



qatar

FINANCIAL CENTRE

**COMPANIES  
RULES**

COMP-VER1-Nov05

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# 1 Application, Purpose and Interpretation

## 1.1 Application

1.1.1 These rules apply to every *Person* to whom the *Companies Regulations* apply.

## 1.2 Purpose

### Guidance

The purpose of these rules is to provide further detail in respect of the operation of the *Companies Regulations*. Accordingly, these rules should be read in conjunction with the *Companies Regulations*.

## 1.3 Interpretation

1.3.1 In these rules:

- (A) defined terms are identified by the capitalisation of the initial letter of the word or phrase and are in italics;
- (B) subject to (C) defined terms have the same meaning as they have in the *Companies Regulations*; and
- (C) the following defined terms have the meaning given below:

Defined Term	Meaning
Authorisation	Authorisation granted by the <i>Regulatory Authority</i> to carry on <i>Regulated Activities</i> in accordance with Part 5 of the <i>Financial Services Regulations</i> .
Companies Regulations	The QFC Companies Regulations 2005
Islamic Financial Business	The business of carrying on one or more <i>Regulated Activities</i> in accordance with Shari'a.
Person	Any person and includes a natural or legal person, body corporate, or body unincorporate, including a branch, company, partnership, unincorporated association or other undertaking, government or state.
Regulated Activities	Has the meaning set out in Article 23 of the <i>Financial Services Regulations</i> .

## 2 Articles of Association

### 2.1 Articles of Association

**2.1.1** For the purposes of Article 49 of the *Companies Regulations*, the articles of association set out in Appendix 1 are prescribed as the standard *LLC* articles of association.

**2.1.2** If the standard articles are not adopted, then the articles filed by the *LLC* with the application for a certificate of incorporation must, at least, provide for:

- (A) the purpose for which the *LLC* is being formed;
- (B) the amount of share capital of the *LLC* and the creation of classes of shares, where the *LLC* considers that it may seek to create classes of shares;
- (C) the issue or alteration of share capital;
- (D) the rights attaching to shares or classes of shares;
- (E) the transfer of shares and, if relevant, liens over shares;
- (F) an annual general meeting;
- (G) the requisition, by members, of general meetings;
- (H) the proceedings including voting at general meetings;
- (I) accounts and other information to be provided to members before every annual general meeting;
- (J) the maximum number of directors;
- (K) the appointment, retirement, disqualification and removal of directors and other officers;
- (L) the remuneration of directors;
- (M) the powers of directors, including powers to borrow on behalf of the company and the delegation of those powers;
- (N) proceedings of directors meetings;
- (O) appointment of the secretary; and
- (P) the keeping of minutes.

## 3 LLC registry, Forms and Fees

### 3.1 Forms

**3.1.1** The forms identified in column 3 in the table in Appendix 2 are prescribed for the purposes set out in column 1 of that table.

**3.1.2** (1) The *Prescribed Forms* must be completed in accordance with any directions, instructions or requirements contained in the form.

(2) An annexure to a *Prescribed Form* must be endorsed with the words:

“This is the annexure to the (*insert description of form*) relating to (*insert name of LLC*) dated (*insert date of form*).”

**3.1.3** Any form, annexure or other document filed with the *CRO* must:

(A) be on white paper of international A4 size;

(B) be clearly printed or written in black in a manner that is permanent and is able to be reproduced or copied by photographic or electronic means;

(C) contain, where applicable, original signatures of the person or persons indicated on the form and the date on which they signed;

(D) set out the name and *QFC* number (where applicable) of the *LLC* or *Branch* to which the form relates; and

(E) be completed in the English language.

**3.1.4** Where a provision of the *Companies Regulations* or these rules requires a certified copy of a document to be filed with the *CRO*, the copy must be certified by:

(A) in the case of a document created or issued by an *LLC* or *Non-QFC Company* itself, including but not limited to articles of association and other constitutional documents, a director or secretary of the *LLC* or *Non-QFC Company*;

(B) in the case of a document issued by the public body responsible for the incorporation of companies or the maintenance of the company registry in another jurisdiction, 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.

## 3.2 Time for Filing Forms

**3.2.1** Where an Article in the *Companies Regulations* or a rule in these rules requires a notice to be filed with the *CRO*, the notice must be filed, in the absence of a time limit being stated in the *Companies Regulations* or these rules, within 14 days of the date of the happening of the event to which the notice relates.

## 3.3 Fees

**3.3.1** The fees identified in column 3 in the table in Appendix 3 are prescribed for the purposes set out in column 1 of that table.

## 3.4 Provision of Information

**3.4.1** (1) The *CRO* will, upon application and payment of the *Prescribed Fee*, produce an extract of the information maintained in the register maintained by the *CRO* in relation to any particular *LLC* or *Branch*.

(2) An extract of information produced pursuant to (1) is prima facie evidence of the matters stated in it.

**3.4.2** (1) The *CRO* will, upon application and payment of the *Prescribed Fee*, produce a certified copy of a certificate of incorporation of an *LLC* or of a certificate of registration of a *Branch*, or any document filed with the *CRO*.

(2) A certified copy of a certificate of incorporation or certificate of registration produced pursuant to (1) is conclusive evidence of the incorporation of the *LLC* or registration of the *Branch*.

## 4 Accounting and Audit

### 4.1 Accounting Standards

**4.1.1** For the purposes of Article 82 of the *Companies Regulations*, the accounting standards published by the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI) are prescribed in respect of an *LLC* which is an *Authorised Firm* and which has on its *Authorisation* an endorsement authorising it to conduct *Islamic Financial Business*.

### 4.2 Approved Auditors

**4.2.1** An auditor applying for approval by the *QFC Authority* and to be entered onto the register of approved auditors maintained by the *CRO* must:

- (A) complete the form prescribed in Appendix 2 and file it with the *QFC Authority*;
- (B) provide such additional material as may be required by the *QFC Authority*; and
- (C) pay the *Prescribed Fee* to the *QFC Authority*.

**4.2.2** Subject to Rule 4.2.3, before the *QFC Authority* approves an auditor to appear on the register an applicant must satisfy the *QFC Authority* that it:

- (A) is fit and proper to be registered as an auditor taking into account:
  - (i) where the applicant is an individual, the applicant's:
    - (a) qualifications;
    - (b) experience;
    - (c) membership of relevant professional bodies; and
    - (d) available resources; and
  - (ii) where the applicant is a firm, the applicant's:
    - (a) background and history;
    - (b) ownership and *Group*; and
    - (c) resources; andany other information required by the *CRO*;
- (B) has adequate professional indemnity insurance which provides cover in respect of work undertaken in the *QFC*; and
- (C) meets any other requirements prescribed by the *QFC Authority*.

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**4.2.3** An applicant shall be taken to meet the criteria set out in Rule 4.2.2 if that applicant is:

- (A) registered as an auditor in a jurisdiction acceptable to the *QFC Authority*; and
- (B) in good standing with the body responsible for registration of auditors in that jurisdiction.

**4.2.4** An auditor must pay the annual fee prescribed in Appendix 3 to remain on the register of approved auditors.

**4.2.5** (1) The *QFC Authority* may require an auditor to file with the *CRO*:

- (A) at the time of filing an application for approval and registration; and
- (B) at the time of payment of the annual fee or by such later time that the *CRO* may direct

an assessment completed within the preceding three months by a firm or body approved for this purpose by the *CRO* addressing such matters relating to the auditor as notified by the *CRO*.

- (2) If upon receiving an annual assessment the *CRO* forms the view that the auditor is no longer fit and proper to be on the register of approved auditors, the *CRO* may cancel the registration of the auditor.
- (3) The auditor must pay for the services of the firm or body undertaking the assessment referred to in (1).

**4.2.6** If, at any time after registration, an auditor no longer meets the requirements for registration as an approved auditor, the auditor must immediately inform the *CRO* in writing.

### 4.3 Register of Approved Auditors

**4.3.1** The *CRO* will maintain the register of approved auditors by recording the following information in respect of current and former registered approved auditors:

- (A) full name;
- (B) address;
- (C) date of registration as an approved auditor with the *CRO*; and
- (D) date of cessation of registration as an auditor with the *CRO*.



## 5 Migration of Bodies Corporate

### 5.1 Transfer of Incorporation to the QFC

**5.1.1** An application pursuant to Article 110 of the *Companies Regulations* must be accompanied by:

- (A) the articles of continuation as required in Article 110(2)(B) of the *Companies Regulations*, together with:
  - (i) a certified copy of the current certificate of its incorporation or document of similar effect and any amendments thereto; and
  - (ii) a certified copy of the articles of association or other constitutional document of similar effect and any amendments thereto;
- (B) evidence satisfactory to the *CRO* that the *Non-QFC Company* is permitted by the laws of the jurisdiction in which it is incorporated to be continued under the laws of another jurisdiction and that it has complied with all the relevant requirements;
- (C) evidence satisfactory to the *CRO* that all necessary consents in the original jurisdiction of incorporation, including but not limited to any necessary consent of shareholders, have been obtained and certified;
- (D) a copy of the *Non-QFC Company's* most recent audited accounts filed with the relevant authority in the jurisdiction in which it is incorporated or otherwise to the satisfaction of the *CRO*; and
- (E) the relevant *Prescribed Fee* prescribed in Appendix 3.

**5.1.2** If any documents submitted to the *CRO* are not in the English language, the documents must be accompanied by a certified English translation.

**5.1.3** (1) A *Non-QFC Company* must not apply to the *CRO* under Article 110 of the *Companies Regulations* unless the directors have filed with the *CRO* a declaration that:

- (A) the *Non-QFC Company* is solvent;
- (B) at the time of the application, there is no reasonable prospect of the *Non-QFC Company* becoming insolvent; and
- (C) there are no applications made to any court:
  - (i) to put the *Non-QFC Company* into liquidation;
  - (ii) to wind up the *Non-QFC Company*;
  - (iii) to have the *Non-QFC Company* declared insolvent; or

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(iv) for the appointment of a receiver in relation to any property of the *Non-QFC Company*.

(2) In (1) 'insolvent' has the meaning given under the Insolvency Regulations 2005.

**5.1.4** A *Non-QFC Company* which is an *Authorised Firm* and which wishes to transfer its incorporation to the *QFC* and be continued as an *LLC* under Article 110 of the *Companies Regulations* must obtain the prior written consent of the *Regulatory Authority*.

**5.1.5** A certificate of continuation is conclusive evidence that the *Non-QFC Company* is a duly registered *LLC* from the date of continuation stated in the certificate.

**5.1.6** Where a *Non-QFC Company* is continued as an *LLC*, the *LLC* must file with the *CRO* any certificate or document issued under the laws of the jurisdiction of the *Non-QFC Company* evidencing the fact the *Non-QFC Company* has ceased to be incorporated under the laws of that jurisdiction.

## 5.2 Transfer of Incorporation from the QFC

**5.2.1** An *LLC*, applying to the *CRO* for authorisation to transfer its incorporation and be continued as a *Non-QFC Company*, must apply in writing to the *CRO* and must be accompanied by:

- (A) a certified copy of the *Special Resolution* approving that the *LLC* transfer its incorporation and be continued as a *Non-QFC Company*;
- (B) evidence acceptable to the *CRO* that:
  - (i) the *LLC* is able to transfer its incorporation and be continued under the laws of another jurisdiction; and
  - (ii) the laws of the other jurisdiction satisfy the requirements set out in Article 115 of the *Regulations*;
- (C) the *Regulatory Authority's* written consent if the *LLC* is an *Authorised Firm*;
- (D) any declaration, certification, information, document or confirmation as the *CRO* may require; and
- (E) the relevant *Prescribed Fee* in Appendix 3.

**5.2.2** (1) An *LLC* must not apply to the *CRO* under Article 115 of the *Companies Regulations* unless the directors have filed with the *CRO* a declaration that:

- (A) the *LLC* is solvent;
- (B) at the time of the application, there is no reasonable prospect of the *LLC* becoming insolvent; and

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- (C) there are no applications made to any court:
  - (i) to put the *LLC* into liquidation;
  - (ii) to wind up the *LLC*;
  - (iii) to have the *LLC* declared insolvent; or
  - (iv) for the appointment of a receiver in relation to any property of the *LLC*.

(2) In (1) 'insolvent' has the meaning given under the *Insolvency Regulations 2005*.

**5.2.3** An *LLC* making an application under Article 115 of the *Companies Regulations* must place a legible and comprehensible notice 60 days prior to making such an application in one or more newspapers or other publication best suited to bring the proposed transfer of incorporation to the attention of any persons who may be affected by such transfer.

## 6 Miscellaneous

### 6.1 Registers and Records

**6.1.1** Subject to any specific requirement of the *Companies Regulations*, any register or record that an *LLC* is required to keep or maintain by operation of the *Companies Regulations* or these rules, must be kept at the registered office of the *LLC* or at such other place determined by the directors.

**6.1.2** A decision of the directors to keep any register or record referred to in Rule 6.1.1 at a place other than the registered office of the *LLC* must only be made by the directors at a directors' meeting and minutes must be kept of the decision, including the decision as to the place at which the registers or records must be maintained.

### 6.2 Objection to Notice of Financial Penalty

**6.2.1** To object to the imposition of a financial penalty in accordance with Article 129(3)(B) of the *Companies Regulations*, a person must file with the *CRO* within the period stated in the notice of imposition of financial penalty a notice of objection which sets out the following information:

- (A) the name of the person to whom the notice of imposition of financial penalty was addressed;
- (B) the date of the notice of imposition of financial penalty;
- (C) the period within which objection to the imposition of financial penalty must be made; and
- (D) every matter which the person believes ought to be taken into account by the *CRO* in determining whether to commence proceedings in the *Tribunal* for payment of financial penalty.

## App1 Standard Articles

### A1.1 The LLC Standard Articles

**A1.1.1** For the purposes of the *Companies Regulations* and these rules, these are the 'Standard Articles'.

#### INTERPRETATION

1. In these articles:
  - (A) "the Regulations" means the *QFC Companies Regulations 2005*; and
  - (B) unless otherwise indicated, words or expressions contained in these articles bear the same meaning as in the Regulations.

#### SHARE CAPITAL

2. Subject to the Regulations and without prejudice to any rights attached to any existing shares, shares may be issued with such rights or restrictions as the LLC may by resolution determine.
3. Subject to the Regulations, the LLC may issue, or convert existing non-redeemable shares, whether issued or not, into redeemable shares at option of the LLC or the shareholder.
4. No person may be recognised by the LLC as holding any share upon trust.

#### SHARE CERTIFICATES

5. Unless the conditions of allotment of the shares otherwise provide, the LLC shall provide to every member:
  - (A) a share certificate for the shares of each class allotted to him;
  - (B) a share certificate for the shares transferred to him; and
  - (C) upon transferring a part of his shares, of any class, a share certificate for the balance of his holding.

Such share certificate shall be provided without payment but if the member requires additional share certificates, the LLC may charge a reasonable fee for every share certificate after the first share certificate.

6. Every share certificate shall specify the number, class and distinguishing numbers of the shares to which it relates.
7. If a share certificate is lost or destroyed, it may be replaced on such terms which may include indemnity and payment of reasonable expenses as the directors may determine. If a share certificate is defaced or worn out, it may be replaced on delivery of the old certificate upon the payment of such fee as the directors may determine.

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### TRANSFER OF SHARES

8. The instrument of transfer of a share may be in any form which the directors may approve and shall be executed by or on behalf of the transferor.
9. The directors may refuse to register the transfer of a share to a person of whom they do not approve and they may refuse to register the transfer of a share unless:
  - (A) the instrument of transfer, the share certificate and any other evidence that the directors may reasonably require, are filed at the registered office;
  - (B) the transfer is in respect of only one class of shares; and
  - (C) the transfer is in favour of not more than four transferees.
10. If the directors refuse to register a transfer of a share, they shall within one month notify the transferee accordingly.
11. The directors may suspend the registration of transfers of shares at such times and for such periods as determined by them.
12. The LLC may charge a reasonable fee for the registration of any instrument of transfer.
13. The LLC shall retain any instrument of transfer which is registered.

### TRANSMISSION OF SHARES

14. If a member dies his personal representative and, where he was a joint holder, the survivor or survivors shall be the only persons recognised by the LLC as having title to the shares.
15. A person becoming entitled to a share in consequence of the death or bankruptcy of a member shall be registered as a member upon giving notice to the LLC and upon registration he shall have the same rights as the holders of the same class of shares.

### ALTERATION OF SHARE CAPITAL

16. The LLC may by resolution:
  - (A) increase its share capital by creating new shares;
  - (B) consolidate and divide all or any of its shares (whether issued or not) into shares of larger amount than its existing shares;
  - (C) sub-divide its shares, or any of them, into shares of smaller amount; and
  - (D) cancel shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of the LLC's share capital by the amount of the shares so cancelled.

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17. Any fractions of shares resulting from a consolidation of shares may be sold by the directors on behalf of the members and the net proceeds distributed proportionately amongst those members.
18. The LLC may, in accordance with the Regulations, reduce its share capital in any way and on such terms as it may decide.

### **PURCHASE OF OWN SHARES**

19. Subject to the provisions of the Regulations, the LLC may purchase its own shares.

### **GENERAL MEETINGS**

20. All general meetings other than annual general meetings shall be called extraordinary general meetings.
21. The directors may, and on the requisition of members in accordance with the Regulations, shall, call extraordinary general meetings.

### **REQUISITION AND NOTICE OF GENERAL MEETINGS**

22. Subject to the Regulations, an annual general meeting and an extraordinary general meeting shall be called by at least twenty-one days' notice to all the members, the directors and auditors.

Such notice of general meeting shall specify the time and place of the meeting and the general nature of the matters to be considered. A notice of meeting in respect of an annual general meeting shall in addition specify that it is in respect of an annual general meeting.

23. The proceedings of a meeting are not invalid solely because of the inadvertent failure to give notice of the meeting to, or the failure to receive notice of a meeting by, any person entitled to receive such notice.

### **PROCEEDINGS AT GENERAL MEETINGS**

24. No meeting shall take place unless a quorum is present. Two persons entitled to vote shall constitute a quorum.
25. If a quorum is not present within half an hour from the time stated for the meeting, the meeting shall be adjourned to a place and time determined by the directors. If during the meeting a quorum ceases to be present the meeting shall be adjourned to a place and time determined by the directors.
26. The chairman of the board of directors shall chair the meeting. If the chairman of the board of directors is not present or willing to act within fifteen minutes of the stated time for commencement of the meeting, and in the absence of a nominee, another director elected by the directors present shall chair the meeting. If no directors are present or willing to chair the meeting, then the members shall elect one of their number to chair the meeting.

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27. Regardless of whether he is a member, a director is entitled to attend and speak at any general meeting and at any separate meeting of the holders of any class of shares in the LLC.
28. The chairman may adjourn the meeting with the consent of the majority of the votes at the meeting. No matters shall be considered at an adjourned meeting other than matters that might have been considered at the meeting had the adjournment not taken place. It is not necessary to give notice of the adjourned meeting unless the meeting was adjourned for fourteen days or more, in which case at least seven days' notice shall be given specifying the time and place of the adjourned meeting and the general nature of the matters to be considered.
29. Unless a poll is demanded, a resolution put to the vote shall be decided on a show of hands. A poll may be demanded before or on the declaration of the result of a vote by show of hands:
  - (A) by the chairman;
  - (B) by at least two members having the right to vote at the meeting; or
  - (C) by a member representing not less than 5% of the total voting rights of all the members having the right to vote.
30. Unless a poll is demanded the chairman may declare that a resolution has been carried or lost by a particular majority. The entry in the minutes of the meeting of that declaration shall be conclusive evidence of the result of the resolution.
31. The chairman may consent to the withdrawal of the demand for a poll.
32. A poll shall be taken in the manner the chairman directs and the result shall be the resolution of the meeting at which the poll was demanded.
33. The chairman shall have the deciding vote in the case of an equality of votes.
34. A poll demanded on the election of a chairman or on an adjournment shall be taken immediately. A poll demanded on any other question shall be taken as the chairman directs but not more than thirty days after the poll is demanded. The demand for a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll is demanded.
35. Seven days notice shall be given specifying the time and place at which a poll shall be taken unless the time and place is announced at the meeting at which the poll is demanded.
36. A resolution may be passed in writing in accordance with the Regulations.

### VOTES OF MEMBERS

37. On a show of hands, every member present, including the representative of a body corporate member, shall have one vote. On a poll, every member shall have one vote for every share held. This Article is subject to any rights or restrictions attached to any shares.



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38. Joint members may only exercise one vote or one vote per share as the case may be. If more than one vote is cast by joint members, only the vote of the joint member whose name appears first on the register of members shall be taken into account.
39. Where a member has had a personal representative appointed because of some physical or mental disability, that personal representative may exercise the voting rights of the member if the personal representative has given notice to the directors in writing in the form of proxy used by the LLC and within the time limit for filing proxies prior to any meeting being held or vote being taken.
40. No objection may be raised to the right of any voter except at the meeting at which the voter is to vote. The decision of the chairman in respect of any objection or the right of any voter shall be final.
41. A member may vote on a poll by proxy.
42. An instrument appointing a proxy shall be in writing in a form approved by the LLC and distributed with the notice of a meeting. The form approved and distributed by the LLC must include a section allowing the member to direct the proxy on how the proxy shall act.
43. The instrument appointing a proxy must be deposited at the registered office of the LLC at least 48 hours before the time at which the meeting at which the proxy is to be exercised is to be held. In the case of a poll not being taken immediately but some time after it is demanded, the instrument appointing a proxy may be deposited at the poll with the chairman, Secretary or any Director or at any time before the poll at the registered office of the LLC.
44. A vote given or poll demanded by proxy is valid notwithstanding the determination of the member who appointed the proxy unless the LLC receives notice from the member in writing prior to the vote being taken or the poll being demanded.

### NUMBER OF DIRECTORS

45. The LLC shall have at least one director.

### ALTERNATE DIRECTORS

46. Any director may appoint any other director or any other person approved by the directors to act as his alternate and may remove the alternate Director so appointed. The alternate director shall perform all the functions of his appointer as a director but is not entitled to remuneration for his services.
47. An alternate director shall be given notice of all meetings of which his appointer is entitled to receive notice and is entitled to attend and vote at such meetings.
48. An alternate director holds office for as long as his appointer holds office unless he is removed by written instrument by his appointer.
49. Any appointment or removal of an alternate director shall be given to the secretary of the LLC.

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50. Unless otherwise provided, an alternate director shall not be regarded as an agent of his appointor but shall be responsible for his acts or omissions.

### POWERS OF DIRECTORS

51. Subject to the Regulations and these articles the business of the LLC shall be managed by the directors. No subsequent amendment to these articles shall invalidate any act of a director or the directors.
52. The directors may appoint a person to be the agent of the LLC.

### DELEGATION OF DIRECTORS' POWERS

53. The board of directors may delegate any of its powers to a managing director, executive director or a committee of directors.

### APPOINTMENT AND RETIREMENT OF DIRECTORS

54. At the first annual general meeting of the LLC, all directors shall retire from office. At every subsequent annual general meeting at least one third or number nearest to one third of the directors who are subject to retirement by rotation shall retire.
55. The directors subject to retirement by rotation are those that have been longest in office since their last appointment. In respect of those directors appointed on the same day, those that are to retire shall be determined by whose name appears first on the register of directors.
56. A director shall remain in office, if so willing, if the LLC at the meeting at which he retires by rotation, resolves not to fill the vacancy.
57. A person (other than a director retiring by rotation) shall not be appointed a director at a general meeting unless he has been recommended by the directors or a member and details of the proposed director have been included in the notice of meeting at which the appointment shall be considered. The details shall include at least the information that would be included in the register of directors if the person was appointed.
58. Subject to the preceding articles, additional directors may be appointed by the LLC by resolution as long as the total number of directors does not exceed any maximum number of directors stipulated by the Regulations or these articles.
59. A director appointed pursuant to the preceding article shall hold office only until the next annual general meeting at which time the director shall retire but may, in accordance with the articles, be re-appointed.

### DISQUALIFICATION AND REMOVAL OF DIRECTORS

60. A director's office is automatically vacated if he:
- (A) is prohibited by the Regulations from being a director;
  - (B) becomes bankrupt;

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- (C) is, by virtue of any mental or physical disability, incapable of acting;
- (D) without permission, does not attend three successive meetings of the directors;
- (E) resigns his office by notice to the LLC; or
- (F) is removed by resolution of the LLC.

### REMUNERATION AND EXPENSES OF DIRECTORS

61. The directors shall receive such remuneration as the LLC determines by resolution and shall receive payment of all expenses incurred in association with the carrying out of their duties as directors.

### DIRECTORS' APPOINTMENTS AND INTERESTS

62. Subject to the Regulations, the directors may appoint one or more of their number to the office of managing director or to any other executive office under the LLC. Such appointment, agreement or arrangement may be made upon such terms as the directors determine. Any appointment of a director to an executive office shall terminate if he ceases to be a director. A managing director and a director holding any other executive office shall not be subject to retirement by rotation.

### DIRECTORS' GRATUITIES AND PENSIONS

63. The directors may provide benefits, including gratuities and pensions, of any kind for any present or past director and for any member of his family.

### PROCEEDINGS OF DIRECTORS

64. Subject to the provisions of these articles, the directors may regulate their proceedings as they think fit. A director may, and the secretary at the request of a director shall, call a meeting of the directors. Any matters arising at a meeting shall be decided by a majority of votes with the chairman having a second or casting vote in the case of equality of votes.
65. The quorum for the transaction of the business of the directors shall be two or any other number fixed by the directors
66. If the number of directors is less than the number fixed as the quorum, the continuing directors or director may act only for the purpose of filling vacancies or of calling a general meeting.
67. The directors shall appoint one of their number to be the chairman of the board of directors who shall preside at all meetings and may at any time remove him from that office. If there is no director holding that office, or if the director holding it is unwilling to preside or is not present within five minutes after the time appointed for the meeting, the directors present may appoint one of their number to be chairman of the meeting.
68. All acts done by a meeting of directors, or of a committee of directors, or by a person acting as a director shall be valid, notwithstanding any defect in his appointment or his disqualification from holding office, or that he was not entitled to vote, being discovered afterwards.

## COMPANIES RULES

69. A resolution in writing signed by all the directors entitled to receive notice of the meeting shall be as valid and effectual as if it had been passed at a meeting of directors. The resolution may consist of several documents in the like form each signed by one or more directors.
70. A director shall not vote at a meeting of directors on any resolution concerning a matter in which he has a direct or indirect conflict of interest.
71. For the purposes of this article, an interest of a director includes an interest of any person who is connected to the director.
72. A director shall not be counted in the quorum present at a meeting in relation to a resolution on which he is not entitled to vote.
73. The LLC may by resolution suspend or relax any provision of these articles prohibiting a director from voting at a meeting.
74. The chairman of the meeting shall rule on any question arising at a meeting on the right of a director, other than himself, to vote and his ruling shall be final and conclusive.

### SECRETARY

75. Subject to the Regulations, the secretary shall be appointed and removed by the directors who shall decide on the terms, remuneration and conditions of appointment.

### MINUTES

76. The directors shall cause minutes to be kept for recording:
  - (A) all appointments of officers made by the directors; and
  - (B) all proceedings at meetings of the LLC, of the holders of any class of shares in the LLC, and of the directors, and of committees of directors, including the names of the directors present at each such meeting.

### DIVIDENDS

77. Subject to the provisions of the Regulations, the LLC may by ordinary resolution declare dividends in accordance with the respective rights of the members, but no dividend shall exceed the amount recommended by the directors.
78. Subject to the provisions of the Regulations, the directors may pay interim dividends if it appears to them that they are justified by the profits of the LLC available for distribution. If the share capital is divided into different classes, no interim dividend shall be paid on shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrear. Provided the directors act in good faith they shall not incur any liability to the holders of shares conferring preferred rights for any loss they may suffer by the lawful payment of an interim dividend on any shares having deferred or non-preferred rights.
79. The directors may recommend and a general meeting declare that a dividend may be satisfied wholly or partly by the distribution of assets. Where any difficulty arises in regard to the distribution, the directors may determine the method of settlement.

## COMPANIES RULES

80. Any dividend or other moneys payable in respect of a share may be paid by cheque sent by post to the registered address of the person entitled. If two or more persons are the holder of the share or are jointly entitled to it, to the registered address of that person who is first named in the register of members or to such person and to such address as the person or persons entitled may in writing direct. Every cheque shall be made payable to the order of the person or persons entitled, or to such other person as the person or persons entitled may in writing direct, and payment of the cheque shall be a good discharge to the LLC. Any joint holder or other person jointly entitled to a share as aforesaid may give receipts for any dividend or other moneys payable in respect of the share.
81. No dividend or other moneys payable in respect of a share shall bear interest unless otherwise provided by the rights attached to the share.
82. Any dividend which has remained unclaimed for twelve years from the date when it became due for payment shall, if the directors so resolve, be forfeited and cease to remain owing by the LLC.

### ACCOUNTS

83. No member shall have any right of inspecting any accounting records or other book or document of the LLC except as conferred by law or authorised by the directors or by the LLC.

### CAPITALISATION OF PROFITS

84. The directors may with the authority of the LLC:
  - (A) subject as hereinafter provided, resolve to capitalise any undivided profits of the LLC not required for paying any preferential dividend (whether or not they are available for distribution) or any sum standing to the credit of the LLC's share premium account or capital redemption reserve;
  - (B) appropriate the sum resolved to be capitalised to the members who would have been entitled to it if it were distributed by way of dividend and in the same proportions and apply such sum on their behalf in allotting unissued shares or debentures as fully paid up, shares or debentures of the LLC of a nominal amount equal to that sum. The share premium account, the capital redemption reserve, and any profits which are not available for distribution may, for the purposes of this regulation, only be applied in allotting unissued shares to members as fully paid;
  - (C) make by payment in cash or otherwise as they determine in the case of shares or debentures becoming distributable under this regulation in fractions; and
  - (D) authorise any person to enter into a binding agreement with the LLC on behalf of all the members concerned providing for the allotment to them respectively, credited as fully paid, of any shares or debentures to which they are entitled upon such capitalisation.

## COMPANIES RULES

### NOTICES

85. Any notice required to be given under these Articles shall be in writing.
86. The LLC may give any notice to a member either personally or by sending it by post in a prepaid envelope addressed to the member at his registered address or by leaving it at that address. In the case of joint holders of a share, all notices shall be given to the joint holder whose name stands first in the register of members in respect of the joint holding and notice so given shall be sufficient notice to all the joint holders.
87. A person present, either in person or by proxy, at any meeting shall be deemed to have received notice of the meeting.
88. Every person who becomes entitled to a share shall be bound by any notice in respect of that share.
89. Proof that an envelope containing a notice was properly addressed, prepaid and posted is conclusive evidence that the notice was given 48 hours after it was posted. A notice shall be deemed to be given at the expiration of 48 hours after the envelope containing it was posted.
90. A notice may be given by the LLC to the persons entitled to a share in consequence of the death or bankruptcy of a member by sending or delivering it, at the address, supplied for that purpose by the persons claiming to be so entitled. Until such an address has been supplied, a notice may be given in any manner in which it might have been given if the death or bankruptcy had not occurred.

### INDEMNITY

91. The LLC shall indemnify every director or other officer or auditor of the LLC in respect of any liability incurred in defending any proceedings to the extent allowed by the Regulations.

## App2 Prescribed Forms

### A2.1 Prescribed Company Forms

**A2.1.1** For the purpose of the *Companies Regulations* and these rules the *Prescribed Forms* are listed in the table.

Purpose	Relevant Article or Rule	Form
Application for registration as an approved auditor	Rule 4.2.1	Q04
Application for:  (A) incorporation as an LLC;  (B) application of transfer of incorporation to the QFC; or  (C) for registration as a branch in the QFC  where the application is in conjunction with an application for a licence to conduct non-regulated activities	Article 17, 110, 118	Q01
Application for:  (A) incorporation as an LLC;  (B) application of transfer of incorporation to the QFC; or  (C) for registration as a branch in the QFC  where the application is in conjunction with an application for authorisation to conduct regulated activities.	Article 17, 110, 118	Q02
Notice of allotment of shares	Article 22	Q07
Notice of alteration of share capital	Article 28(3)	Q07
Notice of reduction in share capital	Article 30(5)	Q07
Notice of change of name	Article 37(2)	Q07
Notice of change of registered office or principle place of business	Article 43(2)	Q07
Annual Return	Article 47	Q15
Alteration of Articles of Association	Article 50	Q07
Registration of the particulars of each new director appointed, removed or who resigns and any change in the particulars of the directors of a LLC	Article 52(4)	Q07

## COMPANIES RULES

Purpose	Relevant Article or Rule	Form
Registration of the particulars of each new secretary appointed, removed or who resigns and any change in the particulars of the secretary	Article 60(3)	Q07
Filing of copies of resolutions	Article 77	Q07
Notice of new financial year	Article 81(3)	Q07
Notice of change in the details of a branch	Article 117(2)	Q07

### Guidance

The forms referred to in the table in Appendix 2 are published on the website of the *Regulatory Authority* ([www.qfcra.com](http://www.qfcra.com)).



## App3 Prescribed Fees

### A3.1 Prescribed Company Fees

**A3.1.1** For the purpose of the *Companies Regulations* and these rules the *Prescribed Fees* are listed in the table.

<b>Purpose</b>	<b>Relevant Article or Rule</b>	<b>Fee US\$</b>
Request for an extract of the information maintained in the register maintained by the <i>CRO</i>	Rule 3.4.1	50
Request for certified copy of certificate of incorporation or certificate of registration or any document filed with the <i>CRO</i>	Rule 3.4.2	50
Application to be an approved auditor	Rule 4.2.1	500
Annual approved auditor fee	Rule 4.2.4	500
Application to transfer incorporation from the <i>QFC</i>	Rule 5.2.1	5000
Application for: (A) incorporation as an <i>LLC</i> ; (B) transfer of incorporation to the <i>QFC</i> ; or (C) registration as a branch in the <i>QFC</i> .	Articles 17, 110 or 118	Nil
Filing of notice of change in the principal representative of a branch	Article 117(2)	200
Filing of change of name of an <i>LLC</i>	Article 37	200
Filing of change of registered office or the principle place of business of a branch	Article 117(2)	200
Delivery of annual return to <i>CRO</i>	Article 48	200
Registration of alteration of articles of association	Article 50	200
Registration of the particulars of each director appointed, removed or who resigns and any change in the particulars of the directors of a <i>LLC</i>	Article 52(4)	200
Registration of the particulars of each secretary appointed, removed or who resigns and any change in the particulars of the secretary	Article 60(3)	200
Search of the register of financial statements	Article 145	50