

INVESTMENT CLUBS REGULATIONS

QATAR FINANCIAL CENTRE



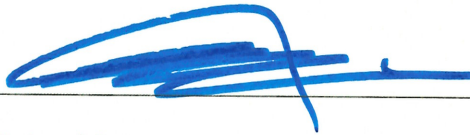
مركز قطر للمال
QATAR FINANCIAL CENTRE

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REGULATIONS NO. 19 OF 2016

QFC INVESTMENT CLUBS REGULATIONS

The Minister of Finance hereby enacts the following regulations pursuant to Article 9 of Law No. (7) of 2005.



Ali Shareef Al Emadi
Minister of Finance of the State of Qatar

Issued at: the Qatar Financial Centre, Doha

On: 20th day of DECEMBER 2016

Corresponding to: 21 RABI AL-AWWAL 1438 H

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PART 1 APPLICATION, COMMENCEMENT AND INTERPRETATION

ARTICLE 1 – CITATION

These Regulations are the *QFC Investment Clubs Regulations 2016*.

ARTICLE 2 – APPLICATION

These Regulations are made by the Minister pursuant to Article 9 of the QFC Law and shall apply in the QFC. To the fullest extent permitted by the QFC Law, the laws, rules and regulations of the State concerning companies and branches or offices of foreign companies and investments therein, including without limitation the Qatar Commercial Companies Law No. (11) of 2015 (together with any amendments or replacements thereto) and the Foreign Investment Law No. (13) of 2000 (together with any amendments or replacements thereto), shall not apply in the QFC.

ARTICLE 3 – COMMENCEMENT

These Regulations shall come into force on the date on which the Minister signs them.

ARTICLE 4 – LANGUAGE

In accordance with Article 9 of the QFC Law, these Regulations are written in English and the English text is authoritative. Any translation into another language is not authoritative.

ARTICLE 5 – INTERPRETATION

Words and expressions used in these Regulations and interpretative provisions applying to these Regulations are set out in Part 10.

ARTICLE 6 – POWER OF QFC AUTHORITY AND QFC REGULATORY AUTHORITY TO MAKE RULES

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

ARTICLE 7 – QATARI NATIONALITY

Without prejudice to the QFC Tax Regulations or any other provisions applicable to an Investment Club, any Investment Club that is incorporated in the QFC shall have Qatari nationality provided however that such nationality shall not by itself entitle the Investment Club to receive benefits of any kind which are reserved exclusively for Qatari nationals, unless the Investment Club is wholly owned by Qatari nationals.

PART 2 COMPANIES REGISTRATION OFFICE

ARTICLE 8 – APPLICATION OF THE COMPANIES REGULATIONS

The provisions of Part 2 (Companies Registration Office) of the Companies Regulations shall apply in their entirety and shall be included in the Investment Clubs Regulations and accordingly, a reference in Part 2 of the Companies Regulations to an LLC shall include an Investment Club.

PART 3 LIMITED LIABILITY COMPANY (INVESTMENT CLUBS)

SECTION 1 – ESTABLISHMENT, OBJECTS AND CORPORATE CAPACITY

ARTICLE 9 – LIMITED LIABILITY COMPANY (INVESTMENT CLUB)

- (1) A form of legal entity known as a limited liability company (investment club) may be incorporated in the QFC.
- (2) An Investment Club is a company which is formed by being incorporated under Part 3 of these Regulations.
- (3) An Investment Club shall not list or apply to list on the Qatar Stock Exchange (“QSE”) or any other securities exchange and shall not offer its Shares to the public.

ARTICLE 10 – OBJECTS OF AN INVESTMENT CLUB

- (1) Subject to the terms of its licence, the Investment Club shall:
 - a. pool contributions of Members to invest and manage portfolios of Assets and Securities;
 - b. monitor the performance of the Assets and Securities of the Investment Club;
 - c. review the performance of the Assets and Securities of the Investment Club and make recommendations at the Review Meetings about the portfolio of Assets and Securities;
 - d. ensure that it has systems and controls to safeguard the Assets and Securities of the Investment Club; and
 - e. undertake such additional functions as may be approved by the QFC Authority from time to time.
- (2) An Investment Club must not carry out its activities “by way of business” (as the term is defined in Article 25 of the Financial Services Regulations) unless it is authorised by the Regulatory Authority.
- (3) The Investment Club shall not carry out an activity which falls within paragraphs 1 to 9 of Schedule 3 of the QFC Law “by way of business” (as that term is defined in Article 25 of the Financial Services Regulations) including but not limited to holding itself out as carrying on any of those activities either by advertising its services or providing investment advice.
- (4) The Investment Club must, before it being licensed, undertake to the QFC Authority that it will not carry on its permitted activities “by way of business”, as that term is defined in Article 25 of the Financial Services Regulations.

ARTICLE 11 – CORPORATE CAPACITY

- (1) An Investment Club has separate legal personality from its Members.
- (2) An Investment Club has the capacity, rights and privileges of a natural person and, without limitation, may enter into contracts, sue and be sued and own assets.
- (3) In favour of a person who in good faith is a party to any transaction or other act to which an Investment Club is party, the power of the directors of an Investment Club to bind the Investment Club, or authorise others to do so, shall be deemed free of any limitation under the Investment Club’s articles of association.

- (4) A contract may be made, varied or discharged on behalf of an Investment Club by any person acting under its authority, express or implied.
- (5) A Document is executed by an Investment Club if signed by two directors, or one director and the secretary of an Investment Club and expressed (in whatever form of words) to be executed by the Investment Club, provided that such director or secretary were authorised by the Investment Club to sign such Document.

ARTICLE 12 – TRANSACTIONS ENTERED INTO PRIOR TO CORPORATE EXISTENCE

- (1) Where a transaction purports to be entered into by an Investment Club or by a person as agent for an Investment Club, at a time when the Investment Club has not been formed, then unless otherwise agreed by the parties to the transaction, the transaction has effect as one entered into by the person purporting to act for the Investment Club or as agent for it, and he is personally bound by the transaction and entitled to its benefits and liabilities.
- (2) An Investment Club may, within such period as may be specified in the terms of the transaction or if no period is specified, within a reasonable time after it is formed, by act or conduct signifying its intention to be bound thereby, adopt any such transaction and it shall from that time be bound by it and entitled to its benefit and the person who entered into such transaction shall cease to be so bound and entitled.

SECTION 2 – INCORPORATION

ARTICLE 13 – INCORPORATION OF AN INVESTMENT CLUB

- (1) Any one or more persons may apply for the incorporation of an Investment Club for the purpose of carrying on a Business of a kind permitted by the QFC Law to be conducted by an Investment Club in the QFC by signing and filing with the CRO an incorporation document together with the Prescribed Fee and otherwise complying with the requirements of these Regulations in respect of registration.
- (2) The Prescribed Form and incorporation document filed with the CRO shall set out or have attached thereto:
 - a. the name of the Investment Club which must comply with Article 33 of these Regulations;
 - b. the nature of the Business to be conducted by the Investment Club and it shall be sufficient to state that the purpose of the Investment Club is to engage in any lawful act or activity for which Investment Clubs may be incorporated under the QFC Law and Regulations, provided however that the Investment Club shall not carry on, or hold itself out as carrying on any activity that falls within paragraphs 1 to 9 of Schedule 3 of the QFC law by way of business (as that term is defined in Article 25 of the Financial Services Regulations);
 - c. the address of the registered office of the Investment Club, which shall be in the QFC;
 - d. the date of the financial year end of the Investment Club;
 - e. the full Name and Address of each of the incorporators of the Investment Club and the number of fully paid Shares each of them agrees to take upon incorporation of the Investment Club;
 - f. the full Name, Address, date of birth, nationality, occupation and any directorships held within the last 5 years of all the persons who are to be

the first directors of the Investment Club together with a declaration made by each of them that they are qualified to act as a director of an Investment Club pursuant to these Regulations;

- g. the full Name, Address, date of birth, nationality, and occupation of the person who is to be the first secretary of the Investment Club;
 - h. the amount of the authorised share capital, with which it is proposed that the Investment Club be registered, and the division thereof into Shares of fixed amount;
 - i. the Investment Club's articles of association, signed by the incorporators, setting out the internal governance requirements that the Investment Club must fulfil under these Regulations and any relevant Rules issued by the QFC Authority; and
 - j. such other particulars as the CRO may require from time to time.
- (3) The share capital of an Investment Club may be denominated in any currency approved by the CRO.
- (4) The incorporation document and all other documentation required to be submitted to the CRO shall be in English and shall be in such form as the CRO may prescribe or approve from time to time.

ARTICLE 14 – REGISTRATION

- (1) No Investment Club shall be incorporated without the consent of the CRO.
- (2) On incorporation the CRO shall:
- a. give a certificate that the Investment Club is incorporated with the name specified in the certificate and with effect from the date of the certificate;
 - b. allocate to the Investment Club a number, which shall be the Investment Club's registered number; and
 - c. enter the name and registered number of the Investment Club in the index of names and registered numbers maintained by the CRO under these Regulations.
- (3) A certificate of incorporation shall be conclusive evidence that the Investment Club is incorporated with the name specified in it and that the requirements of these Regulations have been complied with in respect of the incorporation and registration of the Investment Club and thereafter no defect in the process prior to the incorporation thereof shall affect the validity of its incorporation.
- (4) From the date of incorporation, the Investment Club shall be a Body Corporate having the name contained in the certificate of incorporation and capable forthwith of exercising all the functions of an incorporated Investment Club.
- (5) A decision of the CRO refusing to issue a certificate of incorporation may be reviewed consistent with any applicable standards and procedures issued by the QFC Authority for such purpose.

ARTICLE 15 - PROVISION OF INFORMATION

- (1) The QFC Authority, the CRO, and/or the Regulatory Authority may, by notice to the Investment Club, require the Investment Club to provide such information as

specified in the notice or such other information the QFC Authority, the CRO, or the Regulatory Authority deem appropriate. A notice given pursuant to this Article is referred to as an "Information Notice". □

- (2) The Investment Club must provide the information specified in the Information Notice within the time period specified in such Information Notice. □
- (3) The powers to require information under this Article may be exercised if the QFC Authority, the CRO, or the Regulatory Authority (as the case may be) consider that there are reasonable grounds to suspect that the Investment Club has breached, is breaching or is about to breach, its obligations under these Regulations, and the information sought to be obtained, as a result, is reasonably required to determine whether the Investment Club has breached, is breaching or is about to breach, its obligations under these Regulations. □
- (4) Where information is requested:
 - a. the Information Notice must set out the reasons why the required information must be provided or produced; and
 - b. such information must be provided or produced before the end of such time period as shall be specified in the Information Notice and at such place as may be specified.

SECTION 3 – MEMBERS AND SHARE CAPITAL

ARTICLE 16 – MEMBERS

- (1) The incorporators of an Investment Club are deemed to have agreed to become Members of the Investment Club by signing the incorporation document and on incorporation shall be entered as such in the Investment Club's register of Members (persons other than incorporators who have died or been dissolved).
- (2) Every other person who agrees to become a Member of the Investment Club and whose Name is entered in the register of Members after obtaining the QFC Authority's non-objection, is a Member of the Investment Club.
- (3) A person may cease to be a Member of an Investment Club in accordance with the articles of association of the Investment Club, as well as by death or dissolution.
- (4) A Member of an Investment Club can be of any nationality and either a natural person or a Body Corporate.
- (5) An Investment Club must have at least 2 Members and not more than 15 Members.
- (6) Every Investment Club shall keep a register of Members, together with:
 - a. a statement of the Shares held by each Member, distinguishing each Share by its number (if the Share has a number) and, where the Investment Club has more than one class of issued Shares, by its class;
 - b. the date on which each person was registered as a Member; and
 - c. the date on which any person ceased to be a Member.
- (7) All Shares initially issued by the Investment Club to its Members shall be fully paid by way of cash consideration in accordance with Article 93 of these Regulations before the date of the issue of the Shares to the Member.

- (8) The value of the Shares in the Investment Club shall at all times be equal to the value of the assets of any kind of the Investment Club after the deduction of liabilities.

ARTICLE 17 – RECTIFICATION OF REGISTER OF MEMBERS

- (1) If:
- a. the Name of a person, the number of Shares held or the class of Shares held is, without sufficient reason, not entered in or omitted from an Investment Club’s register of Members; or
 - b. there is a failure or unnecessary delay in entering on the register the fact of a person having ceased to be a Member,
- a person aggrieved, or a Member of the Investment Club may apply to the CRO for rectification of the register.
- (2) The CRO may refuse the application or may order rectification of the register.
- (3) Whether or not the CRO exercises its power under Article 16(2), the QFC Civil and Commercial Court may make one or more of the following orders:
- a. on application by the CRO, an order enforcing any orders made by it under this Article 17;
 - b. on application by a person aggrieved, a Member of the Investment Club or the Investment Club, an order directing the CRO to, or not to order the rectification of the register or to do any act or thing; or
 - c. on application by a person aggrieved, an order requiring the Investment Club to pay damages or to do any act or thing.

ARTICLE 18 – ALLOTMENT OF SHARES

- (1) An Investment Club’s director may, if authorised in accordance with Article 18 (2), offer, allot, grant options over or otherwise dispose of the Investment Club’s unissued Shares to a person, at a time and on terms that the directors determine.
- (2) A disposal of Shares under Article 18(1) must be authorised by a Special Resolution of Members unless the Investment Club’s articles of association provide for an Ordinary Resolution.
- (3) A disposal of Shares under Article 18(1) is subject to:
- a. any limitation of provision to the contrary in the Investment Club’s articles of association; and
 - b. any rights previously conferred on the holders of any existing Shares or class of Shares.

ARTICLE 19 – SUBSEQUENT ALLOTMENT OF SHARES

- (1) This Article applies to any allotment of Shares by an Investment Club other than the initial issue referred to in Article 18.
- (2) If the consideration to be paid for the Shares is other than cash, the Investment Club:

- a. must determine (by resolution) a reasonable cash value for the Shares;
 - b. must resolve that the consideration is fair and reasonable for both the Investment Club and the Members; and
 - c. must resolve that the cash consideration is not at a discount to the Share value to be credited for the issue of the Shares.
- (3) The resolution:
- d. if the Investment Club's articles of association so provide – may be an Ordinary Resolution of the Members, or a resolution of the directors; or
 - e. must be a Special Resolution of the Members.
- (4) The resolution must include:
- a. a description of the consideration;
 - b. a statement of the cash value of the consideration; and
 - c. a statement of the basis for the assessment of that cash value.
- (5) The basis of assessing the Investment Club's asset value for the purposes of allotting Shares:
- a. may be specified in the Investment Club's articles of association;
 - b. if not specified, must be determined by the Investment Club's directors and approved by Special Resolution for each allotment.
- (6) If a basis for the assessment of the Investment Club's asset value cannot be agreed, the asset value must be determined by an independent expert appointed for that purpose by Special Resolution, or (if the articles of association so provide) an Ordinary Resolution.
- (7) After the allotment of Shares has been approved, the Investment Club must notify the QFC Authority in the prescribed form and pay the prescribed fee (if any). The QFC Authority must, within 30 days of the notification, inform the Investment Club whether the QFC Authority objects to the allotment. If the QFC Authority has not objected within 30 days of receiving the notification, the QFC Authority is taken to have no objection.
- (8) The Investment Club must not register the allotment until the QFC Authority has confirmed that it does not object, or is taken, under paragraph 7 to have no objection.

ARTICLE 20 – RETURN AS TO ALLOTMENTS

When an Investment Club makes an allotment of its Shares, the Investment Club shall within 30 days thereafter deliver to the CRO for registration a return of the allotments in the Prescribed Form stating the number and nominal amount of the Shares comprised in the allotment, the Names and Addresses of the allottees, and the amount paid for each Share, and, in the event that any Shares are allotted for a consideration other than cash, a statement of the consideration for which they have been so allotted.

ARTICLE 21 – ALLOTMENT OF SHARES AT A DISCOUNT

- (1) An Investment Club may allot Shares at a discount to their nominal value if the value of the Shares so allotted:
 - a. is less than the nominal value of the Shares; and
 - b. is proportionate to the asset value of the Investment Club.
- (2) For such an allotment, the asset value of the Investment Club must be determined as for an allotment under Article 19.

ARTICLE 22 – TRANSFER OF SHARES

- (1) The articles of association of an Investment Club must provide that no transfer of its Shares takes effect until:
 - a. the Investment Club's Members have approved it by Special Resolution (or, if the articles of association so provide, by Ordinary Resolution); and
 - b. the QFC Authority has confirmed in writing that it does not object (or is taken, under Article 22(3) below to have no objection).
- (2) An Investment Club must not register a transfer of its Shares unless:
 - a. the transferor has executed a written instrument of transfer; and
 - b. the transfer has been effected in accordance with the Rules.
- (3) After the transfer is approved by resolution (as provided in Article 22(1)), the Investment Club must notify the QFC Authority in the prescribed form and pay the prescribed fee (if any). The QFC Authority must inform the Investment Club, within 30 days of the notification, whether the QFC Authority objects to the transfer. If the QFC Authority has not objected within 30 days of receiving the notice of the transfer, the QFC Authority is taken to have no objection.
- (4) An Investment Club may refuse to register the transfer of a Share to a person that is not already a Member (even if the transfer has been approved by resolution in accordance with Article 22(1)) if the transfer contravenes these Regulations, the Rules or the Investment Club's articles of association. If an Investment Club refuses to register a transfer of Shares, the Investment Club must notify the transferor and transferee of the refusal within 21 days.
- (5) Nothing in this Article affects the power of an Investment Club to register as a Member a person to whom the right to a Share of the Investment Club has been transmitted by operation of law.
- (6) A transfer of a Share of a deceased Member of an Investment Club by the Member's personal representative is as valid as if the representative had been a Member when the instrument of transfer was executed.

ARTICLE 23 – TRANSFER OF SHARES REQUIRES QFC AUTHORITY NON-OBJECTION

- (1) The articles of association of an Investment Club must provide that no transfer of Shares in the Investment Club shall take effect until the transfer has been approved by a Special Resolution, or (if the articles of association so provide) an Ordinary Resolution, and the QFC Authority has confirmed in writing that it does not object to the transfer or is deemed to not object to the transfer.

- (2) An Investment Club may refuse to register the transfer of a Share to a person or entity which is not an existing Member and which has been approved by a Special Resolution or Ordinary Resolution in accordance with Article 23(1) if the transfer contravenes these Regulations, the Rules or the articles of association of the Investment Club. If an Investment Club refuses to register a transfer of Shares, the Investment Club shall promptly send to the transferor and transferee a notice of the refusal.
- (3) If a transfer of Shares of an Investment Club ("Share Transfer") has been approved by a Special Resolution or an Ordinary Resolution in accordance with Article 23(1), the Investment Club must notify the QFC Authority. The QFC Authority shall within 30 days of the notification of Share Transfer advise the Investment Club if the QFC Authority objects to the Share Transfer. If the QFC Authority has not so objected within 30 days of the receipt of the notice of the Share Transfer, the QFC Authority shall be deemed to have no objection.
- (4) An Investment Club must not register a Share Transfer before such time as the QFC Authority has confirmed or is deemed to have confirmed that the QFC Authority does not object to the transfer.

ARTICLE 24 – ISSUE OF CERTIFICATES

- (1) For each of its Shares allotted or transferred, an Investment Club must issue a certificate no later than 30 days after the allotment is made or the transfer is registered in the Investment Club's register of Members.
- (2) A certificate issued by an Investment Club specifying the Shares held by a Member is evidence of the Member's title to the Shares.

ARTICLE 25 – RIGHTS ATTACHING TO SHARES

- (1) To the extent permitted by its articles of association, an Investment Club may create different classes of Shares. Subject to these Regulations, the rights attaching to Shares (or any class of Shares) shall be determined by the articles of association of the Investment Club.
- (2) The articles of association of the Investment Club shall set out:
 - a. the right to vote at a meeting of the Investment Club carried by each class of Share;
 - b. the right to repayments of capital attaching to each class of Share;
 - c. the right to participate in any undistributed profit of each class of Share;
 - d. the rights and obligations pertaining to the transfer of each class of Share;
 - e. the right to dividends and other distributions attaching to each class of Share; and
 - f. any other rights and obligations attaching to each class of Share.
- (3) Subject to the provisions of the articles of association of the Investment Club, each Share in the same class shall rank in all respects equally with any other Share in the Investment Club.
- (4) It shall not be lawful for an Investment Club to issue bearer Shares.

ARTICLE 26 – ALTERATION OF SHARE CAPITAL

- (1) An Investment Club, if so authorised by its articles of association, may alter its share capital by Ordinary Resolution in any of the following ways:
 - a. increasing its authorised share capital by creating new Shares of such amount as it deems necessary;
 - b. consolidating and dividing any or all of its Shares (whether issued or not) into Shares of a larger amount than its existing Shares;
 - c. sub-dividing its Shares, or any of them, into Shares of a smaller amount than its existing Shares but so that, in the sub-division of any issued Shares, the proportion between the amount paid and the amount (if any) unpaid on each reduced Share shall be the same as it was in the case of the Share from which the reduced Share is derived;
 - d. cancelling Shares which at the date of passing of the Ordinary Resolution to cancel them, have not been taken or agreed to be taken by any person, and diminishing the amount of the Investment Club's authorised share capital by the amount of the Shares so cancelled; and
 - e. changing the currency denomination of its share capital or any class thereof to a currency denomination approved by the CRO.
- (2) A cancellation of Shares under this Article 26 does not for the purposes of these Regulations constitute a reduction of share capital.
- (3) An Investment Club having altered its share capital pursuant to Article 26(1), shall within 21 days thereafter give notice in the Prescribed Form to the CRO, together with a copy of the Ordinary Resolution effecting the alteration.

ARTICLE 27 – CLASS RIGHTS

- (1) If provision for the variation of the rights attached to a class of Shares is made in the articles of association of the Investment Club, those rights may only be varied in accordance with those provisions.
- (2) If provision for the variation of the rights attached to a class of Shares is not included in the articles of association the rights may be varied if, but only if:
 - a. the holders of three quarters in nominal value of the Shares of the class consent in writing to the variation; or
 - b. a Special Resolution passed at a separate meeting of the holders of that class sanctions the variation.
- (3) Any alteration of a provision in the articles of association for the variation of the rights attached to a class of Shares, or the insertion of any such provision into the articles of association shall itself be treated as a variation of those rights.
- (4) If the rights attached to any class of Shares are varied in the manner referred to above, the holders of not less than 15 percent of the nominal value of the Shares of the class (being persons who did not consent to, or vote in favour of a resolution for the variation) may apply to the QFC Civil and Commercial Court to have the variation cancelled.
- (5) The application for cancellation of the variation must be made within 21 days after the date on which the consent was given or the resolution was passed and may be

made on behalf of the Members entitled to make it by one or more of them as they may appoint in writing.

- (6) On any such application the QFC Civil and Commercial Court, after hearing the applicant and any other persons who apply to the QFC Civil and Commercial Court to be heard and appear to the QFC Civil and Commercial Court to be interested in the application, may, if it is satisfied, having regard to all the circumstances of the case, that the variation would unfairly prejudice the Members represented by the applicant, disallow or cancel the variation and shall, if not so satisfied, confirm the variation.
- (7) The decision of the QFC Civil and Commercial Court on any such application shall be final.
- (8) In this Article 27, "variation" includes abrogation and "varied" is to be construed accordingly.

ARTICLE 28 – REDUCTION OF SHARE CAPITAL

- (1) An Investment Club, if authorised by an Ordinary Resolution and its articles of association, may reduce its Share capital in any way.
- (2) In particular, and without prejudice to the generality of Article 28(1), an Investment Club may:
 - a. cancel any paid up share capital that is lost or unrepresented by available assets; or
 - b. pay off any paid up share capital that is in excess of the Investment Club's requirements.
- (3) No Investment Club shall reduce the amount of its Share capital under Article 28(1) unless it complies with the following:
 - a. at a date not more than 30 days and not less than 15 days before the date from which the reduction of the Share capital is to have effect, the Investment Club shall publish a notice in a newspaper approved by the CRO stating the amount of the Investment Club's Share capital at such date, the amount to which, and manner in which, the Share capital is to be reduced and the date from which the reduction is to have effect; and
 - b. on the date from which the reduction is to have effect a certificate shall be signed by at least two directors of the Investment Club or the sole director if there is only one director declaring either:
 - (i) that on that date and following the reduction of capital, the realisable value of the Investment Club's Assets will not be less than the aggregate of its Liabilities and issued Share capital and the Investment Club will be able to satisfy its Liabilities as they fall due; or
 - (ii) that all the creditors of the Investment Club on that date have consented to the reduction.
- (4) Where Shares are to be cancelled in order to reduce the capital of an Investment Club, the Shares shall be acquired at a price that is proportionate to the value of the portfolio and the process for valuing the Shares to be purchased shall be the process set out in Articles 19(5) and 19(6).

- (5) Where an Investment Club reduces the amount of its Share capital then within 30 days after the date on which the reduction takes effect the Investment Club shall file a notice in the Prescribed Form with the CRO together with a copy of the notice referred to in Article 28(3)(a) and the certificate referred to in Article 28(3)(b) above.

ARTICLE 29 – POWER OF AN INVESTMENT CLUB TO PURCHASE OWN SHARES

- (1) An Investment Club may purchase its own Shares.
- (2) The articles of association of an Investment Club may specify or provide for terms and conditions on which the Investment Club will purchase a Member's Shares.
- (3) A Member of an Investment Club may request the Investment Club to purchase any or all of the Member's Shares out of the proceeds of the sale of assets of the Investment Club. The Member must make the request in the form provided by the CRO for that purpose, and must submit it to the person exercising the Investment Club's Senior Executive Function.
- (4) Subject to Article 29(2) and the Member complying with Article 29(3), the Investment Club must purchase the Shares. Such purchase must be:
 - a. at a price agreed with the Member; or
 - b. where there is no agreement, at a price which reflects the Member's share of the Investment Club's asset value at the time of the purchase by the Investment Club less any costs that are apportioned to the Shares at that time. If a basis for the assessment of the Investment Club's asset value cannot be agreed, the asset value must be determined by an independent expert appointed for that purpose by Special Resolution, or (if the articles of association so provide) an Ordinary Resolution.
- (5) The basis of assessing the Investment Club's asset value is to be:
 - a. if the Investment Club's articles of association specify a manner of determination—that manner; or
 - b. otherwise, a manner determined by the directors of the Investment Club and approved by a Special Resolution for each purchase of Shares.
- (6) The Investment Club must purchase the Shares within
 - a. the time period specified in the articles of an association; or
 - b. where there is no time period specified 30 days from the date that the Member submits the form to the Investment Club.
- (7) An Investment Club must cancel any Shares it has purchased. The Investment Club's issued capital must be reduced accordingly. The cancellation of Shares need not be approved by resolution if the purchase is made in accordance with this Article.
- (8) If the Investment Club has only the minimum number of Members and 1 Member requests the Investment Club to purchase all of his or her Shares:
 - a. the Investment Club must purchase the Shares; but
 - b. after purchasing the Shares, the Investment Club must commence the process of voluntary winding-up as set out in the Insolvency Regulations and Rules.

ARTICLE 30 – PROHIBITION OF FINANCIAL ASSISTANCE

- (1) An Investment Club shall not (directly or indirectly) provide financial assistance to a person to acquire its Shares.
- (2) In this Article 30, reference to “financial assistance” is a reference to financial assistance of any kind and includes:
 - a. making a loan;
 - b. making a gift;
 - c. issuing a debenture;
 - d. giving security over assets; or
 - e. giving a guarantee or indemnity in respect of another person’s liability.
- (3) The prohibition on financial assistance in this Article 30 shall not preclude:
 - a. a distribution of the Investment Club’s Assets by way of dividend lawfully made or a distribution made in the course of the Investment Club’s winding up;
 - b. the allotment of bonus Shares;
 - c. a reduction of Share capital in accordance with these Regulations; or
 - d. a purchase of Shares in accordance with these Regulations.

ARTICLE 31 – DIVIDENDS AND OTHER DISTRIBUTIONS

- (1) Subject to any limitations or provisions to the contrary in its articles of association, an Investment Club may, by a resolution of its directors, declare and pay or make dividends or other distributions in money, Shares or other property.
- (2) An Investment Club shall not declare, make or pay any dividend or other distribution if there are reasonable grounds for believing that:
 - a. the Investment Club would after the payment of the dividend or making of the distribution be unable to satisfy its Liabilities as they become due; or
 - b. the realisable value of the Investment Club’s assets would thereafter be less than the aggregate of its Liabilities and its issued Share capital.

ARTICLE 32 – CONSEQUENCES OF AN UNLAWFUL DIVIDEND OR OTHER DISTRIBUTION

Where a dividend or other distribution, or part thereof, made by an Investment Club to any of its Members is made in contravention of Article 31 and, at the time of such dividend or other distribution, the Member knows or has reasonable grounds for believing that it is so made, he is liable to repay it, or that part of it, to the Investment Club or, in the case of a dividend or other distribution made otherwise than in cash, to pay the Investment Club a sum equal to the value of the dividend or other distribution or such part thereof, at that time, together with, in either case, interest at a rate prescribed, or calculated in accordance with, rules made by the QFC Authority.

SECTION 4 – NAMES AND CHANGE OF NAMES

ARTICLE 33 – REGISTRATION OF NAME

- (1) The name of an Investment Club must:
 - a. be written using letters of the English alphabet or in other characters approved by the CRO; and
 - b. end with the expression "Limited Liability Company (Investment Club)"; or the abbreviation "llc(ic)" or "LLC(IC)".
- (2) An Investment Club shall not be registered by a name:
 - a. that includes "Limited Liability Company (Investment Club)" or either of the abbreviations "llc(ic)" or "LLC(IC)" (except at the end);
 - b. which is the same as a name appearing on the index of names maintained by the CRO or by the Ministry of Economy and Commerce in the State; or
 - c. which in the opinion of the CRO is offensive or otherwise undesirable.
- (3) Except with the approval of the CRO, an Investment Club shall not be registered by a name which in the opinion of the CRO would be likely to give the impression that it is connected in any way with the State.

ARTICLE 34 – CHANGE OF NAME

- (1) An Investment Club may, by Special Resolution, change its name at any time to another name with which an Investment Club may be registered under Article 33.
- (2) Where an Investment Club changes its name it shall deliver, within 21 days of the Special Resolution, a notice to the CRO and shall pay to the CRO the Prescribed Fee.
- (3) A notice delivered under Article 34(2):
 - a. shall be in a form prescribed or approved by the CRO; and
 - b. shall be signed by a director or secretary of the Investment Club or authenticated in a manner approved by the CRO.
- (4) Where the CRO receives a notice under Article 34(2) it shall (unless the new name is one by which an Investment Club may not be registered):
 - a. enter the new name on the register in place of the former name; and
 - b. issue a certificate of the change of name.
- (5) The change of name has effect from the date on which the certificate referred to in Article 34(4)(b) is issued.

ARTICLE 35 – EFFECT OF CHANGE OF NAME

A change of name by an Investment Club does not:

- (1) affect any of its rights or duties; or
- (2) render defective any legal proceedings by or against it,

and any legal proceedings that might have been commenced or continued against it in its former name may be commenced or continued against it in its new name.

ARTICLE 36 – POWER TO REQUIRE CHANGE OF NAME

(1) Where an Investment Club has been registered by a name which:

- a. is the same or, in the opinion of the CRO, too like a name appearing at the time of registration in the index maintained by the CRO; or
- b. is the same as or, in the opinion of the CRO, too like a name which should have appeared in the index at that time,

the CRO may within 12 months of that time in writing direct the Investment Club to change its name within such period as it may specify.

(2) If it appears to the CRO:

- a. that misleading information has been given for the purpose of the registration of an Investment Club by a particular name; or
- b. that undertakings or assurances have been given for that purpose and have not been fulfilled

it may, within 5 years of the date of its registration by that name, in writing direct the Investment Club to change its name within such period as the CRO may specify.

(3) If in the CRO's opinion the name by which an Investment Club is registered gives so misleading an indication of the nature of its activities as to be likely to cause harm to the public, it may in writing direct the Investment Club to change its name within such period (being not less than 30 days) as the CRO may specify.

(4) The Investment Club may, within 21 days from the date of any direction under Article 36(1), (2) or (3), apply to the Regulatory Tribunal to set it aside and the Regulatory Tribunal may set the direction aside or confirm it and, if it confirms it, shall specify the period within which it must be complied with.

(5) Where a direction has been given under Article 36(1), (2) or (3) specifying a period within which an Investment Club is to change its name, the CRO may at any time before that period ends extend it by a further direction in writing.

ARTICLE 37 – IMPROPER USE OF "LIMITED LIABILITY COMPANY (INVESTMENT CLUB)"

If a person that is not an Investment Club carries on a business under a name or title that includes:

- a. "Limited Liability Company (Investment Club)"; or
- b. any contraction or imitation of that expression

that person, contravenes these Regulations.

ARTICLE 38 – SIMILARITY OF NAMES

In determining for the purpose of this Section 4 whether one name is the same as another the following are to be disregarded:

(1) "the" as the first word of a name is to be disregarded;

- (2) any of the following at the end of the names is to be disregarded:
 - a. "limited liability company";
 - b. "company";
 - c. "limited";
 - d. "limited liability company (investment club)";
 - e. and any abbreviation thereof;
- (3) type and case of letters are to be disregarded;
- (4) accents, spaces between letters and punctuation marks are to be disregarded; and
- (5) "and" and "&" are to be taken as the same.

SECTION 5 – REGISTERED OFFICE

ARTICLE 39 – SITUATION OF REGISTERED OFFICE

- (1) An Investment Club shall:
 - a. at all times have a registered office situated in the QFC; and
 - b. carry on its principal Business activity at or from the registered office unless the QFC Authority permits such Business activity to be carried on at or from another place within the QFC.
- (2) On the incorporation of an Investment Club the situation of its registered office shall be that stated in the incorporation document.
- (3) A Document may be served on an Investment Club by leaving it at, or sending it by hand to, the registered office of the Investment Club.

ARTICLE 40 – CHANGE OF REGISTERED OFFICE

- (1) An Investment Club may change its registered office by delivering notice of the change within 21 days of the change, to the CRO together with payment of the Prescribed Fee.
- (2) A notice delivered under Article 40(1):
 - a. shall be in the Prescribed Form; and
 - b. shall be signed by a director or secretary of the Investment Club or authenticated in a manner approved by the CRO.
- (3) Where the CRO receives a notice under Article 40(1) it shall enter the new registered office on the register in place of the former registered office.
- (4) The change of registered office shall take effect upon the notice of change of registered office delivered to the CRO in accordance with Article 40(2) being registered by the CRO, but until the end of the period of 21 days beginning with the date on which it is registered a person may validly serve any Document on the Investment Club at its previous registered office.

(5) Where an Investment Club unavoidably ceases to perform at its registered office any duty to keep at its registered office any register, index or other Document or to mention the address of its registered office in any Document in circumstances in which it was not practicable to give prior notice to the CRO of a change in the situation of the registered office, but:

- a. resumes performance of that duty at other premises as soon as practicable; and
- b. gives notice accordingly to the CRO of a change in the situation of its registered office within 21 days of doing so

it shall not be treated as having failed to comply with that duty.

SECTION 6 – FORMALITIES OF CARRYING ON BUSINESS

ARTICLE 41 – REQUIREMENT TO KEEP INTERNAL COMPANY REGISTERS

(1) Every Investment Club shall keep the following internal registers at its registered office address:

- a. Register of Members as provided for in Article 16(6);
- b. Register of directors and secretary, including Name, Address, nationality, date of birth and occupation;
- c. Register of transfers of Shares, including Name and Address of transferor and transferee, date of transfer and number and class of Shares transferred; and
- d. Register of allotments of Shares, including Name of applicant, date of application and allotment and number and class of Shares.

(2) Any Member may, without charge, visit the registered office during the office hours of the Investment Club in order to inspect the registers referred to in Article 41(1).

ARTICLE 42 – NAME TO APPEAR OUTSIDE PLACE OF BUSINESS

(1) Every Investment Club shall paint or affix, and keep painted or affixed, its name on the outside of every office or place in which its Business is carried on, in a conspicuous position and in letters easily legible.

(2) If an Investment Club does not paint or affix, and keep painted or affixed, its name as required above, the Investment Club and every Investment Club Officer is in contravention of these Regulations.

ARTICLE 43 – DISCLOSURES REQUIRED OF AN INVESTMENT CLUB IN THE USE OF ITS NAME

(1) The name of an Investment Club, its registered number, and the address of its registered office shall appear in legible characters in all its business letters, written orders for goods or services, invoices and receipts, written demands for payment and other such similar Documentation.

(2) If an Officer of an Investment Club or a person on its behalf:

- a. authorises the issue of any business letter of the Investment Club, or any Document mentioned in Article 43(1), in which the Investment Club's name is not so mentioned as required by Article 43(1); or

- b. signs or authorises to be signed on behalf of the Investment Club any bill of exchange, promissory note, endorsement, cheque or order for money or goods in which the Investment Club's name is not mentioned as required by Article 43(1),

he is in contravention of these Regulations and he is further personally liable to the holder of any such bill of exchange, promissory note, cheque or order for money or goods for the amount of it (unless it is duly paid by the Investment Club).

SECTION 7 – ANNUAL RETURN

ARTICLE 44 – DUTY TO DELIVER ANNUAL RETURNS

- (1) Every Investment Club shall deliver to the CRO successive annual returns each of which is made up to a date not later than the date which is from time to time the “return date” of the Investment Club, that is:
 - a. the anniversary of the incorporation of the Investment Club; or
 - b. if the last return delivered by the Investment Club in accordance with this Article 44 was made up to a different date, the anniversary of that date.
- (2) Each annual return shall:
 - a. be in the Prescribed Form;
 - b. contain the information required by Article 45;
 - c. be signed by a director or secretary of the Investment Club; and
 - d. be delivered to the CRO together with payment of the Prescribed Fee.
- (3) If an Investment Club fails to deliver an annual return in accordance with this Article 44 before the end of the period of 28 days after the return date, the Investment Club shall be in contravention of these Regulations. The contravention continues until such time as an annual return made up to that return date and complying with the requirements of Article 44(2) (except as to date of delivery) is delivered by the Investment Club to the CRO.
- (4) Where an Investment Club is in contravention of these Regulations under Article 44(3) every director of the Investment Club is similarly liable unless he shows that he took all reasonable steps to avoid the commission of or the continuance of the contravention of these Regulations.

ARTICLE 45 – CONTENTS OF ANNUAL RETURN

Every annual return shall state the date to which it is made up and shall contain the following information:

- (1) In respect of each class of Members, the Name and Address of each Member of the Investment Club;
- (2) the Name, Address, nationality, date of birth and occupation of each of the directors and the secretary of the Investment Club;
- (3) the registered office of the Investment Club;
- (4) the authorised and issued share capital of the Investment Club;
- (5) the principal Business activities of the Investment Club in the year in question;
- (6) the Name and Address of the auditor of the Investment Club; and
- (7) any other information as may be prescribed by the CRO.

SECTION 8 – ARTICLES OF ASSOCIATION

ARTICLE 46 – STANDARD ARTICLES OF ASSOCIATION

- (1) The CRO may from time to time prescribe, in rules made pursuant to these Regulations or otherwise in respect of an Investment Club, a set of model articles of association (which shall be in the English language) to be known as the standard Investment Club articles of association.
- (2) If the CRO prescribes standard articles of association, an Investment Club may, by reference, adopt for its articles of association the whole of the standard articles of association or may, by reference, adopt for its articles of association the standard articles of association subject to such amendments as may be set out in its articles of association or may incorporate by reference in its articles of association such parts of the model articles of association as it shall deem fit.
- (3) If the standard articles of association are altered by the CRO, the alteration will not affect the articles of association of an Investment Club registered before the alteration takes effect.
- (4) An Investment Club's articles of association must comply with the provisions of these Regulations and any relevant rules issued by the QFC Authority.

ARTICLE 47 – ALTERATION OF ARTICLES OF ASSOCIATION

- (1) An Investment Club may by Special Resolution alter the provisions of its articles of association.
- (2) Alterations so made to the articles of association shall have effect from the time of the passing of the Special Resolution or such later time as shall be specified in it.
- (3) Any alteration to the articles of association must be registered on the Prescribed Form, accompanied by the payment of the Prescribed Fee, with the CRO within 21 days of the Special Resolution to alter it being passed by the Members.

ARTICLE 48 – ARTICLES BINDING ON INVESTMENT CLUB AND MEMBERS

- (1) Subject to the provisions of these Regulations, the articles of association when registered with the CRO bind an Investment Club and its Members to the same extent as if they had been executed by the Investment Club and by each Member, and contained covenants on the part of the Investment Club and each Member to observe all the provisions of the articles of association.
- (2) A Member of an Investment Club is not bound by an alteration made in the articles of association after the date on which he became a Member, if and so far as the alteration:
 - a. requires him to take or subscribe for more Shares than the number held by him at the date on which the alteration is made; or
 - b. in any way increases his liability as at that date to contribute to the Investment Club's share capital or otherwise pay money to the Investment Club.
- (3) An Investment Club shall, upon request by a Member, send such Member a copy of its articles of association including all alterations thereto, subject to the Member paying the reasonable cost thereof.

SECTION 9 – DIRECTORS AND SECRETARY

ARTICLE 49 – APPOINTMENT OF DIRECTORS

- (1) An Investment Club shall have at least one director. Where an Investment Club has one director, that director shall exercise the powers of the board of directors.
- (2) No person shall be a director who:
 - a. is an individual under the age of 18 years;
 - b. is disqualified from being a director in the QFC or in any other place;
 - c. is an undischarged bankrupt in any country; or
 - d. is a Body Corporate.
- (3) The first directors of an Investment Club shall be those named in the incorporation document and thereafter the directors, subject to the provisions of these Regulations and any other Regulations, shall be appointed and removed and shall hold and vacate office as provided in the articles of association of the Investment Club.
- (4) The particulars of each director appointed, removed or who resigns and any change in the particulars of the directors of an Investment Club from time to time, shall be registered with the CRO in the Prescribed Form and no later than 21 days after such change, together with payment of any Prescribed Fee. For each director appointed these particulars shall include his Name, date of birth, Address, nationality, occupation, any directorships held by him or which have been held by him within the last 5 years and shall be accompanied by or include a written declaration signed by the director that he is qualified to act as a director pursuant to these Regulations.
- (5) The articles of association of an Investment Club may provide for a director to appoint an alternate to attend meetings in the absence of the director who appointed him and to vote in his place.

ARTICLE 50 – REMOVAL OF DIRECTORS

- (1) Notwithstanding anything in its articles of association or in any agreement between the Investment Club and the director and without prejudice to any other power to remove a director which may exist apart from this Article 50, an Investment Club may by Ordinary Resolution at a general meeting remove a director before the expiration of his period of office, provided that notice of any such meeting shall be served on the director concerned not less than 21 days before the meeting and such director shall be entitled to be heard at such meeting.
- (2) The removal of a director from office by resolution of the Members of the Investment Club under Article 50(1) shall be without prejudice to any rights of that director to compensation or damages in respect of the termination of his appointment as director.

ARTICLE 51 – POWERS OF DIRECTORS

The directors of an Investment Club may collectively exercise all powers of the Investment Club in accordance with its articles of association, save to the extent that these Regulations or any other Regulations or any rules made by the QFC Authority or the Investment Club's articles of association require any such powers to be exercised by the Members of the Investment Club.

ARTICLE 52 – DUTIES OF DIRECTORS

- (1) A director of an Investment Club owes a duty to the Investment Club to comply with the following provisions of this Article and shall, unless his failure to comply with any such duty shall be approved or ratified by an Ordinary Resolution of the Investment Club, be liable to compensate the Investment Club for any loss suffered by the Investment Club and to account to the Investment Club for any profit, gain or benefit obtained by the director in consequence of any such failure.
- (2) A director shall:
 - a. act honestly and in good faith with a view to the best interests of the Investment Club;
 - b. act in accordance with the articles of association of the Investment Club and decisions of the Investment Club taken in accordance with these Regulations and the articles of association and not delegate any of his powers or fail to exercise his independent judgement in relation to any exercise of his powers, except where authorised by these Regulations or the articles of association or any such decisions;
 - c. exercise the care, diligence and skill that a reasonably prudent person with the knowledge, skill and experience which may reasonably be expected of a director in his position and any additional knowledge, skill and experience which he has would exercise in comparable circumstances;
 - d. not use for his own or anyone else's benefit any property or information of the Investment Club or any opportunity of the Investment Club of which he becomes aware in the performance of his functions as a director; and
 - e. not accept any benefit from a third party which is conferred because of his position as a director or by reason of his doing or not doing anything as a director, unless the benefit is incidental to the proper performance of his functions as a director or there is no real possibility of the benefit resulting in a conflict of interest on the part of the director.

ARTICLE 53 – DIRECTORS' INTERESTS

- (1) A director of an Investment Club who has a direct or indirect interest of which he is aware in a transaction entered into or proposed to be entered into by an Investment Club or by a Subsidiary of the Investment Club, shall disclose to the directors of the Investment Club the nature and extent of his interest.
- (2) The disclosure required under Article 53(1) shall be made as soon as practicable but no later than 10 days after the director becomes aware of the circumstances from which his duty to make the disclosure arises.
- (3) An interest solely through a holding of less than 10 percent of the shares in a Body Corporate listed on any stock exchange shall not constitute an interest requiring disclosure under this Article 53.
- (4) A notice in writing given to the Investment Club by a director (including a sole director) that he is to be regarded as interested in any transaction with a specified person and specifying the reason why he is to be regarded as so interested is sufficient disclosure of his interest in any such transaction entered into after the notice is given.
- (5) Where a director fails to disclose an interest of his under this Article 53 the director shall, unless the transaction is confirmed by an Ordinary Resolution at a general

meeting of the Investment Club at which the nature of the director's interest in the transaction was properly disclosed, be liable to account to the Investment Club for any profit, gain or benefit obtained by the director in connection with the transaction.

- (6) A sole director of an Investment Club who is required by this Article 53 to disclose any interest shall record the nature and extent of his interest in writing in a register which shall be kept at the Investment Club's registered office and shall be made available there for inspection by any Member and the Investment Club's auditor without charge during the office hours of the Investment Club.

ARTICLE 54 – PROHIBITION OF FINANCIAL ASSISTANCE TO DIRECTORS

- (1) Without the consent of any Member or Members holding in the aggregate not less than 90 percent of the total voting rights of all the Members having the right to vote at any meeting of the Members it shall not be lawful for an Investment Club to make a loan or similar form of financial assistance to any person who is its director or a director of its Holding Company, or to enter into any guarantee or provide security in connection with any financial assistance made to such person as aforesaid by any other person provided that nothing in this Article 54 shall apply to either:
 - a. subject to Article 54(2) anything done to provide any such person as aforesaid with funds to meet expenditure incurred or to be incurred by him for the purposes of the Investment Club or for the purpose of enabling him properly to perform his duties as an Officer of the Investment Club; or
 - b. any financial assistance prescribed in rules made by the QFC Authority.
- (2) The proviso stated at Article 54(1)(a) shall not authorise the making of any financial assistance, or the entering into of any guarantee, or the provision of any security, except either:
 - a. with the prior agreement of the Investment Club given at a general meeting at which the purposes of the expenditure and the amount of the financial assistance or the extent of the guarantee or security, as the case may be, are disclosed; or
 - b. on condition that, if the approval of the Investment Club is not given as aforesaid at or before the next following annual general meeting, the financial assistance shall be repaid or the liability under the guarantee or security shall be discharged, as the case may be, within 6 months from the conclusion of that meeting.
- (3) Where the approval of the Investment Club is not given as required by any such condition, the directors authorising the making of the financial assistance, or entering into the guarantee, or the provision of security, shall be jointly and severally liable to indemnify the Investment Club against any loss arising therefrom.
- (4) For the purposes of this Article 54 a financial assistance shall not be deemed to have been made in the ordinary course of business of an Investment Club if it has not been made on normal commercial terms including in respect of interest rates, repayment terms and security.
- (5) Financial assistance shall be deemed to be financial assistance to a director if it is made to or in favour of:
 - a. a spouse or child of a director; or

- b. a Body Corporate of which a director or his spouse or child (or any of them together) owns or controls directly or indirectly more than 20 percent of the share capital.

ARTICLE 55 – PAYMENT TO DIRECTORS FOR LOSS OF OFFICE

- (1) It is not lawful for an Investment Club to make to a director of the Investment Club any payment by way of compensation for loss of office, or as consideration for or in connection with his retirement from office, without particulars of the proposed payment (including its amount) being disclosed to Members of the Investment Club and the proposal being approved by Ordinary Resolution. This Article 55 does not affect the ability of an Investment Club to pay compensation to a director in connection with the termination of his employment by the Investment Club.
- (2) Where a payment which is unlawful under this Article 55 is made to a director, he shall be liable to repay it to the Investment Club, unless and until the provisions of this Article are subsequently complied with.

ARTICLE 56 – VALIDITY OF ACTS OF DIRECTOR

The acts of a director are valid notwithstanding any defect that may afterwards be found in his appointment or qualification.

ARTICLE 57 – SENIOR EXECUTIVE FUNCTION

- (1) Every Investment Club must have a Senior Executive Function, who may also be called the Club Manager and who shall be
 - a. a director for the purposes of Article 49 of these Regulations;
 - b. shall perform the registered function of the Senior Executive Function as defined in General Rule 11.3 of the QFCA Rules; and,
 - c. subject to all the duties, requirements and responsibilities of directors as provided in these Regulations, including but not limited to, those mentioned in Articles 52, 53, 54 and 55.
- (2) The provisions of these Regulations in relation to appointment and removal of directors shall apply to any Senior Executive Function of an Investment Club.
- (3) Article 51 of these Regulations shall apply to any Senior Executive Function of an Investment Club in so far as it does not contravene this Article and the articles of association of the Investment Club.
- (4) The Senior Executive Function shall be in charge of the day to day administration of the Investment Club and shall have full powers to represent the Investment Club in pursuit of its corporate purpose which shall include, but not be limited to:
 - a. act in good faith and with reasonable care;
 - b. effect all transactions in accordance with the rules and regulations of the relevant jurisdiction or state where the assets are located, and in the event such assets are listed stocks, then also in accordance with the rules and regulations of the relevant market or exchange, and in any event in accordance with the votes of Members;
 - c. take all reasonable steps to ensure when executing orders that the best possible result is obtained;

- d. unless resolved otherwise by Special Resolution of the Members, to appoint a Custodian where the Investment Club has Securities in its portfolio, to hold such Securities in safekeeping and to co-operate fully with the Custodian and to provide such information as the Custodian may require to fulfil its duties including settling transactions;
- e. unless resolved otherwise by Special Resolution of Members, to appoint a finance officer or administration officer (refer to Article 76(1)) for the Investment Club;
- f. to appoint one or more brokers who shall be responsible for executing the transactions in Securities;
- g. take all steps to rectify counterparty failure and/or seek compensation in relation to counterparty failure;
- h. periodically report to the Members on the portfolio and the value of the portfolio;
- i. receive and process any Investment Club forms required by CRO from Members; and
- j. in the event that the Members of the Investment Club resolve, as provided in these Regulations, to not appoint an administration officer or a Custodian, then the Senior Executive Function shall arrange for the performance of all of the obligations which would have been undertaken by the administration officer or the Custodian as the case may be, had an administration officer or Custodian been appointed.

ARTICLE 58 – APPOINTMENT OF SECRETARY

- (1) Every Investment Club shall have at all times an appropriately qualified secretary.
- (2) The first secretary of an Investment Club shall be the person named in the incorporation document, and after that shall be any person appointed by the directors, including one of their number (except that a sole director cannot also be a secretary). A secretary may be removed by the directors of an Investment Club or may resign by the submission of a letter of resignation.
- (3) The particulars of each secretary appointed, removed or who resigns and any change in the particulars of the secretary of an Investment Club from time to time, shall be registered with the CRO in the Prescribed Form, together with payment of the Prescribed Fee, and within 21 days of such change. These particulars shall include his Name, date of birth, Address and nationality.

ARTICLE 59 – EXEMPTION, INDEMNIFICATION AND LIABILITY OF OFFICERS

- (1) An Investment Club and each Member are taken to indemnify each director of the Investment Club in respect of any liability incurred or sustained by him or her (including any actual liability, costs or expenses reasonable incurred or sustained) in connection with any debt claim, action or obligation of any kind in which he or she becomes involved by virtue of being a director, unless the claim, action, or obligation arises as a result of fraud, gross negligence or wilful default on the part of the director.
- (2) Each Member is taken to indemnify each other Member in respect of any liability incurred or sustained by the other Member (including any actual liability, costs or expenses reasonable incurred or sustained) in connection with any claim or action

by a Member against another Member, unless the claim or action arises as a result of fraud, gross negligence or wilful default on the part of the Member the subject of the claim or action.

- (3) Articles 59 (1) and (2) above are subject to any contrary provision in an Investment Club's articles of association.
- (4) Nothing in this article has the effect of indemnifying a person against a liability that by virtue of a rule of law would attach to him or her in relation to fraud or dishonesty. However, the indemnities in Articles 59 (1) and (2) above extend to a liability incurred by a person in defending himself or herself in proceedings whether civil or criminal, in which judgement is given in his or her favour or in which he or she is acquitted.

ARTICLE 60 – INSURANCE OF OFFICERS

An Investment Club may purchase and maintain insurance for the benefit of any Officer of the Investment Club against any liability incurred by him in his capacity as an Officer of the Investment Club or indemnifying such an Officer in respect of any loss arising or liability attaching to him by virtue of any rule of law in respect of any negligence, default, breach of duty or breach of trust of which the Officer may be guilty in relation to the Investment Club or any Subsidiary thereof and nothing in these Regulations shall make any such policy void or voidable.

SECTION 10 – MEETINGS AND RESOLUTIONS

ARTICLE 61 – GENERAL MEETINGS

- (1) A meeting of the Members of an Investment Club must be convened at least once in every Calendar Year (save that provided an Investment Club must hold its first annual general meeting within 18 months of its incorporation, it need not hold it in the Calendar Year of its incorporation or the following Calendar Year); this meeting must be referred to as the annual general meeting.
- (2) The directors may, whenever they deem appropriate, convene a general meeting of the Members of an Investment Club or the holders of any class of Shares thereof. All meetings other than annual general meetings must be called special general meetings.
- (3) In addition to the meetings set out in Article 61(1) of these Regulations, an Investment Club must hold a meeting of Members, which must be a Review Meeting, at least every 90 days beginning from the date of incorporation. The Members must be given 21 days' notice, or such less time as may be set out in an Ordinary Resolution or the articles of association.
- (4) The agenda at the Review Meetings must include:
 - a. a review of the portfolio during the period since the previous meeting of the Members;
 - b. discussion and the voting on a resolution on whether all or part of the assets which make up the portfolio or sub-portfolio should be divested and different assets purchased;
 - c. a review and the voting on a resolution as to whether the weightings in respect of the current sub-portfolios should be varied with resulting sales and purchases;

- d. whether additional assets should be purchased and Members be required to subscribe for additional Shares in the Investment Club;
- e. how the Investment Club should vote in relation to any resolution to be passed at meetings of companies in which the Investment Club owns shares; and
- f. such other items as the articles of association of the Investment Club may provide.

ARTICLE 62 – CRO’S POWER TO CALL MEETING IN DEFAULT

- (1) If a default is made in the holding of a general meeting in accordance with Article 61, the CRO may, on the application of any Officer or Member of the Investment Club, call or direct the calling of, a general meeting of the Investment Club.
- (2) The Investment Club must comply with any direction of the CRO made under Article 62(1).

ARTICLE 63 – REQUISITION OF MEETINGS OF MEMBERS

- (1) Notwithstanding anything in its articles of association, the directors of an Investment Club must, on requisition by any one or more Member holding the requisite Shares, proceed to call a special general meeting or as the case may be a meeting of any class of Members of the Investment Club to be held as soon as practicable, but in any case not later than 90 days after the date of requisition.
- (2) For the purposes of Article 63(1) the “requisite Shares” means not less than 10 percent in nominal value of the Shares which at the date of the requisition carry the right to vote at the meeting requisitioned.
- (3) The requisition must state the objects of the meeting and must be signed by the requisitionists and be deposited at the registered office of the Investment Club marked for the attention of the directors. The requisition may consist of several Documents in like form signed by one or more requisitionists.
- (4) If the directors do not, within 21 days from the date of the deposit of the requisition proceed duly to convene a meeting, the requisitionists, or any of them representing more than 50 percent of the total voting rights of all of them, may themselves convene a meeting, but any meeting so convened must not be held after the expiration of 90 days from the said date.
- (5) A meeting convened under this Article 63 must be convened in the same manner, or as nearly as possible, as that in which meetings are to be convened by directors.
- (6) Any reasonable expenses incurred by the requisitionists by reason of the failure of the directors to convene a meeting must be repaid to the requisitionists by the Investment Club, and any sum so repaid must be retained by the Investment Club out of any sums due or to become due from the Investment Club by way of fees or other remuneration in respect of their services to such directors as were in default.

ARTICLE 64 – NOTICE OF MEETINGS

- (1) Any general meeting of an Investment Club or a meeting of any class of Members of an Investment Club may, subject to any longer period of notice as may be required by its articles of association, be called by a 21 days’ notice in writing, or such less time as may be set out in the articles of association, inclusive of the day on which the notice is given.

- (2) If a meeting is called by shorter notice than that specified in Article 64(1), it must be deemed to be duly called if it is so agreed by a majority in number of the Members having a right to attend and vote at the meeting.
- (3) A notice of a general meeting of the Investment Club must:
 - a. set out a time and place for the meeting;
 - b. set out in an agenda the nature of the business of the meeting;
 - c. if a Special Resolution is to be proposed at the meeting set out the intention to propose a Special Resolution and attach a copy of the proposed Special Resolution to the agenda; and
 - d. include a copy of any accounts or auditors report if the same is to be laid before the meeting.
- (4) The accidental omission to give notice of a meeting to, or the non-receipt of a notice of a meeting by, any persons entitled to receive notice must not invalidate the proceedings of the meeting.

ARTICLE 65 – GENERAL PROVISIONS AS TO MEETINGS AND VOTES

The following provisions apply to any meeting of the Investment Club or of the holders of any class of Shares in the Investment Club insofar as the articles of association of the Investment Club do not make other provision in that behalf:

- a. notice of every meeting must be given to every Member entitled to receive it by delivering it to his registered address, being his address recorded in the register of Members or such other address as the Member must notify to the Investment Club for delivery of notices from time to time;
- b. two Members personally present shall be a quorum;
- c. any Member elected by the Members present at a meeting may be chairman of it; and
- d. every Member has one vote for every Share held by him.

ARTICLE 66 – PROXIES

- (1) A Member of an Investment Club entitled to attend and vote at a meeting of it (including a meeting of holders of any class of Shares in it) is entitled to appoint another person (whether a Member or not) as his proxy to attend and vote instead of him and a proxy appointed to attend and vote instead of a Member has the same right as the Member to speak at the meeting.
- (2) In every notice calling a meeting of an Investment Club there must appear with reasonable prominence a statement that a Member entitled to attend and vote is entitled to appoint a proxy or, where that is allowed, one or more proxies to attend and vote instead of him, and that a proxy need not also be a Member.
- (3) A provision contained in an Investment Club's articles of association is void insofar as it would have the effect of requiring the appointment of a proxy or any Document necessary to show the validity of, or otherwise relating to, the appointment of a proxy, to be received by the Investment Club or any other person more than 48 hours before a meeting or an adjourned meeting in order that the appointment may be effective.

ARTICLE 67 – RIGHT TO DEMAND A POLL

- (1) A provision contained in an Investment Club's articles of association is void insofar as it would have the effect either:
 - a. of excluding the right to demand a poll at a general meeting, or at a meeting of any class of Members, on a question other than the election of the chairman of the meeting or the adjournment of the meeting; or
 - b. of making ineffective a demand for a poll on any such question which is made either:
 - (i) by not less than five Members having the right to vote on the question;
 - (ii) by a Member or Members representing not less than 10 percent of the total voting rights of all the Members having the right to vote on the question; or
 - (iii) by a Member or Members holding not less than 10 percent in nominal value of the Shares in the Investment Club conferring a right to vote at the meeting.
- (2) The instrument appointing a proxy to vote at such a meeting is deemed also to confer authority to demand or join in demanding a poll; and for the purposes of Article 67(1) a demand by a person as proxy for a Member is the same as a demand by the Member.
- (3) On a poll taken at such a meeting, a Member entitled to more than one vote need not, if he votes, use all his votes or cast all the votes he uses in the same way.

ARTICLE 68 – REPRESENTATION OF ENTITY AT MEETINGS

- (1) An Entity may:
 - a. if it is a Member of an Investment Club authorise such person as it thinks fit to act as its representative at any meeting of the Investment Club or at any meeting of any class of Members of the Investment Club; and
 - b. if it is a creditor (including a holder of debentures), of an Investment Club authorise such person as it thinks fit to act as its representative in any meeting of any creditors of the Investment Club held pursuant of these Regulations or any other Regulations, or in pursuance of the provisions contained in any debenture or trust deed, as the case may be.
- (2) A person authorised as aforesaid shall be entitled to exercise the same powers on behalf of the Entity which it represents as that Entity could exercise as if it were an individual Member, creditor or holder of debentures in the Investment Club.

ARTICLE 69 – CIRCULATION OF MEMBERS' RESOLUTION

- (1) Subject as provided in this Article, it shall be the duty of an Investment Club on the requisition in writing of such number of Members as is herein after specified, at the expense of the requisitionists unless the Investment Club resolves otherwise:
 - a. to give the Members of the Investment Club entitled to receive notice of the next annual general meeting notice of any resolution which may properly be moved and is intended to be moved at that meeting; and

- b. to circulate to Members entitled to have notice of any general meeting sent to them any statement of not more than one thousand words with respect to the matter referred to in any proposed resolution or the business to be dealt with at that meeting.
- (2) The number of Members necessary for requisition under Article 69(1) shall be:
 - a. either any number of Members representing not less than 5 percent of the total voting rights of all the Members having at the date of the requisition a right to vote at the meeting to which the requisition relates; or
 - b. not less than ten Members.
- (3) Notice of any such intended resolution must be given, and any such statement must be circulated, to the Members of the Investment Club entitled to have notice of the meeting sent to them by serving a copy of the resolution on each such Member in any manner permitted for the service of notice of the meeting.

Any notice of such resolution must be given to any other Member of the Investment Club by giving notice of the general effect of the resolution in any manner permitted for giving him notice of meetings of the Investment Club.

Such copy must be served, or notice to the effect of the resolution must be given, as the case may be, in the same manner, and so far as practicable, at the same time as notice of the meeting and, where it is not practicable for it to be served or given at that time, it must be served or given as soon as practicable thereafter.

ARTICLE 70 – CONDITIONS TO BE MET BEFORE INVESTMENT CLUB BOUND TO GIVE NOTICE OF RESOLUTION

- (1) An Investment Club shall not be bound under Article 69 to give notice of any resolution or circulate any statement unless a copy of the requisition signed by the requisitionists, or two or more copies which between them containing the signatures of all the requisitionists, is deposited at the registered office of the Investment Club:
 - a. requiring notice of a resolution, not less than 21 days before the meeting; or
 - b. in the case of any other requisition, not less than 7 days before the meeting; andthere is deposited or tendered with the requisition a sum reasonably sufficient to meet the Investment Club's expenses in giving effect thereto.
- (2) Provided that if, after a copy of the requisition requiring notice of a resolution has been deposited at the registered office of the Investment Club, an annual general meeting is called for a date 21 days or less after the copy has been deposited, the copy though not deposited within the time required by this Article 70 shall be deemed to have been properly deposited for the purposes thereof.

ARTICLE 71 – RESOLUTIONS IN WRITING OF MEMBERS

- (1) Anything which may be done by any kind of resolution of a meeting of the Members of an Investment Club, or any class thereof, may be effected, without a meeting and without any previous notice being required, by resolution in writing signed by all the Members entitled at the date of the resolution to attend and vote at such a meeting.
- (2) Each of the signatures of such written resolution need not be on a single Document provided each is on a Document which accurately states the terms of the resolution.

- (3) The date of the resolution means the date on which the resolution is signed by or on behalf of the last Member to sign.
- (4) A written resolution signed in accordance with this Article is valid and effective as if it was passed at a general meeting of the Members or at a meeting of the relevant class of Members of the Investment Club.

ARTICLE 72 – DIRECTORS MEETINGS AND WRITTEN RESOLUTIONS

- (1) Save in the case of an Investment Club with a sole director, meetings of the directors shall be held as often as is necessary for the conduct of the affairs of the Investment Club.
- (2) Subject as provided in the articles of association of the Investment Club, each director shall be entitled to one vote and decisions must be made by majority vote.
- (3) A meeting of the directors of an Investment Club, or any committee thereof, may be effected by a resolution in writing signed by all the directors or all the members of the committee.

ARTICLE 73 – PARTICIPATION IN MEETINGS

Unless the articles of association of the Investment Club provide otherwise, a meeting of directors or a committee of directors or of the Members or any class thereof may be held by means of such telephone, electronic or other communication facilities as permit all persons participating in the meeting to communicate with each other simultaneously, and instantaneously, and participation in such a meeting shall constitute presence in person at such meeting.

ARTICLE 74 – MINUTES

- (1) Every Investment Club must cause minutes of all proceedings at general meetings, meetings of the holders of a class of Shares, meetings of its directors and committees of directors to be entered in books kept for that purpose.
- (2) Any such minute, if purporting to be signed by the chairman of the meeting at which the proceedings took place, or by the chairman of the next succeeding meeting, is evidence of the proceedings.
- (3) Where minutes have been made in accordance with this Article 74 then, until the contrary is proven, the meeting is deemed duly held and convened, and all proceedings which took place at the meeting to have duly taken place.
- (4) Where a decision of the Members, or any class thereof, or of the directors, is effected by a resolution in writing or decision of a sole Member or director in accordance with these Regulations, the Investment Club must cause a record of the resolution or decision and of the signatures thereon to be entered in the relevant minute book in the same way as minutes of the proceedings at the relevant type of meeting.
- (5) The books containing the minutes of a general meeting or of a meeting of the holders of a class of Shares or a meeting of the directors must be kept at the Investment Club's registered office, and must during business hours be open to examination by a Member without charge.

ARTICLE 75 – FILING OF RESOLUTIONS

- (1) A copy of every resolution or agreement to which this Article 75 applies must within 21 days after it is passed or made, be registered with the CRO on the Prescribed Form.

(2) This Article applies to:

- a. Special Resolutions of an Investment Club;
- b. a resolution of an Investment Club removing a director from office;
- c. resolutions of the Members of an Investment Club or resolutions of a sole Member to the extent that these would have been Special Resolutions if passed at a general meeting;
- d. a resolution approving the purchase of an Investment Club's own Shares;
- e. a Special Resolution approving a reduction of share capital of an Investment Club; and
- f. a resolution removing an auditor of an Investment Club from office.

SECTION 11 – ACCOUNTING AND AUDIT REQUIREMENTS

ARTICLE 76 – APPOINTMENT OF ADMINISTRATION OFFICER AND MAINTENANCE OF ACCOUNTING RECORDS

(1) Unless resolved otherwise by Special Resolution of Members, a finance officer (who may also be referred to as an administration officer) for the Investment Club must be appointed to ensure that the Investment Club meets its obligations to maintain accounting Records. In particular, the functions of the administration officer shall include:

- a. maintenance of the financial books and records of the Investment Club;
- b. calculation of the net asset value of the portfolio of the Investment Club;
- c. the preparation of financial accounts of the Investment Club;
- d. the preparation of financial reports for presentation to the directors and/or Members;
- e. reconciliation of statements provided by any brokers against transactions entered into by the Investment Club;
- f. payment of the Investment Club expenses;
- g. the calculation and payment of dividends and any other distributions; and
- h. ensuring compliance with the obligations of the Investment Club under the AML/CFT Law as set out in Article 93.

(2) Every Investment Club must keep proper accounting Records with respect to all sums of money received and expended by the Investment Club and all sales and purchases of goods and services and other transactions by the Investment Club and the assets and Liabilities of the Investment Club. Such accounting Records, must be sufficient to show and explain all transactions by the Investment Club and must be recorded in such a manner as to:

- a. disclose with reasonable accuracy the financial position of the Investment Club at any time; and
- b. enable the directors to ensure that any accounts prepared by the Investment Club comply with the requirements of these Regulations.

ARTICLE 77 – LOCATION OF ACCOUNTING RECORDS

(1) The Investment Club's accounting Records must be:

- a. kept at the Investment Club's registered office;
- b. preserved by the Investment Club for at least 6 years from the date to which they relate; and
- c. made available for inspection at all reasonable times by the directors and auditor of the Investment Club.

(2) If an Investment Club fails to comply with Article 76 and Article 77(1), the Investment Club and every Officer is in contravention of these Regulations.

ARTICLE 78 – FINANCIAL YEAR OF AN INVESTMENT CLUB

- (1) The first financial year of an Investment Club starts from the day on which it is incorporated and lasts for the period ending on the financial year end date specified in the incorporation document falling not less than 6 months and not more than 18 months after incorporation of the Investment Club.
- (2) The second and any subsequent financial year must start with the day immediately following the end of the Investment Club's previous financial year and end on the financial year end date in the next Calendar Year.
- (3) An Investment Club may by notice in the Prescribed Form given to the CRO specify a new financial year end date having effect in relation to:
 - a. the Investment Club's current financial year and subsequent financial years;
or
 - b. the Investment Club's previous financial year and all financial years subsequent to that previous financial year

where, an Investment Club's "previous financial year" means that year immediately preceding its current financial year.

- (4) The notice must state whether the current or previous financial year:
 - a. is to be shortened, so as to come to an end on the first occasion on which the new financial year end date falls or fell after the beginning of the financial year;
or
 - b. is to be extended, so as to come to an end on the second occasion on which that date falls or fell after the beginning of the year.
- (5) The Investment Club must not extend its financial year more than once every 5 years from the end of an earlier extended financial year and any notice to the contrary is ineffective.
- (6) A notice under Article 78(3) may not be given in respect of a previous financial year if the period allowed for laying and delivering accounts in relation to that year has already expired.
- (7) An Investment Club's financial year must not, in any case, be extended so as to exceed 18 months and a notice under Article 78(3) is ineffective if the current or previous financial year as extended in accordance with the notice would exceed that limit.

ARTICLE 79 – INVESTMENT CLUB ACCOUNTS

- (1) The directors of every Investment Club must cause accounts to be prepared in relation to each financial year of the Investment Club which must be in the English language and must comprise or include:
 - a. financial statements set out in accordance with IFRS, UK GAAP, US GAAP or such other accounting principles and standards as may be prescribed in rules made by the QFC Authority; and
 - b. such further information as may be required by these Regulations, any rules made by the QFC Authority and the Investment Club's articles of association.

- (2) The accounts must be prepared in accordance with accounting principles and standards prescribed in rules made by the QFC Authority and comply with any other requirements of these Regulations or any rules made by the QFC Authority. The accounts must show a true and fair view of the profit or loss of the Investment Club for the financial year in question and of the state of the Investment Club's affairs at the end of such financial year.
- (3) The Investment Club's accounts must be approved by the directors and signed on their behalf by at least one of their number.
- (4) Within 4 months of the end of the financial year the accounts for that year must be:
 - a. prepared and approved by the directors;
 - b. examined and reported on by the Investment Club's auditors in accordance with these Regulations and any rules made by the QFC Authority, such auditors' report to be written in the English language; and
 - c. laid before a meeting of the Members together with a copy of the auditors' report.
- (5) The Investment Club must file with the CRO within 21 days after the meeting of the Members before which the accounts and auditor's report were laid, a copy of the accounts and auditor's report.
- (6) In this Section 11, reference to "accounts" are to those accounts prepared in accordance with this Article.

ARTICLE 80 – PROVISION OF COPY OF ACCOUNTS TO MEMBERS

- (1) Any Member of an Investment Club is entitled, on demand and without charge, to be furnished with a copy of the Investment Club's latest audited accounts and auditor's report.
- (2) An Investment Club must comply with such a request within 7 days.
- (3) If an Investment Club fails to comply with Article 80(2), the Investment Club and every Officer is in contravention of these Regulations.

ARTICLE 81 – PUBLICATION OF ACCOUNTS

An Investment Club is not required to publish its accounts. If the accounts are published, the Investment Club must ensure that the published accounts are audited and accompanied by a copy of the auditors' report.

ARTICLE 82 – QUALIFICATION OF AUDITOR

- (1) An Investment Club's auditor must be an individual auditor or firm of auditors qualified to act as auditors in the QFC and approved by the QFC Authority to act as auditors for Investment Clubs and other Companies and other Entities incorporated or registered in the QFC and entered in a register of approved auditors which must be maintained by the CRO.
- (2) An auditor shall be regarded as qualified and approved by the QFC Authority to act as an auditor in the QFC and shall be entitled to be entered in the register maintained by the CRO if that auditor meets the criteria for approval set out in rules made by the QFC Authority.

- (3) Entry of an auditor or firm of auditors in the register of auditors shall be without prejudice to any rules concerning auditors made by the Regulatory Authority pursuant to the Financial Services Regulations.

ARTICLE 83 – APPOINTMENT AND REMOVAL OF AUDITOR

- (1) An Investment Club must appoint one or more auditors or a firm of auditors who must examine and report on the Investment Club's accounts in accordance with these Regulations. Except as provided for in Article 83(6) and Article 85(4) the Investment Club must give notice in writing to the CRO within 21 days of the first appointment and any subsequent change in auditor on the Prescribed Form together with the Prescribed Fee.
- (2) No person shall be appointed as auditor of an Investment Club who is an Officer or employee of that Investment Club or of an Affiliated Company or who is a partner, employer or employee of any such Officer or employee.
- (3) The directors of an Investment Club must appoint the auditor of that Investment Club for its first financial year. In subsequent financial years, an Investment Club must at its annual general meeting appoint an auditor to hold office from the conclusion of that meeting to the conclusion of the next annual general meeting. The directors or the Members of the Investment Club in general meeting may fill any vacancy in the office of auditor. While such a vacancy continues, any surviving or continuing auditor may continue to act.
- (4) Where for any reason no auditor is appointed, the CRO may, on the application of any Member, appoint one or more auditors to hold office until the close of the next annual general meeting.
- (5) Notwithstanding any agreement but without prejudice to the auditors' rights to compensation or damages, any auditor of an Investment Club may be removed by an Ordinary Resolution.
- (6) The Investment Club must as soon as reasonably practicable and in any event not later than 7 days after the passing of the Ordinary Resolution referred to in Article 83(5) file a copy of the Ordinary Resolution with the CRO in the Prescribed Form together with the Prescribed Fee.

ARTICLE 84 – REMUNERATION OF AUDITOR

- (1) The remuneration of an auditor of an Investment Club appointed by the Members must be fixed by the Members in general meeting or by the directors, if they are authorised to do so by the Members, and the remuneration of the auditor appointed by the directors must be fixed by the directors.
- (2) Where one or more auditors are appointed by the CRO under Article 83, the CRO must also fix the remuneration to be paid by the Investment Club for its or their services.
- (3) There must be stated in a note to an Investment Club's audited accounts the amount of the remuneration of the Investment Club's auditors in their capacity as such.

ARTICLE 85 – RESIGNATION OF AN AUDITOR

- (1) An auditor of an Investment Club may resign from office by depositing a notice in writing to that effect at the Investment Club's registered office, and any such notice operates to bring his term of office to an end on the date on which the notice is deposited, or on such later date as may be specified in it.

- (2) When an auditor ceases for any reason to hold office the auditor must deposit at the Investment Club's registered office:
 - a. a statement of any circumstances connected with his ceasing to hold office which he considers should be brought to the notice of the Members or creditors of the Investment Club; or
 - b. if he considers that there are no such circumstances a statement that there are none.
- (3) Where a statement under this Article 85 falls within Article 85(2)(a), the Investment Club must within 21 days send a copy of the statement to each director and Member of the Investment Club.
- (4) The Investment Club must as soon as reasonably practicable and in any event not later than 7 days after the deposit of notice of resignation at its registered office, file a copy of the notice with the CRO in the Prescribed Form together with the Prescribed Fee.

ARTICLE 86 – AUDITOR'S REPORT TO INVESTMENT CLUB

- (1) An Investment Club's auditor must make a report to the Investment Club's Members on the accounts examined by the auditor.
- (2) The auditor's report must state:
 - a. whether in the auditor's opinion the accounts have been properly prepared in accordance with these Regulations;
 - b. in particular, whether the accounts have been prepared in accordance with accounting principles and standards referred to in Article 79(2); and
 - c. any other matter or opinion required under these Regulations or rules made by the Regulatory Authority under the Financial Services Regulations.

ARTICLE 87 – POWERS AND DUTIES OF AUDITOR

- (1) An Investment Club's auditor must, in preparing a report in relation to the accounts of the Investment Club, carry out such investigations as will enable the auditor to form an opinion as to the following matters:
 - a. whether proper accounting Records have been kept by the Investment Club and proper returns adequate for the audit have been received from offices or branches of the Investment Club not visited by the auditor;
 - b. whether the Investment Club's accounts are in agreement with such accounting Records and returns;
 - c. whether the Investment Club's accounts have been prepared in compliance with applicable accounting principles and standards; and
 - d. independently validate that the Investment Club is conducting its activities and confirm that the activities are being carried out in accordance with the scope of its licence.
- (2) If the auditor is of the opinion that proper accounting Records have not been kept, or that proper returns adequate for the audit have not been received from offices or branches not visited by the auditor, or if the accounts are not in agreement with the accounting Records and returns, or that the accounts do not comply with accounting

principles and standards, the auditor must state that fact in his report made under Article 86.

- (3) The auditor must have a right of access at all reasonable times to an Investment Club's accounting and other books and Records and is entitled to require from an Investment Club's Officers such information or explanation that the auditor considers necessary for the performance of his duties.
- (4) If the auditor fails to obtain all the information and explanations which, to the best of the auditor's knowledge and belief, are necessary for the purposes of the audit, the auditor must state that fact in his report made under Article 86.
- (5) Every auditor is entitled to receive notice of, and attend, any meeting of Members and to be heard on any part of the business of the meeting which concerns the auditor.

ARTICLE 88 – AUDITOR'S RIGHT TO INFORMATION

An Investment Club, and any Member, Officer, employee or agent of the Investment Club, must not knowingly or recklessly make to the Investment Club's auditor a statement (whether written or oral) which conveys or purports to convey any information or explanation which the auditor requires, or is entitled to require, as auditor of the Investment Club and is false, misleading or deceptive in a material particular.

ARTICLE 89 – OBSTRUCTION OF AUDITOR

- (1) An Investment Club, or any Officer of an Investment Club, or any person acting under the direction or authority of such an Investment Club or Officer, must not engage in conduct, including without limitation the:
 - a. destruction or concealment of Documents;
 - b. coercion, manipulation, misleading, or influencing of the auditor;
 - c. failure to provide access to information or Documents specified by the auditor;
or
 - d. failure to give any information or explanation which the person is able to give

where the Investment Club, Officer or other person knows or ought to have known that such conduct could, if successful, have the effect referred to in Article 89(2).
- (2) For the purposes of Article 89(1), the effect referred to in this paragraph is:
 - a. to obstruct the auditor in the exercise of any powers under these Regulations;
or
 - b. to result in the rendering of the accounts of the Investment Club or the auditor's report materially misleading.

PART 4 OBLIGATIONS AND CONTRAVENTIONS

ARTICLE 90 – GENERAL CONTRAVENTIONS

- (1) If an Investment Club carries on any activities other than Investment Club activities as set out in its licence, it will be in breach of its licence.
- (2) In such circumstances, the QFC Authority shall be entitled to give notice to the Investment Club requiring it to desist from the activities in question with immediate effect. The QFC Authority shall further be entitled to exercise one or more of the powers set out in Article 23 of the QFC Authority Regulations in relation to the Investment Club.
- (3) A person who:
 - a. does an act or thing that the person is prohibited from doing under an Article of these Regulations referred to in Schedule 1; or
 - b. does not do an act or thing that the person is required or directed to do under an Article of these Regulations referred to in Schedule 1; or
 - c. otherwise contravenes an Article of these Regulations referred to in Schedule 1,commits a contravention of these Regulations.
- (4) In this Article 90, “person” does not include the QFC Authority, the Regulatory Authority, the CRO or the Registrar.

ARTICLE 91 – INVOLVEMENT IN CONTRAVENTIONS

- (1) If a person is knowingly concerned in the contravention of these Regulations or any other Regulations conferring functions on the CRO committed by another person, the aforementioned person as well as the other person, commits the contravention and is liable to be proceeded against and dealt with accordingly.
- (2) Without limiting the generality of Article 91(1), if an officer of an Entity is knowingly concerned in a contravention of these Regulations or any other Regulations conferring functions on the CRO committed by an Entity, the officer as well as the Entity commits the contravention and is liable to be proceeded against and dealt with accordingly.
- (3) If the affairs of an Entity are managed by its Members, Article 91(2) applies in relation to the acts and defaults of a Member in connection with his functions of management as if he were a director of the Entity.
- (4) For the purposes of this Article 91, “officer” means a director, member of a committee of management, chief executive, manager, secretary or other civil officer of an Entity, or a person purporting to act in such capacity, and an individual who is in control of the body.
- (5) For the purposes of this Article 91, a person is “knowingly concerned” in a contravention if, and only if, the person:
 - a. has aided, abetted, counselled or procured the contravention;
 - b. has induced, whether by threats or promises or otherwise, the contravention;

- c. has in any way, by act or omission, directly or indirectly, been knowingly involved in or been party to, the contravention;
 - d. has conspired with another or others to effect the contravention; or
 - e. has, alone or in concert with others, directly or indirectly, done, attempted or planned any of the following:
 - (i) to conceal the existence or nature of a contravention; or
 - (ii) to obstruct, impede or prevent the QFC Authority, the Regulatory Authority or the CRO from detecting, investigating or prosecuting a contravention.
- (6) In this Article 91, "person" does not include the QFC Authority, the Regulatory Authority, the CRO or the Registrar.

ARTICLE 92 – IMPOSITION OF FINANCIAL PENALTIES

- (1) The QFC Authority may in rules prescribe procedures in relation to the imposition and recovery of financial penalties under these Regulations.
- (2) Where the CRO considers that a person has contravened a provision in these Regulations referred to in Schedule 1 and in relation to which a penalty is stipulated in that Schedule, it may impose by written notice given to the person a penalty, in respect of the contravention, of such amount as it considers appropriate but not exceeding the amount of the maximum penalty specified in Schedule 1 in respect of each contravention.
- (3) If, within the period specified in the notice:
 - a. the person pays the prescribed penalty to the CRO, then no proceedings may be commenced by the CRO against the person in respect of the relevant contravention; or
 - b. the person takes such action as is prescribed in rules made by the QFC Authority to object to the imposition of the penalty or has not paid the prescribed penalty to the CRO, the CRO may apply to the Regulatory Tribunal for, and the Regulatory Tribunal may so order, the payment of the penalty or so much of the penalty as is not paid and make any further order as the Regulatory Tribunal sees fit for recovery of the penalty.
- (4) A certificate that purports to be signed by or on behalf of the CRO and states that a written notice was given to the person pursuant to Article 92(2) imposing a penalty on the basis of specific facts is:
 - a. conclusive evidence of the giving of the notice to the person; and
 - b. prima facie evidence of the facts contained in the notice

in any proceedings commenced under this Article 92.
- (5) Where a person commits a contravention of these Regulations and no penalty is stipulated in Schedule 1 in relation to such contravention, such person shall be liable to such penalty as may be provided for or determined under any other provision of these Regulations or any other Regulations.

ARTICLE 93 – TRANSACTIONS

- (1) The Investment Club must ensure that it is not involved in a contravention of the AML/CFT Law.
- (2) The Investment Club must not:
 - a. receive from a Member, or make a payment to a Member, in cash other than by way of bank transfer; or
 - b. make or receive cash payments in relation to Assets and or Securities other than by way of bank transfer.
- (3) Notwithstanding Article 93(1), the Investment Club must report any suspicious transactions to the Financial Information Unit established under AML/CFT Law.

ARTICLE 94 – CUSTODIAN

- (1) The Investment Club must appoint a Custodian to ensure that Securities held by the Investment Club are safeguarded, unless resolved otherwise by a Special Resolution of the Members.
- (2) Where such Custodian is appointed, the Investment Club must notify the CRO within 21 days of appointment.

PART 5 OTHER PROVISIONS RELATING TO THE CRO

ARTICLE 95- APPLICATION OF THE COMPANIES REGULATIONS

The provisions of Part 9 (Other Provisions Relating to the CRO), of the Companies Regulations shall apply in their entirety and shall be included in the Companies (Investment Club) Regulations and a reference in Part 9 of the Companies Regulations to an LLC shall include a reference to an Investment Club.

PART 6 APPLICATION TO THE QFC CIVIL AND COMMERCIAL COURT

ARTICLE 96 – APPLICATION OF THE COMPANIES REGULATIONS

The provisions of Part 10 (Application to the QFC Civil and Commercial Court) of the Companies Regulations shall apply in their entirety and shall be included in the Companies (Investment Club) Regulations and a reference in Part 10 of the Companies Regulations to an LLC shall include a reference to an Investment Club.

PART 7 REPORTING

ARTICLE 97 - APPLICATION OF THE COMPANIES REGULATIONS

The provisions of Part 11 (reporting by the CRO) of the Companies Regulations shall apply in their entirety and shall be included in the Companies (Investment Clubs) Regulations and accordingly, a reference in the Companies Regulations in Part 11 to an LLC shall include an Investment Club.

PART 8 REGISTER OF FINANCING STATEMENTS

ARTICLE 98 – APPLICATION OF THE COMPANIES REGULATIONS

The provisions of Part 12 (Register of Financing Statements) of the Companies Regulations shall apply in their entirety and shall be included in the

Companies(Investment Clubs) Regulations and accordingly, a reference in the Companies Regulations in Part 12 to an LLC shall include an Investment Club.

PART 9 ACQUISITION OF MINORITIES IN TAKE-OVERS

ARTICLE 99 – APPLICATION OF THE COMPANIES REGULATIONS

The provisions of Part 13 (Acquisition of Minorities in Take-Overs) of the Companies Regulations shall apply in their entirety and shall be included in the Companies (Investment Club) Regulations and accordingly, a reference in the Companies Regulations in Part 13 to an LLC shall include an Investment Club.

PART 10 INTERPRETATION AND DEFINITIONS

ARTICLE 100 – INTERPRETATION

- (1) In these Regulations, a reference to:
 - a. a provision of any law or regulation includes a reference to that provision as amended or re-enacted from time to time;
 - b. the masculine gender includes the feminine and the neuter;
 - c. words in the singular include the plural and words in the plural include the singular; and
 - d. writing includes any form of representing or reproducing words in legible form.
- (2) The headings in these Regulations shall not affect its interpretation.
- (3) A reference in these Regulations to a Part, Article or Schedule by number only, and without further identification, is a reference to a Part, Article or Schedule of that number in these Regulations.
- (4) A reference in these Regulations to a Schedule, an Article or a Part using a short form description of such Schedule, Article or Part in parenthesis are for convenience only and the short form description shall not affect the construction of the Article or Part to which it relates.
- (5) A reference in an Article or other division of these Regulations to a paragraph, sub-paragraph or Article by number or letter only, and without further identification, is a reference to a paragraph, sub-paragraph or Article of that number or letter contained in the Article or other division of these Regulations in which that reference occurs.
- (6) The Schedules are part of these Regulations.
- (7) In these Regulations, “including”, “in particular”, “for example”, “such as”, or any other similar expression does not limit the generality of the expression preceding it.
- (8) References to chairman, Director General, director or similar expressions are, where the context permits, a reference to the person holding that office from time to time.

ARTICLE 101 – DEFINITIONS

The following words and phrases shall, unless the contrary intention is implied, have the meanings shown against each of them:

ADDRESS	in relation to a Member or Officer of the Investment Club, means: (a) if an individual, his usual residential address; and (b) if an Entity, its registered or principal office
AFFILIATED COMPANY	any Subsidiary, Holding Company or other member of the same Group

AML/CFT LAW	the Law No. (4) of 2010 on Anti-Money Laundering and Combating the Financing of Terrorism, as amended from time to time.
ASSET	<p>any estate or interest (whether present or future, vested or contingent, or tangible or intangible) in immovables or property of any kind, and includes without limitation, for example—</p> <p>(a) money of any currency; and</p> <p>(b) other negotiable or non-negotiable instruments of any kind; and</p> <p>(c) any right to interest, dividends, or other income, on or accruing from or generated by immovables or property of any other kind; and</p> <p>(d) any other things in action; and</p> <p>(e) any other charge, claim, demand, easement, encumbrance, lien, power, privilege, right, or title, recognised or protected by the law of any jurisdiction over, or in relation to, immovables or property of any other kind;</p> <p>(f) any other documents evidencing title to, or to any interest in, immovables or property of any other kind; and</p> <p>(g) such other asset approved by the QFC Authority in writing.</p>
AUTHORISED FIRM	a person that has been granted an authorisation in accordance with Part 5 of the Financial Services Regulations
BODY CORPORATE	any body corporate, whether incorporated or constituted in the QFC or elsewhere
BUSINESS	includes every trade, profession and occupation of an Investment Club but subject to Article 10 and Article 13(2)(b).
CALENDAR YEAR	a year of the Gregorian calendar
COMPANIES REGULATIONS	the QFC Companies Regulations as may be amended from time to time.
CRO	the Companies Registration Office established pursuant to Article 7 of the QFC Law

CUSTODIAN	a firm authorised to provide custody services by the Regulatory Authority or any other regulatory authority in the State of Qatar.
DOCUMENT	any document in writing, including, where permitted, a document in writing in electronic form
ENTITY	a Body Corporate or partnership or unincorporated association carrying on business with a view to a profit
GROUP	with respect to an Entity: (a) that Entity; (b) any Holding Company of the Entity; (c) any Subsidiary (direct or indirect) of that Entity or of any Holding Company of that Entity.
HOLDING COMPANY	an Entity is a Holding Company of another Entity if the second Entity is a Subsidiary of the first Entity
IFRS	International Financial Reporting Standards
INSOLVENCY REGULATIONS	the QFC Insolvency Regulations as may be amended from time to time
INSOLVENCY RULES	The QFC Insolvency Rules as may be amended from time to time
INVESTMENT CLUB	a Limited Liability Company (Investment Club) incorporated under these Regulations
LIABILITIES	includes any amount reasonably necessary to retain for the purpose of providing for any liability or loss which is either likely to be incurred or certain to be incurred but uncertain as to the amount or as to the date on which it will arise
MEMBER	a member of an Investment Club as defined in Article 16 of these Regulations.
MINISTER	the Minister of Finance of the State
MONTH	month of the Gregorian calendar

NAME	<p>in relation to a Member or Officer of an Investment Club, means:</p> <p>(a) if an individual, his forename and surname (or, in the case of a person usually known by a title, his title instead of or in addition to either or both his forename and surname); and</p> <p>(b) if an Entity, its corporate name or firm name.</p>
OFFICER	any director or secretary of an Investment Club from time to time
ORDINARY RESOLUTION	a resolution passed by simple majority of such Members of an Investment Club as (being entitled to do so) vote in person or, where proxies are allowed, by proxy at a meeting of the Investment Club of which notice specifying the intention to propose the resolution has been duly given
PERSON	any natural or legal person, Body Corporate, or body unincorporate including a branch, company, partnership, unincorporated association, government, or state.
PRESCRIBED FEE	a fee prescribed in rules made or approved by the QFC Authority
PRESCRIBED FORM	a form prescribed by or approved by the QFC Authority
QFC	the Qatar Financial Centre
QFC AUTHORITY	the Qatar Financial Centre Authority established pursuant to Article 3 of the QFC Law
QFCA RULES	the QFC Authority Rules as may be amended from time to time
QFC CIVIL AND COMMERCIAL COURT	The Civil and Commercial court established pursuant to the QFC Law
QFC LAW	law No. 7 of 2005 of the State (as amended and/or re-enacted)
RECORDS	Documents and any other records however stored

REGISTRAR	the Registrar of the CRO appointed under Article 13 of the Companies Regulations
REGULATIONS	Regulations enacted by the minister in accordance with Article 9 of the QFC Law
REGULATORY AUTHORITY	the Regulatory Authority of the QFC established pursuant to Article 8 of the QFC Law
REGULATORY TRIBUNAL	the tribunal established by the QFC Law
REVIEW MEETING	a special general meeting of Members to be held every 90 days or more frequently to review the performance of the assets of the Investment Club and to make decisions about changes to the assets which make up the portfolio of the Investment Club as provided in these Regulations.
RULES	Any rules of the QFC Authority made pursuant to Article 12 of the QFC Authority Regulations or Article 6 of these Regulations, including the QFC Investment Clubs Rules
SCHEDULE	a schedule to these Regulations
SHARE	a share in the capital of an Investment Club
SENIOR EXECUTIVE FUNCTION	has the meaning set out in Article 57 of these Regulations.
SECURITY	any of the following: (a) a Share; (b) a debt instrument including a sukuk; (c) a warrant; (d) a securities receipt; (e) a unit in a collective investment scheme; (f) an option contract, to the extent that it's used for hedging purposes and not for speculative trading; and (g) a futures contract, to the extent that it's used for hedging purposes and not for speculative trading; and (h) such other security approved by the QFC Authority in writing.

SPECIAL RESOLUTION	a resolution passed by at least 75% of such Members of the Investment Club as (being entitled to do so) vote in person or, where proxies are allowed, by proxy at a meeting of the Investment Club of which notice, specifying the intention to propose the resolution as a Special Resolution, has been duly given.
STATE	the State of Qatar
SUBSIDIARY	<p>an Entity is a Subsidiary of another Entity if the second Entity:</p> <ul style="list-style-type: none"> (a) holds a majority of the voting rights in the first Entity; (b) is a member of the first Entity (whether direct or indirect, or through legal or beneficial entitlement) and has the right to appoint or remove a majority of the board of directors of the first Entity; (c) has the right to exercise a dominant influence over the management and operation of that other Entity through: <ul style="list-style-type: none"> (i) provisions contained in the constitutive documents of that other Entity; or (ii) any contractual arrangement relating to the management and operation of that other Entity; or (d) is a member of the first Entity (whether direct or indirect, or through legal or beneficial entitlement) and controls alone or pursuant to an agreement with other members or members, a majority of the voting rights in the first Entity; <p>or if the first Entity is a Subsidiary of another Entity which is itself a Subsidiary of the second Entity</p>
UK GAAP	generally accepted accounting principles in the United Kingdom
US GAAP	generally accepted accounting principles in the United States
WHOLLY OWNED SUBSIDIARY	<p>an Entity is a Wholly Owned Subsidiary of another Entity if the first Entity has no Members except:</p> <ul style="list-style-type: none"> (a) the second Entity; and (b) wholly owned subsidiaries of, or persons acting on behalf of, the second Entity or the second Entity's wholly owned subsidiaries.

SCHEDULE 1: CONTRAVENTIONS WITH FINANCIAL PENALTIES STIPULATED

ARTICLE CREATING CONTRAVENTION	GENERAL NATURE OF CONTRAVENTION	MAXIMUM FINANCIAL PENALTY (US\$)
20	Failing to register a return as to allotments	\$2,000
19	Allotment of Shares without QFC Authority's non-objection	\$20,000
22(2)	Non-compliant registration of transfer of Shares	\$2,000
22(3)	Transfer of Shares without QFC Authority's non-objection	\$20,000
24	Non-compliance with requirements in relation to certificates of Shares	\$2,000
25(4)	Investment Club issues bearer Shares	\$5,000
26(3)	Failing to give notice of altered share capital	\$2,000
28(3)(b)	Failing to obtain signatures from 2 directors	\$2,000
28(5)	Failing to give notice of a reduction in capital	\$2,000
30	Providing financial assistance	\$2,000
31	Unlawful dividend or other distribution	\$5,000
34	Failure to register change of name with CRO	\$2,000
36	Investment Club failing to change name on direction of CRO	\$2,000
37	Improper use of "Limited Liability Company (Investment Club)"	\$2,000

ARTICLE CREATING CONTRAVENTION	GENERAL NATURE OF CONTRAVENTION	MAXIMUM FINANCIAL PENALTY (US\$)
39(1)(a)	Investment Club failing to have a registered office in the QFC	\$2,000
39(1)(b),	Investment Club failing to carry out its principal activity at or from the registered office without permission from the QFC Authority to carry on such activity at or from another place within the QFC	\$2,000
40	Failure to notify change of registered office	\$2,000
41	Investment Club failing to keep internal registers	\$2,000
42	Failure of name to appear outside place of activities	\$2,000
43	Investment Club failing to have name etc. on certain Documents	\$1,000
44	Investment Club failing to lodge annual return	\$2,000
46	Investment Clubs failing to ensure that articles of associations are compliant	\$10,000
47	Investment Club failing to register alteration of Articles	\$2,000
49	Failure of an Investment Club to have at least one director	\$2,000
49	Investment Club failing to register a resignation, removal or appointment of director(s)	\$2,000
49	Investment Club failing to register a change in director's particulars	\$1,000

ARTICLE CREATING CONTRAVENTION	GENERAL NATURE OF CONTRAVENTION	MAXIMUM FINANCIAL PENALTY (US\$)
52	Directors failing to comply with duties	\$2,000
53	Director failure to disclose interest	\$2,000
54	Investment Club providing financial assistance to director without consent	\$2,000
57	Investment Club failing to have a Senior Executive Function	\$2,000
58	Investment Club failing to have a secretary	\$2,000
58	Investment Club failing to register the appointment or resignation of a secretary	\$2,000
58	Investment Club failing to register change of secretary's particulars	\$1,000
61	Failure to hold a Members' meeting in accordance with Article 61	\$5,000
62	Investment Club default in complying with CRO's direction to hold Investment Club meeting	\$15,000
75	Investment Club failure to submit resolutions to CRO	\$2,000
76(1)	Failure to appoint an finance officer or administration officer if required to do so	\$5,000
76(2)	Non-compliant maintenance of accounting records	\$10,000
77(2)(a) and (b)	Failure to keep and preserve accounting Records	\$10,000

ARTICLE CREATING CONTRAVENTION	GENERAL NATURE OF CONTRAVENTION	MAXIMUM FINANCIAL PENALTY (US\$)
76(2)(c)	Failure to make accounting Records available for inspection	\$5,000
79(3)	Failure of directors to approve and sign accounts	\$5,000
79(4)	Failure to comply with requirements within 4 months	\$10,000
79(5)	Failure to file accounts with CRO	\$2,000
80(3)	Failure to provide accounts	\$10,000
81	Publication of accounts without auditors' report	\$5,000
82	Acting as auditor when not qualified	\$10,000
83(1)	Failure to register the initial appointment of, or a change in respect of its auditor	\$2,000
83(6)	Investment Club failing to notify the CRO of the removal of its auditor	\$10,000
85	Failure of auditor to comply with resignation requirements	\$5,000
85(4)	Failure to file auditor's resignation with CRO	\$10,000
86	Failure of auditor to make a report as required	\$5,000
87(1) and (2)	Auditor failing to fulfil duties	\$5,000
87(3), (4), (5) and 91	Investment Club and officers etc. not co-operating with auditor	\$5,000

ARTICLE CREATING CONTRAVENTION	GENERAL NATURE OF CONTRAVENTION	MAXIMUM FINANCIAL PENALTY (US\$)
89	Investment Club and officers etc. obstructing auditor	\$5,000
93(2)	Receiving or making payments in cash to members or in relation to Assets	\$15,000
94(1)	Failure to appoint Custodian when required to do so.	\$2,000
130 of the Companies Regulations	Failure to comply with direction of CRO	\$15,000
132 of the Companies Regulations	Provision of false or misleading information to the CRO	\$50,000
149(5) of the Companies Regulations	Failure to sign declaration	\$5,000
151(3) of the Companies Regulations	Offeror failing to give minority Member notice of rights	\$5,000

SCHEDULE 2: FINANCING CHANGE STATEMENT

TABLE 1

CONDITION	SECURED PARTY MAY BE REQUIRED TO FILE FINANCING CHANGE STATEMENT AS SHOWN
The obligations under all of the Security Agreements to which the financing statement relates have been performed or the Secured Party is required by the QFC Law or Regulations to release the Collateral.	To discharge the filing.
The Secured Party has agreed to release part or all of the Collateral described in the financing statement.	To amend or discharge the filing (as the case may be) so as to reflect the terms of the agreement.
The description of the Collateral contained in the financing statement includes an item or kind of Personal Property that is not Collateral under a Security Agreement between the Secured Party and the Debtor.	To amend the Collateral description in the kinds of Personal Property that are not Collateral under a Security Agreement between the Secured Party and the Debtor.
No Security Agreement exists between the persons named in the financing statement as the Secured Party and the Debtor.	To discharge the filing.