



Miscellaneous Amendments Rules 2017

QFCRA Rules 2017-3

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

Dated 29 March 2017.

Abdulla Saoud Al-Thani
Chairman

Miscellaneous Amendments Rules 2017

QFCRA Rules 2017-3

made under the

Financial Services Regulations

Contents

	Page
1 Name of rules	1
2 Commencement	1
3 Amendments	1
4 Explanatory notes	1
Schedule 1	2
Amendments	
Part 1.1 Anti-Money Laundering and Combating Terrorist Financing Rules 2010	2
Part 1.2 Anti-Money Laundering and Combating Terrorist Financing (General Insurance) Rules 2012	2
Part 1.3 Governance and Controlled Functions Rules 2012	4
Part 1.4 General Rules 2005	4
Part 1.5 Islamic Finance Rules 2005	8

1 Name of rules

These rules are the *Miscellaneous Amendments Rules 2017*.

2 Commencement

These rules commence on 1 April 2017.

3 Amendments

These rules amend the *Rules* in Schedule 1.

4 Explanatory notes

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

Schedule 1 Amendments

(see rule 3)

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

[1.1] Rule 2.3.9 (2)

omit

before 1 May

insert

before 1 June

[1.2] Rule 2.3.10

omit

within 1 *month* after each 30 June.

insert

before 1 June in each year.

Part 1.2 Anti-Money Laundering and Combating Terrorist Financing (General Insurance) Rules 2012

[1.3] Rule 1.3.1 (except the note)

substitute

1.3.1 What are a *firm* and a *general insurance firm*?

(1) A *general insurance firm* (or *firm*) is an *authorised firm* that is authorised to conduct, in or from the QFC, only either or both of the following *regulated activities*:

(a) *general insurance business*;

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- (b) insurance mediation (within the meaning given by *IMEB*, rule 1.2.2) in relation to either or both of:
- (i) *general insurance contracts*; and
 - (ii) pure protection contracts.
- (2) In subrule (1) (b) (ii):
- pure protection contract*** means a *long term insurance contract* that meets all of the following conditions:
- (a) the benefits under the contract are payable only on death or for incapacity due to injury, sickness or infirmity;
 - (b) either:
 - (i) the contract has no surrender value; or
 - (ii) the consideration for the contract consists of a single premium and its surrender value does not exceed that premium;
 - (c) the contract makes no provision for its conversion or extension in a way that would result in it ceasing to comply with paragraph (a) or (b);
 - (d) the contract is not a *reinsurance contract*.

[1.4] Rule 2.3.9 (2)

omit

before 1 May

insert

before 1 June

[1.5] Rule 2.3.10

omit

within 1 *month* after each 30 June.

insert

before 1 June in each year.

Part 1.3 Governance and Controlled Functions Rules 2012

[1.6] Rule 3.2.8 (5) (c) and (d)

substitute

- (c) the combined performance of the functions by the individual has impaired, or is likely to impair, the firm's compliance with the requirements applicable to the conduct of its business in or from the QFC.

Explanatory note

This amendment amends the rule to omit an irrelevant consideration.

Part 1.4 General Rules 2005

[1.7] After rule 1.1.3

insert

1.1.4 References to particular currencies

In these rules, the specification of an amount of money in a particular currency is also taken to specify the equivalent sum in any other currency at the relevant time.

[1.8] Rule 5.3.4

omit

Explanatory note

This amendment omits a transitional provision that is now spent.

[1.9] After rule 6.2.6

insert

6.2.7 Records of firms formerly authorised

- (1) This rule applies to an authorised firm:
 - (a) that has applied for its authorisation to be withdrawn in relation to all regulated activities; or

-
- (b) that has been given notice under FSR, article 31 (2) (C), that the Regulatory Authority has withdrawn the firm's authorisation, or varied it to remove all regulated activities.
 - (2) Before the authorisation ceases to be in effect, the firm must make arrangements satisfactory to the Regulatory Authority:
 - (a) for the storage and safe-keeping, for at least 6 years after the authorisation ceases to be in effect, of the firm's records in relation to its regulated activities; and
 - (b) providing for those records to be produced to the authority within a reasonable period, at the authority's request, during the 6-year period.

[1.10] Rule 9.7.2 (3)

substitute

- (3) The application must include statements:
 - (a) that the firm is satisfied that the proposed auditor is eligible to be appointed as the firm's auditor under rule 9.7.3 (1); and
 - (b) if the firm is a QFC entity—that the proposed appointment would not contravene rule 9.7.3A.

Explanatory note

This amendment and the next 2 insert new provisions requiring the rotation of auditors and making consequential changes.

[1.11] After rule 9.7.3

insert

9.7.3A Limit on term of auditor's appointment

Subject to rule 9.7.3B (4), an authorised firm that is a QFC entity:

- (a) must not appoint a person as its auditor for a period longer than 5 years; and
- (b) must not re-appoint a person as its auditor if the re-appointment would result in the person's having been the firm's auditor continuously for longer than 5 years, unless at least 2 years has

elapsed since the end of the person's last appointment as the firm's auditor.

Guidance

In general terms, the purpose of requiring rotation of firms' auditors is to ensure that auditors are independent of the firms they audit.

9.7.3B Effect of group audit rotation arrangements

- (1) This rule applies in relation to an authorised firm that is a member of a group.
- (2) If the group has an arrangement for the rotation of auditors that the firm considers achieves the purposes of rule 9.7.3A, the firm must give the Regulatory Authority, in writing:
 - (a) details of the arrangement; and
 - (b) confirmation from the firm's governing body that the arrangement achieves the purposes of rule 9.7.3A.
- (3) If the authority is satisfied that the arrangement achieves the purposes of rule 9.7.3A, the authority must give the firm written notice to that effect.
- (4) Rule 9.7.3A does not apply to the firm while the notice is in effect.
- (5) The firm must notify the authority in writing of any change in the arrangement.
- (6) The authority may revoke a notice under subrule (3) if the authority considers that the arrangement no longer achieves the purposes of rule 9.7.3A (whether after receiving notification of a change or on any other basis).

[1.12] Rule 9.7.4 (1)

substitute

- (1) This rule applies if:
 - (a) the Regulatory Authority considers that a person appointed as auditor for an authorised firm is not suitable to be, or to continue to be, auditor for the firm; or
 - (b) the person's appointment contravened rule 9.7.3A.

[1.13] After Part 10.7

insert

Part 10.8 Fees for failure to comply with certain requirements

10.8.1 Application of Part 10.8

- (1) This Part applies if an authorised firm fails to comply with a written requirement by the Regulatory Authority that specifies:
 - (a) an action that the firm is to take; and
 - (b) a date by which the action is to be taken.

Example

A failure to comply with a requirement to take an action under a risk mitigation program.

- (2) For subrule (1), an authorised firm *fails to comply* with such a requirement if the firm:
 - (a) does not take the specified action by the specified date; or
 - (b) purports to take the action but does so in a way that the authority regards as inadequate.

10.8.2 Fees

- (1) A fee, of the relevant amount, is payable by the firm concerned if a failure referred to in rule 10.8.1 continues for 5 business days or longer after the specified date for compliance.
- (2) The *relevant amount* is the total of:
 - (a) QR 2,000; and
 - (b) QR 400 for each business day (or part of a business day) after the 6th business day during which the failure continues.

Note The Regulatory Authority may reduce, waive or refund such a fee—see rule 10.2.3.

10.8.3 Other action not prevented

Nothing in this Part prevents the Regulatory Authority taking action under the FSR, article 31 or Part 8 or 9, in relation to such a failure.

[1.14] Glossary, definition of *FSR*

substitute

FSR means the *Financial Services Regulations*.

Explanatory note

This amendment corrects a typographical error.

Part 1.5 Islamic Finance Rules 2005

[1.15] Rule 5.1.2 (a)

omit

compliance function

insert

compliance oversight function

[1.16] Rule 6.2.2, example

omit

before 1 May in the next year.

substitute

before 1 April in the next year.

[1.17] Rule 6.3.4 (a)

omit

compliance function

insert

compliance oversight function

Part 1.6 Insurance Business Rules 2006

[1.18] Rule 4.8.3

omit

after such repayment.

insert

after the proposed reduction.

Explanatory note

This amendment makes the language of the rule internally consistent.

[1.19] Part 8.3, heading

substitute

Part 8.3 Classification of insurance contracts

Explanatory note

This amendment makes the heading of the Part consistent with the language of the rules in the Part.

[1.20] Rule 8.6.7

omit

An insurer must treat as a liability

insert

An insurer must recognise as a liability

Explanatory note

This amendment and the next 4 make the language of the rules consistent with the language of the Part heading.

[1.21] Rule 8.6.8

omit

An insurer must treat as a liability

insert

An insurer must recognise as a liability

[1.22] Rule 8.6.9

omit

An insurer must treat as an asset

insert

An insurer must recognise as an asset

[1.23] Rule 8.7.9

omit

An insurer must treat as a liability

insert

An insurer must recognise as a liability

[1.24] Rule 8.7.10

omit

An insurer must treat as a liability

insert

An insurer must recognise as a liability