



هيئة تنظيم
مركز قطر للامال
QATAR FINANCIAL CENTRE
REGULATORY AUTHORITY

Representative Office Rules 2020 (REPO)

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مركز قطر للمال

QATAR FINANCIAL CENTRE
REGULATORY AUTHORITY

Representative Office Rules 2020

QFCRA Rules 2020-5

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Financial Services Regulations

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Chapter 1 General provisions

1.1.1 Name of rules

These rules are the *Representative Office Rules 2020* (or REPO).

1.1.2 Commencement

These rules commence on 1 October 2020.

1.1.3 Purpose of these rules

These rules set out the framework for regulating the conduct of firms operating a representative office.

1.1.4 Effect of definitions, notes and examples

- (1) A definition in the Glossary to these rules also applies to any instructions or document made under these rules.
- (2) A note in or to these rules is explanatory and not part of these rules. However, examples and guidance are part of these rules.
- (3) An example is not exhaustive, and may extend, but does not limit, the meaning of these rules or the particular provision of these rules to which it relates.

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

1.1.5 Operating representative office to be regulated activity

- (1) For FSR, article 23 (2), the activity of operating a representative office is a regulated activity.
- (2) The regulated activity of *operating a representative office* consists of doing any 1 or more of the following in or from the QFC:
 - (a) subject to subrule (3), providing information (but not advice) in relation to financial services or financial products offered by the

representative office's head office if (and only if) the information is general in nature (such as, for example, providing a general market or risk study, investment research or a published prospectus);

- (b) on behalf of the representative office's head office or a member of the same corporate group, doing any of the following:
 - (i) acting as a channel of communication between the head office or member and actual or potential customers of the head office or member in Qatar;
 - (ii) carrying out market research or feasibility studies in relation to financial products or financial services on behalf of the head office or member;
 - (iii) reporting to the head office or member on business trends, opportunities and developments in the Qatari market;
- (c) subject to subrule (3), marketing 1 or more financial products or financial services offered by the head office or member.

Note For the meaning, in these rules, of **marketing** a financial product or financial service, see the Glossary.

- (3) Providing information about, or marketing, a financial product or financial service by a representative office is within the regulated activity of operating a representative office if and only if the product or service falls within the description of a specified product or specified activity.

Note For the description of the specified products and specified activities, see FSR, Schedule 3 Part 3 and Schedule 3 Part 2 respectively.

Chapter 2 Conduct

Part 2.1 Core principles

2.1.1 Principle 1 — Integrity

A representative office must observe high standards of integrity and fair dealing.

2.1.2 Principle 2 — Due skill, care and diligence

In conducting its business activities a representative office must act with due skill, care and diligence.

2.1.3 Principle 3 — Resources

A representative office must maintain, and must be able to demonstrate that it has, adequate resources to conduct and manage its affairs.

2.1.4 Principle 4 — Relations with regulators

A representative office must deal with regulators in an open and cooperative manner. It must keep the Regulatory Authority promptly informed of significant events or anything else relating to the representative office of which the Authority would reasonably expect to be informed.

Part 2.2 Conduct generally

2.2.1 Representative office not to misrepresent status

A representative office:

- (a) must not hold itself out as authorised to carry on a regulated activity other than that of operating a representative office; and
- (b) must not otherwise misrepresent its status expressly or by implication.

2.2.2 Disclosures of status required on certain business documents

- (1) A representative office must take reasonable care to ensure that every significant business document that it uses in connection with its operation includes either of the following disclosures:
 - (a) “Authorised by the Qatar Financial Centre Regulatory Authority as a representative office”;
 - (b) “Authorised by the QFC Regulatory Authority as a representative office”.
- (2) For this rule, *significant business document* includes letterhead (whether issued by post, fax or electronic means), marketing material, business cards, and websites, but does not include with-compliments slips or text messages.
- (3) The Regulatory Authority’s logo may be reproduced only with the Authority’s express written permission and in accordance with any conditions for the logo’s use that the Authority issues from time to time.

2.2.3 Products or services that may not be marketed etc

- (1) A representative office must not provide information about, or market, a product or service unless the product or service falls within the description of a specified product or specified activity.

- (2) To avoid any doubt, a representative office must not provide information about, or market, a product or service that may not lawfully be marketed or provided in the State of Qatar generally.
- (3) A representative office must not market a financial product issued by, or a financial service provided by or on behalf of, a government or a non-commercial government entity.

2.2.4 Marketing material

- (1) In these rules:
marketing material means material communicated to a person in the course of providing information on financial services or financial products or making introductions or referrals.
- (2) When marketing a financial product or financial service, a representative office must take reasonable care to ensure that the marketing material that it uses is clear, fair and not misleading.
- (3) A representative office must ensure that any marketing material that it communicates to a person contains, in addition to either of the disclosures required by rule 2.2.2:
 - (a) the names of the representative office and the entity on behalf of which the marketing material is being communicated; and
 - (b) if the marketing material is directed to a particular class or category of person, clear statements to that effect and that no other person should act on it.
- (4) The representative office must ensure that the marketing material contains in a prominent position, or has attached to it:
 - (a) a statement that clearly sets out the following:
 - (i) the name of the jurisdiction in which the relevant financial product or financial service is regulated and the legislation in that jurisdiction that applies to the product or service;
 - (ii) the name of the regulator that regulates the product or service;

- (iii) the regulatory status of the product or service, according to that regulator; and
- (b) the following warning:

Warning: This document is about a financial product [or service] that is not regulated nor approved by the Qatar Financial Centre Regulatory Authority. The Regulatory Authority is not responsible for reviewing or verifying any prospectus or other document in relation to this financial product [or service].

- (5) A representative office must ensure that any document that contains information on past performance contains the following warning:

Warning: Past performance is not a reliable guide to future performance.

The warning must appear near the information on past performance, and may not be provided by way of a footnote.

- (6) A representative office must not distribute marketing material for a financial product or financial service if it becomes aware that the entity that offers the product or service is in breach of a regulatory or legal requirement in relation to it.
- (7) A representative office must take reasonable steps to ensure that no person uses its marketing material on its behalf in a way that contravenes this rule.
- (8) Nothing in this rule applies to any material communicated in the course of any other regulated activity.

2.2.5 No advertising of particular products or particular services

- (1) A representative office must not advertise a particular financial product or a particular financial service.

(2) In subrule (1):

advertise means communicate in any medium (for example, brochure, telephone call, the internet, email and presentation) if the purpose or effect of the communication is:

(a) to promote:

- (i) 1 or more financial products or financial services; or
- (ii) a regulated activity (or an activity that would be a regulated activity if it was carried on in or from the QFC);
or

(b) to invite or induce a person:

- (i) to enter into an agreement with any person in relation to a financial product or financial service; or
- (ii) to engage in a regulated activity (or an activity that would be a regulated activity if it were carried on in or from the QFC).

2.2.6 Representation to be exclusive

A representative office must not represent anyone other than itself or a member of its corporate group.

2.2.7 No seeking to avoid liability

A representative office must not, in any communication with a person, attempt to limit or avoid any duty or liability that it may have to that person or any other person under any law.

Chapter 3 Administration

3.1.1 Eligibility to apply for authorisation

- (1) An application for authorisation to carry on the regulated activity of operating a representative office may be made only by a body corporate:
 - (a) that is incorporated in a jurisdiction other than the QFC or the State of Qatar; and
 - (b) that is regulated by a financial services regulator, in a jurisdiction other than the QFC or the State, in a way that is substantially equivalent to the QFC regulatory framework.

Note The effect of rule 3.1.1 (1) is that the applicant must be registered in the QFC as a branch.

- (2) An applicant for authorisation to carry on the regulated activity of operating a representative office must satisfy the Regulatory Authority that the applicant is genuinely committed to doing business in the QFC.

3.1.2 Material to be supplied with application

An applicant for authorisation to carry on the regulated activity of operating a representative office must provide with its application:

- (a) evidence from the financial services regulator responsible for the supervision of the applicant in its home jurisdiction that that regulator has no objection to the establishment of the representative office; and
- (b) a statement of the applicant's proposed principal place of business in the QFC.

Guidance

In assessing an application for authorisation as a representative office, the Regulatory Authority will consider at least the following factors:

- the applicant's business model, to ensure that the proposed activities are within the scope of the authorisation sought;
- the legal form of the applicant;
- the fitness and propriety of the applicant;
- the quality of regulation that applies to the applicant's head office, and the substantial equivalence of that regulation to the QFC regulatory framework;
- the applicant's financial standing;
- the applicant's controllers;
- the applicant's proposed principal place of business in the QFC, to be satisfied that the premises demonstrate a commitment to doing business in the QFC and are operational.

In deciding whether a firm in another jurisdiction is regulated in a substantially equivalent way, the Authority would look, in particular, at the home jurisdiction's risk-based capital requirements and consolidated supervision. The Authority may also consider the capacity of the home regulator to enter into a memorandum of understanding with the Authority.

3.1.3 Senior executive function

- (1) The *senior executive function* for a representative office is the function of being responsible for the whole business of the office carried on in or from the QFC. That function is a controlled function for the purposes of FSR, article 41 (2).
- (2) A representative office must have an individual who is approved to exercise the senior executive function for the office. The individual must be ordinarily resident in Qatar.
- (3) To avoid any doubt, references to the senior executive function in the provisions of INDI that apply to a representative office apply to the senior executive function referred to in subrule (1).

3.1.4 MLRO function

- (1) The *MLRO function* for a representative office is the function of being responsible for overseeing compliance with the office's

responsibilities under the AML/CFT Law. That function is a controlled function for the purposes of FSR, article 41 (2).

- (2) Subject to subrule (3), the individual who exercises the MLRO function for a representative office must be:
 - (a) the individual who exercises that function or an equivalent function in the office's head office; or
 - (b) an individual who is ordinarily resident in Qatar.
- (3) If the Regulatory Authority considers that the MLRO function for a representative office cannot be adequately exercised by an individual who is not resident in Qatar, the Authority may direct the office to appoint as MLRO an individual who is ordinarily resident in Qatar.
- (4) To avoid any doubt, references to the MLRO function in the provisions of INDI that apply to a representative office apply to the MLRO function referred to in subrule (1).

Note INDI, Schedule 1 rule S1.7.21 (which requires an individual who exercises the MLRO function to hold the CISI Regulatory qualification) does not apply to the controlled function referred to in rule 3.1.4 — see rule 5.1.1 (i).

3.1.5 Representative offices not to hold money etc

A representative office must not hold or control money or property unless the money or property:

- (a) is necessary to deal with its ordinary business operating expenses; and
- (b) belongs to the representative office or the member of its corporate group that it represents.

3.1.6 Employment to be exclusive

A representative office must not permit an employee to be an employee of another authorised firm.

3.1.7 Office not to be shared

A representative office must not share an office with another authorised firm.

3.1.8 Information supplied to other regulators

If requested by the Regulatory Authority, a representative office must provide the Authority with information that it or another member of its corporate group has provided to a financial services regulator.

Note In common with every other authorised firm, a representative office is required to notify the Regulatory Authority of certain events — see GENE, Chapter 4. For example:

- changes in core details such as its name, its business address or the address of its head office (GENE rule 4.1.1)
- certain significant events, such as matters that could have a significant effect on its reputation or solvency (GENE rule 4.1.3)
- any fraud or accounting irregularity (GENE rule 4.1.4)
- actions involving its head office taken by other financial regulators (GENE rule 4.1.6)
- any insolvency-related event affecting its head office (GENE rule 4.1.7).

Guidance

The examples given in the note are not exhaustive. The whole of GENE Chapter 4 applies to a representative office.

3.1.9 Records to include marketing material

The records that a representative office retains must include any marketing material issued, distributed or otherwise communicated by it or on its behalf.

Note 1 The general record-keeping obligations of an authorised firm are set out in GENE Chapter 6. The whole of GENE Chapter 6, applies to a representative office. In relation to records of AML/CFT matters, see rules 4.1.3 and 4.1.5.

Note 2 In relation to ownership information, see the particular record-keeping requirement in the QFCA Rules, rule 8A.17.

Chapter 4 AML/CFT

4.1.1 AML/CFT policy

- (1) A representative office must have a written policy setting out how it will comply with the office's obligations under the AML/CFT Law.
- (2) The policy must include the office's procedures, systems and controls. It must be risk-sensitive, appropriate and adequate having regard to the risk of money-laundering and terrorism financing and the size, complexity and nature of the office's business.
- (3) The policy must set out appropriate procedures for at least the following:
 - (a) screening procedures for the appointment or employment of officers and employees;
 - (b) the detection and reporting of suspicious transactions, and the keeping of records, in accordance with the instructions issued by the FIU.
- (4) The policy must also cover:
 - (a) communication of the policy to the office's officers and employees; and
 - (b) anything else that is relevant and appropriate to the office's activities and is required under the AML/CFT Law or these rules.
- (5) A representative office may comply with this rule by using its head office's AML/CFT policies, if those policies satisfy the requirements of this rule.

4.1.2 AML/CFT training programme

- (1) A representative office must design, deliver and maintain an appropriate AML/CFT training programme for its officers and employees.

- (2) A representative office may comply with this rule by taking part in its head office's AML/CFT training programme, if that programme satisfies the requirements of this rule.

4.1.3 Reporting records to be made by MLRO

The MLRO of a representative office must make and keep records of the details of each suspicious transaction report that the office makes to the FIU.

4.1.4 Annual reports to Regulatory Authority

A representative office must make a report to the Regulatory Authority, in a form approved for this rule under GENE, before 1 June in each year.

4.1.5 How long AML/CFT records must be kept

A record that is made by a representative office for the AML/CFT Law or this Chapter must be kept for at least 10 years after the day it is made.

Chapter 5 Application of other Rules

5.1.1 Disapplication of certain other provisions of Rules

The following Rules or provisions of Rules do not apply to a representative office:

- (a) the *Anti-Money Laundering and Combating the Financing of Terrorism Rules 2019*;
- (b) the *Anti-Money Laundering and Combating the Financing of Terrorism (General Insurance) Rules 2019*;
- (c) the *Banking Business Rules 2014*;
- (d) the *Captive Insurance Business Rules 2011*;
- (e) the *Collective Investment Schemes Rules 2010*;
- (f) the *Customer and Investor Protection Rules 2019*;
- (g) GENE, Parts 1.2, 2.4 and 3.1 and Chapter 9;
- (h) the *Governance and Controlled Functions Rules 2012*;
- (i) INDI, Chapters 4 and 5 and Schedule 1, rule S1.7.21;
- (j) the *Insurance Mediation Business Rules 2014*;
- (k) the *Investment Management and Advisory Rules 2014*;
- (l) the *Islamic Banking Business Prudential Rules 2015*;
- (m) the *Insurance Business Rules 2006*;
- (n) the *Private Placement Schemes Rules 2010*.

Glossary

(see rule 1.1.4)

AML/CFT Law means Law No. (20) of 2019 on Combating Money Laundering and Terrorism Financing, and includes Regulations made under that Law.

authorisation means an authorisation granted under FSR, Part 5.

authorised firm means a person that has been granted an authorisation.

employee means an individual:

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

entity means a body corporate or partnership or un-incorporated association carrying on a trade or business with a view to profit.

financial services regulator means a regulator of financial services in a jurisdiction other than the QFC.

FIU means the Financial Intelligence Unit established under the AML/CFT Law.

FSR means the Financial Services Regulations.

GENE means the *General Rules 2005*.

INDI means the *Individuals (Assessment, Training and Competency) Rules 2014*.

marketing a financial product or financial service means doing either or both of the following:

- (a) providing general information on the availability of the product or service;

- (b) making introductions or referrals in connection with the offer of the product or service.

marketing material has the meaning given by rule 2.2.4 (1).

operating a representative office has the meaning given by rule 1.1.5 (2).

person means:

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

QFC means the Qatar Financial Centre.

regulated activity has the meaning given by FSR, article 23.

Regulatory Authority means the Regulatory Authority of the QFC.

representative office means an authorised firm that has an authorisation to conduct the regulated activity of operating a representative office.

specified activity has the meaning given by FSR, article 110.

specified product has the meaning given by FSR, article 110.

Endnotes

1 Abbreviation key

a	=	after	ins	=	inserted/added
am	=	amended	om	=	omitted/repealed
amdt	=	amendment	orig	=	original
app	=	appendix	par	=	paragraph/subparagraph
art	=	article	prev	=	previously
att	=	attachment	pt	=	part
b	=	before	r	=	rule/subrule
ch	=	chapter	renum	=	renumbered
def	=	definition	reloc	=	relocated
div	=	division	s	=	section
g	=	guidance	sch	=	schedule
glos	=	glossary	sdiv	=	subdivision
hdg	=	heading	sub	=	substituted

2 Rules history

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