebook Rule Making Instrument No. 1, 2005 (RM01/2005)**

Made 13 October 2005

Commenced 13 October 2005

Version No. 1