



SECURITY REGULATIONS

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QATAR FINANCIAL CENTRE
REGULATION NO. 14 OF 2011
QFC SECURITY REGULATIONS

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

Yousef Hussein Kamal
Minister of Economy and Finance

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CONTENTS

PART 1 – APPLICATION, COMMENCEMENT AND INTERPRETATION.....	5
Article 1 – Citation.....	5
Article 2 – Application	5
Article 3 – Commencement.....	5
Article 4 – Language	5
Article 5 – Interpretation	5
Article 6 – Scope of Regulations	5
Article 7 – Excluded Arrangements	5
Article 8 – Territorial Application	6
PART 2 – EFFECTIVENESS AND ATTACHMENT OF SECURITY INTEREST	7
Article 9 – Effectiveness of Security Agreement.....	7
Article 10 – Attachment of Security Interest	7
PART 3 – PERFECTION	9
Article 11 – Perfection of Security Interest.....	9
Article 12 – Security interests perfected upon attachment	9
Article 13 – Perfection: possession	9
Article 14 – Perfection: Goods in possession of Bailee	10
Article 15 – Perfection by Control: Investment Property	10
Article 16 – Perfection by Control: Bank Accounts.....	13
Article 17 – Perfection: additional provisions.....	14
Article 18 – Perfection: Temporary Perfection	14
Article 19 – Perfection: Proceeds	15
Article 20 – Temporary perfection of Personal Property brought into the QFC.....	15
Article 21 – Goods returned or repossessed	16
Article 22 – Continuity of perfection.....	16
PART 4 – TAKING PERSONAL PROPERTY FREE OF SECURITY INTERESTS.....	17
Article 23 – Circumstances in which purchaser or lessee takes free of Security Interest.....	17
PART 5 – PRIORITY	20
Article 24 – Default priority rules.....	20
Article 25 – Priority: Investment Property.....	20
Article 26 – Priority: Bank Accounts.....	21
Article 27 – Priority: Letter of credit rights.....	21
Article 28 – Priority: Purchase Money Security Interests.....	22
Article 29 – Priority: Security Interests in transferred Collateral	23
Article 30 – Priority: transferees of Money	23
Article 31 – Priority: creditor who receives payment of a debt.....	23
Article 32 – Priority: Purchaser of negotiable instrument	23

Article 33 – Priority: Holder of negotiable document of title	24
Article 34 – Priority: Assignee of Chattel Paper	24
Article 35 – Priority: Financial Collateral	24
Article 36 – Execution creditor has priority over unperfected security interest	25
Article 37 – Priority: liens	25
Article 38 – Priority: Personal Property brought into the QFC	25
Article 39 – Priority: Goods returned or repossessed	25
Article 40 – Voluntary subordination	26
PART 6 – RIGHTS AND REMEDIES ON DEFAULT	27
Article 41 – Application of this Part	27
Article 42 – Administrators	27
Article 43 – Rights and remedies	27
Article 44 – Collection rights of Secured Party	28
Article 45 – Possession rights of Secured Party	29
Article 46 – Disposal rights of Secured Party	29
Article 47 – Acceptance rights of Secured Party	31
Article 48 – Requirement to give notice	31
Article 49 – Distribution of surplus	33
Article 50 – Deficiency	33
Article 51 – Redemption	33
Article 52 – Applications to the QFC Court	33
Article 53 – Enforcement rights in respect of Financial Collateral	34
PART 7 – SUPPLEMENTARY PROVISIONS	35
Article 54 – Knowledge	35
Article 55 – Preservation and use of Collateral	35
Article 56 – Request for information from Secured Party	36
Article 57 – Entitlement to damages for breach of obligations	38
Article 58 – Alienation of rights of Debtor	38
Article 59 – Rights of assignees	39
PART 8 – INTERPRETATION AND DEFINITIONS	40
Article 60 – Interpretation	40
Article 61 – Definitions	41
SCHEDULE 1 – ORDER OF PRIORITY FOR DISTRIBUTION OF SURPLUS	52

PART 1 – APPLICATION, COMMENCEMENT AND INTERPRETATION

ARTICLE 1 – CITATION

These Regulations may be referred to as the Security Regulations 2011.

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 the giving and taking of security therein shall not apply in the QFC.

ARTICLE 3 – COMMENCEMENT

These Regulations shall come into force on the date of their signature by the Minister.

ARTICLE 4 – LANGUAGE

In accordance with Article 9 of the QFC Law, these Regulations are written in the English language and the English text thereof shall be the official original text. Any translation thereof into another language shall not be authoritative and in the event of any discrepancy between the English text of these Regulations and any other version, the English text shall prevail.

ARTICLE 5 – INTERPRETATION

Words and expressions used in these Regulations and interpretative provisions applying to these Regulations are set out in Part 8.

ARTICLE 6 – SCOPE OF REGULATIONS

Subject to Article 7 and Article 8, these Regulations apply to Security Interests created or provided for by a Security Agreement made by a Debtor who is:

- (A) a QFC Person; or
- (B) a Non-QFC Person.

ARTICLE 7 – EXCLUDED ARRANGEMENTS

These Regulations do not apply to:

- (A) liens, charges or other interests arising under any other Regulations or by operation of QFC Law;
- (B) rights of set-off;
- (C) the assignment of a right to payment under a contract to a Person who is obliged to perform or procure the performance of all or part of the transferor's obligations;

- (D) the assignment of Accounts or Promissory Notes solely to facilitate collection on behalf of the Person making the assignment;
- (E) the assignment of a single Account or Promissory Note to an assignee in full or partial satisfaction of a pre-existing indebtedness;
- (F) the sale of Accounts or Promissory Notes; or
- (G) securities and commodities repurchase arrangements.

ARTICLE 8 – TERRITORIAL APPLICATION

These Regulations apply to Security Interests over:

- (A) tangible Personal Property, including but not limited to Goods, Instruments, negotiable Documents of Title, Money and Chattel Paper, which is located in the QFC;
- (B) Certificated and Uncertificated Securities issued by QFC Persons;
- (C) Security Entitlements or Security Accounts maintained by Security Intermediaries which are QFC Persons;
- (D) Commodity Contracts or Commodity Accounts maintained by Commodity Intermediaries which are QFC Persons;
- (E) Electronic Chattel Paper of which the authoritative copy is stored in the QFC;
- (F) Bank Accounts maintained with Banks which are QFC Persons; and
- (G) Letter of credit rights where the issuer or Nominated Person is a QFC Person.

PART 2 – EFFECTIVENESS AND ATTACHMENT OF SECURITY INTEREST

ARTICLE 9 – EFFECTIVENESS OF SECURITY AGREEMENT

- (1) Except as otherwise provided in these Regulations, a Security Agreement is effective according to its terms.
- (2) A Security Agreement is enforceable as between the Secured Party and the Debtor when the Security Interest attaches to the Collateral.
- (3) A Security Agreement is enforceable as between the Secured Party and a third party when:
 - (A) the Security Interest has attached to the Collateral; and
 - (B) one of the following applies:
 - (i) the Secured Party has possession of the Collateral (other than possession as a result of seizure or repossession);
 - (ii) the Secured Party has control of the Collateral;
 - (iii) the Collateral is identified in the Security Agreement and the Security Agreement is signed by the Debtor.

ARTICLE 10 – ATTACHMENT OF SECURITY INTEREST

- (1) Subject to paragraphs (2) and (8), a Security Interest attaches to Collateral with effect from the date of the Security Agreement when the following conditions are met:
 - (A) the Collateral is or becomes identifiable;
 - (B) the Debtor has a present interest in the Collateral or power to transfer a present interest in the Collateral to a Secured Party
 - (C) there exists a current obligation from the Debtor to the Creditor which is to be secured on the Collateral, and
 - (D) either:
 - (i) Value is given for the Security Interest; or
 - (ii) the Debtor does an act by which the Security Interest arises

regardless of the order of occurrence of these events or whether the Debtor is permitted by the Security Agreement to dispose of the Collateral free of the Security Interest.

- (2) The parties may expressly agree that the Security Interest attaches at a later specified time or on the occurrence of some future event that will occur, in which case it attaches at that specified time. Reference to

a floating charge is not an agreement that the Security Interest attaches at a later time than the time specified in paragraph (1).

- (3) For the purposes of paragraph 1(B), a Debtor has rights in Goods that are leased or consigned to the Debtor, or sold to the Debtor under a hire-purchase agreement or conditional sale agreement (including an agreement to sell subject to retention of title) no later than when the Debtor obtains possession of the Goods.
- (4) A Security Agreement may provide for a Security Interest in after-acquired Personal Property.
- (5) When a Security Interest attaches to Collateral which is an Account, a Document, an Intangible, an Instrument or Investment Property, it also attaches to any Supporting Obligation.
- (6) The attachment of a Security Interest in a Securities Account or a Commodity Account is also attachment of a Security Interest in the Security Entitlements or Commodity Contracts carried in the Securities Account or Commodity Account.
- (7) If, after attachment of a Security Interest to Collateral, any of the conditions in Article 10(1)(A) to (C) cease to be satisfied, the Security Interest thereupon ceases to be attached to the Collateral but may be revived with effect from the date of the Security Agreement as soon as such conditions are again satisfied.
- (8) In the case of Collateral in the form of Financial Collateral, a Security Interest attaches when:
 - (A) the Debtor has transfer authority with respect to the Financial Collateral; and
 - (B) the Secured Party has control of the Financial Collateral pursuant to a Security Agreement.

PART 3 – PERFECTION

ARTICLE 11 – PERFECTION OF SECURITY INTEREST

- (1) Subject to Article 12, a Security Interest in particular Collateral is perfected when:
- (A) the Security Interest is enforceable against third parties; and
 - (B) one of the following applies:
 - (i) a Financing Statement is filed ;
 - (ii) the Secured Party has possession of the Collateral (other than possession as a result of seizure or repossession);
 - (iii) in the case of Investment Property and Bank Accounts, the Secured Party has control of the Collateral; and
 - (C) the requirements (if any) for perfection referred to in Articles 13 to 21 have been satisfied,
- regardless of the order of occurrence.

ARTICLE 12 – SECURITY INTERESTS PERFECTED UPON ATTACHMENT

The following Security Interests are perfected when they attach:

- (A) an assignment of receivables;
- (B) a Security Interest created by a Securities Intermediary in Investment Property;
- (C) a Security Interest in a Commodity Contract or a Commodity Account created by a Commodity Intermediary;
- (D) a Security Interest in Financial Collateral.

ARTICLE 13 – PERFECTION: POSSESSION

- (1) A Security Interest in:
- (A) Goods;
 - (B) an Instrument;
 - (C) a negotiable Document of Title;
 - (D) Money; or
 - (E) Chattel Paper
- may be perfected by possession of the Collateral by the Secured Party or its agent.

- (2) For the purposes of paragraph (1), a Secured Party does not have possession of Collateral that is in the actual or apparent possession or control of the Debtor or the Debtor's agent.

ARTICLE 14 – PERFECTION: GOODS IN POSSESSION OF BAILEE

- (1) A Security Interest in Goods in the possession of a Bailee may be perfected by:
- (A) the Bailee's attorning to the Secured Party;
 - (B) the issue of a Document of Title by the Bailee in the name of the Secured Party, provided that the Bailee is acting within its express or ostensible authority when issuing that Document of Title;
 - (C) the Secured Party or its agent being in possession of the negotiable Document of Title to the Goods where the Bailee has issued one; or
 - (D) the filing of a Financing Statement relating to the Goods.
- (2) The issue of a negotiable Document of Title covering Goods does not preclude any other Security Interest in the Goods from arising.
- (3) A perfected Security Interest in a negotiable Document of Title covering Goods takes priority over a Security Interest in the Goods otherwise perfected after the issue of a negotiable Document of Title covering those Goods.

ARTICLE 15 – PERFECTION BY CONTROL: INVESTMENT PROPERTY

- (1) A Security Interest in Investment Property may be perfected by the Secured Party having control of the Collateral.

Certificated Security

- (2) A Secured Party has control of a Certificated Security in:
- (A) bearer form, if the Secured Party has possession of the certificate;
 - (B) in registered form, if the Secured Party:
 - (1) takes delivery of the certificate appropriately endorsed; or
 - (2) is registered with the issuer as the registered holder.
- (3) For the purposes of paragraph (2)(B)(1), a Certificated Security is appropriately endorsed if it is:

- (A) endorsed to the Secured Party or in blank by the Debtor's signature; or
- (B) accompanied by a transfer form signed by the Debtor and made out to the Secured Party or in blank.

Uncertificated Security

- (4) A Secured Party has control of an Uncertificated Security if:
 - (A) the Uncertificated Security is delivered to the Secured Party; or
 - (B) the issuer has agreed that it will comply with instructions originated by the purchaser without further consent by the registered owner.

Security Entitlement

- (5) A Secured Party has control of a Security Entitlement if:
 - (A) the Secured Party becomes the Entitlement Holder;
 - (B) the Securities Intermediary has entered into a written control agreement with the Secured Party or the Secured Party is otherwise entitled to dispose of the Security Entitlement or direct the Securities Intermediary how it should be dealt with; or
 - (C) another Person has control of the Security Entitlement on behalf of the Secured Party or, having previously acquired control of it, acknowledges that he has control on behalf of the Secured Party.
- (6) For the purpose of paragraph (5)(B), a Securities Intermediary enters into a written control agreement with a Secured Party if, with the consent of the Entitlement Holder, it agrees in writing with the Secured Party to comply with the Secured Party's instructions directing the transfer or redemption of the Personal Property in question without further consent from the Entitlement Holder, whether or not the Entitlement Holder retains the right to deal with the Security Entitlement.
- (7) A Securities Intermediary is not required to enter into a written control agreement with a Secured Party even if the Debtor directs it to do so. A Securities Intermediary who has entered into a written control agreement must confirm the existence of such agreement to another Person if required to do so by the Entitlement Holder.
- (8) If a Security Interest in a Security Entitlement is granted by an Entitlement Holder to the Entitlement Holder's Securities Intermediary, the Securities Intermediary has control of the Security Entitlement.

Commodity Contract

- (9) A Secured Party has control of a Commodity Contract if the Secured Party, the Commodity Customer and the Commodity Intermediary have agreed that the Commodity Intermediary will apply any value

distributed on account of the Commodity Contract as directed by the Secured Party without further consent by the Commodity Customer.

- (10) If a Security Interest in a Commodity Contract is granted by a Commodity Customer to the Commodity Customer's own Commodity Intermediary, the Commodity Intermediary has control of the Commodity Contract.

Securities Account or Commodities Account

- (11) A Secured Party has control over a Securities Account or Commodity Account if the Secured Party has control of all Security Entitlements or Commodity Contracts carried in a Securities Account or Commodity Account.

Electronic Chattel Paper

- (12) A Secured Party has control of Electronic Chattel Paper if the record or records comprising the chattel paper are created, stored and assigned in such a manner that:
- (1) a single authoritative copy of the record or records exists which is unique, identifiable and, except as otherwise provided in paragraphs (4), (5), and (6), unalterable;
 - (2) the authoritative copy identifies the Secured Party as the assignee of the record or records;
 - (3) the authoritative copy is communicated to and maintained by the Secured Party or its designated custodian;
 - (4) copies or revisions that add or change an identified assignee of the authoritative copy can be made only with the participation of the Secured Party;
 - (5) each copy of the authoritative copy and any copy of a copy is readily identifiable as a copy that is not the authoritative copy; and
 - (6) any revision of the authoritative copy is readily identifiable as an authorized or unauthorized revision.

Letter of credit rights

- (13) A Secured Party has control of a right evidenced by a letter of credit, to the extent of any right to payment or performance of an obligation by the issuer or a nominated person, if the issuer or nominated person has consented to assigning the proceeds of the letter of credit to the Secured Party.

Negotiable instruments not evidenced by a certificate

- (14) A Secured Party has control of a negotiable instrument that is not evidenced by a certificate if:

- (A) the instrument is able to be transferred in accordance with the operating rules of a clearing and settlement facility; and
 - (B) there is an agreement in force under which the Secured Party (or a person who has agreed to act on the instructions of the Secured Party) controls the sending of some or all electronic messages or other electronic communications by which the instrument could be transferred.
- (15) For the purposes of paragraph (14), a Secured Party has control of a negotiable instrument even if the registered owner (who might be the grantor) retains the right:
- (A) to make substitutions for the instrument; or
 - (B) to originate instructions to the issuer; or
 - (C) to otherwise deal with the instrument.

Duration of perfection by control

- (16) A Security Interest in Investment Property remains perfected by control from the time the Secured Party obtains control until the Secured Party does not have control and, in relation to a Security or a Security Entitlement only, one of the following occurs:
- (A) if the Collateral is a Certificated Security, the Debtor has or acquires possession of the Security Certificate; or
 - (B) if the Collateral is a Security Entitlement, the Debtor is or becomes the Entitlement Holder.

ARTICLE 16 – PERFECTION BY CONTROL: BANK ACCOUNTS

- (1) A Security Interest in a Bank Account may be perfected by the Secured Party having control of the Bank Account.
- (2) A Secured Party has control of a Bank Account if:
- (A) the Bank itself is the Secured Party;
 - (B) the Debtor, Secured Party and the Bank have entered into a written agreement that the Bank will comply with instructions originated by the Secured Party directing disposition of the funds in the Bank Account without further consent by the Debtor; or
 - (C) the Secured Party, with the written agreement of the Bank and the Debtor, becomes the account holder, whether solely or jointly with any other Person (including the Debtor).
- (3) A Secured Party may have control under this Article even if the Debtor retains the right to dispose of funds in the Bank Account.

- (4) A Bank need not enter into a written control agreement with a Secured Party even if the Debtor directs it to do so. A Bank which has entered into a written control agreement must confirm the existence of the agreement to another Person if required to do so by the Debtor.

ARTICLE 17 – PERFECTION: ADDITIONAL PROVISIONS

- (1) Perfection of a Security Interest in a Securities Account also perfects a Security Interest in the Security Entitlements carried in the Securities Account.
- (2) Perfection of a Security Interest in a Commodity Account also perfects a Security Interest in the Commodity Contracts carried in the Commodity Account.
- (3) Perfection of a Security Interest in Collateral also perfects a Security Interest in a Supporting Obligation for the Collateral.

ARTICLE 18 – PERFECTION: TEMPORARY PERFECTION

- (1) This Article applies to a Security Interest perfected by the filing of a Financing Statement where the Debtor changes its name, registered number (if any) or other identifier with the result that a filed Financing Statement becomes seriously misleading such that the existence of the Security Interest would not be discovered by a reasonable search under Article 143 of the Companies Regulations (whether or not a search is actually carried out).
- (2) This Article also applies to a Security Interest in Personal Property perfected under Article 13 (Perfection: possession) or in a Certificated Security which a Secured Party delivers to the Debtor for the purpose of:
 - (A) sale or exchange; or
 - (B) presentation, collection, enforcement, renewal, or registration of a transfer.
- (3) This Article also applies to a Security Interest perfected under Article 14 in a negotiable Document of Title or Goods held by a Bailee that are not covered by a negotiable Document of Title, if the Secured Party makes the Document of Title or Goods available to the Debtor for the purpose of:
 - (A) sale or exchange; or
 - (B) loading, unloading, storing, shipping, transshipping, manufacturing, processing, packaging or otherwise dealing with Goods in a manner preliminary to their sale or exchange.
- (4) A Security Interest to which this Article applies remains perfected for 20 Business Days after the Collateral is made available to the Debtor save that in the circumstances specified in paragraph (1) the Security Interest remains perfected for 80 Business Days.

- (5) After the expiry of that period, perfection depends on compliance with the other provisions of these Regulations relating to the perfection of a Security Interest.

ARTICLE 19 – PERFECTION: PROCEEDS

- (1) Subject as otherwise provided in these Regulations, if Collateral is dealt with or otherwise gives rise to Proceeds, the Security Interest:
 - (A) continues in the Collateral, unless the Secured Party authorises the dealing free of the Security Interest (whether expressly or impliedly); and
 - (B) attaches to the Proceeds.
- (2) A Security Interest in Proceeds is continuously perfected if the Security Interest in the original Collateral is perfected by the filing of a Financing Statement which:
 - (A) contains a description of the Proceeds that would be sufficient to perfect a Security Interest in original Collateral of the same kind;
 - (B) covers the original Collateral, if the Proceeds are of a kind that are within the description of the original Collateral; or
 - (C) covers the original Collateral, if the Proceeds consist of Money, cheques, deposits in or Money credited to a Bank Account, or insurance payments.
- (3) If the Security Interest in the original Collateral is perfected in a manner other than a manner described in paragraph (2), the Security Interest in the Proceeds is a perfected Security Interest and remains perfected for 20 Business Days after the Security Interest in the original Collateral attaches to the Proceeds.
- (4) After the expiry of the period in paragraph (3), the Security Interest in the Proceeds is subject to the provisions of these Regulations relating to the perfection of a Security Interest in original Collateral of the same kind as the Proceeds.

ARTICLE 20 – TEMPORARY PERFECTION OF PERSONAL PROPERTY BROUGHT INTO THE QFC

A Security Interest over Personal Property which is perfected under the law of the jurisdiction in which the Personal Property is located when the Security Interest attaches (“the first jurisdiction”) and before the Personal Property is brought into the QFC will remain perfected for the purposes of these Regulations if it is perfected in accordance with these Regulations:

- (A) not later than 20 Business Days after the day on which the Personal Property is brought into the QFC; or
 - (B) before perfection ceases under the law of the first jurisdiction,
- whichever is earlier.

ARTICLE 21 – GOODS RETURNED OR REPOSSESSED

- (1) Where a Debtor sells or leases Goods which are subject to a Security Interest in circumstances in which the purchaser or lessee takes free of the Security Interest in accordance with Article 19(1)(A) or Article 23, the Security Interest reattaches to the Goods if:
 - (A) the Goods are returned to, seized or repossessed by the Debtor; and
 - (B) the obligation secured by that Security Interest remains unpaid or unperformed.
- (2) Where a Security Interest reattaches under paragraph (1), the time of perfection of the Security Interest is determined as if the Goods had not been sold or leased, if:
 - (A) the Security Interest was perfected by the filing of a Financing Statement, at the time of the sale or lease; and
 - (B) the filing is effective at the time of the return, seizure or repossession.
- (3) Where a sale or lease of Goods creates an Account or Chattel Paper and:
 - (A) the Account or Chattel Paper is transferred to another party; and
 - (B) the Goods are returned to, seized or repossessed by the Debtor,the transferee of the Account or Chattel Paper has a Security Interest in the Goods which attaches when the Goods are returned, seized or repossessed.

ARTICLE 22 – CONTINUITY OF PERFECTION

A Security Interest is continuously perfected if it is:

- (A) originally perfected; and
 - (B) later perfected in another way,
- without an intermediate period when it is unperfected.

PART 4 – TAKING PERSONAL PROPERTY FREE OF SECURITY INTERESTS

ARTICLE 23 – CIRCUMSTANCES IN WHICH PURCHASER OR LESSEE TAKES FREE OF SECURITY INTEREST

Unperfected security interests

- (1) A buyer or lessee of Personal Property, for value, takes the Personal Property free of an unperfected Security Interest in the Personal Property unless the unperfected Security Interest was created or provided for by a transaction to which the buyer or lessee is a party.

Serial number defects

- (2) A purchaser or lessee of Equipment of a type prescribed by the Minister pursuant to Article 138(6) of the Companies Regulations with a Unique Identifying Number who obtains possession of that Equipment takes free of any Security Interest in that Equipment which is perfected by filing if:
 - (A) the purchaser or lessee bought or leased the Goods without knowledge of the Security Interest; and
 - (B) the Goods were not described by Unique Identifying Number in the filing of a Finance Statement relating to the Security Interest,unless
 - (C) the purchaser or lessee holds the Equipment as inventory or on behalf of another person who would hold the Equipment as inventory; or
 - (D) the Security Interest was created or provided for by a transaction to which the purchaser or lessee is a party.

Goods below a prescribed value

- (3) A purchaser or lessee of Goods with a value of no more than US\$2,000 (or its equivalent), or such other amount prescribed by the Minister from time to time, takes the Goods free of a Security Interest in the Goods if the purchaser or lessor
 - (A) acquires the Goods for value; and
 - (B) takes possession of the Goods,unless
 - (C) the purchaser or lessee purchased or leased the Goods with actual or constructive knowledge that the sale or lease constituted a breach of the Security Agreement that provides for the Security Interest.

Taking in the ordinary course of business

- (4) A purchaser or lessee of Personal Property takes the Personal Property free of a security interest given by the seller or lessor, or that arises under Article 19 (proceeds), if the Personal Property was sold or leased in the ordinary course of the seller's or lessor's business of selling or leasing Personal Property of that kind, unless:
- (A) in the case of Equipment of a type prescribed by the Minister pursuant to Article 138(6) of the Companies Regulations with a Unique Identifying Number, the purchaser or lessee holds the Equipment as inventory or on behalf of another person who would hold the Equipment as inventory; or
 - (B) the purchaser or lessee purchases or leases the Personal Property with actual knowledge that the sale or lease constitutes a breach of the Security Agreement that provides for the Security Interest.

Currency

- (5) A holder of currency takes the currency free of a Security Interest in the currency if the holder acquires the currency with no actual or constructive knowledge of the Security Interest.

Instruments or intermediated Securities taken in the ordinary course of trading

- (6) A person who buys an Instrument or an intermediated Security in the ordinary course of trading on a recognised financial market takes the Instrument or intermediated Security free of a Security Interest in the Instrument or intermediated Security.

Instruments

- (7) A person, other than a Secured Party, who takes an interest in an Instrument by sale, lease, discount, assignment, negotiation, mortgage, pledge, lien, issue, reissue or any other consensual transaction that creates an interest in the Instrument, takes the Instrument free of a Security Interest in the Instrument if
- (A) the person gives value for the Instrument; and
 - (B) the person takes possession or control of the Instrument,
- unless
- (C) the person takes the Instrument with actual or constructive knowledge that the taking constitutes a breach of the Security Agreement that provides for the Security Interest.

Intermediated securities

- (8) A person who takes an interest in an intermediated security takes the interest free of a Security Interest in the intermediated Security if:

- (A) the person gives value for the interest (unless the interest acquired is itself a Security Interest); and
 - (B) the credit of the interest in the financial product in relation to which the intermediated Security arises is made in accordance with a consensual transaction,
- unless,
- (C) at the time the interest is taken, the person has actual or constructive knowledge that crediting the interest in the financial products constitutes a breach of a Security Agreement that provides for a Security Interest in any intermediated Security or financial product.

Temporarily perfected security interests

- (9) A person acquires an interest in Personal Property over which a Security Interest has been temporarily perfected under Article 20 (Temporary perfection of Personal Property brought into the QFC) takes the Personal Property free of the Security Interest if the person acquires the interest
 - (A) after the Personal Property has been brought into the QFC;
 - (B) without actual or constructive knowledge of the Security Interest; and
 - (C) before the Security Interest is perfected under these Regulations.

Financial Collateral

- (10) A Secured Party taking a Security Interest in Financial Collateral (whether or not by way of title transfer) takes free of a pre-existing Security Interest in the Financial Collateral, even if the pre-existing Security Interest is perfected and the Secured Party knows of its existence.
- (11) Paragraph (10) is without prejudice to any rights of the Secured Party under the pre-existing Security Interest against the Debtor (including without limitation in the Proceeds of the Financial Collateral received by the Debtor).

PART 5 – PRIORITY

ARTICLE 24 – DEFAULT PRIORITY RULES

- (1) If these Regulations do not otherwise determine priority between conflicting Security Interests, the following rules apply:
 - (A) a perfected Security Interest has priority over an unperfected Security Interest;
 - (B) priority between perfected Security Interests is determined by the order of perfection;
 - (C) priority between unperfected Security Interests is determined by the order of attachment.
- (2) For the purposes of this Part the priority of a Security Interest in Collateral also determines the priority of a perfected Security Interest in Proceeds of, and any Supporting Obligation supporting, the Collateral.
- (3) A transferee of a Security Interest has the same priority with respect to perfection of the Security Interest as the transferor had at the time of transfer.
- (4) A Security Interest provided for by a Security Agreement has the same priority in respect of all Advances (including future Advances), and the performance of all obligations, secured by the Security Agreement.

ARTICLE 25 – PRIORITY: INVESTMENT PROPERTY

Priority between conflicting Security Interests in the same Investment Property is as follows:

- (A) a Security Interest perfected by control has priority over a Security Interest which is not perfected by control;
- (B) subject to (C) and (D), conflicting Security Interests perfected by control rank according to the order in which control was obtained;
- (C) a Security Interest held by a Securities Intermediary in a Security Entitlement or a Securities Account maintained with the Securities Intermediary has priority over a Security Interest held by any other Secured Party;
- (D) a Security Interest held by a Commodity Intermediary in a Commodity Contract or a Commodity Account maintained with the Commodity Intermediary has priority over a conflicting Security Interest held by any other Secured Party;
- (E) conflicting Security Interests granted by a Securities Intermediary or Commodity Intermediary which are perfected otherwise than by control rank equally;

- (F) a Security Interest in a Certificated Security in registered form which is perfected by possession and not by control has priority over a conflicting Security Interest perfected by filing; and
- (G) in all other cases, priority among conflicting Security Interests in Investment Property is governed by Article 24 (Default Priority Rules).

ARTICLE 26 – PRIORITY: BANK ACCOUNTS

- (1) Priority between conflicting Security Interests in the same Bank Account is as follows:
 - (A) a Security Interest perfected by control has priority over a Security Interest which is not perfected by control;
 - (B) subject to 26 (C), conflicting Security Interests perfected by control rank according to the order in which control was obtained;
 - (C) if the Bank with which the Bank Account is maintained is itself a Secured Party, the Bank has priority over any other Secured Party except one which has taken control by becoming the account holder; and
 - (D) in all other cases, priority among conflicting Security Interests in Bank Accounts is governed by Article 24 (Default Priority Rules).
- (2) For the avoidance of doubt, unless otherwise agreed in writing by the Bank and the Secured Party, a Bank may exercise any right of set-off against a Secured Party which holds a Security Interest in a Bank Account held with the Bank unless:
 - (A) the Secured Party has taken control of the Bank Account by becoming the account holder; and
 - (B) the set-off is based on a claim against the Debtor.

ARTICLE 27 – PRIORITY: LETTER OF CREDIT RIGHTS

- (1) Priority between conflicting Security Interests in the same letter of credit right is as follows:
 - (A) a Security Interest held by a Secured Party which has control of the letter of credit right under paragraph (2) has priority to the extent of its control over a conflicting Security Interest held by a Secured Party that does not have control;
 - (B) Security Interests perfected by control rank according to priority in time of obtaining control; and
 - (C) in all other cases, priority among conflicting Security Interests in the same letter of credit right is governed by Article 24 (Default Priority Rules).
- (2) A Secured Party has control of a letter of credit right to the extent of any right to payment or performance by the issuer or any Nominated Person if the issuer or Nominated Person has consented to an assignment of Proceeds of the letter of credit.

ARTICLE 28 – PRIORITY: PURCHASE MONEY SECURITY INTERESTS

- (1) A Purchase Money Security Interest in Collateral or its Proceeds, other than Inventory or Intangibles, has priority over a non-purchase money Security Interest in the same Collateral given by the same Debtor if the Purchase Money Security Interest in the Collateral or its Proceeds is perfected not later than 10 working days after the day on which the Debtor, or another person at the request of the Debtor, obtained possession of the Collateral, whichever is earlier.
- (2) A Purchase Money Security Interest in Inventory or its Proceeds has priority over a non-purchase money Security Interest in the same Collateral given by the same Debtor if the Purchase Money Security Interest in the Inventory or its Proceeds is perfected at the time the Debtor, or another person at the request of the Debtor, obtains possession of the Collateral, whichever is earlier.
- (3) A Purchase Money Security Interest in an intangible or its Proceeds has priority over a non-purchase money Security Interest in the same Collateral given by the same Debtor if the Purchase Money Security Interest in the intangible or its Proceeds is perfected not later than 10 working days after the day on which the Security Interest in the Intangible attached.
- (4) A non-proceeds Security Interest in an Account that is given for new value has priority over a Purchase Money Security Interest in the Account as Proceeds of Inventory if a Financing Statement relating to the Security Interest in the Account is registered before the Purchase Money Security Interest is perfected or a Financing Statement relating to it is registered.
- (5) A Purchase Money Security Interest in Goods or their Proceeds taken by a seller, lessor, or consignor of the Collateral, has priority over any other Purchase Money Security Interest in the same Collateral given by the same Debtor if the first-mentioned Purchase Money Security Interest in the Goods or their Proceeds is perfected,—
 - (A) in the case of Inventory, at the time the Debtor, or another person at the request of the Debtor, obtained possession of the Collateral, whichever is earlier; or
 - (B) in the case of Collateral, other than Inventory, not later than 10 working days after the day on which the Debtor, or another person at the request of the Debtor, obtained possession of the Collateral, whichever is earlier.
- (6) Priority between Purchase Money Security Interests in the same Goods or their Proceeds that have not been taken by a seller, lessor, or consignor, and that have been given by the same Debtor are to be determined in accordance with Article 24 (Default Priority Rules).

ARTICLE 29 – PRIORITY: SECURITY INTERESTS IN TRANSFERRED COLLATERAL

A Security Interest created by a Debtor is subordinate to a Security Interest in the same Collateral created by another Person (“the earlier Security Interest”) if:

- (A) the Debtor acquired the Collateral subject to the earlier Security Interest;
- (B) the earlier Security Interest was perfected when the Debtor acquired the Collateral; and
- (C) there has been no period after the Debtor acquired the Collateral when the earlier Security Interest was unperfected.

ARTICLE 30 – PRIORITY: TRANSFERREES OF MONEY

A transferee of Money or funds from a deposit account takes the Money or funds free of any perfected or unperfected Security Interest in it if the holder:

- (A) acquires the Money or funds without knowledge that it is subject to a Security Interest; or
- (B) acquires the Money or funds for value in the ordinary course of business, whether or not the holder acquires the Money without knowledge that it is subject to a Security Interest.

ARTICLE 31 – PRIORITY: CREDITOR WHO RECEIVES PAYMENT OF A DEBT

A creditor who receives payment of a debt owing by a Debtor through a Debtor-Initiated Payment has priority over a Security Interest in:

- (A) the funds paid;
- (B) the Intangible which was the source of the payment; and
- (C) any Instrument used to effect the payment,

unless, at the time of payment, the creditor had actual knowledge that the payment was made in breach of the Security Agreement that provides for the Security Interest.

ARTICLE 32 – PRIORITY: PURCHASER OF NEGOTIABLE INSTRUMENT

A purchaser of a negotiable Instrument has priority over any perfected or unperfected Security Interest in the Instrument if the purchaser:

- (A) acquired the Instrument for value; and
- (B) took possession of the Instrument,

unless –

- (C) in the case of a purchaser who acquired the Instrument in the ordinary course of that person's business of acquiring Instruments of that kind, the purchaser had actual or constructive knowledge that the acquisition constituted a breach of the Security Agreement that provides for the Security Interest; or
- (D) in the case of any other purchaser, the purchaser had actual or constructive knowledge of the Security Interest.

ARTICLE 33 – PRIORITY: HOLDER OF NEGOTIABLE DOCUMENT OF TITLE

A holder to whom a negotiable Document of Title is negotiated has priority over a perfected or unperfected Security Interest in the Document of Title if the holder acquired the Document of Title for value, unless

- (A) in the case of a holder who acquired the Document of Title in the ordinary course of that person's business of acquiring Documents of Title of that kind, the purchaser had actual or constructive knowledge that the acquisition constituted a breach of the Security Agreement that provides for the Security Interest; or
- (B) in the case of any other purchaser, the purchaser had actual or constructive knowledge of the Security Interest.

ARTICLE 34 – PRIORITY: ASSIGNEE OF CHATTEL PAPER

The interest of an assignee of Chattel Paper who takes possession of the Chattel Paper in the ordinary course of the assignee's business and for new value has priority over a Security Interest in the Chattel Paper –

- (A) that was perfected, if the assignee took possession of the Chattel Paper without knowledge of the Security Interest; or
- (B) that has attached to Proceeds of Inventory, whether or not the assignee took possession of the Chattel Paper without knowledge of the Security Interest.

ARTICLE 35 – PRIORITY: FINANCIAL COLLATERAL

- (1) The Security Interest in Financial Collateral of a Secured Party under a Title Transfer Financial Collateral Arrangement has priority over a conflicting Security Interest in the Financial Collateral.
- (2) The Security Interest in Financial Collateral of a Secured Party under a Security Financial Collateral Arrangement has priority over a subsequent Security Interest in favour of the relevant Intermediary.
- (3) Subject to paragraphs (1) and (2), the priority of any other Security Interest in Financial Collateral shall be determined in accordance with –
 - (A) Article 25 if the Financial Collateral is Investment Property; and
 - (B) Article 30 if the Financial Collateral is Money.

ARTICLE 36 – EXECUTION CREDITOR HAS PRIORITY OVER UNPERFECTED SECURITY INTEREST

A Security Interest in Collateral is subordinate to the interest of a Person:

- (A) who causes the Collateral to be seized in accordance with due process to enforce a judgment, including execution, attachment or garnishment; or
- (B) who has obtained a charging order or equitable execution which affects or relates to the Collateral,

If, at the time that Person's interest arises, the Security Interest is not perfected.

ARTICLE 37 – PRIORITY: LIENS

If a Person in the ordinary course of business supplies materials or services with respect to Goods which are subject to a Security Interest, a lien that the Person has over the Goods with respect to those materials or services has priority over a perfected or unperfected Security Interest.

ARTICLE 38 – PRIORITY: PERSONAL PROPERTY BROUGHT INTO THE QFC

A Security Interest which remains perfected under Article 20 is subordinate to the interest of a purchaser or lessee of the Personal Property who acquires the interest:

- (A) after the Personal Property has been brought into the QFC;
- (B) without knowledge of the Security Interest; and
- (C) before it is perfected under these Regulations.

ARTICLE 39 – PRIORITY: GOODS RETURNED OR REPOSSESSED

- (1) A Security Interest in Goods which a transferee of an Account has under Article 21(3) is subordinate to a perfected Security Interest arising under Article 21(1) and to a Security Interest of a transferee of Chattel Paper arising under Article 21(3).
- (2) A Security Interest in Goods given by a purchaser or lessee of the Goods mentioned in Article 22(1) which:
 - (A) attaches while the Goods are in the possession of the purchaser, lessee or Debtor; and
 - (B) is perfected before the Goods are returned, seized or repossessed,

has priority over a Security Interest in the Goods arising under Article 21.

ARTICLE 40 – VOLUNTARY SUBORDINATION

- (1) A Secured Party may, in a Security Agreement or otherwise, subordinate its Security Interest to any other interest.
- (2) An agreement to subordinate is effective according to its terms between the parties and may be enforced by a third party if the third party is the person or one of a class of persons for whose benefit the subordination was intended.
- (3) An agreement or undertaking to postpone or subordinate:
 - (A) the right of a Person to performance of all or any part of an obligation to the right of another Person to the performance of all or any part of another obligation of the same Debtor; or
 - (B) all or any part of the rights of a Secured Party under a Security Agreement to all or any part of the rights of another Secured Party under another Security Agreement with the same Debtor,does not, by virtue of the postponement or subordination alone, create a Security Interest.

PART 6 – RIGHTS AND REMEDIES ON DEFAULT

ARTICLE 41 – APPLICATION OF THIS PART

This Part is without prejudice to any other rights and remedies of the Secured Party.

ARTICLE 42 – ADMINISTRATORS

- (1) This Part does not apply in relation to Personal Property over which an administrator has been appointed in accordance with the Insolvency Regulations.
- (2) Without prejudice to paragraph (1), a Security Agreement may provide for the appointment of an administrator in accordance with the Insolvency Regulations and, except as provided in these Regulations or any other Regulations or rules made by the QFC Authority, for the rights, powers and duties of an administrator.

ARTICLE 43 – RIGHTS AND REMEDIES

- (1) If the Debtor is in Default under a Security Agreement then,
 - (A) except as provided in paragraphs (3) to (5), the Secured Party has:
 - (1) the rights and remedies provided in the Security Agreement;
 - (2) the rights, remedies and obligations provided in this Part; and
 - (3) the rights, remedies and obligations provided in Article 55 if the Secured Party is in possession or control of the Collateral; and
 - (B) the Debtor has as against the Secured Party:
 - (1) the rights and remedies provided in the Security Agreement;
 - (2) the rights and remedies provided in this Part and in Article 55; and
 - (3) any other rights and remedies under any other Regulations or rules made by the QFC Authority which are not inconsistent with these Regulations.
- (2) The rights and remedies of the Secured Party and the Debtor are cumulative, and may be exercised simultaneously so long as they are not mutually incompatible and simultaneous exercise is not commercially unreasonable.

- (3) The following provisions, to the extent that they give rights to the Debtor or impose obligations on the Secured Party, cannot be waived or varied by agreement or otherwise:
 - (A) Article 44(3);
 - (B) Article 44(4);
 - (C) Article 46;
 - (D) Article 47;
 - (E) Article 48;
 - (F) Article 49(1); and
 - (G) Article 51.
- (4) The parties to a Security Agreement may, by agreement, determine the standards which fulfil the rights of a Debtor or obligations of a Secured Party under a provision mentioned in paragraph (3), so long as those standards are not manifestly unreasonable having regard to the nature of the rights and duties.
- (5) If the Debtor is in Default under a Security Agreement relating to a Security Interest in Financial Collateral then the rights and remedies of the Secured Party are as set out in Article 54 (Enforcement rights in respect of Financial Collateral).

ARTICLE 44 – COLLECTION RIGHTS OF SECURED PARTY

- (1) Subject to Article 48, in the event of Default under a Security Agreement, a Secured Party:
 - (A) may notify the Account Debtor or other person obligated on the Collateral to make payment or otherwise render performance to or for the benefit of the Secured Party;
 - (B) may take any Proceeds to which the Secured Party is entitled under these Regulations;
 - (C) may apply any Money, Account, Instrument or Security in the form of a debt obligation taken as Collateral to the satisfaction of the obligation secured by the Security Interest; and
 - (D) may enforce the obligations of the Account Debtor or Person liable to pay on an Instrument or Investment Property and exercise the rights of the Debtor with respect to the obligation of the Account Debtor or Person liable to pay on an Instrument or Investment Property to make payment or otherwise render performance to the Debtor and with respect to any Personal Property that secures the obligations of the Account Debtor or Person liable to pay on an Instrument or Investment Property.

- (2) Subject to Article 48, in the event of Default under a Security Agreement, a Secured Party who holds a Security Interest in a Bank Account perfected by control may apply or cause the Bank to apply the balance of the Bank Account to the obligation secured by the Bank Account.
- (3) A Secured Party must act in a commercially reasonable manner if the Secured Party:
 - (A) undertakes to collect from an obligation of an Account Debtor or other Person liable to pay on an Instrument, Chattel Paper or Investment Property; and
 - (B) is entitled to full or limited recourse against the Account Debtor or Person liable to pay on an Instrument, Chattel Paper or Investment Property or a guarantor of the debt.
- (4) Any proceeds of collection must be dealt with in accordance with Article 49.

ARTICLE 45 – POSSESSION RIGHTS OF SECURED PARTY

- (1) Subject to Article 48, in the event of Default under a Security Agreement, a Secured Party may
 - (A) take possession of the Collateral;
 - (B) require the Debtor to make the Collateral available to the Secured Party at a place to be designated by the Secured Party which is reasonably convenient to both parties; and/or
 - (C) require the Debtor to assemble, disassemble or disable the Collateral.
- (2) A Secured Party may proceed under paragraph (1)
 - (A) pursuant to an Order of the QFC Court; or
 - (B) without an Order of the QFC Court, if it proceeds without breach of the peace.
- (3) If the Collateral is a Document of Title, the Secured Party may take possession of the Document of Title and/or the Goods covered by it.
- (4) A Secured Party who seizes Collateral under this Part does not thereby perfect the Secured Party's Security Interest in the Collateral.

ARTICLE 46 – DISPOSAL RIGHTS OF SECURED PARTY

- (1) Subject to Article 48, in the event of Default under a Security Agreement, a Secured Party may dispose of the Collateral:
 - (A) in its existing condition;
 - (B) after repair, processing or preparation for disposition;

- (C) as a whole or in commercial units or parts;
- (D) forthwith or after a period of delay;
- (E) by public sale, including public auction or competitive tender;
- (F) by private sale;
- (G) by purchase in accordance with paragraph (2); or
- (G) insofar as permitted by the Security Agreement
 - (i) by lease, licence or other disposition;
 - (ii) on terms as to immediate or deferred payment;

provided in all cases that the method, manner, time, place and other terms of disposition and any repair, processing or preparation of the Collateral are commercially reasonable.

(2) The Secured Party may purchase Collateral:

- (A) at a public sale, including public auction or competitive tender; or
- (B) if the Collateral is of a kind that is customarily sold on a recognised market or the subject of widely distributed market price quotations, by private sale at the market price.

(3) If a Secured Party disposes of Collateral to a purchaser who acquires the interest for value and in good faith and who takes possession of it, the purchaser acquires the Collateral free of:

- (A) the interest of the Debtor;
- (B) an interest subordinate to that of the Debtor; and
- (C) the Security Interest and any subordinate Security Interest to the extent it relates to that Collateral,

whether or not the requirements of this Article have been complied with by the Secured Party, and all obligations secured by the Security Interest and any Security Interest and any subordinate Security Interest to the extent that it relates to that Collateral are deemed to be performed for the purposes of the Companies Regulations.

(4) A Person:

- (A) who is liable to a Secured Party pursuant to a guarantee, endorsement, covenant, repurchase agreement or the like; and
- (B) who receives a transfer of Collateral from the Secured Party or who is subrogated to the rights of the Secured Party,

has thereafter the rights and duties of the Secured Party, and the transfer of Collateral is not a disposition of the Collateral.

(5) Any proceeds of disposition must be dealt with in accordance with Article 49.

- (6) Notwithstanding any other provision of this Part, where the Collateral is a licence, the Collateral may be disposed of only in accordance with the terms and conditions under which the licence was granted or which otherwise pertain to it.

ARTICLE 47 – ACCEPTANCE RIGHTS OF SECURED PARTY

- (1) Subject to Article 48, in the event of Default under a Security Agreement, a Secured Party may accept Collateral in full or partial satisfaction of the obligation secured by it if either
 - (A) the Debtor consents in writing;or
 - (B) the Secured Party sends to the Debtor after Default a proposal to accept Collateral in full or partial satisfaction of the obligation it secures; and
 - (C) the proposal is unconditional or subject only to a condition that Collateral not in possession of the Secured Party be preserved or maintained; and
 - (D) the Secured Party does not receive written notice of objection from the Debtor within 10 Business Days after the proposal is sent
- (2) Acceptance by a Secured Party of Collateral in full or partial satisfaction of the obligation it secures:
 - (A) discharges the obligation to the extent consented to or not objected to by the Debtor;
 - (B) transfers to the Secured Party all of the Debtor's rights in the Collateral;
 - (C) discharges the Security Interest which is the subject of the Debtor's consent and any subordinate Security Interest to the extent that it relates to that Collateral; and
 - (D) terminates any other subordinate interest in that Collateral,and all obligations secured by the Security Interest and any subordinate Security Interest to the extent that it relates to that Collateral are deemed to be performed.

ARTICLE 48 – REQUIREMENT TO GIVE NOTICE

- (1) Prior to enforcing its rights and remedies under Articles 44, 45, 46 and 47 (as relevant) a Secured Party must give not less than ten days' notice in writing to the following Persons, to the extent that they are known to the Secured Party and to the extent that they have not already consented in writing to the proposed enforcement:
 - (A) the Debtor;

- (B) any Person who is an owner of the Collateral;
 - (C) any Person who may owe payment or performance of the obligation secured;
 - (D) any Person who may be contingently liable as a guarantor or otherwise of the obligation secured;
 - (E) any Person with a perfected Security Interest in the Collateral;
 - (F) any other Person from whom the Secured Party has received a written notification of a claim of an interest in the Collateral before the date that the notice is served on the Debtor.
- (2) For the purposes of paragraph (1), a notice shall set out:
- (A) the name of the Debtor;
 - (B) the name of the Secured Party and an address at which it may be contacted;
 - (C) a description of the Collateral;
 - (D) the amount secured by the Collateral;
 - (E) the amount of the obligation secured which will be discharged;
 - (F) the intended method(s) of the proposed enforcement; and
 - (G) the time and date of the proposed enforcement.
- (3) Notice is not required under paragraph (2) if:
- (A) the Collateral is perishable or will quickly depreciate;
 - (B) the cost of care and storage of the Collateral is disproportionately large in relation to its value;
 - (C) the Collateral is of a type customarily sold on an organised market;
 - (D) the Collateral is Money; or
 - (E) for any other reason, an application to the QFC Court has been made and the QFC Court is satisfied that a notice under paragraph (1) is not required.
- (4) An application to the QFC Court for the purposes of paragraph (3)(E) may be made without notice to the interested parties.
- (5) If, within ten days of service of the notice in (1), the Secured Party receives a notification from a Person who asserts that it has a prior Security Interest in the Collateral and objects to the Secured Party's proposed action, the Secured Party may not take enforcement action in relation to the Collateral without an order of the QFC Court under Article 52.

ARTICLE 49 – DISTRIBUTION OF SURPLUS

- (1) Subject to paragraph (2), where any surplus arises from collection under Article 44 or disposition under Article 46, the Secured Party must, unless otherwise agreed in writing by all Persons specified in Article 48(1)(A) to (E), account for and pay the surplus in the order set out in Schedule 1.
- (2) Where there is a question as to who is entitled to receive payment pursuant to paragraph (1), the Secured Party may pay the surplus into the QFC Court, and the surplus shall not be paid out except on an application pursuant to Article 52 by a person claiming an entitlement to it.
- (3) The priority of the claim of any Person mentioned in Schedule 1 is not prejudiced by payment under this Article.

ARTICLE 50 – DEFICIENCY

Except as otherwise agreed or as otherwise provided in these Regulations or any other Regulations, the Debtor is liable to pay the amount of any deficiency to the Secured Party.

ARTICLE 51 – REDEMPTION

- (1) At any time following a Default but before the Secured Party enforces its rights and remedies under this Part, a Person who is entitled to receive a notice under Article 48 may, unless that Person has agreed otherwise in writing after Default, redeem the Collateral by:
 - (A) tendering fulfilment of the obligations secured by the Collateral in full; and
 - (B) paying a sum equal to the reasonable expenses that have actually been incurred by the Secured Party including seizing, repossessing, holding, repairing, processing or preparing the Collateral and any other reasonable expenses incurred by the Secured Party in enforcing the Security Agreement.
- (2) If more than one Person elects to redeem under paragraph (1), the priority of their rights to redeem shall be the same as the priority of their respective interests.

ARTICLE 52 – APPLICATIONS TO THE QFC COURT

- (1) On application by a Debtor, a creditor of a Debtor, a Secured Party or other Person with an interest in the Collateral, the QFC Court may make one or more of the following orders:
 - (A) an order, including a binding declaration of a right and an order for injunctive relief, that is necessary to ensure compliance with this Part or Article 55;

- (B) an order giving directions to any Person regarding the exercise of rights or the discharge of obligations pursuant to this Part or Article 55;
- (C) an order relieving a Person from compliance with the requirements of this Part or Article 56;
- (D) an order staying enforcement of rights provided in this Part or Article 55; or
- (E) any order that is necessary to ensure protection of the interest of any Person in the Collateral.

ARTICLE 53 – ENFORCEMENT RIGHTS IN RESPECT OF FINANCIAL COLLATERAL

- (1) If the Debtor is in Default under a Security Agreement relating to a Security Interest in Financial Collateral, the Secured Party may collect, enforce and dispose of or accept the Financial Collateral:
 - (A) in the case of Investment Property, by selling it and applying the net proceeds of sale in or towards the discharge of the secured obligations; or
 - (B) by appropriating the Financial Collateral as the Secured Party's own Personal Property by setting off its value against, or applying its value in or towards the discharge of the secured obligations, provided in the case of Investment Property that the Security Agreement provides for realisation in this manner and specifies the basis on which such Collateral is to be valued for this purpose.
- (2) A Security Agreement may provide that if a default occurs before the secured obligations have been fully discharged, either or both of the following shall occur, or may at the election of the Secured Party occur, whether through the operation of netting or set-off or otherwise:
 - (A) the respective obligations of the parties are accelerated so as to be immediately due and expressed as an obligation to pay an amount representing their estimated current value or are terminated and replaced by an obligation to pay such an amount;
 - (B) an account is taken of what is due from each party to the other in respect of such obligations and a net sum equal to the balance of the account is payable to the other party by the party from whom the larger amount is due.

PART 7 – SUPPLEMENTARY PROVISIONS

ARTICLE 54 – KNOWLEDGE

- (1) A Person is treated as having knowledge of a fact:
 - (A) of which he has actual knowledge;
 - (B) of which he might reasonably have been expected to acquire actual knowledge from facts observed or ascertained by him;
 - (C) if an agent of his who is under a duty to communicate that fact to him has actual knowledge of that fact; or
 - (D) if a Qualifying Individual in relation to that Person has actual knowledge of that fact.
- (2) The filing of a Financing Statement does not constitute constructive notice or constructive or actual knowledge of its existence or contents to any Person.
- (3) A purchaser of Collateral is not required to enquire whether:
 - (A) a Security Interest has been created or provided for in the Collateral; or
 - (B) whether the sale violates the terms of a Security Agreement.

ARTICLE 55 – PRESERVATION AND USE OF COLLATERAL

- (1) A Secured Party must use reasonable care in the custody and preservation of Collateral in its possession which, in the case of Chattel Paper or an Instrument includes taking necessary steps to preserve rights against other Persons.
- (2) Unless the parties agree otherwise, if Collateral is in the Secured Party's possession:
 - (A) reasonable expenses, including the cost of insurance and payment of taxes or other charges incurred in obtaining and maintaining possession of the Collateral, are chargeable to the Debtor and are secured by the Collateral;
 - (B) the risk of loss or damage, except where caused by the negligence of the Secured Party, is on the Debtor to the extent of any deficiency in any insurance coverage;
 - (C) the Secured Party must keep the Collateral identifiable, but fungible Collateral may be commingled; and
 - (D) subject to paragraph (1), a Secured Party may use the Collateral
 - (i) in the manner and to the extent provided in the Security Agreement,
 - (ii) for the purpose of preserving the Collateral or its value, or

- (iii) in accordance with an order of the QFC Court.
- (3) Unless the parties agree otherwise, if Collateral is in the Secured Party's possession or control, the Secured Party:
 - (A) may hold as additional Collateral any Proceeds, other than Money, received from the Collateral;
 - (B) must apply any Money so received, unless remitted to the Debtor, immediately on its receipt in reduction of the obligation secured;
 - (C) may create a Security Interest in the Collateral.
- (4) Where a Secured Party:
 - (A) has transferred to it title to Investments or Investment Entitlements under a Title Transfer Financial Collateral Arrangement; or
 - (B) exercises a Right of Use in respect of Investments or Investment Entitlements

then subject to the terms of the Security Agreement, it thereby incurs an obligation to replace the Collateral originally transferred by transferring to the Debtor equivalent investments not later than the discharge of the secured obligations.

ARTICLE 56 – REQUEST FOR INFORMATION FROM SECURED PARTY

- (1) A Debtor, a judgment creditor, a person with a Security Interest in the Personal Property of the Debtor, an auditor of the Debtor and an authorised representative of any of them may by notice in writing (an "information request") require a Secured Party to make available to any specified Person, at an address specified in the information request, any of the following:
 - (A) a copy of the Security Agreement that provides for the Security Interest;
 - (B) a statement in writing setting out the amount of the obligation that is secured by the Security Interest and the terms of payment or performance of the obligation, as at the day specified in the request;
 - (C) a written approval or correction of an itemised list of Personal Property attached to the request indicating in which items of Personal Property the Security Interest is granted, as at the day specified in the request;
 - (D) a written approval or correction of the following attached to the request, as at the day specified in the request:
 - (i) the amount or the obligation that is secured by the Security Interest;
 - (ii) the terms of payment or performance of the obligation.

- (2) The Secured Party must comply with the information request not later than 10 Business Days after receiving it.
- (3) Subject to paragraph (4), if, without reasonable excuse, the Person who receives an information request fails to comply with paragraph (2), the requesting party, in addition to any other remedy provided by these Regulations, may apply to the QFC Court for an order under paragraph (6).
- (4) Where a Person who receives an information request no longer has an interest in the obligation or Personal Property of the Debtor which is the subject of the request, the Person must, not later than 10 Business Days after receiving the information request, disclose the name and address of the immediate successor in interest and, if known, the current successor in interest.
- (5) If, without reasonable excuse, the Person who receives an information request fails to comply with paragraph (4) the requesting party may apply to the QFC Court for an order under paragraph (7).
- (6) On application by a Secured Party or the requesting party, the QFC Court may:
 - (A) extend the time for compliance with an information request; or
 - (B) provided it does not prejudice the rights of a third party, make an order declaring that, in the event of a Secured Party's non-compliance with an information request:
 - (1) the Security Interest of the Secured Party with respect to which the request was made is unperfected or extinguished; and
 - (2) any related filing is discharged.
- (7) On application by a requesting party under paragraph (5) the QFC Court may make an order requiring the person who failed to comply with an information request to pay to the CRO a financial penalty prescribed by the CRO.
- (8) A Secured Party or a successor in interest mentioned in paragraph (4) who replies to an information request is prohibited for the purposes of these Regulations as against:
 - (A) the requesting party; or
 - (B) any other Person who can reasonably be expected to rely on the reply,from asserting that the information contained in the reply to an information request is incorrect to the extent that the requesting party or other Person reasonably relies on it.
- (9) The Person to whom an information request is made under this Article may require payment in advance of the Prescribed Fee for each information request.

ARTICLE 57 – ENTITLEMENT TO DAMAGES FOR BREACH OF OBLIGATIONS

- (1) If a Person without reasonable excuse fails to discharge any duties or obligations imposed on that Person by these Regulations:
 - (A) the Person to whom the duty or obligation is owed; and
 - (B) any other Person who can reasonably be expected to rely on the performance of the duty or obligation,has a right to recover damages for any loss or damage suffered by that Person provided that such loss or damage was reasonably foreseeable as likely to result from that failure.
- (2) If a Person files a Financing Statement:
 - (A) without obtaining the consent of the Debtor; and
 - (B) without an honest belief that the Debtor has consented,the Debtor has a right to recover damages for any loss or damage suffered that was reasonably foreseeable as likely to result from the filing.
- (3) Nothing in this Article limits or affects any liability which a Person may incur under any other Regulations or rules made by the QFC Authority.

ARTICLE 58 – ALIENATION OF RIGHTS OF DEBTOR

- (1) In this Article, "transfer" includes:
 - (A) sale;
 - (B) creation of a Security Interest; and
 - (C) transfer pursuant to judgment enforcement proceedings.
- (2) Subject to paragraph (3), the rights of a Debtor in Collateral may be transferred consensually or by operation of QFC Law, even if a provision in the Security Agreement prohibits transfer or declares a transfer to be a Default.
- (3) A transfer by the Debtor under paragraph (2) does not prejudice the rights of the Secured Party under the Security Agreement or otherwise, including the right to treat a prohibited transfer as an act of Default.

ARTICLE 59 – RIGHTS OF ASSIGNEES

- (1) In this Article, "assignee" includes a Secured Party and an administrator.
- (2) Unless an Account Debtor has made an enforceable agreement not to assert defences to claims arising out of a contract, the rights of an assignee of the Account are subject to:
 - (A) the terms of the contract between the Account Debtor and the assignor and any defence or claim arising from the contract or a closely connected contract; and
 - (B) any other defence or claim of the Account Debtor against the assignor which accrues before the Account Debtor acquires knowledge of the assignment.
- (3) Subject to paragraph (4), if Collateral which is an Account is assigned, the Account Debtor may make payments under the contract to the assignor until, but not after, the Account Debtor receives a notice that:
 - (A) states that the amount payable or to become payable under the contract has been assigned and that payment is to be made to the assignee; and
 - (B) identifies the contract under which the amount payable is to become payable.
- (4) If the Account Debtor reasonably requests the assignee to supply proof of the assignment, the Account Debtor may continue to make payments under the contract to the assignor until the assignee supplies reasonable proof of the assignment.
- (5) Payment by an Account Debtor to an assignee under a notice mentioned in paragraph (3) discharges the obligation of the Account Debtor to the extent of the payment.
- (6) A term in a contract between an Account Debtor and an assignor which prohibits or restricts assignment of, or the giving of a Security Interest in, the whole of the Account or Chattel Paper for Money due or to become due or that requires the Account Debtor's consent to such assignment or such giving of a Security Interest:
 - (A) is binding on the assignor only to the extent of making the assignor liable to the Account Debtor in damages for breach of contract; and
 - (B) is unenforceable against third parties.

PART 8 – INTERPRETATION AND DEFINITIONS

ARTICLE 60 – 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) an obligation to publish or cause to be published a particular Document shall, unless expressly provided otherwise in these Regulations, include publishing or causing to be published in printed or electronic form;
 - (C) a calendar year shall mean a year of the Gregorian calendar;
 - (D) a month shall mean a month of the Gregorian calendar;
 - (E) a reference to the masculine gender includes the feminine and the neuter; and
 - (F) writing includes any form of representing or reproducing words in legible form.
- (2) The headings in these Regulations shall not affect their 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 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.
- (5) Each of the Schedules to these Regulations shall have effect as if set out in these Regulations and reference to these Regulations shall include reference to the Schedules.
- (6) Any reference in these Regulations to “include”, “including”, “in particular” “for example”, “such as” or similar expressions shall be considered as being by way of illustration or emphasis only and are not to be constructed so as to limit the generality of any words preceding them.
- (7) Unless otherwise provided in these Regulations, any determination of whether Goods are Inventory or Equipment is to be made as of the time when the Security Interest in the Goods attaches.
- (8) Proceeds are traceable whether or not there is a fiduciary relationship between the Person who has a Security Interest in the Proceeds, as provided in Article 19, and the Person who has rights in or has dealt with the Proceeds.
- (9) A reference in these Regulations to an “agreement” shall include any agreement effected by a contract, deed or any other instrument or Document intended to have effect in accordance with QFC Law or the laws of another jurisdiction.

ARTICLE 61 – DEFINITIONS

The following words and phrases shall where the context permits have the meanings shown against each of them:

Account	<p>a monetary obligation, whether or not it has been earned by performance, but does not include:</p> <p>(A) a monetary obligation evidenced by an Instrument;</p> <p>(B) Investment Property;</p> <p>(C) a Bank Account; or</p> <p>(D) a right to payment for Money or funds advanced or sold, other than a right arising out of the use of a credit or charge card or information contained on or for use with the card</p>
Account Debtor	a Person who is obligated under an Account
Advance	<p>the payment of Money, the provision of credit or other giving of Value, and includes any liability of the Debtor to pay interest, credit costs and other charges or costs payable by the Debtor in connection with an Advance or the enforcement of a Security Interest securing the Advance, and reasonable costs incurred and expenditures made for the protection, maintenance, preservation or repair of Collateral</p>
Bailee	a Person other than the Debtor, the Debtor's agent, the Secured Party or the Secured Party's agent
Bank	a Person who in the ordinary course of business receives deposits or other repayable sums
Bank Account	<p>(A) a deposit held on behalf of a Person by a Bank, but does not include Investment Property or a monetary obligation evidenced by an Instrument; and</p> <p>(B) any sum due and payable to, or received between the parties to a financial collateral Arrangement or a close-out netting provision (both as defined in Article 195 of the Insolvency Regulations) in connection therewith</p>

Business Day	a day on which Banks are open for ordinary business in the QFC
Cash	Money, cheques and Bank Accounts
Certificated Security	a Security which is represented by a certificate
Chattel Paper	one or more writings that evidence both a monetary obligation and a security interest in, or lease of, specific goods or specific goods and accessions
Collateral	Personal Property which is subject to a Security Interest, and includes Proceeds to which a Security Interest attaches
Commodity Account	a commodity account maintained by a Commodity Intermediary in which a Commodity Contract is carried for a Commodity Customer
Commodity Contract	a commodity futures contract, an option on a commodity futures contract or a commodity option
Commodity Customer	a Person for which a Commodity Intermediary carries a Commodity Contract on its books
Commodity Intermediary	a Person who in the ordinary course of business contracts or provides clearance or settlement services relating to Commodity Contracts
Company	a company incorporated under the Companies Regulations 2005
Companies Regulations	The Companies Regulations 2005
CRO	the Companies Registration Office established pursuant to Article 7 of the QFC Law
Debtor	<p>(A) a Person who owes payment or performance of an obligation secured by a Security Interest whether or not the Person owns or has rights in the Collateral;</p> <p>(B) a seller of an Account or Promissory Note; or</p> <p>(C) a transferee of, or successor to, a Person referred to in any of the preceding sub-paragraphs</p> <p>If the Person mentioned in sub-paragraph (A) and the Person who has rights in the Collateral are not the same Person, "Debtor" means:</p>

	<p>(A) the Person who has rights in the Collateral, where the term is used in a provision dealing with the Collateral;</p> <p>(B) the Person who owes the obligation, where the term is used in a provision dealing with the secured obligation; and</p> <p>(C) both of those Persons, where the context permits</p>
Debtor-Initiated Payment	<p>a payment made by or on behalf of the Debtor through the use of:</p> <p>(A) an Instrument or electronic funds transfer; or</p> <p>(B) a debit, transfer order, authorisation or similar written payment mechanism executed by the Debtor when the payment is made</p>
Default	<p>(A) the failure to pay or otherwise perform any secured obligation when due; or</p> <p>(B) the occurrence of any event or set of circumstances on which, under the terms of the Security Agreement, the Secured Party is expressly entitled to enforce the Security Interest</p>
Document	except in the definitions of "Document of Title" and "Instrument", includes a document written in electronic form
Document of Title	<p>a document written on paper issued by or addressed to a Bailee:</p> <p>(A) which covers Goods in the Bailee's possession that are identified or are fungible portions of an identified mass; and</p> <p>(B) in which it is stated that the Goods identified in it will be delivered to a named Person, or to the transferee of that Person, or to a bearer or to the order of a named Person</p>
Dollar; US\$	the currency of the United States of America from time to time
Electronic Chattel Paper	chattel paper evidenced by a record or records consisting of information stored in an electronic medium
Entitlement Holder	a Person identified in the records of a Securities Intermediary as having a Security Entitlement

Equipment	Goods which are held by a Debtor other than as Inventory
Financial Asset	<p>(A) a Security;</p> <p>(B) an obligation of a Person or a share, participation or other interest in a Person or in Personal Property or an enterprise of a Person:</p> <p>(1) which is, or is of a type, dealt in or traded on financial markets; or</p> <p>(2) which is recognised in any area in which it is issued or dealt in as a medium for Investment;</p> <p>(C) any Personal Property which is held by a Securities Intermediary for another Person in a Securities Account if the Securities Intermediary has expressly agreed with the other Person that the Personal Property is to be treated as a Financial Asset under these Regulations; or</p> <p>(D) a credit balance in a Securities Account</p>
Financial Collateral	Money, Instruments or Accounts which are subject to a Financial Collateral Arrangement
Financial Collateral Arrangement	a Title Transfer Financial Collateral Arrangement or a Security Financial Collateral Arrangement, whether or not these are covered by a master agreement or general terms and conditions
Financing Change Statement	data which is transmitted to the CRO in accordance with the relevant Parts of the Companies Regulations, the LLP Regulations or any other applicable Regulations to amend a Financing Statement or discharge a filing
Financing Statement	data which is transmitted to the CRO in accordance with the relevant Parts of the Companies Regulations the LLP Regulations or any other applicable Regulations, and, if the context permits, includes a Financing Change Statement
Goods	tangible Personal Property and fixtures, but not a Document of Title, an Instrument, Investment Property which is represented by a certificate or Money
Insolvency Regulations	the Insolvency Regulations 2005

Instrument	any document written on paper which evidences a right to payment of Money and is of a type which, in the ordinary course of business, is transferred by delivery with any necessary endorsement or assignment, but does not include a Document of Title or Investment Property
Intangible	all Personal Property which is not tangible, and includes a licence
Inventory	Goods which are: <ul style="list-style-type: none"> (A) held by a Person for sale or lease, or which have been leased by that Person as lessor; (B) to be furnished by or on behalf of a Person, or which have been furnished by or on behalf of that Person, under a contract of service; (C) raw materials or work in progress; or (D) materials used or consumed in a business
Investment Property	a Security, whether certificated or uncertificated, Security Entitlement, Securities Account, Commodity Contract or Commodity Account
LLP	a limited liability partnership incorporated under the LLP Regulations 2005
LLP Regulations	The Limited Liability Partnerships 2005
Minister	the Minister of Economy and Commerce of the State
Money	notes and coins which are legal tender in any currency or such other form of currency as specified in further rules made by the QFC Authority
Nominated Person	a Person whom the issuer: <ul style="list-style-type: none"> (A) designates or authorises to pay, accept, negotiate or otherwise give Value under a letter of credit; and (B) undertakes by agreement or custom and practice to reimburse
Non-Cash Proceeds	Proceeds other than Money, cheques, deposits in or Money credited to a Bank Account, or insurance payments

Non-QFC Person	a Person not being a QFC Person
Person	a Person includes any natural or juridical Person, body corporate, or body unincorporate, including a branch, company, partnership, unincorporated association, government or state
Personal Property	includes Goods, Documents of Title, Chattel Paper, Instruments, Accounts, Bank Accounts, Money, Investment Property and Intangibles
Prescribed Fee	a fee prescribed in rules made by the CRO
Proceeds	<p>(A) whatever is acquired on the sale, lease, licence, exchange or other disposition of Collateral;</p> <p>(B) whatever is collected on, or distributed on account of, Collateral;</p> <p>(C) any rights, or privileges or benefits attached to or arising out of Collateral;</p> <p>(D) to the extent of the value of Collateral, claims arising out of:</p> <p style="padding-left: 40px;">(1) the loss of, or damage to, the Collateral;</p> <p style="padding-left: 40px;">(2) the interference with use of, or infringement of rights in, the Collateral; or</p> <p style="padding-left: 40px;">(3) defects in, or nonconformity of, the Collateral;</p> <p>(E) to the extent of the value of Collateral, and to the extent payable to the Debtor or Secured Party, insurance payable by reason of the loss or nonconformity of, defects or infringement of rights in, or damage to, the Collateral,</p> <p>but does not include products made from Collateral</p>
Promissory Note	an Instrument which evidences an unconditional right to payment of Money, but does not include a Bank Account or Investment Property
Purchase	take by sale, lease, discount, assignment, negotiation, mortgage, pledge, Security Interest, issue, reissue, gift or any other consensual transaction that creates an interest in Personal Property; and "purchaser" has a corresponding meaning

Purchase Money Security Interest	<p>(A) a Security Interest taken in Collateral by a seller to the extent that it secures the obligation to pay all or part of the Collateral's purchase price; or</p> <p>(B) a Security Interest taken in Collateral by a Person who gives value for the purpose of enabling the Debtor to acquire rights in the Collateral, to the extent that the value is applied to acquire those rights; or</p> <p>(C) the interest of a lessor of goods under a lease for a term of more than 1 year; or</p> <p>(D) the interest of a consignor who delivers Goods to a consignee under a commercial consignment;</p> <p>but not a transaction of sale and lease back to the seller.</p>
QFC	the Qatar Financial Centre
QFC Authority	the Qatar Financial Centre Authority established pursuant to Article 3 of the QFC Law
QFC Court	The Civil and Commercial Court of the Qatar Financial Centre established pursuant to QFC Law
QFC Law	Law No.(7) of 2005 of the State (as amended)
QFC Person	a Person incorporated, registered or resident in the QFC
Qualifying Individual	<p>an individual:</p> <p>(A) who is an director, officer or partner of the relevant Person; or</p> <p>(B) who is an employee of the relevant Person and is under a duty to communicate relevant facts to any other employee of the relevant Person or to an officer or partner of the relevant Person</p>
Regulations	Regulations enacted by the Minister in accordance with Article 9 of the QFC Law
Related Person	<p>a Person connected or associated with a Secured Party including:</p> <p>(A) a Person holding Securities in a Secured Party;</p> <p>(B) a Person entitled to exercise or control</p>

	<p>the exercise of voting power in a Secured Party;</p> <p>(C) a director, officer or partner of the Secured Party;</p> <p>(D) a Person who shares a director, officer or partner with a Secured Party;</p> <p>(E) an employee of a Secured Party;</p> <p>(F) a Person in the same group as the Secured Party;</p> <p>(G) the spouse of a Secured Party or a director, officer, partner or employee of the Secured Party;</p> <p>(H) a child or stepchild of a Secured Party or a director, officer, partner or employee of the Secured Party; or</p> <p>(I) the trustee of any settlement (including any disposition or arrangement under which Personal Property is held on trust (or subject to a comparable obligation) under which the Secured Party has a life interest in possession)</p>
Secured Party	a Person in whose favour a Security Interest is created or provided for under a Security Agreement, including a party who holds a Security Interest for the benefit of another Person and, if a Security Interest is embodied in a Security Interest Trust Deed, a trustee, nominee or agent and includes for the purpose of Article 51 an administrator
Securities Account	a securities account to which a Financial Asset is or may be credited in accordance with an agreement under which the Person maintaining the Securities Account undertakes to treat the Person for whom the Securities Account is maintained as entitled to exercise the rights that constitute that Financial Asset
Securities Intermediary	a clearing agency, or a Person, including a broker, Bank or trust company, which in the ordinary course of its business maintains Securities Accounts for others and is acting in that capacity

Security	<p>(A) shares in companies and other securities equivalent to shares in companies;</p> <p>(B) bonds and other forms of instruments giving rise to or acknowledging indebtedness if these are tradeable on the capital market; and</p> <p>(C) any other securities which are normally dealt in and which give the right to acquire any such shares, bonds, instruments or other securities by subscription, purchase or exchange or which give rise to a cash settlement (excluding instruments of payment);</p> <p>and includes units of a collective investment scheme, money market instruments, claims relating to or rights in or in respect of any of the financial instruments included in this definition and any rights, privileges or benefits attached to or arising from any such financial instruments</p>
Security Agreement	an agreement which creates or provides for a Security Interest
Security Certificate	a certificate representing a Security
Security Entitlement	the rights and property interest of an Entitlement Holder with respect to a Financial Asset
Security Interest	<p>(A) an interest in Personal Property which secures payment or performance of an obligation (whether present, future, actual or contingent or a prospective obligation) without regard:</p> <p>(1) to the form of the transaction which creates or provides for the interest; or</p> <p>(2) to the Person who has title to the Collateral</p> <p>(B) without limiting paragraph (A), "Security Interest" includes:</p> <p>(1) charges, mortgages, pledges; and</p> <p>(2) the following arrangements if they secure payment or performance of an obligation, namely: leases, consignments, Security Interest Trust Deeds,</p>

	<p>trust receipts, transfers of Accounts, transfers of Promissory Notes, hire-purchase agreements and conditional sales (including agreements to sell subject to retention of title), unless the QFC Authority makes any rules to the contrary.</p> <p>but does not include the interest of a seller who has shipped Goods to a purchaser under a negotiable bill of lading or its equivalent to the order of the seller or to the order of an agent of the seller, unless the parties have otherwise expressly evidenced an intention to create or provide for a Security Interest in the Goods.</p> <p>(C) a Security Interest may exist whether or not an obligation is outstanding and whether or not the Security Interest has attached.</p>
<p>Security Financial Collateral Arrangement</p>	<p>an agreement or arrangement, evidenced in writing, where—</p> <p>(a) the purpose of the agreement or arrangement is to secure the relevant financial obligations owed to the collateral-taker;</p> <p>(b) the collateral-provider creates or there arises a Security Interest in Financial Collateral to secure those obligations;</p> <p>(c) the Financial Collateral is delivered, transferred, held, registered or otherwise designated so as to be in the possession or under the control of the collateral-taker or a Person acting on its behalf; any right of the collateral-provider to substitute financial collateral of the same or greater value or withdraw excess financial collateral or to Collect the proceeds of credit claims until further notice shall not prevent the Financial Collateral being in the possession or under the Control of the collateral-taker; and</p> <p>(d) the collateral-provider and the collateral-taker are both non-natural Persons;</p>

Security Interest Trust Deed	a Document (however designated) by the terms of which a Person issues or guarantees, or provides for the issue or guarantee of, debt obligations secured by a Security Interest and in connection with which a Person is appointed as trustee, nominee or agent for the holders of the debt obligations issued, guaranteed or provided for under that Document
State	the State of Qatar
Supporting Obligation	a right to the Proceeds of a letter of credit or a guarantee or indemnity which supports the payment or performance of the principal obligation under an Account, Document, Intangible, Instrument or Investment Property
Title Transfer Financial Collateral Arrangement	<p>an agreement or arrangement, including a repurchase agreement, evidenced in writing, where—</p> <ul style="list-style-type: none"> (a) the purpose of the agreement or arrangement is to secure or otherwise cover the relevant financial obligations owed to the collateral-taker; (b) the collateral-provider transfers legal and beneficial ownership in Financial Collateral to a collateral-taker on terms that when the relevant financial obligations are discharged the collateral-taker must transfer legal and beneficial ownership of equivalent Financial Collateral to the collateral-provider; and (c) the collateral-provider and the collateral-taker are both non-natural Persons;
Uncertificated Security	a Security which is not represented by a certificate
Unique Identifying Number	the serial or other identifying number prescribed to any Goods
Value	any consideration which is sufficient to support a simple contract, and includes an antecedent debt or other obligation

SCHEDULE 1 – ORDER OF PRIORITY FOR DISTRIBUTION OF SURPLUS

Priority	Description
1st	To the reasonable expenses of collection, enforcement and/or disposition and any other reasonable expenses incurred by the Secured Party.
2nd	To the satisfaction of obligations secured by a Security Interest having priority over the Security Interest under which the enforcement is made.
3rd	To the satisfaction of obligations secured by the Security Interest under which the enforcement is made; and
4th	To the satisfaction of obligations secured by any subordinate Security Interest in or other interest in the Collateral subject to the Security Interest under which the enforcement is made.
5th	To the Debtor or any other Person who is known by the Secured Party to be an owner of the Collateral subject to the Security Interest under which the enforcement is made.