



QATAR FINANCIAL CENTRE

**REGULATORY  
AUTHORITY**

# **PIIB, PRIN and ASET Repeal and Consequential Amendments Rules 2014**

## **QFCRA Rules 2014-3**

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The Board of the Qatar Financial Centre Regulatory Authority makes the following rules, and gives the following guidance, under the *Financial Services Regulations*.

Dated 17 December 2014.

Abdulla Saoud Al-Thani  
Chairman

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# **PIIB, PRIN and ASET Repeal and Consequential Amendments Rules 2014**

**QFCRA Rules 2014-3**

made under the

*Financial Services Regulations*

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**1 Name of rules**

These rules are the *PIIB, PRIN and ASET Repeal and Consequential Amendments Rules 2014*.

**2 Commencement**

These rules commence on 1 January 2015.

**3 Repeal of Rules**

The following Rules are repealed:

- *Investment and Banking Business Prudential Rules 2005 (PIIB)*
- Principles Rulebook (PRIN)
- *Assets Rules 2005 (ASET)*

**4 Rules amended**

These rules amend the Rules mentioned in Schedules 1 to 3.

**5 Explanatory notes**

An explanatory note in these rules is not part of these rules.

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## Schedule 1      Consequential amendments from repeal of PIIB

(see r 5)

### Part 1.1      Anti-Money Laundering and Combating Terrorist Financing Rules 2010

#### [1.1]      Rule 1.3.2 (1) (g) (v)

*omit*

trading

##### Explanatory note

This amendment omits a superfluous work.

#### [1.2]      Glossary, definition of *QFC bank*

*substitute*

*QFC bank* means an authorised firm that is a deposit-taker, or Islamic financial manager, within the meaning of the *Banking Business Prudential Rules 2014*.

##### Explanatory note

This amendment updates references within the definition of *QFC bank*.

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## Part 1.2                      Collective Investment Schemes Rule 2010

### [1.3]      Rule 7.3.7 (3) (a) (i)

*substitute*

- (i) the off-balance sheet netting procedures required to be used by an authorised firm under BANK, Division 4.5.E; or

#### **Explanatory note**

This amendment updates a reference to a provision of the *Banking Business Prudential Rules 2014 (BANK)*.

### [1.4]      Schedule 1, rule S1.16 (2)

*substitute*

- (2) In this rule:

***profit-sharing investment account*** (or ***PSIA***) is an account, portfolio or fund that satisfies the following conditions:

- (a) it is managed by an authorised firm in accordance with Shari'a and is held out as such;
- (b) under the management agreement with the firm, the investment account holder concerned and the firm agree to share any profit in a specified ratio, and the holder agrees to bear any loss not caused by the firm's negligence or breach of contract.

#### **Explanatory note**

This amendment updates the definition of ***profit-sharing investment account***.

### [1.5]      Glossary

*insert*

***BANK*** means the *Banking Business Prudential Rules 2014*.

### [1.6]      Glossary, definitions of ***GENE***, ***INAP*** and ***ISFI***

*substitute*

***GENE*** means the *General Rules 2005*.

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*INAP* means the *Interpretation and Application Rules 2005*.

*ISFI* means the *Islamic Finance Rules 2005*.

**[1.7] Glossary, definitions of *PIIB* and *PRIN***

*omit*

**Explanatory note**

These 3 amendments replace the definition of *PIIB* with that of the new *BANK*, removes references to rules that have been repealed and updates others definitions of rules.

**[1.8] Glossary, definition of *providing custody facilities***

*omit*

*facilities*

*insert*

*services*

**Explanatory note**

This amendment corrects the name of a regulated activity.

## **Part 1.3 Governance and Controlled Functions Rules 2012**

**[1.9] Rule 4.1.4 (5), note 2**

*substitute*

*Note 2* Additional requirements under the *Banking Business Prudential Rules 2014* or *Investment Management and Advisory Rules 2014* may apply to an authorised firm.

**Explanatory note**

This amendment replaces references to *PIIB* with references to the new *BANK* and *Investment Management and Advisory Rules 2014 (INMA)*.



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**[1.10] Glossary, definition of *QFC bank***

*substitute*

***QFC bank*** means an authorised firm that is a deposit-taker, or Islamic financial manager, within the meaning of BANK.

**Explanatory note**

This amendment updates references within the definition of ***QFC bank***.

**[1.11] Glossary, definition of *PIIB***

*omit*

**[1.12] Glossary**

*insert*

***BANK*** means the *Banking Business Prudential Rules 2014*.

**Explanatory note**

These 2 amendments replace the definition of PIIB with that of the new ***BANK***.

## **Part 1.4 General Rules 2005**

**[1.13] Rule 9.5.1 (1) (C) (vi)**

*substitute*

- (vi) for an authorised firm that is subject to the risk-based capital requirement in BANK—in the auditor’s opinion, the firm has calculated its risk-based capital requirement in accordance with BANK;
- (via) for an authorised firm that is subject to the net liquid assets requirement in INMA—in the auditor’s opinion, the firm has calculated its net liquid assets requirement in accordance with INMA;

**Explanatory note**

This amendment omits the obsolete reference to the expenditure-based capital minimum in PIIB (which has been repealed).

---

**[1.14] Rule 10.7.1 (2) (f)**

*substitute*

- (f) BANK, rule 2.1.4 (Preparing returns) and 2.1.5 (Giving information) and INMA, rule 2.1.2 (Preparing returns) and 2.1.3 (Giving information);

**Explanatory note**

This amendment updates references in BANK and INMA.

**[1.15] Schedule 2, item 3**

*substitute*

**3 BANK**

**3.1 Prudential returns**

- r 2.1.4 (Preparing returns)

**[1.16] Schedule 2, after item 8**

*insert*

**9 INMA**

**9.1 Prudential returns**

- r 2.1.2 (Preparing returns)

**[1.17] Schedule 3, item 2**

*substitute*

**2 INMA**

**2.1 Client money**

- r 5.3.2 (Money that is not client money—cheques sent to regulated financial institutions)
- r 5.4.1 (Advisory firms receiving client money)
- r 5.5.7 (Accounting for client money)
- r 5.5.14 (Procedures to identify client money)
- r 5.10.7 (Firms may make good deficit)

**2.2 Providing custody services**

- r 6.1.8 (Investments not treated as custody investments—investments held temporarily for customers)

- 
- r 6.1.10 (Systems and controls in relation to custody investments)
  - r 6.1.27 (Record-keeping)

**2.3 Use of customers' investments as collateral**

- r 7.1.2 (Adequate records to be kept)

**2.4 Client mandates**

- r 8.1.1 (Client mandates—systems and controls)

**[1.18] Schedule 3, item 8**

*substitute*

**8 BANK**

**8.1 Credit risk mitigation**

- r 4.5.16 (Capital relief from credit derivatives)
- r 4.5.24 (Monitoring and reporting of netting agreements)

**8.2 Market risk**

- r 6.1.6 (Policies—market risk environment)

**8.3 Liquidity risk**

- r 9.1.12 (Management of encumbered assets)

**8.4 Collateral and customer mandates for investment dealers**

- r 12.1.2 (Adequate records to be kept)
- r 12.2.2 (Systems and controls)

**Explanatory note**

These 4 amendments update references to provisions of BANK, and INMA in place of PIIB and ASET which have been repealed.

**[1.19] Glossary**

*insert*

**BANK** means the *Banking Business Prudential Rules 2014*.

**IMEB** means the *Insurance Mediation Business Rules 2011*.

**INMA** means the *Investment Management and Advisory Rules 2014*.

**Explanatory note**

This amendment replaces the definition of PIIB with definitions of the new **BANK** and **INMA**, and inserts a definition of **IMEB**.

---

## Part 1.5 Insurance Mediation Business Rules 2011

### [1.20] Rule 2.1.1, notes 1 and 2

*omit*

#### Explanatory note

This amendment removes unnecessary and obsolete notes.

### [1.21] Glossary, definition of *ASET*

*omit*

#### Explanatory note

This amendment omits the definition of rules that have been repealed.

## Part 1.6 Interpretation and Application Rules 2005

### [1.22] Glossary, definition of *INDI*

*substitute*

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

### [1.23] Glossary

*insert*

*BANK* means the *Banking Business Prudential Rules 2014*.

*INMA* means the *Investment Management and Advisory Rules 2014*.

#### Explanatory note

These 2 amendments update definitions of rules.

### [1.24] Glossary

*omit the following definitions*

Acceptable Collateral

Annual Audited Expenditure

---

ASET  
Capital Requirements  
Capital Resources  
client money  
Close Out Netting  
closely related counterparties  
Commodities Risk Capital Requirement  
Connected Counterparties  
Counterparty Risk Capital Component (*CPCOM*)  
Credit Default Product  
Credit Derivatives  
Credit Enhancement  
Credit Equivalent Amount (CEA)  
Credit Event  
Credit Event Payment  
Credit Risk Capital Component (CRCOM)  
Credit Risk Capital Requirement  
Credit Spread Option  
Delta  
Displaced Commercial Risk Capital Requirement (PSIACOM)  
Duration Method  
DvP Transaction  
Equity Risk Capital Requirement  
Exposure  
Financial Communication  
Financial Group  
Financial Group Capital Requirement

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First Loss Facility  
First to Default  
Foreign Exchange Risk Capital Requirement  
Gamma  
General Market Risk  
General Market Risk Requirement  
Interest Rate Risk Capital Requirement  
Investment Grade  
Large Exposure  
Market Risk Capital Requirement  
Maturity Ladder  
Maturity Method  
Maturity Mismatch  
Modified Duration  
Non-Trading Book  
Option Risk Capital Requirement  
Originator  
PIIB  
Potential Future Credit Exposure  
PRIN  
Principle  
Protection Buyer  
Protection Seller  
PSIA  
PSIACOM  
PSIACOMcredit  
PSIACOMmarket

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qualifying holding  
Reference Asset  
Reference Entity  
Restricted Profit Sharing Investment Accounts  
Revolving Securitisation  
Revolving Securitisations  
Rho  
Rulebooks  
Securities Underwriting Capital Requirement  
Securitisation  
Servicer  
Sponsor  
Synthetic Securitisation  
Theta  
Total Return Swap  
Trading Book  
Unrestricted Profit Sharing Investment Account  
Unsettled Transaction  
Vega  
Walkaway Clause

**Explanatory note**

This amendment removes definitions of terms that are no longer used or that are used only in BANK or INMA.

---

## Part 1.7 Islamic Finance Rules 2005

### [1.25] Rule 1.2.3

*omit*

#### Explanatory note

This amendment omits the definition of *profit sharing investment account* and *restricted PSIA* which are now dealt with in BANK and INMA.

### [1.26] Rule 5.1.2 (1)

*omit*

- (1) An Islamic financial

*insert*

An Islamic financial

### [1.27] Rule 5.1.2 (2)

*omit*

#### Explanatory note

These 2 amendments remove the reference to PSIA manuals, since those manuals are now dealt with under BANK (for unrestricted PSIA) and INMA (for restricted PSIA).

### [1.28] After rule 6.2.2

*insert*

#### 6.2.3 Financial communication

- (1) Before an Islamic financial institution issues or approves a financial communication, it must ensure that, in addition to the information required by COND, the material states which Shari'a supervisory board has reviewed the products or services to which the material relates.
- (2) **Financial communication** means any communication (made through any medium including brochures, telephone calls and presentations) the purpose or effect of which is:
- (a) to promote or advertise:



- 
- (i) *specified products*; or
  - (ii) any *regulated activity* (or any activity that would be a *regulated activity* if it was carried on in or from the *QFC*);  
or
- (b) to invite or induce any *person*:
- (i) to enter into an agreement with any *person* in relation to a *specified product*; or
  - (ii) to engage in any *regulated activity* (or an activity that would be a *regulated activity* if it was carried on in or from the *QFC*).

**Explanatory note**

This amendment transfers former rule 7.1.5 to the more appropriate part on Shari'a reviews.

**[1.29] Chapter 7**

*omit*

**Explanatory note**

This amendment omits a superfluous chapter on PSiAs which are now dealt with under BANK (for unrestricted PSiAs) and INMA (for restricted PSiAs).

**[1.30] Rule 8.1.2 (2)**

*omit*

is in any PIIB category (within the meaning given by PIIB, rule 1.3.1 to rule 1.3.5)

*insert*

is a banking business firm (within the meaning given in BANK) or an INMA firm (within the meaning given in INMA)

**Explanatory note**

This amendment updates references to BANK and INMA firms.

---

**[1.31] Glossary, definitions of *profit sharing investment account, PSIA and restricted PSIA***

*omit*

**Explanatory note**

This amendment removes definitions of terms that are no longer used in the rules.

**[1.32] Glossary**

*insert*

**BANK** means the *Banking Business Prudential Rules 2014*.

**INMA** means the *Investment Management and Advisory Rules 2014*.

**Explanatory note**

This amendment inserts the definition of **BANK** and **INMA**.

## **Part 1.8 Insurance Business Rules 2006**

**[1.33] Rule 1.2.1, note 3**

*omit*

**Explanatory note**

This amendment removes an obsolete not.

**[1.34] Rule 6.6.4 (1)**

*omit*

annul

*insert*

annual

**Explanatory note**

This amendment fixes a typographical error.

---

## Schedule 2      Consequential amendments from repeal of PRIN

(see r 5)

### Part 2.1              Collective Investment Schemes Rules 2010

#### [2.1]      Rule 8.1.13, guidance 1

*omit*

PRIN principle 4

*insert*

GENE principle 4

#### [2.2]      Rule 8.1.13, guidance 1

*omit*

PRIN principle 7

*insert*

GENE principle 7

#### **Explanatory note**

These 2 amendments update references to principles now contained in GENE.

#### [2.3]      Rule 8.7.1 (9)

*omit*

in accordance with PRIN, principle 7 (Customers' interests) and principle 8 (Communications with clients)

#### **Explanatory note**

This amendment removes superfluous references to principles now contained in GENE.

---

## **Part 2.2                      General Rules 2005**

### **[2.4]            Chapter 1, heading**

*substitute*

## **Chapter 1                      General provisions**

### **Part 1.1                      Introductory**

#### **[2.5]            After rule 1.1.3**

*insert*

## **Part 1.2                      Principles relating to the conduct, operation and financial standing of authorised firms**

### **1.2.1            Application of the principles**

- (1) The principles in this Part apply to an authorised firm in relation to its conduct of regulated activities in or from the QFC.
- (2) The principles also apply to the activities of such a firm carried on outside the QFC, if the activities relate to regulated activities carried on by the firm in or from the QFC and are capable of having an effect on:
  - (a) confidence in the financial system operating in or from the QFC;
  - (b) the firm's ability to comply with the Regulatory Authority's requirements as to financial resources; or
  - (c) the firm's fitness and propriety.
- (3) When the Regulatory Authority is considering the fitness and propriety of an authorised firm, it may take into account whether or not the other members of its group act in accordance with the principles in this Part.

- 
- 1.2.2 Principle 1—integrity**  
An authorised firm must observe high standards of integrity in the conduct of its business.
- 1.2.3 Principle 2—skill, care and diligence**  
An authorised firm must act with due skill, care and diligence in the conduct of its business.
- 1.2.4 Principle 3—management**  
An authorised firm must ensure that its affairs are managed effectively by its senior management.
- 1.2.5 Principle 4—systems and controls**  
An authorised firm must have effective systems and controls, including risk management systems and adequate human and technological resources.
- 1.2.6 Principle 5—financial prudence**  
An authorised firm must maintain adequate financial resources.
- 1.2.7 Principle 6—market conduct**  
An authorised firm must observe proper standards of market conduct.
- 1.2.8 Principle 7—regard to customers’ interests**  
An authorised firm must have due regard to its customers’ interests and must treat them fairly.
- 1.2.9 Principle 8—communications with clients**  
An authorised firm must pay due regard to the information needs of its clients, and must communicate information to them in a way that is clear, fair and not misleading.
- 1.2.10 Principle 9—conflicts of interest**  
An authorised firm must manage conflicts of interest fairly, both between itself and its customers and between 1 customer and another,

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and must organise its affairs in such a way that conflicts can be identified.

**1.2.11 Principle 10—relationship of trust**

An authorised firm must faithfully discharge a responsibility of trust toward a customer. In doing so it must take reasonable care to ensure the suitability of its advice and discretionary decisions for a customer who is entitled to rely upon the firm’s judgment.

**1.2.12 Principle 11—customers’ assets**

An authorised firm must arrange adequate protections for its customers’ assets when it is responsible for them in accordance with the responsibility it has accepted.

**1.2.13 Principle 12—confidentiality**

An authorised firm must ensure that information of a confidential nature received in the course of dealings with its customers is treated in an appropriate manner.

**1.2.14 Principle 13—relations with regulators**

An authorised firm must deal with all relevant regulators in an open and cooperative manner and must keep the Regulatory Authority promptly informed of anything relating to the firm of which the authority would reasonably expect notice.

**Guidance**

- 1 The principles in this Part are drawn up in accordance with FSR, article 15 (3), and are part of these rules.
- 2 The principles are a general statement of the standards expected of authorised firms. They apply directly to the conduct of business, and the operation and financial standing, of authorised firms.
- 3 The principles are not exhaustive of the standards expected. Complying with the principles does not absolve an authorised firm from failing to observe other requirements in these rules, and observing other requirements in these rules is not necessarily complying with the principles.
- 4 An authorised firm’s failure to comply adequately with the principles is likely to affect the Regulatory Authority’s assessment of the firm’s fitness and

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propriety. A breach of the principles could form the basis of action by the authority.

**Explanatory note**

These 2 amendments insert the principles on the conduct, operation and financial standing of authorised firms which were formerly in the Principles Rulebook which has been repealed.

## **Part 2.3                      Private Placement Schemes Rules 2010**

### **[2.6]            Rule 6.7.1 (9)**

*omit*

in accordance with PRIN, principle 7 (Customers' interests) and principle 8 (Communications with clients)

**Explanatory note**

This amendment removes superfluous references to principles now contained in GENE.

### **[2.7]            Glossary, definition of *ISFI***

*substitute*

*ISFI* means the *Islamic Finance Rules 2005*.

**Explanatory note**

This amendment updates a definition of rules.

### **[2.8]            Glossary, definition of *PRIN***

*omit*

**Explanatory note**

This amendment removes a term that is no longer used in the rules.

---

## Schedule 3      Consequential amendments from repeal of ASET

(see r 5)

### Part 3.1      Conduct of Business Rulebook

#### **[3.1]      Rule 2.3.1 (4)**

*omit*

COND or any provision of *ASET*

*substitute*

these rules

#### **Explanatory note**

This amendment removes a reference to a provision in ASET that has been repealed, and for which there is no equivalent in INMA.

#### **[3.2]      Rule 2.3.3 (2), (3) and (6)**

*omit*

COND and *ASET*

*substitute*

these rules, BANK and INMA

#### **Explanatory note**

This amendment replaces a reference to ASET with references to the new BANK and INMA.

#### **[3.3]      Rule 2.3.3 (4)**

*omit*

COND or *ASET*

*substitute*

these rules, BANK or INMA

#### **Explanatory note**

This amendment replaces a reference to ASET with references to the new BANK and INMA.



---

## Part 3.2                      General Rules 2005

### [3.4]      Rule 9.5.2

*omit*  
*client money*  
*substitute*  
client money

#### Explanatory note

This amendment removes unnecessary italics.

### [3.5]      Rule 9.5.2 (2) (a)

*omit*  
of the *Assets Rules 2005 (ASET)* or the *Insurance Mediation Business Rules 2011 (IMEB)*  
*substitute*  
of INMA or IMEB

### [3.6]      Rule 9.5.2 (2) (c) and (d)

*omit*  
ASET  
*substitute*  
INMA

#### Explanatory note

These 2 amendments replace references to ASET with references to the new INMA.

### [3.7]      After rule 9.5.2 (2)

*insert*  
(3) ***Client money*** has the meaning given by whichever of INMA or IMEB applies under this rule.

#### Explanatory note

This amendment inserts a definition of *client money* for rule 9.5.2.

---

**[3.8] Rule 9.5.3 (2) (a)**

*omit*

of the *Assets Rules 2005 (ASET)*

*substitute*

of INMA

**Explanatory note**

This amendment replaces a reference to ASET with a reference to the new INMA.

## **Part 3.3 Insurance Mediation Business Rules 2011**

**[3.9] Rule 3.1.1 (2), note 3**

*omit*

ASET

*substitute*

INMA

**[3.10] Rule 3.8.2 (1) (e), note**

*omit*

ASET, rule 3.2.2.

*substitute*

INMA, rule 5.10.4.

**[3.11] Rule 4.1.1 (2), note 2**

*omit*

ASET

*substitute*

INMA

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**[3.12] Rule 4.2.1 (1) (a), note**

*omit*

ASET, rule 3.2.2

*substitute*

INMA, rule 5.10.4

**Explanatory note**

These 4 amendments update references in INMA.

**[3.13] Glossary, definition of *INAP***

*substitute*

*INAP* means the *Interpretation and Application Rules 2005*.

*INMA* means the *Investment Management and Advisory Rules 2014*.

**Explanatory note**

This amendment updates the definition of *INAP* and inserts a new definition of *INMA*.