



هيئة تنظيم
مركز قطر للمال
QATAR FINANCIAL CENTRE
REGULATORY AUTHORITY

COND Repeal and Miscellaneous Amendments Rules 2019

QFCRA Rules 2019-4

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

Dated 26 March 2019.

Mohammed Bin Hamad Bin Qasim Al Thani
Deputy Chairman



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Financial Services Regulations

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- 1 Name of rules**

These rules are the *COND Repeal and Miscellaneous Amendments Rules 2019*.
 - 2 Commencement**

These rules commence on 1 January 2020.
 - 3 Repeal of COND**

The *Conduct of Business Rules 2007* is repealed.
 - 4 Rules amended**

These rules amend the Rules mentioned in Schedules 1 and 2.
 - 5 References to COND**

A reference to COND or the *Conduct of Business Rules 2007* or to any of its provisions in any instrument that has not been specifically changed is taken to be a reference to CIPR or the *Customer and Investor Protection Rules 2019* or to their equivalent provisions as necessary to give effect to those rules or provisions.
 - 6 Explanatory notes**

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

Schedule 1 Amendments to Investment Management and Advisory Rules 2014

(see r 4)

Explanatory note

Unless stated otherwise, the amendments in this Schedule are consequential on the repeal of COND and its replacement by the *Customer and Investor Protection Rules 2019*. The consequential amendments include the transfer of COND Parts 4.4 and 4.5 (except Division 4.5.9 on personal account transactions) and COND Schedules 2 to 5 to INMA.

[1.1] Rule 1.1.4, guidance 1, fourth dot point

substitute

- in relation to its dealings with customers—CIPR

[1.2] Rule 3.3.5 (3)

substitute

Note *Affiliate* and *related person* are defined in the Glossary.

[1.3] After rule 5.2.4

insert

5.2.5 Approved representative—definition

- (1) An individual who is not an employee of an INMA firm is an *approved representative* of the firm if:
 - (a) he or she is authorised under a contract (*approved representative contract*) with the firm to perform that function for the firm in or from the QFC;
 - (b) he or she has been assessed by the firm as meeting the requirements in INDI, rule 4.1.1 to perform the customer-facing function; and

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- (c) the firm has agreed in the approved representative contract to accept responsibility for his or her every act or omission in performing (or purporting to perform) that function for the firm.
 - (2) An INMA firm must not enter into an approved representative contract with an individual if the individual is a party to an approved representative contract in force with another authorised firm.

5.2.6 Non-QFC intermediary—definition

- (1) A body corporate is a *non-QFC intermediary* of an INMA firm if:
 - (a) the body corporate is authorised under a contract (*non-QFC intermediary contract*) with the firm to act as an intermediary for the firm in the State outside the QFC; and
 - (b) the firm has agreed in the non-QFC intermediary contract to accept liability to the client for every act or omission of the body corporate directly applicable to the activity that the body corporate undertakes (or purports to undertake) as an intermediary for the firm in the State outside the QFC.
- (2) An INMA firm must not enter into a non-QFC intermediary contract with a body corporate unless:
 - (a) it is lawful for the body corporate to act as its intermediary in the State outside the QFC; and
 - (b) every law, rule or regulation of the State applying in relation to the entering into of the contract is complied with.

[1.4] Rule 5.3.4 (2), note

substitute

Note Under CIPR, Parts 4.4, 5.2 and 5.3, an INMA firm must give a customer a statement, in writing, of the terms and conditions on which the firm will conduct investment and advisory business for the customer.

[1.5] Rule 5.5.9, note

omit

[1.6] Rule 5.5.12, note

omit

[1.7] Rule 5.6.1 (2), note

substitute

Note Under CIPR, Parts 4.4 and 5.2, an investment business firm must give a customer a statement, in writing, of the terms and conditions on which the firm will conduct investment business for the customer.

[1.8] Rule 5.8.1

substitute

5.8.1 Manner of giving notice

A notice to be given under this Part may be given in the firm's terms of business or any other document.

[1.9] Rule 6.1.3 (1) (e), note

substitute

Note **Eligible clearing house** is defined in the Glossary.

[1.10] Rule 6.1.3 (5)

omit

Explanatory note

This amendment removes the definition of **eligible clearing house** which is now in the Glossary, since the term is now used in places other than this rule.

[1.11] Rule 6.1.15 (2), note

substitute

Note Under CIPR, Parts 4.4, 5.2 and 5.3, an INMA firm must give a customer a statement, in writing, of the terms and conditions on which the firm will conduct investment and advisory business for the customer.

[1.12] Rule 9.1.2 (2), note 1

substitute

Note 1 For the Rules relating to unrestricted PSiAs—see IBANK.

Explanatory note

This amendment corrects a wrong reference to BANK.

[1.13] After INMA Chapter 9

insert

Chapter 9A Post-contractual obligations of INMA firms

Part 9A.1 Reporting to customers

9A.1.1 Confirmation notes—provision requirement

- (1) If an INMA firm executes a transaction in relation to a relevant investment for a customer, it must promptly give the customer a written confirmation note recording the essential details of the transaction.
- (2) This rule is subject to rule 9A.1.5.

9A.1.2 Confirmation notes—omission of information

- (1) If:
 - (a) a person fails to give an INMA firm information that the firm needs for inclusion in a confirmation note for a transaction in relation to a relevant investment for a customer; or
 - (b) the transaction executed by an INMA firm in relation to a relevant investment for a customer involves a conversion of a currency into another currency and the firm has not made the conversion;

the firm may omit the information from the confirmation note if its omission is indicated by a statement to the effect that it will be supplied later or that it cannot be supplied.

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- (2) If the INMA firm gets the information later, the firm must promptly give the information to the customer.

9A.1.3 Confirmation notes—when transaction taken to be executed

- (1) If an INMA firm executes a transaction that requires a confirmation note and the execution is outside normal market hours, the transaction is taken to be executed on the next business day.
- (2) If an INMA firm executes a series of transactions, all the transactions may be taken to be executed at the time the last transaction is executed if a record of the time that each individual transaction is executed is made (for example, by means of a time stamp).

(3) If:

- (a) an INMA firm aggregates a transaction for a customer order (the *aggregation*) with an own account transaction or a transaction for another customer order; and
- (b) the firm then allocates the relevant investment under rule 9B.1.9 (Aggregation of customer orders—allocation);

the aggregation is taken to have been executed at the time of allocation.

9A.1.4 Confirmation notes—content

A confirmation note for a transaction must include the information about the transaction required by Schedule 2.

9A.1.5 Confirmation notes—provision requirement exemption

- (1) An INMA firm is not required to give a confirmation note to a customer for a transaction in any of the following cases:
 - (a) the customer has told the firm (in writing, if the customer is a retail customer) that the customer does not wish to receive confirmation notes at all or confirmation notes for the transaction or transactions of that kind;
 - (b) an arrangement is in place for the customer to make a series of payments for the purchase of units in a collective investment scheme and the transaction is part of that series;

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- (c) each of the following applies to the transaction:
 - (i) the firm is acting as an investment manager for the customer in relation to the transaction;
 - (ii) the transaction is not a contingent liability transaction;
 - (iii) the firm has taken reasonable steps to ensure that the customer does not wish to receive confirmation notes at all or confirmation notes for the transaction or transactions of that kind;
 - (d) it would duplicate information already given, or to be given promptly, by another person that confirms all the essential details of the transaction (other than details relating only to the firm).
- (2) If an INMA firm relies on subrule (1) (a) or (c) in relation to the transaction, the firm must give the customer a periodic statement under rule 9A.1.7 that contains information that:
- (a) would otherwise have been required to be included in a confirmation note given by the firm to the customer for the transaction; and
 - (b) is still relevant when the periodic statement is given to the customer.

9A.1.6 Confirmation notes—recordkeeping

An INMA firm must keep a copy of each confirmation note given to a customer for at least 6 years after the day it is given to the customer.

9A.1.7 Periodic statements—provision requirement

- (1) If an INMA firm:
- (a) acts as an investment manager for a customer; or
 - (b) operates a customer's account containing relevant investments;
- it must promptly, and at the intervals required by rule 9A.1.8, give the customer a written statement (a *periodic statement*).
- (2) The periodic statement must include the information required by:
- (a) Schedule 3, Part S3.1;

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- (b) if during the period covered by the statement the firm acted as an investment manager for the customer—Schedule 3, Part S3.2;
 - (c) if the statement covers a contingent liability transaction—Schedule 3, Part S3.3; and
 - (d) if the statement covers a transaction relating to a structured capital at risk investment—Schedule 3, Part S3.4.
- (3) This rule is subject to rule 9A.1.9.

9A.1.8 Periodic statements—intervals

An INMA firm must give a customer a periodic statement at intervals no longer than:

- (a) 6-monthly;
- (b) if the customer is a retail customer and the customer’s portfolio includes an uncovered open position resulting from a contingent liability transaction—monthly; or
- (c) if the customer has, on the customer’s own initiative, agreed on another interval with the firm—the agreed interval or annually, whichever is shorter.

9A.1.9 Periodic statements—provision requirement exemption

An INMA firm need not give a customer a periodic statement if it would duplicate information already given, or to be given promptly, by another person.

9A.1.10 Periodic statements—recordkeeping

An INMA firm must keep a copy of each periodic statement given to a customer for at least 6 years after the day it is given to the customer.

Part 9A.2 Cancelling relevant investment contracts—retail customers

9A.1.11 Relevant investment contracts—right to cancel

If a retail customer buys a relevant investment as a result of advice by an INMA firm to the customer, the customer has a right, in accordance with this Part, to cancel the relevant investment.

Guidance

An INMA firm may voluntarily provide additional cancellation rights, or rights exercisable during a longer period than allowed under this Part, but, if it does so, these should be on terms similar to those in this Part.

9A.1.12 Relevant investment contracts—when cancellation rights can be exercised

- (1) A retail customer may exercise a cancellation right under this Part in relation to a relevant investment made by an INMA firm with or for the customer only during the cancellation period for the investment.
- (2) For a relevant investment, the cancellation period:
 - (a) starts on the later of the following:
 - (i) the day the INMA firm gives the retail customer the statement required by CIPR, rule 5.3.2 (1) (d) (Investment advice for retail customers—general requirements);
 - (ii) the day the INMA firm gives the retail customer a key information document required by CIPR, rule 5.4.2 (Key information documents to be given to retail customers);
 - (iii) if the INMA firm is required to give the retail customer a confirmation note by rule 9A.1.1 in relation to the relevant investment—the day the firm gives the confirmation note to the customer; and
 - (b) ends at the end of 14 days after that day.

9A.1.13 Relevant investment contracts—exercising cancellation right

- (1) This rule applies if a retail customer has a right under this Part to cancel a relevant investment made by an INMA firm with or for the customer.
- (2) The retail customer may exercise the cancellation right by giving written notice of the exercise of the right to the INMA firm.
- (3) Without limiting subrule (2), if the retail customer exercises the right in accordance with information given to the customer by the INMA firm, the customer is taken to have complied with the subrule.
- (4) The notice need not use any particular form of words and it is sufficient if the intention to exercise the right is reasonably clear from the notice, or from the notice and the surrounding circumstances.
- (5) The notice need not give reasons for the exercise of the right.
- (6) If the retail customer exercises the cancellation right by sending written notice to the INMA firm at the address given to the customer by the firm for the exercise of the right, the notice is taken to have been given to the firm when it is sent to the firm at that address.

9A.1.14 Relevant investment contracts—consequences of cancellation

- (1) This rule applies if a retail customer exercises a right under this Part to cancel a relevant investment made by an INMA firm with or for the customer.
- (2) Any contract (a *relevant contract*) to which the retail customer is a party in relation to the relevant investment is terminated.
- (3) The INMA firm must pay the retail customer an amount equal to the total of the amounts paid by the customer under relevant contracts.
- (4) The amount must be paid to the retail customer without delay and no later than 30 days after the day the cancellation right is exercised.

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- (5) The INMA firm may require the retail customer to pay the firm an amount of no more than the total of:
 - (a) amounts received, and the value of property or services received, by the customer under relevant contracts; and
 - (b) subject to subrules (6) and (7), losses incurred by the firm because of market movements in relation to relevant contracts if the losses are incurred on or before the day the cancellation right is exercised.
 - (6) Subrule (5) (b) applies only if the INMA firm complied with the disclosure obligations under these rules in relation to the cancellation right.
 - (7) Subrule (5) (b) does not apply in relation to a contract established on a regular or recurring payment basis.
 - (8) An amount payable under subrule (5) is due no later than 21 days after the day the customer receives written notice from the firm requiring payment.
 - (9) Any amounts payable under this rule are simple contract debts and may be set off against each other.

**9A.1.15 Relevant investment contracts cancellation—
recordkeeping**

- (1) An INMA firm must make appropriate records about the exercise of rights to cancel under this Part.
- (2) The records must be kept for at least 6 years after the day the right is exercised.

Chapter 9B Other investment-related activities

Part 9B.1 Investment research and investment recommendations

9B.1.1 Investment research—conflicts of interest and impartiality

- (1) This rule applies if:
 - (a) an INMA firm publishes or disseminates investment research; and
 - (b) either:
 - (i) the firm holds the research out (in whatever terms) as being an impartial assessment of the value or prospects of the subject matter of the research; or
 - (ii) it is reasonable for those to whom the firm has published or distributed the research to rely on it as an impartial assessment of the value or prospects of the subject matter of the research.
- (2) The INMA firm must do all of the following:
 - (a) establish and implement a policy, appropriate to the firm, for managing effectively the conflicts of interest and material interests that might affect the impartiality of the investment research;
 - (b) make a record of the policy and keep it for at least 6 years after the policy ceases to have effect;
 - (c) take reasonable steps to ensure that the firm and its employees comply with the policy;
 - (d) make a written copy of the policy available to any person on request;
 - (e) take reasonable steps to ensure that the policy remains appropriate and effective.

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- (3) The policy must identify the types of investment research to which the policy applies and must make provision for systems, controls and procedures that:
- (a) identify conflicts of interest and material interests that might affect the impartiality of the investment research to which the policy applies;
 - (b) manage effectively conflicts of interest and material interests, to the extent that they arise or might arise within the INMA firm, in relation to each of the following:
 - (i) the supervision and management of investment analysts;
 - (ii) the remuneration structure for investment analysts;
 - (iii) the extent to which investment analysts may become involved in activities other than the preparation of investment research;
 - (iv) the extent to which inducements offered by issuers of securities, or other persons with material interests in the subject matter of investment research, may be accepted by investment analysts or senior employees of the INMA firm;
 - (v) the persons who may comment on draft investment research before publication, and the procedure for taking account of their comments;
 - (vi) the timing and manner of publication and distribution of investment research and of the communication of its substance;
 - (vii) what information or disclosures are appropriate to include in investment research (taking appropriate account of matters required by law); and

Guidance

The matters enumerated in paragraph (b) are not exhaustive and the policy should allow the firm to manage conflicts of interest that arise or might arise in relation to other matters.

- (c) clearly indicate the extent to which the firm's policy relies on Chinese walls or other information barriers.

9B.1.2 Research recommendations—basic requirements

- (1) An INMA firm:
 - (a) must take reasonable care to ensure that a research recommendation produced or disseminated by it in relation to relevant investments is presented fairly and is not misleading; and
 - (b) must disclose any conflicts of interest or material interests that the firm has in relation to the relevant investments.
- (2) An INMA firm, in any research recommendation produced by it:
 - (a) must disclose clearly and prominently the identity of the person responsible for its production, and in particular:
 - (i) the name and job title of the individual who prepared the research recommendation; and
 - (ii) the firm's name; and
 - (b) must include the firm's regulatory status in a form required by GENE, Part 3.1.
- (3) The firm may comply with subrule (2) in relation to a non-written research recommendation by referring to the place where the disclosures can be easily accessed (for example, the INMA firm's website).
- (4) If an INMA firm produces or disseminates a research recommendation, the firm must take reasonable care to ensure that:
 - (a) facts in the research recommendation are clearly distinguished from interpretations, estimates, opinions and other types of non-factual information;
 - (b) its sources for the research recommendation are reliable or, if there is any doubt about whether a source is reliable, this is clearly indicated;
 - (c) all projections, forecast and price targets in the research recommendation are clearly labelled as such and the material assumptions made in producing or using them are indicated; and

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- (d) the substance of the research recommendation can be substantiated as reasonable if the Regulatory Authority so requests.
 - (5) Subrule (4) does not apply to a non-written research recommendation if its requirements would be disproportionate to the length of the research recommendation.

9B.1.3 Research recommendations—additional requirements

An INMA firm must comply with the additional requirements mentioned in Schedule 4 that apply to it.

9B.1.4 Research recommendations—recordkeeping

- (1) An INMA firm must make a record of:
 - (a) each research recommendation it produces, including details of how the substance of the research recommendation can be substantiated as reasonable; and
 - (b) each research recommendation it disseminates.
- (2) The record of a research recommendation must be kept for at least 6 years after the day the research recommendation is last disseminated.

Part 9B.2 Dealing and managing

9B.1.5 Dealing and managing—best execution

- (1) If an INMA firm agrees, or decides in the exercise of its discretion, to execute a transaction with or for a customer in relation to a relevant investment, it must provide best execution.
- (2) However, the INMA firm need not provide best execution if:
 - (a) it only arranges the transaction for the customer;
 - (b) the market in the relevant investment is insufficient to allow for a meaningful price comparison;
 - (c) the customer is a business customer and the firm has agreed with the customer that it will not provide best execution; or

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- (d) another person is responsible for the execution of the transaction and has undertaken to provide best execution.
- (3) To provide best execution for the transaction, the INMA firm:
 - (a) must take reasonable care to find out the best available price in the relevant market at the time for transactions of the same kind and size; and
 - (b) must execute the customer order for the transaction at a price that is no less advantageous to the customer, unless the firm has taken reasonable steps to ensure that it would be in the customer's best interests not to do so.
 - (4) To take reasonable care under subrule (3) (a), the INMA firm:
 - (a) must calculate the best execution price before any previously disclosed charges that might be payable;
 - (b) must not take a mark-up or mark-down;
 - (c) must pass on to the customer the price at which it executes the transaction to meet the customer order; and
 - (d) if it can access prices displayed by different exchanges and trading platforms and make a direct and immediate comparison— must execute the customer order at the best price available if it is in the best interest of the customer to do so.

9B.1.6 Dealing and managing—timely execution

- (1) If an INMA firm agrees, or decides in the exercise of its discretion, to execute a transaction for an existing customer order in relation to a relevant investment, it must execute the order as soon as practical.
- (2) However, subrule (1) does not apply if the INMA firm has taken reasonable steps to ensure that postponing the execution of the transaction for the order is in the best interests of the customer.

Guidance for rule 9B.1.6 (2)

Factors relevant to whether the postponement of an existing customer order may be in the best interests of the customer include the following:

- (a) whether the customer order is received outside of normal trading hours;

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- (b) whether a foreseeable improvement in the level of liquidity in the relevant investment is likely to enhance the terms on which the INMA firm executes the transaction for the customer order;
 - (c) whether executing the transaction for the customer order as a series of partial transactions over a period of time is likely to improve the terms on which the transaction as a whole is executed.

9B.1.7 Dealing and managing—recordkeeping

- (1) An INMA firm must ensure, by establishing and maintaining appropriate procedures, that it promptly records adequate information in relation to each of the following:
 - (a) the receipt of customer orders;
 - (b) the exercise of its discretion to decide to execute transactions for customer orders;
 - (c) the execution of transactions for customer orders;
 - (d) the passing of customer orders to other persons for execution of transactions;
 - (e) the execution of own account transactions.
- (2) Subrule (1) (c) and (d) do not apply to the INMA firm if it is only arranging a transaction for a customer.
- (3) The records must record the information required by Schedule 5.
- (4) The INMA firm must keep records made under this rule for a customer order or own account transaction for at least 6 years after the day the transaction (or the last of the transactions) for the order is executed.

9B.1.8 Dealing and managing—aggregation of customer orders

An INMA firm may aggregate a transaction for a customer order with transactions for other customer orders or for own account transactions if:

- (a) the firm believes on reasonable grounds that it is unlikely that the aggregation will disadvantage any of the customers whose transactions are to be aggregated;
- (b) the firm has disclosed orally or in writing to the customer that the transactions for the customer order may be aggregated and

that the effect of aggregation may sometimes operate to the customer's disadvantage;

- (c) before the transactions are aggregated, the firm has made a record of the intended basis of allocation and the identity of each customer; and
- (d) the firm has in place a written policy on aggregation and allocation that it applies consistently and includes procedures for rule 9B.1.10.

9B.1.9 Aggregation of customer orders—allocation

- (1) This rule applies if:
 - (a) an INMA firm aggregates a transaction for a customer order for a customer with transactions for customer orders for other customers or with own account transactions; and
 - (b) part or all of the aggregated order is filled.
- (2) The INMA firm must promptly allocate the relevant investment involved in the aggregated order in accordance with rule 9B.1.10 (1).
- (3) To allocate a relevant investment promptly, an INMA firm:
 - (a) must allocate the relevant investment within 1 business day; or
 - (b) if only business customers or market counterparties are affected by the allocation and each of them agrees—must allocate the relevant investment within 5 business days.

9B.1.10 Aggregation of customer orders—fair allocation etc

- (1) For rule 9B.1.9, an INMA firm:
 - (a) must allocate relevant investments in accordance with the intended basis of allocation recorded under rule 9B.1.8 (c);
 - (b) must ensure the allocation is done fairly and uniformly by not giving excessive preference to itself or to any person for whom it deals; and
 - (c) if the aggregated order includes both customer orders and own account transactions— must give priority to satisfying customer orders if all the orders cannot be satisfied, unless the firm can demonstrate on reasonable grounds that without its own

participation it could not have executed the customer orders on such favourable terms, or at all.

- (2) The INMA firm must make a record of each of the following:
 - (a) the date and time of the allocation;
 - (b) the relevant investment;
 - (c) the identity of each customer affected by the aggregation;
 - (d) the amount allocated to each customer affected by the aggregation and to the firm;
 - (e) if applicable, the agreement, under rule 9B.1.9 (3) (b), of each business customer or market counterparty to allocate the relevant investment within 5 business days.
- (3) The INMA firm must keep the records for at least 6 years after the day the relevant investments are allocated.

9B.1.11 Dealing and managing—customer order priority

- (1) An INMA firm must execute transactions for existing customer orders and own account transactions in relation to relevant investments fairly and in proper turn.
- (2) The INMA firm does not breach subrule (1) by executing an own account transaction in relation to the relevant investments while it has an existing customer order in relation to the relevant investments if:
 - (a) it receives the existing customer order after it had decided to deal for itself;
 - (b) the employee or agent taking the decision to deal for the firm was unaware of the existing customer order when making the decision; or
 - (c) the firm believes on reasonable grounds that by postponing the transaction for the existing customer order it is likely to improve the terms on which the transaction for the order will be executed.
- (3) If subrule (2) (c) applies, the INMA firm must take care to ensure that customer orders that are advanced because of the postponement are also treated fairly.

9B.1.12 Dealing and managing—excessive dealing and switching

- (1) This rule applies to the following investment products:
 - (a) a life policy (that is, a long term insurance contract other than a reinsurance contract or a pure protection contract);
 - (b) a long term care insurance contract;
 - (c) a unit in a collective investment scheme.
- (2) An INMA firm must not do any of the following with such a frequency, or in such amounts, that the transactions may be regarded as excessive:
 - (a) in the exercise of its discretion, execute a transaction in relation to a relevant investment for a customer;
 - (b) advise a customer to enter into a transaction in relation to a relevant investment;
 - (c) advise a retail customer to switch within between products to which this rule applies or make or arrange a switch that gives effect to such advice; or
 - (d) in the exercise of its discretion, make or arrange a switch within those products for a retail customer.
- (3) In complying with subrule (2), the INMA firm must be able to demonstrate that the transactions were fair, reasonable and in the customer's best interests when they were entered into, viewed both in isolation and in the context of earlier transactions.

9B.1.13 Dealing and managing—non-market-price transactions

- (1) An INMA firm must not enter into a non-market-price transaction with or for a customer, unless it has taken reasonable steps to ensure that the customer is not entering into the transaction for an improper purpose.
- (2) An INMA firm must:
 - (a) make a record of the information it has obtained in satisfying subrule (1) in relation to a non-market-price transaction; and
 - (b) must keep the record for at least 6 years after the day the information is obtained.

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- (3) This rule does not apply to a non-market-price transaction if it is subject to the rules of an eligible exchange.
 - (4) A transaction is a ***non-market-price transaction*** if the dealing rate or price paid by the firm or a customer differs from the prevailing market rate or price to a material extent.

9B.1.14 Dealing and managing—realising retail customer’s assets

An INMA firm must not realise a retail customer’s assets unless it is legally entitled to realise the assets and has done either of the following:

- (a) set out in the firm’s terms of business for the customer:
 - (i) the action it may take to realise assets of the customer;
 - (ii) the circumstances in which it may take the action; and
 - (iii) each asset (if relevant) or type of asset over which it may exercise its rights to realise assets; or
- (b) given the customer written or oral notice of its intention to exercise its rights at least 3 business days before it exercises them.

[1.14] After Schedule 1

insert

Schedule 2 Content of confirmation notes

(see r 9A.1.4)

S2.1 Confirmation notes—general content requirements

A confirmation note for a transaction by an INMA firm for a customer must include the following information:

- (a) the firm’s name and address;
- (b) the firm’s regulatory status in a form required by GENE, Part 3.1;
- (c) if the firm executed the transaction as principal or agent—that fact;

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- (d) the customer's name (or other means of identification) and account number if any;
 - (e) a description of the relevant investment, including the amount invested;
 - (f) whether the transaction is a sale or purchase;
 - (g) the price or unit price at which the transaction was executed;
 - (h) if the transaction involves a conversion of currency—the rate of exchange obtained;
 - (i) the date of the transaction;
 - (j) either:
 - (i) the time of the transaction; or
 - (ii) a statement that information about the time of the transaction will be provided on request;
 - (k) the total amount payable and the date it is payable;
 - (l) the remuneration of the firm and any associate (unless the associate is not obliged to disclose it to the firm because, for example, the firm is its customer) in relation to the transaction;
 - (m) the amount of any commission, any mark-up or mark-down, any fees, charges, taxes or duties, or any other costs (however described or applied) unless included in remuneration mentioned in paragraph (k);
 - (n) if the transaction involved, or will involve, the purchase of a currency with another currency—the rate of exchange involved or a statement that the rate will be supplied when the currency has been purchased, including if applicable the maturity or expiry date of any currency hedge;
 - (o) whether there is a right to cancel the transaction and, if there is a right to cancel, the consequences of exercising the right, and enough details to enable that right to be exercised by a retail customer.

S2.2 Confirmation notes—additional information for derivatives

A confirmation note relating to a transaction in derivatives for a customer must also include the following information:

- (a) the maturity, delivery or expiry date of the derivative;
- (b) for an option—the last exercise date, whether it can be exercised before maturity and the strike price;
- (c) whether the exercise creates a sale or purchase in the underlying asset;
- (d) if the transaction closes out an open futures position—all essential details required in relation to each contract included in the open position and each contract by which it was closed out, and the profit or loss to the customer from closing out that position;
- (e) on the exercise of an option:
 - (i) the date of exercise, and either the time of exercise or that the customer will be notified of the time on request; and
 - (ii) the strike price of the option and, if applicable, the total consideration from or to the customer.

Note For a currency option, the rate of exchange will be the same as the strike price.

S2.3 Confirmation notes—additional information for collective investment schemes

A confirmation note relating to a transaction in units in a collective investment scheme for a customer must also include the following information:

- (a) if the INMA firm is not the operator and the transaction was executed with the customer by the firm as principal—that fact;
- (b) the name of the scheme and the type and number of units involved;

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- (c) the amount of:
 - (i) the operator's initial charges (if any) in cash or percentage terms; and
 - (ii) any subsequent charges made by the firm to the customer in relation to the transaction and, unless the subsequent charges to the customer are made on the same terms as the operator's initial charges, the basis on which the amount of the subsequent charges was decided;
 - (d) whether the transaction was executed on a historic-price or forward-price basis.

Schedule 3 Content of periodic statements

(see r 9A1.7)

Part S3.1 Periodic statements—general content requirements

S3.1 Contents and value

The following information as at the end of the period covered by the periodic statement:

- (a) the number, description and value of each relevant investment held;
- (b) the amount of cash held;
- (c) the total value of the customer's portfolio.

S3.2 Basis of valuation

- (1) A statement of the basis on which the value of each relevant investment has been calculated and, if applicable, a statement that the basis for valuing a particular relevant investment has changed since the last periodic statement.
- (2) If a relevant investment is shown in a currency other than the usual currency used for valuation of the customer's portfolio, the relevant exchange rates.

S3.3 Confirmations

If the INMA firm relies on rule 9A.1.5 (1) (a) or (c) (Confirmation notes—provision requirement exemption) during the period covered by the periodic statement, the information required to be included in the periodic statement by rule 9A.1.5 (2).

Part S3.2 Periodic statements—investment management**S3.4 Loans**

A statement of:

- (a) the relevant investments (if any) that were, at the closing date of the periodic statement, loaned to a third party; and
- (b) the relevant investments (if any) that were, at that date, charged to secure borrowings made for the portfolio.

S3.5 Loans and borrowing

The total of any interest payments made, and income received, during the period covered by the periodic statement in relation to loans or borrowings made during the period.

S3.6 Transaction particulars

Particulars of each transaction entered into for the portfolio during the period covered by the periodic statement.

S3.7 Transfers

The total amount, and particulars of all relevant investments, transferred into and out of the portfolio during the period covered by the periodic statement.

S3.8 Interest

The total of any interest payments (together with the dates of their application), dividends and other benefits received by the INMA firm for the portfolio during the period covered by the periodic statement.

S3.9 Charges

A statement of the total charges of the INMA firm and its associates during the period covered by the periodic statement, expressed as an amount rather than as a percentage.

S3.10 Remuneration

A statement of the amount of (or, if it is not practicable to provide a statement of the amount, the basis of) any remuneration received during the period covered by the periodic statement by the INMA firm and its associates from third parties in relation to the transactions entered into, or any other services provided, for the portfolio.

Part S3.3 Periodic statements—contingent liability transactions

S3.11 Changes in value

The total amount of money transferred into and out of the portfolio during the period covered by the periodic statement.

S3.12 Open positions

In relation to each open position in the customer's account at the end of the period covered by the periodic statement, either of the following:

- (a) the unrealised profit or loss to the customer before deducting or adding any commission that would be payable on closing out;
- (b) the net profit or loss in relation to the customer's overall position in each contract.

S3.13 Closed positions

In relation to each transaction executed during the period covered by the periodic statement to close out a customer's position, either of the following:

- (a) the resulting profit or loss to the customer after deducting or adding any commission;

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- (b) the net profit or loss in relation to the customer's overall position in each contract.

S3.14 Total holdings

The total of each of the following in, or relating to, the customer's portfolio at the close of business on the valuation date included in the period covered by the periodic statement:

- (a) cash;
- (b) collateral value;
- (c) management fees;
- (d) commission attributable to transactions during that period or a statement that the commission has previously been separately disclosed in writing if applicable.

S3.15 Option account valuations

In relation to each option contained in the account on the valuation date included in the period covered by the periodic statement, the following information:

- (a) the share, future, index or other relevant investment involved;
- (b) the trade price and date for the opening transaction, unless the valuation statement follows the statement for the period in which the option was opened;
- (c) the market price for the contract;
- (d) the strike price of the option.

Part S3.4 Periodic statements—structured capital at risk investments

S3.16 Snapshot maturity value

A statement of the maturity value of each structured capital at risk investment, on the assumption that the relevant index, indices, basket of selected investments or other factor remains at the level it was on the close date of the period covered by the periodic statement.

S3.17 Changes in maturity value

A statement of the levels of the relevant index, indices, basket of selected investments or other factor at which the maturity value of each structured capital at risk investment would be less than the amount of the initial capital invested, and an indication of how much less the maturity value would be.

S3.18 Risk warning

A risk warning that the value of the relevant index, indices, basket of selected investments, or other factor, can go up or down.

Schedule 4 Additional obligations for investment research recommendations

(see r 9B.1.3)

S4.1 Investment research recommendations—additional requirements

- (1) An INMA firm must take reasonable care to ensure that a research recommendation produced by it:
 - (a) indicates all substantially material sources (including, if appropriate, the issuer and whether the research recommendation has been disclosed to the issuer and amended after this disclosure;
 - (b) adequately summarises any basis of valuation or methodology used:
 - (i) to evaluate a security, a derivative or an issuer; or
 - (ii) to set a price target for a security or derivative;
 - (c) adequately explains the meaning of:
 - (i) any recommendation made (for example, ‘buy’ ‘sell’ or ‘hold’) and the time horizon applying to the recommendation; and

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- (ii) any risk warnings, including any sensitivity analysis of the relevant assumptions; and
 - (d) refers to:
 - (i) the planned frequency (if any) of updates of the research recommendation; and
 - (ii) any major changes in the scope of the research as previously announced; and
 - (e) states clearly and prominently:
 - (i) the date the research recommendation was first released for distribution; and
 - (ii) the date and time of any security or derivative price mentioned.
- (2) If the substance of the research recommendation (the *later recommendation*) differs from the substance of an earlier research recommendation that was about the same security, derivative or issuer and was issued during the 12-month period before the day of dissemination of the later recommendation, the later recommendation must clearly and prominently indicate the difference and state the date of the earlier research recommendation.
- (3) If complying with the requirements of subrule (1) (a), (b) or (c) would be disproportionate to the length of the research recommendation and there has been no change in the methodology or basis of valuation used, the INMA firm may, instead of complying with the requirements, clearly and prominently refer in the research recommendation to where the required information can be directly and easily accessed (for example, by a hyperlink to the information on an appropriate web page of the firm).
- (4) Subrule (1) (a) does not apply in relation to a non-written research recommendation to the extent that complying with it would be disproportionate to the length of the research recommendation.

S4.2 Investment research recommendation—general standards for disclosure of interests etc

- (1) An INMA firm must disclose, in a research recommendation produced by it:
 - (a) all of its relationships and circumstances that may reasonably be expected to impair the objectivity of the research recommendation, and in particular:
 - (i) any significant financial interest in a relevant investment that is the subject of the research recommendation;
 - (ii) a significant conflict of interest in relation to an issuer; and
 - (b) relationships and circumstances, of the kind mentioned in paragraph (a), of each person working for the firm who was involved in preparing the substance of the research recommendation, including whether the person's [individual's?] remuneration is tied to investment banking transactions performed by the firm or any affiliate of the firm.
- (2) If the INMA firm is a legal person, the information disclosed must include the following:
 - (a) any interests or conflicts of interest of the firm or any related person that are accessible, or reasonably expected to be accessible, to the persons involved in the preparation of the substance of the research recommendation;
 - (b) any interests or conflicts of interest of the firm or any related person known to persons who, although not involved in the preparation of the substance of the research recommendation, had or could reasonably be expected to have had access to the substance of the research recommendation before its dissemination (other than persons whose only access to the research recommendation was to ensure compliance with relevant regulatory or statutory obligations, including the disclosures required under this Schedule).
- (3) If the disclosures required by subrules (1) and (2) would be disproportionate to the length of the research recommendation, the INMA firm may, instead of complying with the requirements of the

subrules, clearly and prominently refer in the research recommendation to where the required disclosures can be directly and easily accessed (for example, by a hyperlink to the disclosures on an appropriate web page of the firm).

- (4) Subrules (1) and (2) do not apply in relation to a non-written research recommendation to the extent that complying with them would be disproportionate to the length of the research recommendation.

S4.3 Investment research for recommendations—additional requirements for disclosure of interests

- (1) This rule applies to a research recommendation produced by an INMA firm in relation to a relevant investment.
- (2) The INMA firm must clearly and prominently disclose in the research recommendation the following information on its interests and conflicts of interest:
- (a) major shareholdings that exist between it or any related person and the issuer (the *relevant issuer*) including:
 - (i) shareholdings exceeding 5% of the total issued share capital in the relevant issuer that are held by the firm or any related person; or
 - (ii) shareholdings exceeding 5% of the total issued share capital of the firm or any related person that are held by the relevant issuer;
 - (b) any other financial interests held by the firm or any related person in relation to the relevant issuer that are significant in relation to the research recommendation;
 - (c) if applicable, a statement that the firm or any related person is a market maker or liquidity provider in the securities of the relevant issuer or in any related derivatives;
 - (d) if applicable, a statement that the firm or any related person has been lead manager or co-lead manager, over the previous 12 months, of any publicly disclosed offer of securities of the relevant issuer or in any related derivatives;

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- (e) if applicable, a statement that the firm or any related person is party to any other agreement with the relevant issuer for the provision of investment banking services;
 - (f) if applicable, a statement that the firm or any related person is party to an agreement with the relevant issuer relating to the production of the research recommendation.
- (3) Subrule (2) (e) does not apply in relation to an agreement if:
- (a) disclosure of the statement would involve the disclosure of confidential information; and
 - (b) the agreement has been in force for at least 12 months or has given rise during that period to a payment or to the promise of payment.
- (4) The INMA firm must disclose, in general terms, in the research recommendation the organisational and administrative arrangements set up within the firm to effectively prevent or deal with conflicts of interest in relation to research recommendations, including information barriers.
- (5) If a person working for the INMA firm who is involved in the preparation of the research recommendation receives or buys shares of the relevant issuer before a public offering of the shares, the price at which the shares were acquired and the date of acquisition must be disclosed in the research recommendation.
- (6) The INMA firm must publish the following information on a quarterly basis, and must disclose in its research recommendations:
- (a) the proportion of all research recommendations published during the quarter that are ‘buy’, ‘hold’, ‘sell’ or equivalent terms;
 - (b) the proportion of relevant investments in each of those categories issued by issuers to which the firm provided material investment banking services during the last 12 months.
- (7) If the disclosures required by subrules (2) to (6) would be disproportionate to the length of the research recommendation, the INMA firm may, instead of complying with the subrules, clearly and prominently refer in the research recommendation to where the

required disclosures can be directly and easily accessed (for example, by a hyperlink to the disclosures on an appropriate web page of the firm).

- (8) Subrules (2) to (6) do not apply in relation to a non-written research recommendation to the extent that complying with them would be disproportionate to the length of the research recommendation.

S4.4 Investment research recommendations—identity of disseminators of recommendations

If an INMA firm disseminates a research recommendation produced by a third party, the INMA firm must ensure that the research recommendation clearly and prominently identifies the firm.

S4.5 Investment research recommendations—requirements for dissemination of third party recommendations

- (1) If a research recommendation produced by a third party is substantially changed before dissemination by an INMA firm, the firm must ensure that:
- (a) the disseminated material clearly describes the change in detail;
 - (b) if the change consists of a change of the direction of the recommendation (for example, changing a ‘buy’ recommendation into a ‘hold’ or ‘sell’ recommendation), the firm complies with section S4.3 to the extent of the change, as if the firm were the producer of the research recommendation; and
 - (c) it has a formal written policy under which the persons receiving the research recommendation are directed to where they can have access to the identity of the producer of the research recommendation, the research recommendation itself, and the disclosure of the producer’s interests or conflicts of interest, to the extent that they are publicly available.
- (2) Subrule (1) does not apply in relation to news reporting on research recommendations produced by a third party if the substance of the research recommendation is not changed.

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- (3) If an INMA firm disseminates a summary of a research recommendation produced by a third party, it must ensure that the summary:
- (a) is fair, clear and not misleading;
 - (b) identifies the source research recommendation; and
 - (c) identifies where the third party’s disclosures (to the extent that they are publicly available) relating to the source research recommendation can be directly and easily accessed (for example, by a hyperlink to the disclosures on an appropriate web page of the firm).

Schedule 5 Recordkeeping—dealing and managing

(see r 9B.1.7)

S5.1 Minimum records of customer orders

- (1) An INMA firm must record the information required by table S5.1 if an event mentioned in the table happens.

Table S5.1 Minimum details for dealing and managing

	event	minimum details required
1	firm receives a customer order or decides to execute a transaction for a customer order in the exercise of its discretion	<ul style="list-style-type: none"> 1 the customer’s name (or other means of identification) and account number if any 2 if relevant, the date and time the customer order is received by the firm 3 if relevant, the date and time that the firm decides to execute a transaction for the customer order in the exercise of its discretion 4 the name of the employee who received the customer order or

	event	minimum details required
		<p>made the decision to execute the transaction</p> <p>5 the relevant investment, and the number, or total value of, the relevant investment (including any price limit or trading instructions)</p> <p>6 whether the customer order is for a purchase or sale</p> <p>7 any other instruction received by the firm from the customer about the carrying out of the customer order (including any amendments of the customer order or cancellation of the customer order)</p>
2	firm executes a transaction for a customer order	<p>1 the customer's name (or other means of identification) and account number if any</p> <p>2 the name of the counterparty, if known to the firm</p> <p>3 the date and time of the transaction, if available</p> <p>4 the name of the employee executing the transaction</p> <p>5 the relevant investment, and the number, or total value of, the relevant investment</p> <p>6 the price and other significant terms (including exchange rate details, if relevant)</p> <p>7 whether the transaction was a purchase or sale</p>

	event	minimum details required
3	firm passes a customer order to another person for execution of transaction	1 the name of the person instructed 2 the terms of the instructions 3 the date and time the instruction was given.

- (2) However, if the INMA firm acts as an investment manager and its decision to effect a transaction of a customer is contemporaneous with the execution of the relevant customer order or its passing of the relevant customer order to another person for execution, the firm does not need to create separate records of the time of the decision to deal, and the time of execution of the customer order or passing the customer order to the other person, if the transaction record contains a note or other indication that these happened contemporaneously.

[1.15] Glossary

insert the following definitions

affiliate, of an INMA firm, means any entity of which the firm holds 10% or more, but less than a majority, of the voting power.

CIPR means *Customer and Investor Protection Rules 2019*.

contingent liability transaction, in relation to an INMA firm and a customer, means a transaction in a relevant investment under the terms of which the customer will be, or may be, liable to make further payments (other than charges, and whether or not secured by margin) either when the transaction is to be completed or on the earlier closing out of the customer's position.

eligible clearing house means a clearing house that meets the following requirements:

- (a) transactions on a regulated exchange may be cleared through it;
- (b) it is incorporated or otherwise established in a jurisdiction outside the QFC;

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- (c) the Regulatory Authority has not, by notice published on an approved website, declared that this definition does not apply to the jurisdiction.

eligible exchange means a regulated exchange for which the Regulatory Authority has not, by notice published on an approved website, declared that this definition does not apply to the jurisdiction in which the exchange is incorporated or established.

Note **Regulated exchange** is defined in this Glossary.

investment manager means an authorised firm that is engaged in:

- (a) the activity of managing, or agreeing to manage, relevant investments belonging to a customer (if the investments may consist of or include particular investments at the firm's discretion); or
- (b) the activity of offering or agreeing to manage relevant investments.

investment research means a publication (other than a personal recommendation) that contains:

- (a) the results of research into a relevant investment or its issuer;
- (b) analysis of factors likely to influence the future performance of a relevant investment or its issuer; or
- (c) advice or recommendations based on such results or analysis.

market counterparty, in relation to an INMA firm, means a customer of the firm that is any of the following:

- (a) an approved representative, or non-QFC intermediary, of the firm;
- (b) an authorised firm or regulated financial institution;
- (c) an entity in the same group as an authorised firm or regulated financial institution;
- (d) an eligible clearing house or eligible exchange;
- (e) a government, government agency, or central bank or other national monetary authority, of any jurisdiction;

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- (f) a state investment body, or a body charged with, or intervening in, management of the public debt;
 - (g) a supranational organisation if the members of the organisation are jurisdictions, central banks or national monetary authorities.

related person: a person (the *second person*) is related to another person (the *first person*) if:

- (a) the first person and the second person are members of the same corporate group;
- (b) the second person is an individual who is a director or officer of the first person or of another member of the same corporate group;
- (c) the second person is the spouse or minor child of an individual mentioned in paragraph (b); or
- (d) the second person is a company that is subject to significant influence by or from an individual mentioned in paragraph (b) or (c).

research recommendation means research or other information:

- (a) that concerns:
 - (i) one or more relevant investments admitted to trading on regulated exchanges, or in relation to which an application for admission to trading has been made; or
 - (ii) issuers of such investments;
- (b) that is intended for distribution so that it is accessible, or is likely to become accessible, by a large number of persons, or for the public; and
- (c) that:
 - (i) explicitly or implicitly, recommends or suggests an investment strategy;
 - (ii) directly or indirectly, expresses a particular investment recommendation; or

-
- (iii) expresses an opinion as to the present or future value or price of such investments;

but does not include:

- (d) an informal short-term investment personal recommendation expressed to customers of an authorised firm that originates from inside the firm's sales or trading department, and is not likely to become publicly available or available to a large number of persons; or
- (e) advice given by an authorised firm to a body corporate in the context of a takeover bid and disclosed only as a result of compliance with a legal or regulatory obligation.

structured capital at risk investment means an investment, other than a derivative, that provides an agreed level of income or growth over a specified investment period and has the following characteristics:

- (a) the customer is exposed to a range of outcomes in relation to the return of the initial capital invested;
- (b) the return of the initial capital invested at the end of the investment period is linked by a pre-set formula to the performance of:
 - (i) an index;
 - (ii) a combination of indices;
 - (iii) a basket of selected investments (typically from an index or indices); or
 - (iv) another factor or combination of factors;
- (c) if the performance mentioned in paragraph (b) is within specified limits, the initial capital invested is returned, but, if not, the customer may lose some or all of the initial capital invested.

[1.16] Glossary, definition of approved representative

substitute

approved representative, of an INMA firm, has the meaning given by rule 5.2.5.

[1.17] Glossary, definition of business customer

substitute

business customer, of an INMA firm, has the same meaning as in CIPR.

[1.18] Glossary, definition of COND

omit

[1.19] Glossary, definition of customer (including note)

substitute

customer, of an INMA firm, means a person to whom the firm provides, has provided or offers to provide a service or product, and is one of the following:

- (a) a retail customer;
- (b) a business customer;
- (c) a market counterparty.

Note The categories retail customer, business customer and market counterparty (which are defined in this Glossary) are mutually exclusive. To avoid any doubt, a customer of an INMA firm that is a market counterparty is not a business customer of the firm even if the customer would otherwise qualify as a business customer.

[1.20] Glossary, definition of customer dispute resolution scheme

substitute

customer dispute resolution scheme means the scheme established under the *Customer Dispute Resolution Scheme Rules 2019*.

[1.21] Glossary, definition of non-QFC intermediary

substitute

non-QFC intermediary, of an INMA firm, has the meaning given by rule 5.2.6.

[1.22] Glossary definition of retail customer

substitute

retail customer, of an INMA firm, means a customer of the firm who is neither a business customer nor a market counterparty.

[1.23] Glossary, definition of terms of business, note

substitute

Note Under CIPR, Parts 4.4, 5.2 and 5.3, an INMA firm must give a customer a statement, in writing, of the terms and conditions on which the firm will conduct investment and advisory business for the customer.

Schedule 2 Consequential amendments to other rules

(see r 4)

Explanatory note

Unless stated otherwise, these amendments change the references to, and provisions in, COND or *Conduct of Business Rules 2007* (which have since been repealed) to their equivalent references and provisions in the new CIPR or *Customer and Investor Protection Rules 2019*.

Part 2.1 Banking Business Prudential Rules 2014

[2.1] Rule 1.1.4, guidance 1, second dot point

substitute

- in relation to its dealings with customers—CIPR.

[2.2] Glossary

insert

CIPR means the *Customer and Investor Protection Rules 2019*.

[2.3] Glossary, definition of COND

omit

[2.4] Glossary, definition of customer

substitute

customer means a person to whom a banking business firm provides, has provided or offers to provide a service or product, and includes:

- (a) in relation to a deposit taker—a business customer of the firm (within the meaning given in CIPR); and
- (b) in relation to an investment dealer—a business customer or Islamic Banking Business Prudential Rules 2015.

Part 2.2 Islamic Banking Business Prudential Rules 2015

[2.5] Rule 1.1.11, guidance 1

omit

Conduct of Business Rules 2007,

insert

CIPR,

[2.6] Rule 12.1.11

omit

by COND,

insert

by CIPR,

[2.7] Glossary, Part 1, COND

substitute

CIPR	<i>Customer and Investor Protection Rules 2019</i>	
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[2.8] Glossary, Part 2, definition of customer

substitute

customer means a person to whom an Islamic banking business firm provides, has provided or offers to provide a service or product, and includes a business customer of the firm (within the meaning given in CIPR).

Part 2.3 Insurance Mediation Business Rules 2011

[2.9] After rule 3.1.6

insert

3.1.7 Approved representative—definition

- (1) An individual who is not an employee of a firm is an ***approved representative*** of the firm if:
 - (a) he or she is authorised under a contract (***approved representative contract***) with the firm to perform that function for the firm in or from the QFC;
 - (b) he or she has been assessed by the firm as meeting the requirements in INDI, rule 4.1.1 to perform the customer-facing function; and
 - (c) the firm has agreed in the approved representative contract to accept responsibility for his or her every act or omission in performing (or purporting to perform) that function for the firm.
- (2) A firm must not enter into an approved representative contract with an individual if the individual is a party to an approved representative contract in force with another authorised firm.

3.1.8 Non-QFC intermediary—definition

- (1) A body corporate is a ***non-QFC intermediary*** of a firm if:
 - (a) the body corporate is authorised under a contract (***non-QFC intermediary contract***) with the firm to act as an intermediary for the firm in the State outside the QFC; and
 - (b) the firm has agreed in the non-QFC intermediary contract to accept liability to the client for every act or omission of the body corporate directly applicable to the activity that the body corporate undertakes (or purports to undertake) as an intermediary for the firm in the State outside the QFC.

-
- (2) A firm must not enter into a non-QFC intermediary contract with a body corporate unless:
- (a) it is lawful for the body corporate to act as its intermediary in the State outside the QFC; and
 - (b) every law, rule or regulation of the State applying in relation to the entering into of the contract is complied with.

[2.10] Rule 3.5.4, guidance 2

substitute

2. Under CIPR, rule 6.3.1 an insurance intermediary must disclose the amount of any fees charged by the firm in relation to an insurance contract (or, if the actual amount of a fee charged by the firm cannot be given, how a customer can calculate the total amount).

[2.11] Rule 3.6.1 (2) (f) (ii), note

substitute

Note In relation to eligible intermediaries, CIPR, rule 6.3.5 states that “An authorised firm that is acting as an insurance intermediary for a foreign insurer (that is, an insurer that is established in a jurisdiction other than the QFC or the State of Qatar) must ensure that the firm complies with every law, regulation and rule of the State applying to general insurance business.”

[2.12] Rule 3.8.1, including note

substitute

3.8.1 Manner of giving notice

- (1) A notice to be given under this Part may be given in the firm’s terms of business or any other document.
- (2) In this rule:
terms of business (of an insurance intermediary for a customer) means a statement in writing of the terms on which the firm will conduct insurance mediation with or for the customer.

[2.13] Glossary, definition of approved representative

substitute

approved representative has the meaning given by rule 3.1.7.

[2.14] Glossary

insert

CIPR means *Customer and Investor Protection Rules 2019*.

[2.15] Glossary, definition of client (including note)

omit

[2.16] Glossary, definition of COND

omit

[2.17] Glossary definition of customer dispute resolution scheme

substitute

customer dispute resolution scheme means the scheme established under the *Customer Dispute Resolution Scheme Rules 2019*.

[2.18] Glossary, definition of non-QFC intermediary

substitute

non-QFC intermediary has the meaning given by rule 3.1.8.

Part 2.4 Islamic Finance Rules 2005

[2.19] Rule 3.1.1A

omit

appropriately to each of its *clients*—

insert

to each customer:

[2.20] Rule 3.1.1

omit

client with whom or on behalf of whom

insert

customer with or for whom

[2.21] Rule 3.1.2, (including guidance)

substitute

3.1.2 When disclosure must be made

An Islamic financial institution must disclose the information in rule 3.1.1:

- (a) before conducting Islamic financial business with or for the customer; and
- (b) thereafter, whenever the information changes.

[2.22] Rule 6.2.3 (1)

omit

required by COND

insert

required by the *Customer and Investor Protection Rules 2019*

[2.23] Rules 8.1.4 (4)

omit

each *client* with whom, or on whose behalf,

insert

each customer with or for whom

[2.24] Glossary

insert

customer means a person to whom an Islamic financial institution provides, has provided or offers to provide a service or product.

Part 2.5 Individuals (Assessment, Training and Competency) Rules 2014

[2.25] Rule 4.1.7 (2) (c), examples

omit

commercial customers only

insert

business customers only

[2.26] Subdivision S2.1.B.2, heading

substitute

Subdivision S2.1.B.2 Business customers

[2.27] Subdivision S2.2.B.2, heading

substitute

Subdivision S2.2.B.2 Business customers

[2.28] Subdivision S2.3.B.2, heading

substitute

Subdivision S2.3.B.2 Business customers

[2.29] Glossary, definition of business customer

substitute

business customer has the same meaning as in CIPR.

[2.30] Glossary, definition of client

omit

[2.31] Glossary, definition of commercial customer

omit

[2.32] Glossary, definition of COND

omit

[2.33] Glossary, definition of customer

substitute

customer means a person to whom an authorised firm provides, has provided or offers to provide a service or product, and includes a retail customer and a business customer of the firm.

[2.34] Glossary, definition of retail customer

substitute

retail customer means a customer of the firm who is neither a market counterparty within the meaning of the *Investment Management and Advisory Rules 2014* nor a business customer.

[2.35] Amendments relating to references to clients

omit from the following provisions “clients”:

- rule 3.1.2 (1) (c)
- rule 4.1.2 (c)
- Part 5.1, guidance
- rule 5.2.1 (3) (f)

insert

customers

[2.36] Amendments relating to customer-facing function

omit from the following provisions “customer facing function”:

- rule 6.1.2
- rule 6.1.3, heading
- rule 6.1.3 (2)
- rule 6.1.4, heading

insert

customer-facing function

Explanatory note

This amendment inserts a missing hyphen between customer and facing.

Part 2.6 Interpretation and Application Rules 2005

[2.37] Glossary

omit the following definitions:

- business customer
- Charge
- client
- commercial customer
- COND
- customer
- eligible exchange
- eligible third party
- investment business
- investment manager
- market counterparty
- Mark-up or Mark-down
- non-market-price transaction
- providing scheme administration
- readily realisable investment
- regulated exchange
- retail customer
- terms of business

[2.38] Glossary

insert

CIPR means *Customer and Investor Protection Rules 2019*.

Part 2.7 Private Placement Schemes Rules 2010

[2.39] Rules 1.2.10 (2) and (3), including notes

substitute

- (2) A **qualified investor** for a scheme is:
 - (a) a person who would (if the scheme were an authorised firm and the person were a customer of the scheme) be a business customer or market counterparty of the scheme in relation to dealings in investments that consist of (or include) units in the scheme; or
 - (b) a person who is a business customer or market counterparty of any authorised firm in relation to dealings in investments that consist of (or include) units in the scheme.
- (3) A **qualified investor** for an authorised firm in relation to units in a scheme is a person who is a business customer or market counterparty of the firm in relation to dealings in investments that consist of (or include) units in the scheme.
- (4) In this rule:

market counterparty has the same meaning as in the *Investment Management and Advisory Rules 2014*.

[2.40] Rules 8.1.1 (2) and (3), including notes

substitute

- (2) An authorised firm must not conduct a relevant investment activity for a customer in or from the QFC in relation to units in a scheme unless the customer is a qualified investor for the firm.
- (3) For this rule, **qualified investor** includes a person who is not a qualified investor for the authorised firm if the firm believes, on

reasonable grounds, that the firm could classify the person under CIPR as a business customer for the firm.

[2.41] Glossary

insert

business customer has the same meaning as in CIPR.

CIPR means *Customer and Investor Protection Rules 2019*.

customer means a person to whom an authorised firm provides, has provided or offers to provide a service or product, and includes a business customer of the firm.

[2.42] Glossary, definition of COND

omit

Part 2.8 Collective Investment Schemes Rules 2010

[2.43] Rule 1.2.12

substitute

1.2.12 Who is a qualified investor or retail customer?

- (1) For these rules, a person can be a qualified investor or retail customer for a QFC scheme or an authorised firm (or for both).
- (2) A ***qualified investor*** for a QFC scheme is:
 - (a) a person who would (if the scheme were an authorised firm and the person were a customer of the scheme) be a business customer or market counterparty of the scheme in relation to dealings in investments that consist of (or include) units in the scheme; or
 - (b) a person who is a business customer or market counterparty of any authorised firm in relation to dealings in investments that consist of (or include) units in the scheme.

Note ***Authorised firm, business customer*** and ***dealing in investments*** are defined in the Glossary.

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- (3) A qualified investor for an authorised firm in relation to units in a scheme is a person who is a business customer or market counterparty of the firm in relation to dealings in investments that consist of (or include) units in the scheme.
- (4) For these rules, a **retail customer** of an authorised firm in relation to units in a scheme is a customer of the firm who is neither a business customer nor a market counterparty of the firm in relation to dealings in investments that consist of (or include) units in the scheme.
- (5) Despite subrule (4), each of following persons is taken to be a **retail customer** of a QFC scheme:
- (a) a person who would (if the scheme were an authorised firm and the person were a customer of the scheme) be a retail customer of the scheme in relation to dealings in investments that consist of (or include) units in the scheme;
 - (b) a person who is a retail customer of any authorised firm in relation to dealings in investments that consist of (or include) units in the scheme.
- (6) In this rule:
market counterparty has the same meaning as in the *Investment Management and Advisory Rules 2014*.

[2.44] Rule 6.1.3 (1) (d)

omit

eligible exchange.

insert

eligible exchange.

[2.45] Rule 6.1.3 (1), note

omit

[2.46] Rule 8.6.8 (2) (a)

omit

the product disclosure document required under COND

insert

the key information document required under CIPR

[2.47] Rule 10.1.2 (2), including notes

substitute

- (2) An authorised firm must not conduct a relevant investment activity for a customer in or from the QFC in relation to units in a QFC qualified investor scheme unless the customer is a qualified investor for the firm.

Note **Relevant investment activity** is defined in the Glossary.

[2.48] Rule 10.1.2 (3)

omit

under COND as a *business customer*

insert

under CIPR as a business customer

[2.49] Rule 10.1.2 (3), note 2

substitute

Note 2 **Business customer** is defined in the Glossary.

[2.50] Rule 10.1.3 (2), including notes

substitute

- (2) An authorised firm must not conduct a relevant investment activity for a customer in or from the QFC in relation to units in a non-QFC scheme unless:
- (a) the scheme is a non-QFC retail customer scheme; or
 - (b) the customer is a qualified investor for the firm.

Note **Relevant investment activity** is defined in the Glossary and **non-QFC retail customer scheme** is defined in rule 1.4.1.

[2.51] Rule 10.1.3 (3)

omit

under COND as a *business customer*

insert

under CIPR as a business customer

[2.52] Rule 10.1.3 (3), note 2

substitute

Note 2 *Business customer* is defined in the Glossary.

[2.53] Rule 10.1.4

substitute

10.1.4 Part 10.1 additional to CIPR

This Part is additional to, and does not limit, CIPR.

[2.54] Rules 10.2.3 to 10.2.5

substitute

10.2.3 Prospectus and disclaimer must be provided etc—all non-QFC schemes

- (1) An authorised firm must not sell, or arrange for the sale of, a unit in a non-QFC scheme to a customer unless it has given the customer, not later than a reasonable time before the customer becomes contractually bound in relation to the sale of the unit:

- (a) a prospectus for the scheme; and
- (b) a complying disclaimer for the scheme.

Note *Customer* and *prospectus* are defined in the Glossary and *complying disclaimer* is defined in rule 10.2.1.

- (2) If an authorised firm in the exercise of its discretion buys a unit in a non-QFC scheme for a customer, the firm must:

- (a) tell the customer that the customer may request a prospectus for the scheme; and
- (b) give the customer a prospectus for the scheme on request.

-
- (3) If an authorised firm gives a prospectus for a non-QFC scheme to a customer under subrule (2), the firm must also give the customer a complying disclaimer for the scheme.
 - (4) Subrule (2) (a) does not apply in relation to the purchase by an authorised firm of a unit in a non-QFC scheme for a customer if:
 - (a) the firm has told the customer, in its terms of business, or in periodic statements, given to the customer under CIPR, that the customer may request a prospectus for any non-QFC scheme in which the firm buys units for the customer under a discretionary management agreement; and
 - (b) the firm has given the customer a complying disclaimer for the scheme, all non-QFC schemes or a class of non-QFC schemes in which the scheme is included.

10.2.4 Complying disclaimer must be given with other documents under CIPR—all non-QFC schemes

- (1) This rule applies if an authorised firm is required under CIPR to give a key information document to a customer in relation to a non-QFC scheme.
- (2) The authorised firm must, at the same time as it gives the document to the customer, give the customer a complying disclaimer.

Note *Complying disclaimer* is defined in rule 10.2.1.

10.2.5 Authorised firms must pass on documents etc—all non-QFC schemes

- (1) This rule applies if:
 - (a) an authorised firm either:
 - (i) sells, or arranges for the sale of, a unit in a non-QFC scheme to a customer; or
 - (ii) buys, or arranges to buy, a unit in a non-QFC scheme for a customer; and
 - (b) the firm later receives a document or information about the scheme from its operator.

-
- (2) The authorised firm must give the document or information to the customer.

[2.55] Rule 10.2.6 (3) (e), second dot point

omit

under COND

insert

under CIPR

[2.56] Rules 10.2.7 and 10.2.8

substitute

10.2.7 Recordkeeping by authorised firms—all non-QFC schemes

An authorised firm must keep:

- (a) a copy of each prospectus for a non-QFC scheme that it gives to customers for at least 6 years after the day it is last given to a customer;
- (b) a copy of each complying disclaimer for a non-QFC scheme that it gives to customers for at least 6 years after the day it is last given to a customer;
- (c) a record of the version of each prospectus for a non-QFC scheme that it gives to each customer, and the day it is given to the customer, for at least 6 years after the day it is given to the customer; and
- (d) a record of the version of each complying disclaimer for a non-QFC scheme that it gives to each customer, and the day it is given to the customer, for at least 6 years after the day it is given to the customer.

Note *Customer* and *prospectus* are defined in the Glossary and *complying disclaimer* is defined in rule 10.2.1.

10.2.8 Part 10.2 additional to CIPR

This Part is additional to, and does not limit, CIPR.

[2.57] Rule 12.1.6 (3) and table 12.1.6B

substitute

- (3) CIPR also deals with collective investment schemes, and the definitions of *packaged investment product* and *issuer* in those rules include a unit in a collective investment scheme and the operator of a collective investment scheme, respectively. The provisions of CIPR described in table 12.1.6B may, among others, apply to QFC retail property funds.

Table 12.1.6B CIPR provisions that may apply to QFC retail property funds

column 1 provisions	column 2 description of contents of provisions
rules 3.5.7 to 3.5.9	inducements
Part 3.6	personal account transactions
Parts 4.2 and 4.3	advertisements, personal contacts and telephone contacts
Part 4.4	initial disclosure document/terms of business
rule 5.3.4	independent investment advice
Part 5.4 and Schedule 1	key information document—form and contents

[2.58] Rule 12.6.4 (4) and table 12.6.4B

substitute

- (4) CIPR also deal with collective investment schemes, and the definitions of *packaged investment product* and *issuer* in those rules include a unit in a collective investment scheme and the operator of a collective investment scheme, respectively. The provisions of CIPR described in table 12.6.4B may, among others, apply to REITs.

Table 12.6.4B CIPR provisions that may apply to REITs

column 1 provisions	column 2 description of contents of provisions
rules 3.5.7 to 3.5.9	inducements
Part 3.6	personal account transactions
Parts 4.2 and 4.3	advertisements, personal contacts and telephone contacts
Part 4.4	initial disclosure document/terms of business
rule 5.3.4	independent investment advice
Part 5.4 and Schedule 1	key information document—form and contents

[2.59] Glossary

insert

business customer has the same meaning as in CIPR.

CIPR means *Customer and Investor Protection Rules 2019*.

customer means a person to whom an authorised firm provides, has provided or offers to provide a service or product.

eligible exchange means a regulated exchange for which the Regulatory Authority has not, by notice published on an approved website, declared that this definition does not apply to the jurisdiction in which the exchange is incorporated or established.

Note ***Regulated exchange*** is defined in this glossary.

[2.60] Glossary, definition of COND

omit