



QATAR FINANCIAL CENTRE

**REGULATORY  
AUTHORITY**

# **Individuals (Assessment, Training and Competency) Rules 2014**

**QFCRA Rules 2014–5**

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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 7 December 2014.

Abdulla Saoud Al-Thani  
Chairman

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QATAR FINANCIAL CENTRE

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AUTHORITY**

# Individuals (Assessment, Training and Competency) Rules 2014

QFCRA Rules 2014–5

made under the

*Financial Services Regulations*

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# Chapter 1            General

## 1.1.1      Introduction

- (1) These rules are the *Individuals (Assessment, Training and Competency) Rules 2014* (or INDI).
- (2) These rules set out:
  - (a) the principles of conduct for individuals who perform controlled functions or the customer-facing function for authorised firms; and
  - (b) the principles and framework under which:
    - (i) authorised firms assess the competence, and the fitness and propriety, of individuals who perform controlled functions or the customer-facing function;
    - (ii) the Regulatory Authority approves individuals to perform controlled functions; and
    - (iii) authorised firms establish training and competency programmes for individuals who perform controlled functions or the customer-facing function.

*Note*      There are 10 controlled functions, which are described in CTRL, Chapter 3. The controlled functions are:

- the non-executive governance function
- the executive governance function
- the senior executive function
- the finance function
- the senior management function
- the MLRO function
- the risk management function
- the compliance oversight function
- the internal audit function

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- the actuarial function.

### **1.1.2 Commencement**

These rules commence on 1 January 2015.

### **1.1.3 Effect of definitions, notes and examples**

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

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

### **1.1.4 Application of INDI**

These rules apply to:

- (a) an authorised firm;
- (b) an individual who is approved, or who is applying for approval, to perform a controlled function; and
- (c) an individual who performs, or who proposes to perform, the customer-facing function.

### **1.1.5 Customer-facing function**

An individual performs the *customer-facing function* for an authorised firm if he or she carries on 1 or more of the following regulated activities with or for customers in or from the QFC:

- (a) dealing in investments (that is, the regulated activity described in FSR, Schedule 3, Part 2, paragraph 4);

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- (b) managing investments (that is, the regulated activity described in FSR, Schedule 3, Part 2, paragraph 10);
  - (c) advising on investments (that is, the regulated activity described in FSR, Schedule 3, Part 2, paragraph 11);
  - (d) arranging deals in investments (that is, the regulated activity described in FSR, Schedule 3, Part 2, paragraph 5);
  - (e) insurance mediation (that is, the regulated activity described in the *Insurance Mediation Business Rules 2011*, rule 1.2.2).

*Note* Insurance mediation is a regulated activity if carried on by way of business—see the *Insurance Mediation Business Rules 2011*, rule 1.2.3.

#### **1.1.6 Record-keeping**

- (1) An authorised firm must maintain the records necessary:
  - (a) to enable the firm to comply with Chapter 3, Chapter 4 and Chapter 5; and
  - (b) to demonstrate, at all times, that it has complied with those Chapters.
- (2) Without limiting subrule (1), the firm must maintain a record of how it made each decision about an individual, including, for example:
  - (a) the inquiries that it made before making the decision, the dates on which it made them and the results;
  - (b) the matters that it took into account in making the decision;
  - (c) the provisions of Rules and guidance that it considered or complied with in making the decision, and, if appropriate, how it complied with the Rules; and
  - (d) the decision, the date on which it was made and the reasons for it.
- (3) The firm must retain such records for at least 6 years after the day on which they are made.

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- (4) However, the firm must retain records made for subrule (2) about an individual who is (or has been) performing a controlled function or the customer-facing function for at least 6 years after the day on which he or she ceases (or ceased) to perform the function for the firm.

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## **Chapter 2 Principles of conduct for individuals**

### **2.1.1 Application of the principles**

The principles in rule 2.1.2 to rule 2.1.6 apply to an individual who performs a controlled function or the customer-facing function for an authorised firm.

### **2.1.2 Principle 1—integrity**

The individual must act with integrity at all times.

### **2.1.3 Principle 2—due skill, care and diligence**

The individual must act with due skill, care and diligence.

### **2.1.4 Principle 3—market conduct**

The individual must observe appropriate standards of market conduct.

### **2.1.5 Principle 4—relations with the Regulatory Authority**

The individual must deal with the Regulatory Authority in an open and cooperative manner, and must disclose appropriately to the authority any information that the authority would reasonably expect to be informed of.

### **2.1.6 Principle 5—appropriate priority for management and compliance**

If the individual is a member of the firm's senior management, he or she must give appropriate priority to his or her management responsibilities, and must ensure that the business for which he or she is responsible:

- (a) is effectively supervised and controlled; and
- (b) complies with the requirements of the regulatory system.

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**Guidance**

- 1 The principles 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 individuals who perform controlled functions or the customer-facing function for authorised firms. They apply directly to the conduct of firms' business by such individuals.
- 3 The principles are not exhaustive of the standards expected. Complying with the principles does not absolve an individual 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 individual's failure to comply adequately with the principles is likely to affect the Regulatory Authority's assessment of his or her fitness and propriety. A breach of the principles could form the basis of action by the authority.

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## Chapter 3      **Controlled functions**

### Part 3.1      **Assessment of individuals for controlled functions**

#### **Note**

Principle 3 of the principles on training and competency (see rule 5.1.3) requires an authorised firm to undertake initial and ongoing assessments of each individual's competencies to perform controlled functions.

#### **3.1.1      Controlled functions—firms' competence and fitness assessments**

Before making an application to the Regulatory Authority for an individual to be approved to perform a controlled function, an authorised firm must be satisfied, on reasonable grounds after making appropriate inquiries, that the individual:

- (a) has the competencies required to perform the function;
- (b) is a fit and proper person to perform the function; and
- (c) satisfies any additional requirements under these or any other Rules for the function.

*Note*      Under FSR, article 41 (1) (Approval of persons performing controlled functions), an authorised firm must ensure that no individual performs a controlled function unless he or she is approved by the Regulatory Authority as an approved individual.

#### **3.1.2      How firms to make competence assessments**

- (1) In deciding whether an individual has the competencies required to perform a controlled function, an authorised firm must take into account:
  - (a) the specific requirements, characteristics and role of the function within the firm;

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### **Guidance**

*Requirements:* what an individual should have to perform the function—for example, a certain level of knowledge, experience and training

*Characteristics:* what an individual should be able to do in performing the function—that is, his or her skills (technical and behavioural).

*Role:* what the individual is expected to do—for example, the function's duties, responsibilities, reporting lines and position within the firm.

- (b) the nature, scale and complexity of the firm's business, including:
    - (i) the products and services that it offers or provides, or proposes to offer or provide; and
    - (ii) changes to those products and services and to the market;
  - (c) the firm's clients; and
  - (d) the regulatory system, including any recent, or reasonably expected, changes to it.
- (2) The assessment of an individual's competence to perform the internal audit function must be made by the firm's governing body.
- Note* **Governing body** is defined in the glossary.
- (3) The assessment of an individual's competence to perform the risk management function, the compliance oversight function or the actuarial function must be made:
- (a) by the firm's governing body; or
  - (b) after consultation with the firm's governing body.
- (4) In making its decision the firm may also take any other relevant matter into account.

*Note* Under CTRL, rule 2.2.6, decisions about the appointment, performance assessment, remuneration, disciplining and dismissal of certain approved individuals must be made by the firm's governing body, or after consultation with it.



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### 3.1.3 Competencies

- (1) The *competencies* for a controlled function are the elements of skills, knowledge and experience that make an individual competent to perform the function.
- (2) Subject to subrules (3) and (4), an individual who is to perform a controlled function is expected to have the competencies set out in Schedule 1 for the function.
- (3) An individual must have the regulatory or technical qualifications set out in Schedule 1 as knowledge competencies before he or she can be approved to perform certain controlled functions. Those controlled functions are the following:
  - (a) the compliance oversight function;
  - (b) the risk management function;
  - (c) the finance function;
  - (d) the MLRO function;
  - (e) the actuarial function;
  - (f) the internal audit function.
- (4) In assessing an individual's competencies against the relevant requirements in Schedule 1, the level of the competencies that the individual must have must be commensurate to the nature and complexity of his or her role in the firm and the regulated activity or activities that the firm conducts.

**Example for subrule (4)**

An individual who seeks to be assessed as competent to perform the compliance oversight function for a firm that conducts only limited regulated activities need not necessarily have all the skills set out in Schedule 1, clause S1.4.1 to clause S1.4.13. In contrast, an individual who seeks to be assessed as competent to perform that function for a firm that conducts complex regulated activities would be expected to have all or most of those skills.

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### Guidance

- 1 The 3 kinds of competency elements against which an individual is to be assessed as competent or not are:
  - the individual's skills (what he or she ought to be able to do)
  - the individual's knowledge (what he or she ought to know or to have by way of qualifications)
  - the individual's experience (what he or she has previously done, if anything).
- 2 The competency elements are to be used in making assessments under this rule and rule 3.2.3 (Eligibility to remain approved).
- 3 The firm must decide whether the individual has the competencies required to perform the function, taking into account the circumstances of the case and the individual's role.
- 4 The following are examples of levels of experience that the firm may use when assessing the individual's competence:
  - for a junior role—up to 2 years' experience performing the function or a similar role
  - for a mid-level role—more than 2 years', and up to 10 years', experience
  - for a senior role—more than 10 years' experience.

### 3.1.4 Qualifications that are appropriate or equivalent

- (1) If Schedule 1 specifies a particular qualification as a knowledge competency, but allows an authorised firm to assess another qualification as being appropriate for an individual's role, the firm must hold appropriate evidence about the appropriateness of the other qualification.
- (2) If Schedule 1 specifies a particular qualification as a knowledge competency, but allows an authorised firm to assess another qualification as being equivalent, or that the qualification is unnecessary, the firm must hold appropriate evidence, or must otherwise demonstrate, that the other qualification is equivalent, or that the qualification is unnecessary, as the case may be.

*Note* **Qualification** includes the membership of a professional body or association—see the glossary.

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- (3) In considering whether a qualification is equivalent to a qualification that is specified in Schedule 1, an authorised firm may take into account qualifications that are recognised as appropriate for the relevant role by another regulator.

**Examples of other regulators**

- the Financial Conduct Authority (UK)
  - the Australian Securities and Investments Commission
  - the Financial Markets Authority (New Zealand)
  - the Financial Industry Regulatory Authority (US)
  - the Securities and Futures Commission (Hong Kong)
  - the Monetary Authority of Singapore.
- (4) The firm must record its assessment, and any supporting evidence, in the record about the individual required by rule 1.1.6 (Record-keeping).

### **3.1.5 How firms to make fitness assessments**

- (1) In deciding whether an individual is a fit and proper person to perform a controlled function, an authorised firm must take into account:
- (a) the individual's honesty, integrity and reputation; and
  - (b) the individual's financial soundness.
- (2) For paragraph (1) (a), the firm must take into account the following matters about the individual's honesty, integrity and reputation:
- (a) any past, ongoing or pending legal proceedings, whether civil or criminal, relating to or involving the individual;
  - (b) any investigation undertaken, disciplinary action taken, or sanctions imposed, in relation to or on the individual by a court, tribunal, regulatory or governmental agency, body or authority, exchange, clearing house, self-regulatory body or other professional body;
  - (c) any complaint against the individual relating to, or any contravention by or involving the individual of, any financial

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- services legislation (including any regulations, rules, statements of principle or codes of practice made by an exchange, clearing house, self-regulatory body or other professional body);
- (d) any complaint made about the individual's standard of conduct in relation to activities subject to regulation inside or outside the QFC;
  - (e) the individual's involvement with any business that:
    - (i) was wound up or put into liquidation, placed in receivership or administration, ceased trading, negotiated a settlement with creditors, or became insolvent:
      - (A) while the individual was involved with the business;  
or
      - (B) within 1 year after that involvement ended;
    - (ii) had any approval, authority, licence, registration or other permission to conduct business removed, restricted or suspended;
    - (iii) has been refused any approval, authority, licence, registration or other permission to conduct business;
    - (iv) has been expelled by any regulatory or governmental agency, body or authority; or
    - (v) has been investigated, criticised, disciplined, censured or suspended by any regulator, professional body or tribunal, whether publicly or privately;
  - (f) whether the individual has been dismissed, or has been asked to resign and has resigned, from a position of trust or fiduciary appointment;
  - (g) the effect that the individual's reputation may have on the authorised firm and the QFC;
  - (h) whether the individual has been candid and truthful in dealing with the authority.

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- (3) For paragraph (1) (b), the firm must take into account the following matters about the individual's financial soundness:
- (a) whether the individual is able to pay debts as they fall due;
  - (b) any arrangement that individual has made with creditors;
  - (c) whether the individual has filed for bankruptcy, been served with any bankruptcy petition or been subject to any bankruptcy order;
  - (d) whether the individual has had assets seized, confiscated or frozen.
- (4) In deciding whether an individual is a fit and proper person to perform a controlled function, the firm may also take any other relevant matter into account.

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## **Part 3.2                      Approval of individuals for controlled functions**

### **3.2.1            Firms' application for approval of individuals**

If an authorised firm is satisfied that an individual:

- (a) has the competencies required to perform a controlled function;
- (b) is a fit and proper person to do so; and
- (c) satisfies any other requirements under these or any other Rules;

the firm may apply to the Regulatory Authority for the approval of the individual to perform the function.

### **3.2.2            Eligibility for approval of individuals—general**

An individual is eligible to be approved by the Regulatory Authority to perform a controlled function for an authorised firm only if the firm has assessed him or her:

- (a) as having the competencies required to perform the function;
- (b) as being a fit and proper person to perform the function; and
- (c) as satisfying any other requirements under these or any other Rules for the function.

*Note*        In certain circumstances an individual may be approved to perform 2 or more controlled functions for an authorised firm, or to perform a controlled function for 2 or more members of a group. See CTRL, rule 3.2.8 and rule 3.2.9.

### **3.2.3            Eligibility to remain approved**

An approved individual is eligible to remain approved by the Regulatory Authority to perform a controlled function only if the authorised firm concerned can demonstrate, on an ongoing basis, to the authority's satisfaction that the individual:

- (a) has the competencies required to perform the function;

- 
- (b) is a fit and proper person to perform the function; and
  - (c) satisfies any additional requirements under these or any other Rules for the function.

*Note* For the competencies for controlled functions, see rule 3.1.3 and the guidance following that rule.

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## **Part 3.3                      Cessation of performance of controlled functions**

### **3.3.1            Regulatory Authority withdrawal of approval**

The Regulatory Authority may withdraw the approval of an individual to perform a controlled function in any of the following circumstances:

- (a) the authority has determined that the individual is no longer a fit and proper person in relation to the function;
- (b) the authority considers that the individual no longer has the relevant competencies;
- (c) the authority considers that the individual's performance of the function has fallen below the standard at which a reasonable person having the necessary skills, knowledge and experience would be expected to perform the function.

*Note*        If the authority has permitted an approved individual to perform 2 or more controlled functions for an authorised firm, the authority may direct the firm to stop combining the functions, or to appoint another approved individual to perform 1 of them—see CTRL, rule 3.2.8 (4).

### **3.3.2            What firm must do if individual ceases to perform controlled function**

- (1) If an authorised firm becomes aware that, for any reason (other than the withdrawal of the individual's approval by the Regulatory Authority), an approved individual is to cease to perform, or has ceased to perform, a controlled function that he or she is approved to perform, the firm must request the authority to withdraw the individual's approval to perform the function.



- 
- (2) The firm must make the request:
- (a) at least 10 business days before the day on which the individual is to cease to perform the function; or
  - (b) if the request cannot be made as required by paragraph (a)—immediately after the firm becomes aware that the individual is to cease to perform, or has ceased to perform, the function, but within 2 business days after that time.

**Examples—meaning of ‘within 2 business days’**

- 1 If the firm becomes aware, on a business day, that the individual will cease to perform the function, the firm must make the request immediately, but by no later than the next business day.
- 2 If the firm becomes aware, on a day that is not a business day, that he or she has ceased to perform the function, the firm must make the request immediately, but by no later than 2 business days after that day.

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## Chapter 4 Customer-facing function

### Part 4.1 Assessment of individuals for customer-facing function

#### Note

Principle 3 of the principles on training and competency (see rule 5.1.3) requires an authorised firm to undertake initial and ongoing assessments of each individual's competencies to perform the customer-facing function.

#### 4.1.1 Customer-facing function—firms' competence and fitness assessments

- (1) An authorised firm must be satisfied, on reasonable grounds after making appropriate inquiries, that an individual who performs, or is proposed to perform, the customer-facing function:
  - (a) has the competencies required to do so;
  - (b) is a fit and proper person to do so; and
  - (c) satisfies any other requirements under these or any other Rules.
- (2) An individual must not perform the customer-facing function for an authorised firm unless the firm continues to be satisfied that he or she:
  - (a) has the competencies required to do so;
  - (b) is a fit and proper person to do so; and
  - (c) satisfies any other requirements under these or any other Rules.

#### 4.1.2 How firms to make competence assessments

In deciding whether an individual has the competencies required to perform the customer-facing function, an authorised firm must take into account:

- (a) the customer-facing activities that the individual is to perform (and in particular whether the individual must exercise discretion or personal judgement);

- 
- (b) the nature, scale and complexity of the firm's business, including:
    - (i) the products and services that it offers or provides, or proposes to offer or provide; and
    - (ii) changes to those products and services and to the market;
  - (c) the firm's clients; and
  - (d) the regulatory system, including any recent, or reasonably expected, changes to it.

#### **4.1.3 Competencies**

- (1) The *competencies* for the customer-facing function are the elements of skills, knowledge and experience that make an individual competent to perform the function.
- (2) Subject to subrules (3) and (4), an individual who is to perform the customer-facing function is expected to have the competencies set out in Schedule 2.
- (3) An individual who will perform the customer-facing function with retail customers must have the regulatory or technical qualifications set out in Schedule 2 as knowledge competencies for the function before he or she can be assessed as competent to perform the function.
- (4) In assessing an individual's competencies against the relevant requirements in Schedule 2, the level of the competencies that the individual must have must be commensurate to the nature and complexity of his or her role in the firm.

##### **Example**

An individual who will perform the customer-facing function only in relation to advising on motor vehicle insurance policies need be assessed for the skills, knowledge and experience required only for that limited role.

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**Guidance**

- 1 The 3 kinds of competency elements against which an individual is to be assessed as competent or not are:
  - the individual's skills (what he or she ought to be able to do)
  - the individual's knowledge (what he or she ought to know or to have by way of qualifications)
  - the individual's experience (what he or she has previously done, if anything).
- 2 The competency elements are to be used in making assessments under rule 4.1.1 (Customer-facing function—firms' competence and fitness assessments)
- 3 The firm must decide whether the individual has the competencies required to perform the function, taking into account the circumstances of the case and the individual's role.
- 4 The following are examples of levels of experience that the firm may use when assessing the individual's competence:
  - for a junior role—up to 2 years' experience performing the function or a similar role
  - for a mid-level role—more than 2 years', and up to 10 years', experience
  - for a senior role—more than 10 years' experience.

**4.1.4 Qualifications that are appropriate or equivalent**

- (1) If Schedule 2 specifies a particular qualification as a knowledge competency, but allows an authorised firm to assess another qualification as being appropriate for an individual's role, the firm must hold appropriate evidence about the appropriateness of the other qualification.
- (2) If Schedule 2 specifies a particular qualification as a knowledge competency, but allows an authorised firm to assess another qualification as being equivalent, or that the qualification is unnecessary, the firm must hold appropriate evidence, or must otherwise demonstrate, that the other qualification is equivalent, or that the qualification is unnecessary, as the case may be.

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- (3) In considering whether a qualification is equivalent to a qualification specified in Schedule 2, or is appropriate for an individual's role, an authorised firm may take into account qualifications that are recognised as appropriate for the role by another regulator.

**Examples of other regulators**

- the Financial Conduct Authority (UK)
  - the Australian Securities and Investments Commission
  - the Financial Markets Authority (New Zealand)
  - the Financial Industry Regulatory Authority (USA)
  - the Securities and Futures Commission (Hong Kong)
  - the Monetary Authority of Singapore.
- (4) The firm must record its assessment, and any supporting evidence, in the record about the individual required by rule 1.1.6 (Record-keeping).

#### **4.1.5 How firms to make fitness assessments**

- (1) In deciding whether an individual is a fit and proper person to perform the customer-facing function, an authorised firm must take into account:
- (a) the individual's honesty, integrity and reputation; and
  - (b) the individual's financial soundness.
- (2) For paragraph (1) (a), the firm must take into account the following matters about the individual's honesty, integrity and reputation:
- (a) any past, ongoing or pending legal proceedings, whether civil or criminal, relating to or involving the individual;
  - (b) any investigation undertaken, disciplinary action taken, or sanctions imposed, in relation to or on the individual by a court, tribunal, regulatory or governmental agency, body or authority, exchange, clearing house, self-regulatory body or other professional body;

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- (c) any complaint against the individual relating to, or any contravention by or involving the individual of, any financial services legislation (including any regulations, rules, statements of principle or codes of practice made by an exchange, clearing house, self-regulatory body or other professional body);
  - (d) any complaint made about the individual's standard of conduct in relation to activities subject to regulation inside or outside the QFC;
  - (e) the individual's involvement with any business that:
    - (i) was wound up or put into liquidation, placed in receivership or administration, ceased trading, negotiated a settlement with creditors, or became insolvent:
      - (A) while the individual was involved with the business; or
      - (B) within 1 year after that involvement ended;
    - (ii) had any approval, authority, licence, registration or other permission to conduct business removed, restricted or suspended;
    - (iii) has been refused any approval, authority, licence, registration or other permission to conduct business;
    - (iv) has been expelled by any regulatory or governmental agency, body or authority; or
    - (v) has been investigated, criticised, disciplined, censured or suspended by any regulator, professional body or tribunal, whether publicly or privately;
  - (f) whether the individual has been dismissed, or has been asked to resign and has resigned, from a position of trust or fiduciary appointment;
  - (g) the effect that the individual's reputation may have on the authorised firm and the QFC;

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- (h) whether the individual has been candid and truthful in dealing with the authority.
  - (3) For paragraph (1) (b), the firm must take into account the following matters about the individual's financial soundness:
    - (a) whether the individual is able to pay debts as they fall due;
    - (b) any arrangement that the individual has made with creditors;
    - (c) whether the individual has filed for bankruptcy, been served with any bankruptcy petition or been subject to any bankruptcy order;
    - (d) whether the individual has had assets seized, confiscated or frozen.
  - (4) In deciding whether an individual is a fit and proper person to perform the customer-facing function, the firm may also take any other relevant matter into account.

#### **4.1.6 Retail customer-facing function—non-discretionary customer-facing activities**

- (1) An authorised firm may designate an individual to perform only non-discretionary customer-facing activities.
- (2) For this rule, customer-facing activities are either *discretionary* or *non-discretionary*. *Non-discretionary customer-facing activities* are customer-facing activities that meet all of the following requirements:
  - (a) the activities are in relation only to general insurance contracts or pure protection contracts (or both);
  - (b) the activities are in relation only to retail customers;
  - (c) the activities either:
    - (i) do not require the individual who performs them to exercise discretion or personal judgement; or
    - (ii) require him or her to do so only in relation to routine activities.

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**Examples of non-discretionary customer-facing activities**

- using a sales process that involves putting scripted questions to retail customers
  - the use of prepared answers or scripted responses for retail customers by call centre staff
  - routine data collection from retail customers in filling out policy documentation
  - giving routine assistance with claims management to retail customers.
- (3) An individual who is designated by an authorised firm under subrule (1) may perform only non-discretionary customer-facing activities for the firm.
- (4) An authorised firm may designate an individual under subrule (1) only if the firm:
- (a) has systems, controls, policies and procedures to ensure that individuals who are designated to perform non-discretionary customer-facing activities do not perform discretionary customer-facing activities;
  - (b) has at least 1 individual who performs the customer-facing function who has obtained the CISI Regulatory qualification; and
  - (c) has systems, controls, policies and procedures to ensure that only an individual who has obtained the CISI Regulatory qualification performs discretionary customer-facing activities.

**Examples of discretionary customer-facing activities**

- providing advice to retail customers based on personal judgement or discretion
  - answering technical questions—for example, in relation to an insurance contract's exclusions or terms and conditions
  - undertaking non-routine activities relating to arranging a contract or in support of the performance of a contract.
- (5) A person who is designated under subrule (1) and is performing non-discretionary customer-facing activities is performing the customer-facing function, and rule 4.1.1 (2) applies to him or her.



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#### 4.1.7 Firms to maintain publicly available registers

- (1) An authorised firm must maintain a register of all the individuals who perform the customer-facing function.

*Note* An individual designated under rule 4.1.6 to perform only non-discretionary customer-facing activities is performing the customer-facing function—see rule 4.1.6 (5). Therefore, the obligation under this rule applies in relation to such an individual.

- (2) The register must contain, for each individual:
  - (a) the individual’s name;
  - (b) the date on which he or she began to perform the function, and (if applicable) the date on which he or she ceased to do so; and
  - (c) any restriction on the customer-facing activities that he or she can perform.

**Examples**

- “designated to perform non-discretionary customer-facing activities only”
- “to perform customer-facing activities for commercial customers only”

- (3) The firm must keep the register up to date.
- (4) The firm must make the register available for access by the public generally, and may do so either at its office or the office of a representative, or by means of a website.
- (5) The firm must retain the entry in the register for an individual who no longer performs the customer-facing function for the firm for at least 3 years after the individual ceases to do so, and must note in the register that the individual has so ceased.

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## **Part 4.2                      Cessation of performance of customer-facing function**

### **4.2.1      Regulatory Authority may direct firms to remove individuals from performing customer-facing function**

- (1) The Regulatory Authority may direct an authorised firm:
  - (a) to remove a specified individual from performing the customer-facing function; or
  - (b) to ensure that a specified individual who is performing the customer-facing function takes, or refrains from taking, action that the authority specifies.
- (2) The Regulatory Authority may give such a direction if it is satisfied that the individual:
  - (a) is no longer a fit and proper person in relation to the function;
  - (b) is performing the function at below the standard reasonably expected of a person with the necessary skills, knowledge and experience; or
  - (c) has contravened a relevant requirement (within the meaning given by FSR, article 84 or 85).
- (3) Subject to subrule (4), before giving such a direction the Regulatory Authority:
  - (a) must give the firm an appropriate opportunity to make representations to the authority in relation to the proposed direction; and
  - (b) must give appropriate consideration to any representations that the firm makes.
- (4) If the Regulatory Authority considers that allowing the firm to make representations would cause delay that is likely to be prejudicial to

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the interests of the firm's customers, or the financial system operating in or from the QFC, subrule (3) does not apply. However, in such a case the authority must give the firm an opportunity to make representations promptly after the direction has been given, and must give appropriate consideration to any representations that the firm makes.

*Note* An individual designated under rule 4.1.6 to perform only non-discretionary customer-facing activities is performing the customer-facing function—see rule 4.1.6 (5). Therefore, the power given by this rule extends to such an individual.

#### **4.2.2 Firms to notify Regulatory Authority of certain matters**

- (1) If an authorised firm considers that an individual who performs, or has performed, the customer-facing function for the firm:
  - (a) is not, or is no longer, a fit and proper person in relation to the function;
  - (b) is performing, or performed, the function at below the standard reasonably expected of a person with the necessary skills, knowledge and experience; or
  - (c) has contravened a relevant requirement (within the meaning given by FSR, article 84 or 85);

the firm must notify the Regulatory Authority.

- (2) The notification must be given within a reasonable period after the firm becomes aware of the relevant facts. It must be given even if the individual no longer performs the function for the firm.
- (3) The notification must include a statement of the relevant facts and of any action that the firm has taken or proposes to take.

*Note* An individual designated under rule 4.1.6 to perform only non-discretionary customer-facing activities is performing the customer-facing function—see rule 4.1.6 (5). Therefore, the obligation under this rule applies in relation to such an individual.

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- (4) If this rule requires the firm to notify the Regulatory Authority of a matter, and a provision of GENE, Chapter 4, requires the firm to give the authority notice of, or tell the authority about, the matter, the firm satisfies the requirements of this rule if it complies with the provision of GENE.

*Note* This rule requires an authorised firm to notify the authority about certain matters that are not covered by GENE, chapter 4—see GENE, rule 4.1.3 to rule 4.1.7.

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## Chapter 5 Training and competency

### Part 5.1 Principles for training and competency

#### Guidance

Individuals who perform controlled functions or the customer-facing function need to have the appropriate competency elements of skills, knowledge and experience. Individuals having these competency elements strengthen the protection given to clients and stakeholders. Authorised firms need to prudently manage the risks that may arise as a result of individuals performing a controlled function or the customer-facing function.

#### 5.1.1 Principle 1—senior management responsibility

The senior management of an authorised firm must ensure that the firm's policies, procedures, systems and controls appropriately and adequately address the training and competency requirements in this Chapter.

#### 5.1.2 Principle 2—training and competency programme

An authorised firm must design, deliver and maintain an appropriate ongoing training and competency programme for individuals who perform a controlled function or the customer-facing function.

#### 5.1.3 Principle 3—assessment of competencies

An authorised firm must undertake initial and ongoing assessment of each individual's competencies to perform a controlled function or the customer-facing function.

#### 5.1.4 Principle 4—training

An authorised firm must ensure that individuals who perform a controlled function or the customer-facing function receive or

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undertake sufficient training and continuing professional development.

**5.1.5 Principle 5—record-keeping**

An authorised firm must be able to provide documentary evidence of its compliance with the requirements relating to the training and competency of individuals who perform a controlled function or the customer-facing function.

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## **Part 5.2                      Training and competency programme**

### **5.2.1            Appropriate programme to be delivered**

- (1) An authorised firm must design, deliver and maintain an appropriate ongoing training and competency programme for individuals who perform a controlled function or the customer-facing function.
- (2) The programme:
  - (a) must be relevant, timely and appropriately structured;
  - (b) must ensure that individuals who perform a controlled function or the customer-facing function are aware, and have an appropriate understanding, of:
    - (i) their roles, responsibilities and obligations;
    - (ii) the firm's processes in so far as they apply to each individual's role;
    - (iii) any reports that they are required to make; and
    - (iv) the sources of information for making the reports; and
  - (c) must include policies, procedures, systems and controls on how the firm is to decide whether individuals are competent to perform a controlled function or the customer-facing function.
- (3) In designing its training and competency programme, the firm must consider the following:
  - (a) the individuals' differing needs, experience, skills and abilities;
  - (b) their differing roles and levels in the firm;
  - (c) the degree of supervision over, or independence exercised by, them;
  - (d) the availability of information needed for them to perform their roles;

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- (e) the nature, scale and complexity of the firm's business, including:
    - (i) the products and services it offers or provides, and proposes to offer or provide; and
    - (ii) changes to those products and services and to the market;
  - (f) the firm's clients;
  - (g) the outcome of reviews of the individuals' training and competency;
  - (h) any analysis showing areas where training needs to be enhanced;
  - (i) the regulatory system, including any recent, or reasonably expected, changes to it.
- (4) In designing the programme, the firm may also consider any other relevant matter.

### **5.2.2 Training must be maintained and reviewed**

- (1) An authorised firm's training and competency programme must include ongoing training to ensure that individuals who perform a controlled function or the customer-facing function:
  - (a) maintain their competencies;
  - (b) are kept up to date with developments relating to their functions; and
  - (c) are trained on any changes to the firm's policies, procedures, systems and controls.
- (2) The firm must, at regular and appropriate intervals, review and evaluate:
  - (a) its training and competency programme and training and competency document for quality and effectiveness; and
  - (b) those individuals' training needs, to ensure that those needs are met.



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### 5.2.3 Training and competency document

- (1) An authorised firm must prepare a document (*training and competency document*) describing its training and competency programme.
- (2) A firm's training and competency document must include:
  - (a) the requirements, characteristics and role of each of the following functions:
    - (i) a controlled function for which a rule requires the firm to have an individual approved;
    - (ii) any other controlled function that an individual performs for the firm;
    - (iii) if the firm has 1 or more individuals who perform the customer-facing function—that function;

#### **Guidance**

*Requirements:* what an individual should have to perform the function—for example, a certain level of knowledge, experience and training

*Characteristics:* what an individual should be able to do in performing the function—that is, his or her skills (technical and behavioural).

*Role:* what the individual is expected to do—for example, the function's duties, responsibilities, reporting lines and position within the firm.

- (b) how the firm is to satisfy itself that each individual who performs a controlled function or the customer-facing function has, and continues to have, the competencies required to perform the function;
- (c) the continuing professional development to be provided for such individuals and the review and evaluation of their training needs;

*Note* See rule 5.3.3 (Continuing professional development).
- (d) how the firm is to ensure that it complies, and can demonstrate its compliance, with its training and competency programme;

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- (e) how, and in what circumstances, the firm will review the programme and the document, including who is to carry out the review and evaluation and when; and
  - (f) how, and in what circumstances, the firm will revise the programme and the document, including who is to approve any revision.
- (3) **Revision** includes amendment and replacement.

#### **5.2.4 Firm must comply with its training and competency programme**

- (1) An authorised firm must comply with the requirements and procedures in its training and competency programme and training and competency document as revised from time to time.
- (2) The individual approved to perform the compliance oversight function for an authorised firm:
  - (a) must monitor, on an ongoing basis, the firm's compliance with its training and competency programme and training and competency document; and
  - (b) must report to the firm's governing body at least once a year about the firm's compliance with that programme and that document.

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## Part 5.3 Training and other ongoing obligations

### Notes

- 1 Principle 4 (see rule 5.1.4) requires an authorised firm to ensure that individuals who perform a controlled function or the customer-facing function receive or undertake sufficient training and continuing professional development.
- 2 Principle 5 (see rule 5.1.5) requires an authorised firm to be able to provide documentary evidence of its compliance with the requirements about the training and competency of such individuals.

### 5.3.1 Obligation to review competencies

- (1) An authorised firm must, from time to time in accordance with its training and competency document, ensure that each individual who performs a controlled function or the customer-facing function:
  - (a) continues to have the competencies required to perform the function; and
  - (b) continues to be a fit and proper person to perform the function.
- (2) The following rules apply to an authorised firm in deciding whether an individual continues to have the competencies, and continues to be a fit and proper person:
  - (a) to perform a controlled function:
    - rule 3.1.2 (How firms to make competence assessments)
    - rule 3.1.5 (How firms to make fitness assessments);
  - (b) to perform the customer-facing function:
    - rule 4.1.2 (How firms to make competence assessments)
    - rule 4.1.5 (How firms to make fitness assessments).

### 5.3.2 Obligation to review training and development needs

- (1) An authorised firm must, from time to time in accordance with its training and competency document, assess the training and

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development needs of each individual who performs a controlled function or the customer-facing function.

- (2) The interval between assessments of an individual's training and development needs must not be longer than 12 months.

### **5.3.3 Continuing professional development**

An authorised firm must ensure that each individual who performs a controlled function or the customer-facing function receives sufficient continuing professional development, appropriate to the nature and complexity of his or her role, to ensure that he or she continues to have the competencies required to perform the function.

#### **Examples of continuing professional development**

- 1 in-house training
- 2 industry literature review
- 3 academic studies
- 4 obtaining professional qualifications
- 5 technical training for roles that are highly technical or that involve constant changes in legislation or regulatory practice.

*Note* The authorised firm's training and competency document must state its policies and procedures about continuing professional development (see rule 5.2.3 (2) (c)).

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## Chapter 6 Transitional

### 6.1.1 Definitions for Chapter 6

*conditionally approved individual* means an individual to whom, at some time before 1 January 2015, an approval was granted under INDI 2005, rule 4A.4.2 (Conditional approval—individuals likely to acquire competencies for customer facing function within 12 months), if that approval would still have been in effect on 1 January 2015 had these rules not been made.

*INDI 2005* means the *Individuals Rules 2005* (as in force immediately before 1 January 2015).

### 6.1.2 Approved individuals to remain approved

If an individual was approved to perform a controlled function (other than the customer facing function) at some time before 1 January 2015, and that approval has not been withdrawn, the individual continues to be an approved individual to perform that function.

### 6.1.3 Individuals approved for customer facing function before 1 January 2015

- (1) In this rule:

*approved individual* does not include a conditionally approved individual.

- (2) An individual who was an approved individual in relation to the customer facing function immediately before 1 January 2015 is taken to have been assessed, in accordance with rule 4.1.1 (1), by the authorised firm for whom he or she performs the function:
- (a) as having the competencies to perform the customer-facing function;
  - (b) to be a fit and proper person to do so; and
  - (c) to satisfy any other requirements under these or any other Rules.

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- (3) The firm must enter details of the individual in the register that it maintains under rule 4.1.7.

#### **6.1.4 Individuals conditionally approved for customer facing function**

- (1) Subject to subrules (2), (3) and (4), a conditionally approved individual may continue to perform the customer-facing function for the authorised firm concerned.
- (2) The firm:
  - (a) must continue to supervise the individual appropriately (within the meaning given by INDI 2005); and
  - (b) must assess the individual in accordance with Part 4.1 (Assessment of individuals for customer-facing function).

*Note* The firm may designate the individual to perform non-discretionary customer-facing activities if he or she has the competencies, is fit and proper, and satisfies any other requirement under these or any other Rules, to do so. See rule 4.1.6.

- (3) The firm must carry out the assessment before the end of the 12 month period for the individual referred to in INDI 2005, rule 4A.4.2.
- (4) If the result of the assessment is that the individual does not have the competencies, is not fit and proper, or does not satisfy any other requirement under these or any other Rules, to perform the customer-facing function, the individual must cease to perform that function on or before the end of the 12 month period referred to in subrule (3).
- (5) The firm must not enter details of the individual in the register that it maintains under rule 4.1.7 until the individual has been assessed as having the competencies, being fit and proper, and satisfying any other requirement under these or any other Rules, to perform the customer-facing function.

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## **Schedule 1      Competencies for controlled functions**

(see rule 3.1.3)

### **Notes**

The competencies in this Schedule for a controlled function are in addition to any requirements under other Rules for the function. Specific references to other rules are given in notes for the relevant controlled functions.

## **Part S1.1      Senior executive function competencies**

### **Notes**

- 1 The competencies in this Part for the senior executive function are in addition to any requirements under other Rules for the function. See in particular CTRL, rule 3.2.1 (2).
- 2 The level of an individual's competencies must be commensurate to the nature and complexity of his or her role in the firm and the regulated activity or activities that the firm conducts (see rule 3.1.3 (4)).

### **Division S1.1.A      Skills**

- S1.1.1 Assume, alone or with others, overall responsibility for the whole of the business of the firm
- S1.1.2 Exercise critical judgement
- S1.1.3 Plan, lead and implement change
- S1.1.4 Develop the senior management team
- S1.1.5 Manage risk
- S1.1.6 Demonstrate and encourage strategic thinking
- S1.1.7 Exhibit organisational leadership

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S1.1.8 Undertake, in an effective manner, the fiduciary responsibilities of a member of the governing body of the firm

### **Division S1.1.B Knowledge**

S1.1.21 Level of knowledge appropriate for the role (which may be demonstrated by having appropriate qualifications)

S1.1.22 Good knowledge of the principles of sound and effective corporate governance

### **Division S1.1.C Experience and other elements**

S1.1.31 Appropriate level of experience and seniority for the role

## **Part S1.2 Executive governance function competencies**

#### **Note**

The level of an individual's competencies must be commensurate to the nature and complexity of his or her role in the firm and the regulated activity or activities that the firm conducts (see rule 3.1.3 (4)).

### **Division S1.2.A Skills**

S1.2.1 Act as a member of the governing body of the firm with executive responsibility for at least some of the day-to-day direction of its affairs

S1.2.2 Exercise critical judgement

S1.2.3 Plan, lead and implement change

S1.2.4 Develop staff

S1.2.5 Manage risk



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- S1.2.6 Demonstrate and encourage strategic thinking
  - S1.2.7 Exhibit organisational leadership
  - S1.2.8 Promote compliance culture of the firm
  - S1.2.9 Undertake, in an effective manner, the fiduciary responsibilities of a member of the governing body of the firm

### **Division S1.2.B Knowledge**

- S1.2.21 Level of knowledge appropriate for the role (which may be demonstrated by having appropriate qualifications)
- S1.2.22 Good knowledge of the principles of sound and effective corporate governance

### **Division S1.2.C Experience and other elements**

- S1.2.31 Appropriate level of experience and seniority for the role

## **Part S1.3 Non-executive governance function competencies**

#### **Note**

The level of an individual's competencies must be commensurate to the nature and complexity of his or her role in the firm and the regulated activity or activities that the firm conducts (see rule 3.1.3 (4)).

#### **Guidance**

Competency assessments for an individual who performs the non-executive governance function are likely to be less frequent than for an individual with a role in the firm's day-to-day activities. For example, his or her competency might be assessed through participation and assessment in executive coaching, board retreats and planning days or board peer review, or through membership of other boards and governing bodies.

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## **Division S1.3.A Skills**

- S1.3.1 Act as a member of the governing body of the firm, but without responsibility for the day-to-day direction of its affairs
- S1.3.2 Perform the role in a way that demonstrates independence within the governing body of the firm
- S1.3.3 Undertake in an effective manner the fiduciary responsibilities of a member of the governing body of the firm

## **Division S1.3.B Knowledge**

- S1.3.21 Level of knowledge appropriate for the role (which may be demonstrated by having appropriate qualifications)
- S1.3.22 Good knowledge of the principles of sound and effective corporate governance

## **Division S1.3.C Experience and other elements**

- S1.3.31 Appropriate level of experience and seniority for the role

## **Part S1.4 Compliance oversight function competencies**

### **Notes**

- 1 The competencies in this Part for the compliance oversight function are in addition to any requirements under other Rules for the function. See in particular CTRL, rule 3.2.4 (2).
- 2 The level of an individual's competencies must be commensurate to the nature and complexity of his or her role in the firm and the regulated activity or activities that the firm conducts (see rule 3.1.3 (4)).

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## **Division S1.4.A Skills**

- S1.4.1 Research the firm's organisation and its requirements to help inform a compliance policy
- S1.4.2 Develop, communicate and implement a compliance policy
- S1.4.3 Develop and monitor compliance controls
- S1.4.4 Keep up to date with regulatory developments
- S1.4.5 Support the staff in the firm to maintain compliance and assist the governing body in developing the compliance culture of the firm
- S1.4.6 Write and present compliance reports
- S1.4.7 Consider and advise on the regulatory implications of new business strategies
- S1.4.8 Plan and deliver compliance training
- S1.4.9 Maintain an effective relationship with relevant external bodies and respond to requests on consultations
- S1.4.10 Deal with complaints regarding non-compliance
- S1.4.11 Identify, investigate and resolve non-compliant activity within the firm
- S1.4.12 Inform regulatory bodies of breaches in rules and regulations
- S1.4.13 Develop and monitor the firm's compliance with its training and competency programme and training and competency document

## **Division S1.4.B Knowledge**

- S1.4.21 The CISI Regulatory qualification

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S1.4.22 A recognised compliance oversight function professional qualification at certificate level, or any other qualification that the firm is satisfied is appropriate for the role

*Note 1* In considering a qualification for clause S1.4.22, qualifications that are recognised as appropriate for the role by another regulator may be taken into account. See rule 3.1.4 (3).

*Note 2* The firm must record and retain its assessment and any supporting evidence (see rule 3.1.4 (4)).

### **Division S1.4.C Experience and other elements**

S1.4.31 Appropriate level of experience and seniority for the role

## **Part S1.5 Risk management function competencies**

### **Notes**

- 1 The competencies in this Part for the risk management function are in addition to any requirements under other Rules for the function. See, in particular CTRL, rule 3.2.3 (4).
- 2 The level of an individual's competencies must be commensurate to the nature and complexity of his or her role in the firm and the regulated activity or activities that the firm conducts (see rule 3.1.3 (4)).

### **Division S1.5.A Skills**

S1.5.1 Research the firm's organisation and its requirements to help inform risk strategy and policy

S1.5.2 Establish risk strategy and policy

S1.5.3 Identify, assess and report risk management information to senior management

S1.5.4 Identify available resources to manage risk

S1.5.5 Facilitate risk action planning

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- S1.5.6 Facilitate business continuity planning and disaster recovery
- S1.5.7 Develop and maintain external third party relationships relevant to risk management
- S1.5.8 Develop and maintain effective risk management communication within the firm
- S1.5.9 Monitor and evaluate the effectiveness of risk management controls

### **Division S1.5.B Knowledge**

- S1.5.21 A recognised risk management function professional qualification, or any other qualification that the firm is satisfied is appropriate for the role

*Note 1* In considering a qualification for clause S1.5.21, qualifications that are recognised as appropriate for the role by another regulator may be taken into account. See rule 3.1.4 (3).

*Note 2* The firm must record and retain its assessment and any supporting evidence (see rule 3.1.4 (4)).

### **Division S1.5.C Experience and other elements**

- S1.5.31 Appropriate level of experience and seniority for the role

## **Part S1.6 Finance function competencies**

#### **Note**

The level of an individual's competencies must be commensurate to the nature and complexity of his or her role in the firm and the regulated activity or activities that the firm conducts (see rule 3.1.3 (4)).

### **Division S1.6.A Skills**

- S1.6.1 Work effectively in or with accountancy and finance to ensure that the firm complies with the Regulatory Authority's prudential requirements

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- S1.6.2 Display high standards of professional ethics in accountancy and finance
- S1.6.3 Ensure that the firm maintains accounting records, financial accounts and statements and auditors' reports to the standards, and for the periods, required
- S1.6.4 Ensure that the firm has its accounts and financial statements examined, reported, audited and filed in a timely manner and in accordance with applicable standards
- S1.6.5 Review accounting systems
- S1.6.6 Implement external audit procedures

### **Division S1.6.B Knowledge**

- S1.6.21 A recognised finance function professional qualification, or any other qualification that the firm is satisfied is appropriate for the role
- S1.6.22 Membership of an appropriate professional body, unless the firm is satisfied that membership of such a body is not required
- Note 1* In considering a qualification for clause S1.6.21 or clause S1.6.22, qualifications that are recognised as appropriate for the role by another regulator may be taken into account. See rule 3.1.4 (3).
- Note 2* The firm must record and retain its assessment and any supporting evidence (see rule 3.1.4 (4)).

### **Division S1.6.C Experience and other elements**

- S1.6.31 Appropriate level of experience and seniority for the role

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## **Part S1.7 MLRO function competencies**

### **Notes**

- 1 The competencies in this Part for the MLRO function are in addition to any requirements under other Rules for the function. See in particular AML/CFTR, rule 2.3.2, and AMLG, rule 2.3.2.
- 2 The level of an individual's competencies must be commensurate to the nature and complexity of his or her role in the firm and the regulated activity or activities that the firm conducts (see rule 3.1.3 (4)).

### **Division S1.7.A Skills**

- S1.7.1 Gather and disseminate information about AML/CFT requirements in the firm
- S1.7.2 Identify the implications of AML/CFT measures for the business conducted by the firm
- S1.7.3 Assess and mitigate the money laundering and terrorist financing risks relevant to the firm
- S1.7.4 Identify improvements to the implementation of AML/CFT measures in the firm
- S1.7.5 Design an AML/CFT programme
- S1.7.6 Communicate and implement the firm's AML/CFT policy
- S1.7.7 Assist in developing the compliance culture of the firm
- S1.7.8 Design and oversee procedural controls to monitor money laundering and terrorist financing risks in the firm
- S1.7.9 Report progress in securing AML/CFT outcomes
- S1.7.10 Assist senior management in ensuring their staff comply with AML/CFT measures

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- S1.7.11 Develop and maintain AML/CFT records for the firm (including documentary evidence of compliance, records for customers and transactions, and reporting and training records)
- S1.7.12 Advise and guide staff on AML/CFT
- S1.7.13 Conduct a business risk assessment
- S1.7.14 Plan and deliver AML/CFT training
- S1.7.15 Respond to requests to contribute to consultations
- S1.7.16 Handle requests for financial information from the relevant authorities
- S1.7.17 Design and monitor an internal reporting system for suspicious transactions and activities
- S1.7.18 Identify, investigate and resolve non-compliant activity within the firm
- S1.7.19 Report suspicious financial activity to the relevant authorities

### **Division S1.7.B Knowledge**

- S1.7.21 The CISI Regulatory qualification
- S1.7.22 A recognised MLRO function professional qualification at certificate level, or any other qualification that the firm is satisfied is appropriate for the role
- Note 1* In considering a qualification for clause S1.7.22, qualifications that are recognised as appropriate for the role by another regulator may be taken into account. See rule 3.1.4 (3).
- Note 2* The firm must record and retain its assessment and any supporting evidence (see rule 3.1.4 (4)).



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## **Division S1.7.C Experience and other elements**

S1.7.31 Appropriate level of experience and seniority for the role

## **Part S1.8 Senior management function competencies**

### **Note**

The level of an individual's competencies must be commensurate to the nature and complexity of his or her role in the firm and the regulated activity or activities that the firm conducts (see rule 3.1.3 (4)).

## **Division S1.8.A Skills**

S1.8.1 Manage and supervise, alone or with others, 1 or more elements of the firm's business relating to its regulated activities (other than in performing a function referred to in Part S1.1 to Part S1.7)

## **Division S1.8.B Knowledge**

S1.8.21 Level of knowledge appropriate for the role (which may be demonstrated by having appropriate qualifications)

## **Division S1.8.C Experience and other elements**

S1.8.31 Appropriate level of experience and seniority for the role

## **Part S1.9 Actuarial function competencies**

### **Notes**

- 1 The competencies in this Part for the actuarial function are in addition to any requirements under other Rules for the function. See in particular CTRL, rule 3.2.6 (4).
- 2 The level of an individual's competencies must be commensurate to the nature and complexity of his or her role in the firm and the regulated activity or activities that the firm conducts (see rule 3.1.3 (4)).

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### **Division S1.9.A Skills**

S1.9.1 Assume responsibility for monitoring, advising, investigating and reporting on risks facing a firm that is an insurer that materially affect the firm's ability to meet policyholder liabilities and capital requirements

### **Division S1.9.B Knowledge**

S1.9.21 The individual must have a recognised actuarial function professional qualification and membership of an actuarial professional body

### **Division S1.9.C Experience and other elements**

S1.9.31 At least 5 years' experience as an actuary to an insurer that is sufficiently recent to ensure familiarity with current issues in the provision of actuarial services

## **Part S1.10 Internal audit function competencies**

#### **Note**

The level of an individual's competencies must be commensurate to the nature and complexity of his or her role in the firm and the regulated activity or activities that the firm conducts (see rule 3.1.3 (4)).

### **Division S1.10.A Skills**

S1.10.1 Maintain appropriate, sufficient and effective internal audit resources to carry out the firm's audit plan

S1.10.2 Establish risk-based audit plans to determine the priorities for internal audit and then communicate and implement the plan

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- S1.10.3 Provide independent assurance and evaluation and contribute to the improvement of governance (including internal controls and risk management) using a systematic and disciplined approach
- S1.10.4 Evaluate the adequacy and effectiveness of the firm's policies, procedures, documentation and controls against changing trends and market and economic conditions
- S1.10.5 Evaluate risk exposures relating to the firm's governance, operations and information systems regarding:
- (a) the reliability and integrity of financial and operational information;
  - (b) the effectiveness and efficiency of operations;
  - (c) the safeguarding of assets; and
  - (d) compliance with laws, regulations, policies, procedures and contracts
- S1.10.6 Report periodically to the firm's governing body on internal audit activities and the progress made in carrying out the firm's audit charter and risk-based audit plan
- S1.10.7 Establish a process to monitor the implementation of management action and ensure that implementation has been effective, or that the firm's senior management have accepted the risk of not taking action
- S1.10.8 Develop and maintain internal audit records to support audit conclusions
- S1.10.9 Display high standards of professional ethics

### **Division S1.10.B Knowledge**

- S1.10.21 A recognised audit professional qualification, or any other qualification that the firm is satisfied is appropriate for the role

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S1.10.22 Membership of an appropriate professional body, unless the firm is satisfied that membership of such a body is not required

*Note* The firm must record and retain its assessment and any supporting evidence (see rule 3.1.4 (4)).

### **Division S1.10.C Experience and other elements**

S1.10.31 Appropriate level of experience and seniority for the role

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## **Schedule 2      Competencies for customer-facing function**

(see rule 4.1.3)

### **Part S2.1      Customer-facing function competencies—general insurance contracts and pure protection contracts**

#### **Examples of roles performing this function**

- insurance adviser
- insurance broker
- insurance underwriter

#### **Note**

The level of an individual's competencies must be commensurate to the nature and complexity of his or her role in the firm, the regulated activity or activities that he or she is to conduct and the specified products that those activities relate to (see rule 4.1.3 (4)).

#### **Division S2.1.A      Skills**

- S2.1.1 Identify the customers' insurance needs for general insurance business
- S2.1.2 Gather and validate financial information
- S2.1.3 Analyse customers' financial situation
- S2.1.4 Research and select appropriate insurance solutions to inform recommendations
- S2.1.5 Advise on suitable insurance solutions and agree the next steps
- S2.1.6 Implement insurance solutions

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- S2.1.7 Agree insurance policies with customers to enable them to be appropriately insured
  - S2.1.8 Process insurance applications
  - S2.1.9 Assist customers with claims
  - S2.1.10 Evaluate insurance products and services
  - S2.1.11 Process insurance business as an intermediary
  - S2.1.12 Process insurance renewals as an intermediary
  - S2.1.13 Process mid-term insurance amendments
  - S2.1.14 Evaluate risk and advise other insurance intermediaries
  - S2.1.15 Process insurance policy documentation
  - S2.1.16 Underwrite risks
  - S2.1.17 Prepare insurance policy documentation for business
  - S2.1.18 Process insurance policy alterations
  - S2.1.19 Process insurance renewals
  - S2.1.20 Review underwriting decisions to accept risks
  - S2.1.21 Underwrite policy alterations
  - S2.1.22 Deal with requests to cancel insurance products or services

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## **Division S2.1.B Knowledge**

### **Subdivision S2.1.B.1 Retail customers**

S2.1.31 The CISI Regulatory qualification (except for an individual who has been designated to perform non-discretionary customer-facing activities under rule 4.1.6)

S2.1.32 The CII Award in General Insurance, or any other qualification that the firm is satisfied is appropriate for the role

*Note 1* In considering a qualification for clause S2.1.32, qualifications that are recognised as appropriate for the role by another regulator may be taken into account. See rule 4.1.4 (3).

*Note 2* The firm must record and retain its assessment and any supporting evidence (see rule 4.1.4 (4)).

### **Subdivision S2.1.B.2 Business or commercial customers**

S2.1.35 Level of knowledge appropriate for the role (which may be demonstrated by having appropriate qualifications)

## **Division S2.1.C Experience and other elements**

S2.1.41 Experience appropriate for the role

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## Part S2.2

# Customer-facing function competencies—other long term insurance contracts and units in collective investment schemes

### Examples of roles performing this function

- financial adviser
- investment consultant
- private client investment adviser
- client service representative or relationship manager
- institutional sales

### Guidance

Roles performing this function typically involve the regulated activities of advising on investments and arranging deals in investments.

### Note

The level of an individual's competencies must be commensurate to the nature and complexity of his or her role in the firm, the regulated activity or activities that he or she is to conduct and the specified products that those activities relate to (see rule 4.1.3 (4)).

## Division S2.2.A Skills

S2.2.1 Engage the customer for financial advice and planning

S2.2.2 Gather and validate financial information, including information about:

- (a) the customer's financial situation;
- (b) the customer's investment objectives and risk tolerance;
- (c) the customer's knowledge of and experience in the relevant investment field;
- (d) the nature, volume and frequency of the customer's transactions in the investment field and the period over which they have been carried out; and



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- (e) the customer's level of education and profession or former profession
  - S2.2.3 Analyse the customer's financial situation and assess the customer's demands and needs
  - S2.2.4 Research and select appropriate financial solutions to inform recommendations
  - S2.2.5 Advise on suitable financial solutions and agree on the next steps
  - S2.2.6 Explain possible disadvantages that a course of action advised might have for the customer, including the nature of the risks involved
  - S2.2.7 Implement financial solutions
  - S2.2.8 Review and respond to the customer's changing financial needs and circumstances
  - S2.2.9 Deal with requests to cancel policies or investments

## **Division S2.2.B Knowledge**

### **Subdivision S2.2.B.1 Retail customers**

- S2.2.21 The CISI Regulatory qualification
- S2.2.22 For an individual who performs the role for an insurance intermediary in relation to investment-linked insurance—an appropriate Qualification and Credit Framework Level 4 (diploma level) qualification, or any other qualification that the firm is satisfied is equivalent

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S2.2.23 In any other case than that mentioned in clause S2.2.22—the CII Award in Financial Planning, or any other qualification that the firm is satisfied is equivalent

*Note 1* In considering a qualification for clause S2.2.22 or clause S2.2.23, qualifications that are recognised as appropriate for the role by another regulator may be taken into account. See rule 4.1.4 (3).

*Note 2* The firm must record and retain its assessment and any supporting evidence (see rule 4.1.4 (4)).

### **Subdivision S2.2.B.2 Business or commercial customers**

S2.2.25 Level of knowledge appropriate for the role (which may be demonstrated by having appropriate qualifications)

### **Division S2.2.C Experience and other elements**

S2.2.31 Experience appropriate for the role.

## **Part S2.3 Customer-facing function competencies—relevant investments**

### **Note**

The level of an individual's competencies must be commensurate to the nature and complexity of his or her role in the firm, the regulated activity or activities that he

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or she is to conduct and the specified products that those activities relate to (see rule 4.1.3 (4)).

## **Division S2.3.A Skills**

### **Subdivision S2.3.A.1 Advising on, and arranging deals in, investments (excluding long term insurance contracts and units in collective investment schemes)**

#### **Examples of roles performing this function—advising on investments**

- financial adviser
- investment strategist
- private client investment adviser
- client service representative or relationship manager
- advising on securities or derivatives
- institutional sales
- commodities futures broker

- S2.3.1 Develop an investment strategy to meet agreed investment objectives
- S2.3.2 Analyse the risk and return profile of asset types for customers
- S2.3.3 Construct a risk profile for a proposed portfolio change
- S2.3.4 Make contact with the customers and gather and validate financial information relevant to the securities or derivatives market
- S2.3.5 Follow the initial contact process with customers and engage customers for financial advice and planning
- S2.3.6 Open an account and carry out appropriate administration for customers in the securities or derivatives market
- S2.3.7 Establish the investment objectives of customers

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- S2.3.8 Analyse the customers' financial situation and assess the customers' demands, needs and investment objectives
- S2.3.9 Research and select appropriate financial solutions to inform recommendations
- S2.3.10 Advise on appropriate financial solutions and agree the next steps
- S2.3.11 Review and respond to the customers' changing financial needs and circumstances
- S2.3.12 Advise customers on investment strategy and investment selection
- S2.3.13 Monitor individual portfolio performance using appropriate comparators
- S2.3.14 Prepare investment recommendations for re-structuring an individual or corporate portfolio
- S2.3.15 Report to customers on investment performance

### **Subdivision S2.3.A.2 Managing investments**

#### **Examples of roles performing this function—managing investments**

- private client asset management
  - discretionary and specialised portfolio management
  - asset manager
  - investment manager
  - institutional asset manager
  - investment banker working in asset management
  - portfolio manager.
- S2.3.21 Develop an investment strategy to meet agreed investment objectives
- S2.3.22 Implement a defined investment strategy
- S2.3.23 Analyse the risk and return profile of asset types

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- S2.3.24 Construct a risk profile for a proposed portfolio change
- S2.3.25 Make contact with the customers and gather and validate financial information relevant to the securities or derivatives market
- S2.3.26 Monitor individual portfolio performance using appropriate comparators
- S2.3.27 Review and re-structure an individual or corporate portfolio
- S2.3.28 Establish and operate individual or corporate investment portfolio performance monitoring procedures
- S2.3.29 Report to customers on investment performance

### **Subdivision S2.3.A.3 Dealing in investments**

#### **Examples of roles performing this function—dealing in investments**

- private client stock broker
  - trader in securities, equities, futures or bonds
  - securities underwriter
  - dealing in securities or derivatives
  - commodities futures broker
- S2.3.31 Dealing in investments following receipt of orders or instructions from customers
- S2.3.32 Dealing in investments on the firm's own account

### **Subdivision S2.3.A.4 Research and analysis as part of advising on investments or other regulated activities**

#### **Examples of roles performing this function—research and analysis**

- corporate finance analyst
- security or investment analyst
- derivatives analyst

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**Guidance**

Before assessing an individual's research and analytical skills, rule 4.1.3 (4) requires the regulated activity or activities to be conducted by the individual to be taken into consideration in deciding how far the competencies in this Subdivision apply. If the research and analysis to be performed by the individual are not in relation to a regulated activity (for example, if the research and analysis are for publication in a newspaper article that does not constitute giving advice on investments), the individual need not be assessed against those competencies. If the research and analysis are part of conducting the regulated activity of advising on investments, the individual must be assessed against those competencies.

- S2.3.41 Analyse and report on the implications of sector economics on investments
- S2.3.42 Analyse and report on the implications of national economics on investments
- S2.3.43 Analyse and report on the implications of international economics and foreign exchange markets on investments
- S2.3.44 Carry out financial and investment analysis of an individual business
- S2.3.45 Carry out financial and investment analysis of a collective investment scheme
- S2.3.46 Provide equity capital research and analysis support for portfolio management activities
- S2.3.47 Provide fixed interest securities research and analysis support for portfolio management activities
- S2.3.48 Provide research and analysis of alternative investments support for portfolio management activities
- S2.3.49 Provide cash and currencies research and analysis support for portfolio management activities

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- S2.3.50 Provide property based markets research and analysis support for portfolio management activities
- S2.3.51 Interpret and analyse a collective investment scheme's objectives and parameters
- S2.3.52 Benchmark a collective investment scheme's performance against investment objectives
- S2.3.53 Review a collective investment scheme portfolio and adjust investments within the scheme's objectives

## **Division S2.3.B Knowledge**

### **Subdivision S2.3.B.1 Retail customers**

- S2.3.61 The CISI Regulatory qualification
- S2.3.62 A qualification that the firm is satisfied is appropriate for the role
- Note 1* In considering a qualification for clause S2.3.62, qualifications that are recognised as appropriate for the role by another regulator may be taken into account. See rule 4.1.4 (3).
- Note 2* The firm must record and retain its assessment and any supporting evidence (see rule 4.1.4 (4)).

### **Subdivision S2.3.B.2 Business or commercial customers**

- S2.3.65 Level of knowledge appropriate for the role (which may be demonstrated by having appropriate qualifications)

## **Division S2.3.C Experience and other elements**

- S2.3.71 Experience appropriate for the role

## Glossary

(see rule 1.1.3)

**actuarial function** means the function described in CTRL, rule 3.1.11.

**advising on investments** means the regulated activity described in FSR, Schedule 3, Part 2, paragraph 11.

**approved individual** means an individual approved under FSR, article 41, to perform 1 or more controlled functions.

**arranging deals in investments** means the regulated activity described in FSR, Schedule 3, Part 2, paragraph 5.

**authorisation** means an authorisation granted under FSR, Part 5.

**authorised firm** (or **firm**) means a person that has an authorisation.

**business customer** has the meaning given by COND, rule 1.2.5.

**business day** means a day that is not a Friday, Saturday, or a public or bank holiday in Qatar.

**CII Award in Financial Planning** (AFP) means the award for passing the examination given by the Chartered Insurance Institute on financial planning, as revised from time to time.

**CII Award in General Insurance** (AGI) means the award for passing the examination given by the Chartered Insurance Institute on general insurance, as revised from time to time.

**CISI Regulatory qualification** means the award for passing the examination on the QFC Rules and Regulations, developed by the Regulatory Authority in conjunction with the Chartered Institute for Securities and Investments, as revised from time to time.

**client** of an authorised firm has the meaning given by COND, rule 1.2.1.

**collective investment scheme** has the meaning given by the *Collective Investment Schemes Rules 2010*, rule 1.2.1.

**commercial customer** has the meaning given by COND, rule 1.2.4.



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**competencies** has the meaning given by:

- (a) for a controlled function—rule 3.1.3; or
- (b) for the customer-facing function—rule 4.1.3.

**compliance oversight function** means the function described in CTRL, rule 3.1.9.

**COND** means the *Conduct of Business Rules 2007*.

**controlled function** has the meaning given by FSR, article 41 (2).

**CTRL** means the *Governance and Controlled Functions Rules 2012*.

**customer** of an authorised firm has the meaning given by COND, rule 1.2.3.

**customer-facing function** has the meaning given by rule 1.1.5.

**document** means a record of information in any form (including electronic form), and includes, for example:

- (a) anything in writing or on which there is writing;
- (b) anything on which there are figures, marks, numbers, perforations, symbols or anything else having a meaning for individuals qualified to interpret them;
- (c) a drawing, map, photograph or plan; and
- (d) any other item or matter (in whatever form) that is, or could reasonably be considered to be, a record of information.

**executive governance function** means the function described in CTRL, rule 3.1.3.

**finance function** means the function described in CTRL, rule 3.1.5.

**fitness and propriety**, of an individual, has the same meaning as in FSR, article 29.

**FSR** means the *Financial Services Regulations*.

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

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**general insurance contract** has the meaning given by PINS, rule 1.2.6 (1).

**governing body** of an entity means its board of directors, committee of management or other governing body (whatever it is called).

**insurance intermediary** has the meaning given by the *Insurance Mediation Business Rules 2011*, rule 1.2.1.

**internal audit function** means the function described in CTRL, rule 3.1.10.

**investment-linked insurance** has the same meaning as in PINS.

**long term insurance contract** has the meaning given by PINS, rule 1.2.6 (2).

**MLRO function** means the function described in CTRL, rule 3.1.7.

**month** means calendar month—that is, the period beginning at the start of any day of one of the 12 named months of the year and ending:

- (a) at the end of the day before the corresponding day of the next named month; or
- (b) if there is no corresponding day—at the end of the last day of the next named month.

**non-discretionary customer-facing activities** has the meaning given by rule 4.1.6.

**non-executive governance function** means the function described in CTRL, rule 3.1.2.

**PINS** means the *Insurance Business Rules 2006*.

**QFC** means the Qatar Financial Centre.

**qualification** includes the membership of a professional body or association.

**regulated activity** means an activity that is a regulated activity under FSR.

**Regulatory Authority** means the Regulatory Authority of the QFC.

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**regulatory system** means the arrangements, in or under Regulations made under the QFC Law, article 9, or Rules, for regulating authorised firms.

**relevant investments**: investments of the following kinds (in each case, within the meaning given in FSR, Schedule 3, Part 3), and rights in such investments, are relevant investments:

- (a) shares;
- (b) debt instruments;
- (c) warrants;
- (d) securities receipts;
- (e) units in collective investment schemes;
- (f) options;
- (g) futures;
- (h) contracts for differences.

**retail customer** has the meaning given by COND, rule 1.2.6.

**risk management function** means the function described in CTRL, rule 3.1.8.

**Rules** means rules made by the Regulatory Authority under FSR, article 15 (1), and includes:

- (a) any standard, principle or code of practice made by the authority; and
- (b) any other instrument made or in force under any Rules.

**senior executive function** means the function described in CTRL, rule 3.1.4.

**senior management**, of an authorised firm, means the firm's senior managers, jointly and separately.

**senior management function** means the function described in CTRL, rule 3.1.6.

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**senior manager**, of an authorised firm, means an individual employed by the firm or a member of the firm's group who has responsibility either alone or with others for management and supervision of 1 or more elements of a firm's business relating to regulated activities.

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

**training and competency document** means the document required under rule 5.2.3.

**training and competency programme** means the programme required under rule 5.2.1.

**writing** means any form of writing, and includes, for example, any way of representing or reproducing words, numbers, symbols or anything else in legible form (for example, by printing or photocopying).