

Approval of the Amendments to the:

- 1. Companies Regulations 2005, the Limited Liability Partnerships Regulations 2005 (together the “Regulations”);**
- 2. Companies Rules (the “Rules”); and**
- 3. Late Filings Guidance Note (“Guidance Note”)**

Background

The Guidance Note has been developed in order to tackle pockets of non-compliance culture amongst QFC firms specifically concerning the filing requirements and the timeframes for submitting returns and notifications to the Companies Registration Office (“CRO”). This has been ascertained after a review by the QFC Authority (“QFCA”) and the CRO following the transfer of the CRO from the QFC Regulatory to the QFCA in Q1 2011. It is aimed at, predominantly, setting out in a clear and transparent manner, the consequences of noncompliance; deterring Firms from committing transgressions of the Regulations and Rules; and assisting them in understanding the benefits of good corporate governance and compliance.

Amendments to the Regulations and Rules were necessary to ensure that they operate effectively in so far as, amongst other things, they prescribe: (i) the correct forms needed to be completed and submitted; (ii) the correct fees payable in a timely manner; and (iii) the time limits for filing of returns and notifications. In response to the imposition of the proposed penalties, the Regulations have been amended to harmonize a twenty one days’ time limit for filing (an additional seven days to the time limit originally prescribed by the Regulations and the Rules) for Firms to comply with various ad hoc filings. While amending the Regulations, it has also proved timely to address some issues created by the new developments in the QFC such as the listing of the QFC Firms on the Qatar Exchange and the enactment of the new Security Regulations.

The draft Guidance Note together with the consequential Amendments to the Regulations and the Rules were presented to the Board and approved for public consultation on the 6th of December 2011. Invitations for consultation were sent on the 8th of December 2011 to more than 100 QFC and non QFC entities with a 30 days’ time limit for comments to be submitted. The results of the public consultation are summarised in the section below.

Summary of Public Consultation Amendments

1. Companies Regulations 2005

- Article 30 (1) was amended to state that the reduction of Share Capital must be done by way of Special Resolution. The rationale behind this amendment is to ensure that the reduction of share capital is done mandatorily by way of Special Resolution in order to allow QFC firms to meet the Qatar Finance and Markets Authority criteria for the offering and listing in the primary stock market.
- Including the obligation of filing of change of directors in Article 122 to harmonize it with the requirements of Article 117 and prescribing the appropriate penalty for breach of this obligation.

2. LLP Regulations

- There were no additional amendments to the LLP Regulations a result of the Public Consultation.

3. Companies Rules

- The minor amendments were predominantly of an administrative nature such as adding form Q23 as the prescribed Form for filing a financing statement.

4. Guidance

The amendments were minor and can be summarised as follows:

- Removing the reference to the name of the CRO Manager and the specific reference to the 20th floor of the QFC building as the CRO's address in case either ceases to be applicable.
- Removing all references to the QFC Regulatory Tribunal.

Action required

The Board is requested to discuss and approve, as appropriate, the amendments to the Regulations and Rules for enactment and to the Guidance Note for issuance as recommended above.

The Board of the QFCA approves the amendments to the Regulations and Rules for enactment and the Guidance Note for issuance

The QFCA Board on 20th March 2012 at the Qatar Financial Centre, Doha, State of Qatar

H.E. Yousef Hussain Kamal, Chairman