



Regulations of Qatar Financial Markets Authority (QFMA)

Chapter One

Definitions

Article 1

In the application of these Regulations, save where the context otherwise permits, the following phrases and words shall have the following meanings ascribed to them respectively:-

Notification of the Controlling Party	: A notification related to any change in control over a licensed company or an entity owning a licensed company.
Investment Management	: Making decisions related to the purchase or sale of financial assets on behalf of another person or under an authorization given by that person.
Promotion	: Excluding the content of a prospectus, the term promotion covers any means of communication whose intention or effect is: - a- Promoting or advertising: (1) Listed Securities or Securities forming the subject of a listing application on any financial market; (2) Any activity subject to regulation or which will be subject to regulation if performed within the State of Qatar; - b- Inviting or encouraging any person to: (1) Make an agreement with any other person concerning any Listed Securities or any securities forming the subject of a listing application on any financial market. (2) Participate in any activity subject to regulation or which will be subject to regulation if performed within the State of Qatar.
Listing	: Issuance of a license for the registration of any securities in any markets regulated by the Authority or another authority.
Relatives	: Spouse and minor children.
Protected Matters	: Information exchanged between a legal consultant and his client, or any person representing the client, with respect to legal advice offered to the customer

or legal proceedings (including the exercise of powers by Authority under these regulations and proceedings taken by the complaints committee, or for the purpose of those proceedings).

- Financial Crime : The use of the financial system for criminal, fraudulent or dishonest purposes including insider dealing, market abuse or handling the proceeds of crime
- Regulation : Intervention of a regulatory authority in the operations of the market by issuing rules of conduct imposing or restricting specific conducts and by supervising the compliance with those rules and holding accountable and punishing those who violate them.
- Close Links : A company licensed by the Authority has close links with another person if :
- (A) That other person is a Parent Entity of the company licensed by the authority;
 - (B) That other person is a subsidiary of the company licensed by the Authority;
 - (C) That other person is a Parent Entity of a subsidiary of the company licensed by the Authority;
 - (D) That other person is a subsidiary of a Parent Entity of the company licensed by the Authority;
 - (E) That other person owns or controls 20% or more of the voting rights or capital of the company licensed by the Authority; or
 - (F) The company licensed by the Authority owns or controls 20% or more of the voting rights or capital of that other person
- Parent Entity : Is an entity which:
- (1) Owns directly or indirectly, individually or with another Person, the majority of the voting rights in another entity, or benefits from this entity;
 - (2) Has the right to exercise a dominant influence over the management and operation of another entity in accordance with the memorandum of association or any other agreement;

Issuer / Issuing entity	: The entity that issues the Securities offered to the public in the primary market or listed on the secondary market.
Publication/Publishing	: Circulating written material in hard or electronic form.
Depository	: The entity responsible for clearing, settlement, safekeeping, and registration for regulated securities markets.
Overseas Regulator	: A regulatory or governmental authority, body or agency in a jurisdiction outside the State (whether it has offices in the State of Qatar or otherwise).
Year	: Gregorian calendar year.
Investment Exchange	: An organization which arranges for purchase or sale of Investments by participants using its facilities including a multilateral trading facility or which operates such a facility.
Month	: Gregorian calendar month.
Sukuk Bonds	: A certificate issued by an Issuer which creates or acknowledges the indebtedness of the Issuer to the holder or holders thereof on terms which provide for the Issuer to make payments to the relevant holder or holders calculated by reference to specified investments, but which does not provide for the payment by the Issuer of interest or of any other fixed yield in respect thereof.
Court	: Competent court in the State of Qatar.
Listed	: Licensed by the Authority for trading on a financial market.
Controller	: A Person having or acquiring, either alone or together with one or more Associate(s), control over a company licensed by the Authority
Associate	: In relation to a Person: (A) The spouse of that Person; (B) A child of that Person; (C) The trustee of any settlement (including any disposition or arrangement under which property is held on trust or subject to a comparable obligation) under which that

- Person has a life interest in possession;
- (D) An entity of which that person is a director;
 - (E) An entity in the same group as that person;
 - (F) A person who is an employee or a partner of that person;
 - (G) If that person is an entity
 - (i) A director of that person;
 - (ii) A Subsidiary of that person;
 - (iii) A director or an employee of such subsidiary; or
 - (H) Any person with whom that person has an agreement or arrangement under which they undertake to act together with respect to the acquisition, holding or disposal by each of them of shares or interests in a particular Entity, or with respect to the exercise by them of their voting power in relation to that Entity.

Prospectus/Offer Document	: A document prepared by the Issuer comprising a comprehensive, accurate and adequate disclosure of all information on the securities to be issued or issued which is of interest to investors.
Admitted Security	: Security licensed by the competent regulatory authority for issuance in the primary market or to be listed on the secondary market for trading.
Regulated Activity	: An activity licensed by the Authority and which can only be carried out by a person who is approved by the Authority.

Chapter Two

General Provisions

Article 2

Qatar Financial Markets Authority, herein after referred to as the Authority, exercises its powers under Law No. 33 of 2005, and the regulations herein and the rules it issues for the purpose of achieving its regulatory objectives, in accordance with international standards, for the establishment of leading financial markets in the State of Qatar and fostering understanding of the financial markets' objectives by investors in the financial markets and other concerned people.

To achieve its objectives, the Authority shall take into account the following matters:-

- (1) Requirements for licensing regulated markets, as set out in Appendix 3 hereto.
- (2) Financial soundness and adequate financial resources of licensed companies, in addition to the presence of effective internal control systems.
- (3) Appropriate levels of protection for the clients of licensed companies and access to various levels of information.
- (4) The level of risks relating to different types of investments or transactions.
- (5) Responsibility of licensed companies' clients for their own decisions.

Article 3

In exercising its functions and powers the Authority shall have regard to:

- (1) The need to use its resources in the most efficient and economic way;
- (2) The desirability of facilitating innovation and fostering the competitiveness of the financial markets;
- (3) The desirability of fostering competition between those who are subject to regulation by the Authority;
- (4) The principle that the Authority shall exercise its powers and functions in a fair, transparent and objective manner;
- (5) The need to comply with such generally accepted principles of good governance as it is reasonable to regard as applicable to its objectives and functions; and
- (6) The need to balance the burdens and restrictions on firms with the benefit of regulation.

Article 4

The Authority shall put in place procedures to identify and manage conflicts of interest to which its directors, officers, employees and agents may be subject in the performance of their duties, with a view to ensuring, amongst other things, that such Persons will not play any part in the making of decisions on matters in respect of which they are subject to a material conflict of interest.

Article 5

- 1- The Authority may make rules in respect of performing all activities subject to its regulation, in particular rules relating to:
 - A- Its responsibilities as Listing authority:
 - (1) The procedures and requirements for the Listing of relevant Securities and/or the admission to trading of relevant Securities on an Investment Exchange regulated by the Authority including any fees payable in respect of applications for Listing, and the continued Listing of relevant Securities on an Investment Exchange regulated by the Authority;
 - (2) Suitability requirements to be met by Issuers qualifying for admission to trading on an Investment Exchange regulated by the Authority;
 - (3) Obligations and reporting requirements for Issuers;
 - (4) Requirements as to the corporate governance practices and compliance with international best practice of Issuers including provisions as to the execution of transactions by and the declaration of interests by members of the governing body of Issuers;
 - (5) Requirements in relation to take-overs and mergers and acquisitions of Issuers listed on a Regulated Exchange;
 - (6) Circumstances in which the Authority may suspend or cancel the listing of any one or more Relevant Securities or any one or more class of Relevant Securities.
 - B- The operation of any interim or transitional Regulations relating to the implementation of these Regulations and any related Regulations;
 - C- The manner in which company licensed by the Authority may carry on Regulated Activities including restrictions on the types of Regulated Activity that a class of company licensed by the Authority or Licensed Firms generally may carry on, and any conditions or requirements to be met when carrying on certain types of Regulated Activity;
 - D- The process and requirements for individuals to become approved as Authority approved individuals and the process and requirements for varying or withdrawing such registrations;
 - E- Standards of conduct applicable to particular company licensed by the Authority and Authority approved individuals including standards applicable when those Persons deal with particular types of clients or prospective clients or when carrying on particular types of business;
 - F- The levels and types of resources (including financial resources and human resources) to be maintained by company licensed by the Authority;
 - G- The infrastructure, systems, controls and process to be implemented and maintained by company licensed by the Authority;

- H- The safeguarding or protection by company licensed by the Authority of monies and other assets belonging to their clients;
 - I- The fees payable by or in respect of company licensed by the Authority to the Authority (on a periodic basis or in respect of particular circumstances or events);
 - J- Processes, requirements and standards applicable to company licensed by the Authority and Authority approved individuals when dealing with the Authority;
 - K- The conduct of the Authority and its officers, employees and agents in relation to the exercise of the Authority's powers and the performance of its functions;
 - L- Procedures and requirements applicable to company licensed by the Authority relating to the detection and prevention of financial crime and
 - M- Its functions in relation to the dispute panel as envisaged by the dispute regulations.
- 2- The Authority may also issue standards, principles or codes of practice which, unless otherwise stated in such standards, principles or codes shall constitute Rules for the purpose of these Regulations.
- 3- The Authority may publish the proposed Rules on the Authority's website or in such other manner as it considers appropriate. The publication shall contain the following information:
- The draft text of the proposed rules;
The date on which the rules will come into force; and
An invitation to make comments to the Authority and the date by which comments must be received.
- 4- The Authority may also issue such other consultative documents, open letters, policy statements, information notices, and discussion documents and undertake such other forms of consultation and discussion as it thinks appropriate.

Article 6

The Authority may, upon request or by its own initiative, decide, in exceptional circumstances, that any of the rules issued by it apply or do not apply to specific persons in the event where it believes that the burden imposed on such person due to his compliance with the rule will noticeably exceed the benefits it intends to achieve or that the compliance with the rule will not fulfill the objective for which the relevant rule has been issued. The Authority shall ensure that the decision will not cause any unavoidable risks for the persons whose interests are intended to be protected by the rule. The decision shall be published in a way that ensures the notification of the persons who may be affected thereby and the other persons who may be subject to a similar rule.

Article 7

- 1- The Authority may issue public or private circulars, which comprise information and advice on the application of the law, by-laws or regulations or in relation to the Authority's powers, objectives or any other matters that the Authority wishes to give information or advice thereon. Such circulars shall express the Authority's opinions as at the time and the circumstances under which they were given.
- 2- Regarding public circulars, the same rules applied to seek the opinion of the dealers, shall apply prior to the coming into force of the circular. The Authority shall publish the public circular to notify the persons who may be affected thereby and the other individuals who may be subject to a similar circular unless QFMA is convinced that such step will be unsuitable or unnecessary.

Article 8

- 1- The Authority shall make available to the public: Regulations issued under the Qatar Financial Markets Law; any proposed Rules the Authority decides to publish, public circulars, details of the Depository and of all Investment Exchange regulated by the Authority; consultative documents, details of all company licensed by the authority together with such other information relating to the Regulated Activities that such company licensed by the Authority are authorised to carry on as the Authority considers appropriate, details of all Authority approved individuals recording the name of the company licensed by the Authority (s) for or on behalf of whom the Authority approved individual performs Controlled Functions, and the Controlled Functions that the Authority approved individual is registered to perform, public censures, the approvals granted or withdrawn by the Authority, the Authority's policy on penalties, the Authority's annual report, the periodic financial reports and other required disclosures filed with the Authority by Issuers, any other information the Authority decides to make public.
- 2- The Authority shall not be obliged to make information available to the public if it believes that to do so would not be in the public interest or in the interests of the financial System or would be unfair to any person or persons (other than the Authority itself) to whom such information relates (in whole or in part). The Authority shall publish on quarterly basis, details of Regulations and Rules issued during the previous quarter of the year. The Authority may provide such information for a fee or free of charge.

Article 9

The Authority shall take the measures necessary to protect the confidentiality of information.

It is prohibited to disclose any confidential information acquired during or due to the carrying out of functions, whether by the Authority or its officers, employees,

agents, contractors or any person approved to prepare a report, carry out an inspection, investigation or audit, or any of the persons concerned according to Appendix I attached hereof to carry out a review, deal with complaints filed against the Authority or inquire about the financial system or any person who may acquire this confidential information.

This confidential information may be disclosed by the Authority or the above-mentioned persons if the person concerned agrees to the same, or if the law, these Regulations or any regulation issued on the basis thereof authorizes the same, or for the purposes of the Authority's performance of its powers or the Complaints Committee, the Disputes Settlement Committee, an Anti-Money Laundering (AML) Authority or an Overseas Regulator.

Article 10

The Authority shall foster relations with Overseas Regulators and International Regulatory Associations outside the State of Qatar with a view to promoting the highest standards of domestic and international regulation and supervision and providing mutual assistance to ensure the integrity of the international marketplace.

The Authority may enter into memoranda of understanding taking into consideration the principle of reciprocity, the public interest and the applicable laws and legislation.

The Authority will keep confidential requests for co-operation and confidential information exchanged with the other Overseas Regulators unless the Overseas Regulator agrees otherwise or in the event where the confidential information is used for the purposes stated in the cooperation request or within the framework of civil or administrative executive proceedings, criminal prosecution, investigation of a contravention or in response to a legally enforceable demand, provided that the Authority shall inform the Overseas Regulator that supplied the information before responding to the request. The Authority may request the Overseas Regulator to contribute towards the cost of the request for cooperation or assistance.

Article 11

A committee shall be formed to settle disputes through arbitration and other dispute settlement means. Such committee shall exercise its functions in accordance with the rules, restrictions and conditions stipulated in the resolution of its establishment.

Article 12

- 1- The Authority may make rules with respect to the issues that the Authority should be notified or informed about by the Depository, markets, companies licensed by the Authority or individuals approved by the Authority, Issuers or other persons, including the form and content of these notices and information, the means and dates of their submission, the method of approval of the same by these bodies and the means of their execution.

- 2- Any person who supplies information or documents to the Authority, by virtue of the law, these Regulations or any rules or regulations issued in pursuance thereof or of his own accord, will not assume any liability for doing so, provided that such person has acted in good faith believing that such information or documents are related to any of the Authority's powers, in accordance with the Law, these Regulations or other regulations.

Chapter Three

Regulated Activities

Article 13

Financial markets activities may not be carried out, in or from the State of Qatar, except by Investment Exchanges and Authority regulated Depositaries , and companies licensed by the Authority.

Article 14

An activity shall be deemed to be an activity subject to regulation in the event that it is a licensed Investment Exchange, a Depositary or anything that falls within one category or more of the activities stipulated in Appendix II attached hereof and relating to one or more of the licensed Securities or it is carried out as a business .

Article 15

An activity is carried on by way of business if the person who carries on the activity; holds himself out to other persons as engaging in that activity, or regularly solicits persons other than company licensed by the Authority to engage with him in transactions constituting that activity; or the activity is carried on in a manner which is otherwise deemed to constitute the carrying on of an activity by way of business in accordance with rules issued by the Authority.

The Authority may issue rules as to the circumstances in which an activity is or is not to be regarded as carried on by way of business including the circumstances in which a person should not be regarded as holding out or soliciting or should otherwise be regarded as a client to the market.

Article 16

- 1- A person of Qatar who would not otherwise be regarded as carrying on activities in or from the State shall be deemed to be carrying on activities in or from the State of Qatar if:
 - (A) that person has its registered office in the State of Qatar and the day-to-day management of those activities (even if those activities are undertaken in whole or in part from outside the State of Qatar) are the responsibility of that Person;
 - (B) that person's registered office is outside the State but the activity is carried on from an establishment maintained by him in the State of Qatar; or
 - (C) the activities are conducted in circumstances that are deemed to amount to activities carried on in or from the State of Qatar under Rules made by the Authority.

- 2- The Authority may from time to time issue regulations as to the circumstances in which activities capable of having an effect on the financial markets are or are not to be regarded as conducted in or from the State.

Article 17

No person may buy, sell or subscribe for Admitted Securities (or buy, sell, subscribe for or enter into any Investment directly or indirectly referable to Admitted Securities) other than:

- (1) On an Investment Exchange regulated by the Authority;
- (2) In accordance with or envisaged by the rules of an Investment Exchange regulated by Authority;
- (3) Where the transaction in the Admitted Security or Investment takes place on an overseas exchange on which the Admitted Security or Investment has, with the consent of the Authority, been admitted to trading; or
- (4) As may be permitted by Rules issued by the Authority.

Chapter Four

Licensing Companies to Carry Out Regulated Activities

Article 18

The persons registered in the State of Qatar or having a branch therein may submit an application to the Authority to acquire a license for carrying out the Regulated Activities.

A licensed person may submit a request to the Authority to amend the license, by adding or cancelling one of the licensed activities, amending the conditions or restrictions imposed on the license or cancelling the license completely. The applicant may also withdraw his application by notifying the Authority of the same prior to the issuance of its decision in this respect.

Article 19

The application to acquire, amend or cancel a license should include the data and information specified by the Authority. The Authority may request any additional information it may deem necessary to make a decision with regard to the application. The applicant should notify the Authority of any relevant essential change, which may occur prior to the issuance of the Authority's decision.

Article 20

- 1- The Authority shall make a decision with regard to the application within ninety days from the date of receiving all the necessary documents. In the event where this period expires without the Authority issuing a decision, the application shall be deemed to be rejected unless the Authority informs the applicant of an extension of the period of consideration of the application. The Authority shall issue a decision to approve the application with or without conditions or reject the same.
- 2- The applicant may object to the Authority's decision rejecting his application before the Complaints Committee within three weeks from being notified of the refusal by a registered letter which receipt should be duly acknowledged.
- 3- In the event where the license application is rejected, the applicant may not submit a new application until the passage of a year from the date of the Authority's decision of be refuse.

Article 21

- 1- The applicant shall satisfy the following requirements:
 - a- Efficiency and ability to carry out the activity he does or seeks to carry out;
 - b- Fulfillment of the legal form specified by the Authority;
 - c- Sufficient financial and human resources and other resources;
 - d- Systems used by the applicant and supervision mechanisms;
 - e- Suitable premises;

- f- Interests of the licensed company's clients and effective supervision of the financial system in case a license cancellation request is submitted;
 - g-The Authority's ability to supervise effectively the applicant or the licensed company;
- 2- The Authority may take into consideration the applicant's contractual or potential relations, strong links with others or that he is subject to laws or regulations of an authority outside the State, which may probably prevent effective supervision by the Authority of the applicant.

Article 22

The license is not transferable. The licensed party's license shall not be affected by any change that may occur in its ownership, taking into consideration the rules of control stipulated in Chapter Five of these Regulations.

Article 23

The Authority may impose conditions or restrictions, or amend the ones applied on any license, or oblige any of the persons specified in the condition or restriction to carry out or abstain from carrying out any activity, or suspend or cancel the granted license or amend it by cancelling one activity or more whenever it is deemed appropriate for its regulatory objectives in the event where:

- (1) The Authority licensed company does not or will probably not satisfy the requirements for accepting the application.
- (2) The Authority licensed company does not, within a period of six consecutive months, pursue the licensed activity.
- (3) The pursuit of these powers is necessary to protect the interests of the licensed company's clients or to protect the financial system.
- (4) The Authority licensed company violates one or more of the conditions or restrictions applicable to the license thereof.
- (5) The Authority licensed company violates the law, these Regulations or any other relevant regulations or legislation.
- (6) An application is received from one of the external regulatory authorities .

Article 24

- 1- Any agreement concluded during the pursuit of the Regulated Activities by a person who does not fall within the Authority licensed companies' category shall not be binding to the other party to the agreement.
- 2- The other party to the agreement may submit a claim to the Disputes Settlement Committee to recover any funds he paid or assets he transferred by virtue of the agreement and claim compensation for any losses he incurred due to such payments or transfers. He should also return any funds or assets he received by virtue of the agreement.
- 3- When the assets transferred by virtue of the agreement are transferred to a third party, the references stated in this Article to these assets will be interpreted as references to the value of these assets at the time of the transfer by virtue of the agreement.

- 4- In the event where the Disputes Settlement Committee considers that the unlicensed person reasonably believed that he did not breach the requirements for licensing, it may issue a decision stating that the agreement shall be executed and that the funds paid or the assets transferred by virtue of the agreement shall be kept or dealt with in a way it deems appropriate.

Chapter Five

Control over Licensed Companies

Article 25

This Chapter applies to persons who acquire, or change their level or type of control over a company licensed by the Authority and company licensed by the Authority who are the subject of such acquisition or change of control.

Article 26

No person may, alone or in association with another person, assume control, or assume an increased level of control, over a company licensed by the Authority unless the Authority has first given its approval.

Article 27

- 1- Where a person proposes to acquire control over a company licensed by the Authority; or to increase, decrease or change his existing level or type of control or to cease to have control over a company licensed by the Authority, a Controller notice must be submitted to the Authority by the company licensed by the Authority in question not less than 30 days in advance of the proposed acquisition of or change in control or, where this is not reasonably practicable, immediately upon becoming aware of the proposed or actual acquisition of or change in control and inform the concerned person of his obligations.
- 2- Where the Authority licensed is not aware of the acquisition of or change in control, or is not able to obtain sufficient information to submit the Controller notice, the Controller notice must instead be submitted by the person who is proposing to acquire or change, or has acquired or changed, control within the period specified in paragraph (1) above.
- 3- The company licensed by the Authority must have in place systems and controls aimed at ensuring that it is advised of and monitors any acquisition of or change in control.

Article 28

- 1- For the purposes of this Chapter, a person acquires control over a company licensed by the Authority where he first:
 - (A) holds 10% or more of the shares in the company licensed by the Authority, or is entitled to exercise or control the exercise of 10% or more of the voting power in the company licensed by the Authority;
 - (B) holds 10% or more of the shares in a Parent Entity of the company licensed by the Authority or is entitled to exercise or control the exercise of 10% or more of the voting power in a Parent Entity of the company licensed by the Authority; or

- (C) is able to exercise significant influence over the management of the company licensed by the Authority or a Parent Entity of the company licensed by the Authority by virtue of his shareholding or voting power, or by contractual or other arrangements.
- 2- The Authority may issue Rules specifying the levels and types of control, and of change in control which will give rise to a notification requirement;
- 3- For the purposes of this Article the following terms shall have the meanings of:
 - (A) shares -
 - (i) in relation to a company licensed by the Authority or relevant Parent Entity with a share capital, means allotted shares;
 - (ii) in relation to a company licensed by the Authority or relevant Parent Entity with capital but no share capital, means rights to share in the capital of the company licensed by the Authority or relevant Parent Entity; and
 - (iii) in relation to a company licensed by the Authority or relevant Parent Entity without capital, means interests conferring any right to share in the profits, or liability to contribute to the losses, of the company licensed by the Authority or relevant Parent Entity; or giving rise to any obligation to contribute to the debts or expenses of the company licensed by the Authority or relevant Parent Entity in the event of a winding-up.
 - (B) voting power, in relation to a company licensed by the Authority or relevant Parent Entity which does not have general meetings at which matters are decided by the exercise of voting rights, means the right under the constitution of the company licensed by the Authority or relevant Parent Entity to direct the overall policy of the company licensed by the Authority or relevant Parent Entity or alter the terms of its constitution.

Article 29

- 1- The Authority shall issue its decision within thirty days from acquiring all necessary information and after consultation with the parties it considers appropriate including the competent authorities outside the State of Qatar, and shall inform the concerned company licensed by the Authority of the same. When the notice of control is submitted by a person other than the company licensed by the Authority, it shall notify both the company licensed by the Authority and the other person. The expiry of the above-mentioned period without any decision being taken by the Authority shall be deemed rejection unless an extension of the period is notified.
- 2- The Authority may cancel the approval, impose conditions thereon or amend one of the conditions already imposed, in case of non-compliance with all the standards, which constituted the basis for granting the approval or if there justifiable reasons.

Article 30

If a person has acquired, or has continued to hold, any shares in contravention of a determination or decision of the Authority, the Authority may withdraw the Licence of the company licensed by the Authority unless that person has ceased to hold any shares or have control; or

- (1) Restrict the transfer of any shares to which the obligations relate;
- (2) Restrict the voting rights exercisable in respect of such shares;
- (3) Restrict the issuing and transfer of further shares which may have been agreed to be issued or transferred;
- (4) Require that, except in a liquidation, no payment be made of any sums of whatever nature due in respect of such shares; or
- (5) Require the sale of any such shares (in which event the sale proceeds less the costs of sale and any costs incurred by the Authority order shall be paid to the persons beneficially interested in them),

Article 31

A company licensed by the Authority must submit to the Authority an annual report on the persons having control over it within a month of its financial year end. The annual report on the persons having control over it must include the name of each person having control; and the level and type of control. The Authority may require the submission of such report at any other time it deems appropriate.

Chapter Six

Approved Individuals & Regulated Functions

Article 32

A company licensed by the Authority must ensure that no individual acting for it performs a Regulated Function unless the individual is approved by the Authority.

Article 33

A Regulated Function means a function which involves:

- (1) The exercise of significant influence over the conduct of the firm's affairs in relation to Regulated Activities (including internal supervisory functions);
- (2) Dealing on the company licensed by the Authority's account in relation to Regulated Activities;
- (3) Dealing directly with clients or customers (including potential clients or customers) in relation to Regulated Activities;
- (4) Dealing with financial assets of clients or customers, or
- (5) Any function specified by the Authority as a Regulated Function.

Article 34

- 1- The Authority may approve or reject the approval request with or without conditions, or amend or cancel the same.
- 2- The granting of approval is conditional on the applicant having the capacity, competence, aptitude, educational qualification, work experience and any other conditions set by the Authority like the obligation to submit periodic reports thereto. He should notify the Authority of any material change in relation to the application immediately upon his becoming aware of such change.

Article 35

- 1- The Authority shall issue its decision within ninety days from the applicant's completion of all the required documents, the expiry of this period without any decision being taken by the Authority shall be deemed to be a rejection of the application, unless the Authority informs the applicant of an extension of the period for consideration of the application for a reasonable, specific period of time.
- 2- Upon the Authority's issuance of its decision approving or amending the license, it shall notify the company licensed by the Authority, in the manner it considers appropriate, of the functions subject to regulation that the approved individual may carry out, in addition to any conditions or restrictions related to the license. When the Authority approves the application for cancellation of a license, it should notify the Authority licensed company of the same.

Article 36

The granted approval is not transferable.

Article 37

The Authority may notify the licensed company of the imposition or variation of the conditions of approving an individual or obliging the approved individual to carry out or refrain from carrying out any activity or the suspension, variation or cancellation of one or more of the functions subject to Regulation when it considers that the approved individual did not pursue the function he was approved to perform within six months, or that he does not fulfill the above-mentioned standards necessary to grant the approval, or that he violated the law, these Regulations or any other relevant rules or legislations ,or in order to protect the interests of a Authority licensed company's clients or customers, or the financial system, or at the request of an Overseas Regulator.

Chapter Seven

Securities Depository

Article 38

It is not permissible to carry out functions of a Depository without holding a license issued by QFMA. The Depository may be a part of an Investment Exchange.

The applicant for a license shall notify the Authority of any material change in the information and data submitted by him immediately upon becoming aware of the same, if this information is likely to be relevant to the consideration of the application for a license as a Depository, like the information related to the persons controlling the applicant.

Article 39

The Depository shall abide by the following:

- (1) The conditions imposed by the Authority with regard to the performance of its activities and the use of its facilities.
- (2) The submission of any rules or regulations it may deem appropriate to issue to the participants or users thereof to the Authority to obtain its prior approval.

Article 40

The Depository shall notify the Authority of the following:

- (1) Any event, which may affect the Authority's assessment of the capacity of the depository to perform its functions or its ability to fulfill the Authority's requirements.
- (2) Any significant breaches of any of the rules or other requirements of the Authority or the failure to satisfy any of them.
- (3) Complaints submitted against it.
- (4) Changes in its financial resources.
- (5) Any suggested changes relating to the persons controlling the depository.
- (6) Any other periodic notices decided by the Authority.

Article 41

In the event where the Depository fails to satisfy its requirements, the Authority may:

- (1) Impose certain conditions on the Depository or amend the same; or
- (2) Require the Depository to carry out or refrain from carrying out specific actions; or
- (3) Transfer the functions carried out by the Depository to such other person as it may consider appropriate including the Authority itself.

Chapter Eight

Financial Markets

Article 42

No person other than a market licensed by the Authority may act as an Investment Exchange.

The Authority may make rules as to the activities that constitute or do not constitute activities of an Investment Exchange.

The applicant for a license should notify the Authority of any material change in the information and data he submitted if such information is likely to be relevant to the consideration of the application for a license as a financial market including information relating to the controllers of the market

Article 43

The market shall abide by the following:

- (1) The conditions imposed by the Authority with regard to the pursuit of the market activity and the use of its facilities.
- (2) Submission of any rules or regulations it may deem appropriate to issue to the participants or users thereof to the Authority to obtain its prior approval.

Article 44

The market shall notify the Authority of the following:

- (1) Any event, which may affect the Authority's assessment of the capacity of the market to perform its functions or its ability to satisfy the Authority's requirements.
- (2) Any significant breaches of any of the rules or other requirements of the Authority or the failure to satisfy any of them.
- (3) Complaints submitted against it.
- (4) Changes in its financial resources.
- (5) Any suggested changes relating to the persons controlling the same.
- (6) Other periodic notices decided by the Authority.

Article (45)

In the event where the market fails to satisfy the requirements, the Authority may:

- (1) Impose certain conditions on the market or vary the same.
- (2) Require the market to carry out or refrain from carrying out specific actions.
- (3) Transfer the functions carried out by the market to another person it may consider appropriate including the Authority itself .
- (4) Cancel the license granted to the market.

Chapter Nine

Hearing Appeals against the Decisions of the Authority Regulated Investment Exchange & the Depository

Article 46

The Authority shall hear appeals against decisions of an Investment Exchange regulated by Authority or Depository in relation to:

- (1) Disciplinary and enforcement decisions of an Investment Exchange regulated by Authority or the Depository;
- (2) Regulatory decisions of an Investment Exchange regulated by Authority in the exercise of its functions as such; and
- (3) Such other decisions or matters stated in the Rules of an Investment Exchange regulated by Authority or the Depository to be capable of appeal to the Authority.

The Authority shall not be subject to liability relating to the Depository or an Investment Exchange regulated by Authority in respect of this Chapter.

Article 47

When hearing and determining an appeal, the Authority may:

- (1) Consider any evidence relating to the subject matter of the appeal;
- (2) Accept any evidence, presumptions, documents or data in the way it may deem appropriate;
- (3) Require any person to attend before it at any sitting and to give evidence and produce any item, record or document in his possession relating to the subject matter of the appeal;
- (4) Ask or request any other party to ask any person appearing before it to answer truthfully any question the Authority may deem appropriate for the purposes of the proceedings;
- (5) Administer oaths;
- (6) Order the non-publication of any materials disclosed to the Authority or the non-disclosure thereof in any other way;
- (7) Stay any decision issued by the market or the Depository with regard to the complaint and any steps resulting from the same until the settlement of the subject of the complaint;
- (8) Exercise such other powers or make such other orders as may be necessary for or ancillary to the conduct of the appeal or the performance of its function;

Article 48

The Authority may make any of the following binding and final decisions:

- (1) Dismiss the appeal.
- (2) Accept the appeal and determine the steps that should be taken by the market or the Depository with regard to the subject matter of the appeal. The

Authority may issue any directions it may deem appropriate with regard to the adoption of specific procedures.

- (3) Remit the matter to the market or the Depository and give specific directions to complete all the aspects relating to the subject matter of the appeal before determination.
- (4) Oblige one of the parties to the appeal to pay the total expenses of the appeal or part thereof including the expenses incurred by the other party. These expenses shall be collected from the party that is bound by the payment as they are deemed a due debt payable forthwith.

Chapter Ten

Investigation & Inspection

Article 49

The Authority shall inspect the persons subject to its regulation to make sure that they comply with the provisions of the law, by-laws, regulations and resolutions issued to implement the same. To this end, it may carry out periodic inspections after giving advance notice.

The Authority shall also carry out surprise inspections without prior notice to fulfill its regulatory objectives or to investigate complaints or violations received thereby.

Article 50

The Authority may oblige the depository or any of the regulated financial markets, or licensed companies, or approved individuals, or issuing entities or any person subject to regulation, to submit specific information or documents that QFMA may deem necessary to exercise its powers and to enable it to perform its functions, at the time and the place it may specify.

Every person shall provide the assistance required of him by the Authority which shall include:

- (1) giving the Authority, or any person appointed by it or any investigator access to records, documents, tapes, computer systems or any other facilities for processing and storing information; in possession of the person or under his control .
- (2) assisting in identifying and locating items mentioned in (1) above;
- (3) making personnel available for interview at such time and place as the Authority may specify; and
- (4) providing entry to relevant premises .

A person shall not be required to produce protected items.

Article 51

The Authority may oblige the Depository or one of the regulated financial markets, or Authority licensed companies, or approved individuals, or issuing parties, to submit at its own expense, a report on any matter and in the form it may determine.

The Authority may determine the persons who it considers to have the skills necessary for preparing the required report, and the person concerned, shall offer all assistance to the persons entrusted with the preparation of the report within the specified time .

The Authority may request the submission of information or documents in relation to the report according to the law or these Regulations.

Article 52

- 1- The Authority may appoint one or more competent investigators, who may be or include employees of the Authority, to conduct investigations into a suspected contravention of a relevant requirement by any person and to report to the Authority accordingly.
- 2- The investigator appointed by the Authority may be an approved auditor.
- 3- The Authority must give a written notice of the commencement of an investigation to all Persons subject to investigation, unless it believes that giving such notice would risk frustrating the investigation in a material way or would be contrary to the applicable law (in which event the decision not to make such notification must be approved by the Executive President of the Authority). Any such notice must specify the purpose of and reason for the investigation.
- 4- A person under investigation is entitled to legal representation during the course of an investigation.
- 5- The Authority shall pay the costs and expenses of any investigation save that, where, as a result of an investigation, the Person under investigation is found to have contravened a relevant requirement, where appropriate, the Executive President or the tribunal may order that the person must pay the Authority in respect of the whole or any part of the costs and expenses of the investigation.

Article 53

Any investigator appointed by the Authority must, unless the investigation is discontinued for any reason, make a written report of his investigation to the Authority.

In support of an investigation, the Authority may require, any person to:

- (1) Attend before any investigator at a specified time and place and to answer questions;
- (2) Produce at a specified time and place any specified document or documents of a specified description; and/or
- (3) Provide such information or assistance as any investigator may require and the person is able to give including access to premises and access to auditors and audit information.

The written report of any Investigation need not be disclosed by the Authority to the person or persons subject to investigation or subsequent action under Chapter Eleven of these Regulations, except at the absolute discretion of the Authority or if ordered to do so by the appeals committee.

Article 54

- 1- If the Authority or an investigator has the power to require a person to produce a document, but it appears that the document is in the possession of

- a third party, that power may be exercised in relation to the third party, a third party shall include an Auditor.
- 2- The person to whom the document is produced may take copies or extracts from the document, or require the person producing the document, or any relevant person, to produce an explanation of the document.

Article 55

A statement made, information given or documents produced in compliance with a request under this Chapter shall, be admissible in evidence in any proceedings brought under Chapter Eleven of these Regulations.

Article 56

It is not a reasonable excuse for a person to refuse or fail to permit the inspection or copying of any information or document or produce, or disclose, or procure the production or disclosure of, any information or document or answer questions, or allow access to premises, on the grounds that any such information or document or answer, or access to premises, as the case may be, might tend to incriminate the person or make the person liable to a financial penalty.

Article 57

A person may not be required to produce, disclose or permit the inspection of Protected Matters. A communication or item is not a Protected Matter if it is held with the intention of committing or furthering the commission of a contravention or a crime.

Article 58

No Person shall engage in or assist in conduct that has the effect of obstructing the Authority in the exercise of its powers including the destruction of documents, the failure to give or produce information or documents specified by the Authority, the failure to attend before the Authority at a specified time and place to answer questions, the giving of information that is false or misleading, and the failure to give any assistance in relation to an investigation which the Person is able to give.

Article 59

At the request of an Overseas Regulator, the Authority may exercise the powers under this Chapter on behalf of the Overseas Regulator. The Authority may decide that it will not exercise its powers unless the Overseas Regulator undertakes to make such contribution towards the cost of the exercise as the Authority considers appropriate.

Chapter Eleven

Disciplinary & Enforcement Powers

Article 60

If the Authority considers that a person has contravened a relevant requirement in the law or the regulations or the rules or the executive decisions, the Authority may enter into a negotiated settlement with such person on such terms as it considers appropriate and the negotiated settlement will be binding on the Authority and that person. A negotiated settlement may include the imposition of one or more sanctions including where appropriate remedial actions to prevent future contraventions and may, if appropriate, provide that the person concerned neither admits nor denies culpability.

In the event such a negotiated settlement is entered into, the person concerned will be deemed to have waived its right to appeal to the tribunal in respect of the matters to which the settlement relates.

Article 61

If the Authority considers that a person has contravened a relevant requirement, the Authority may, considering the seriousness of the contravention and the history of the person, publish a statement to that effect or issue a private written warning.

The Authority may publish a statement about the violations and their perpetrators including its decision in this respect, along with any other information in the cases deemed important by the Authority.

Article 62

- 1- The Authority may impose financial penalties for the contravention of the provisions of the by-laws, Regulations and resolutions issued to execute the same in a manner that is consistent with the gravity of the violation and the resulting damages, as well as the violator's professional record.
- 2- The financial penalty shall be paid to the Authority unless it decides otherwise. Such penalty may in whole or in part be expressed as a payment of compensation. In such event, the Authority may direct that the compensation be paid to a third party (or parties) in addition to any other penalty.
- 3- Any penalty that is not paid within the period stipulated by the Authority may on application to the Court be recovered by the Authority as a debt or, in the case of compensation by the party or parties to be compensated.
- 4- The Authority may publish statement that describes the contraventions mentioned in this Article and the amount of the penalty imposed thereon, as well as the settlement reached by way of negotiation.

Article 63

The Authority may require the Depository, any Investment Exchange regulated by the Authority, or company licensed by the Authority to appoint one or more individuals to act as managers of the business of the Depository, such Investment Exchange regulated by the Authority or company licensed by the Authority on such terms as the Authority may specify in the notice.

The individual or individuals appointed to act as managers of the business of the Depository, Investment Exchange regulated by The Authority or company licensed by the Authority must be approved by the Authority.

Article 64

- 1- The Authority may require the Depository, any Regulated Exchange, Licensed Firm or Authority approved individual to give the Authority a legally enforceable undertaking in such terms as the Authority shall specify.
- 2- The Depository, company licensed by the Authority , Investment Exchange regulated by The Authority or Authority approved individual may withdraw or vary the undertaking at any time, but only with the consent of the Authority.

Article 65

The Authority may:

- (1) Prohibit a company licensed by the Authority or Authority approved individual from:
 - (A) Entering into certain specified transactions or types of transaction;
 - (B) Soliciting business from certain specified persons or types of person; or
 - (C) Carrying on business in a specified manner or other than in a specified manner;
- (2) Require a company licensed by the Authority or Authority approved individual to carry on business or conduct itself or himself in a specified manner; or
- (3) Prohibit a person from performing a specified function, any function falling within a specified description or any function; or
- (4) Restrict or suspend trading on a Investment Exchange or through the Depository; or
- (5) In the circumstances set out in Rules issued pursuant to the Issuing, Listing and Disclosure Rules:
 - (A) Suspend trading in any class of the Issuer's Securities for a specified period or indefinitely; or
 - (B) Cancel the Issuer's listing.

Article 66

In the event where a person breaches any legislation or he will probably continue to commit or repeat the breaches, the Authority may:

- (1) Take appropriate measures to prevent this breach.
- (2) Take the necessary steps to eliminate the breach and remedy the resulting situations if it is possible to take these steps.
- (3) Ask the competent judicial authority to issue an order, which prohibits this person or the said person, along with his spouse and children, as the case may be, from disposing of their funds.

This provision applies if the person has breached the legislation while being aware of the same.

Article 67

If the Authority is satisfied that a person has contravened a relevant requirement, or been knowingly concerned in the contravention of a relevant requirement, and profits have accrued to him as a result of the contravention, or one or more persons have suffered loss or been otherwise adversely affected as a result of the contravention, then the Authority may issue an order requiring the person concerned to pay to the appropriate person or distribute among the appropriate persons such amount as appears to the Authority to be just, having regard to the profits appearing to the Authority to have accrued and/or to the extent of the loss or other adverse effect suffered.

Article 68

The Authority may make rules giving persons generally or particular categories of persons who have suffered loss or damage as a result of the contravention by a person of a relevant requirement, the right to apply to the dispute panel for a restitution order against such person.

Article 69

If the Authority exercises any of its disciplinary powers under this Chapter 11, the person concerned may, within 15 business days of receipt of a decision notice, or such longer period as may be advised by the Authority in such notice, refer the matter to the Appeals Committee.

Article 70

The Authority may intervene as a party in any proceedings before the Court or the dispute panel where it considers such intervention appropriate to meet the regulatory objectives.

Article 71

Any direct or indirect action that may deceive or mislead investors with regard to transactions in securities shall be deemed null and void.

The Executive President may suspend, cancel or amend any of the transactions, as he may deem appropriate, and the market shall not assume any liability in this respect until the conclusion of the procedures necessary to bring the issue before the disciplinary committee stipulated in these Regulations.

The management of the market shall have the right to suspend trading in any Security in the event where such trading may harm the dealers in the market.

Article 72

The Executive President shall have the right to take any of the following measures in the event where an intermediary is late in paying any outstanding amounts to the market, the settlement bank or his clients or customers, provided that the decision shall be submitted to the Board of Directors in the first subsequent meeting:

- (1) Cautioning;
- (2) Warning;
- (3) Prevent the intermediary or his employee from carrying out all or part of his licensed activities;
- (4) Require the Chairman of the Board of Directors of the intermediary, to convene the Board in order to examine the issue relating to the contraventions attributed to the intermediary and take the necessary measures to correct them. In such event, the meeting shall be attended by one or more representatives from the Authority; and or
- (5) Appoint a member to the Board of Directors of the intermediary for a term determined by the Authority and grant him the right to participate in the Board deliberations and express written opinions on decisions taken by the Board.

Article 73

A Board committee or executive officers of the Authority may impose, according to the limits set by the internal procedures, financial penalties relating to contraventions considered to be routine or minor by the Authority, in accordance with the internal procedures thereof.

Chapter Twelve

Enforcement Procedures

Article 74

The Authority shall, before issuing decisions relating to disciplinary actions, licensing, approving individuals, or Depositories and financial markets, provide the person concerned with the opportunity to submit representations to the Authority about the subject of the decision in the manner and on the date it may specify. In the event where it considers that delay in the issuance of the decision may cause harm to other parties or the financial system, it may enable the person concerned to submit the representations after the decision is taken.

The Authority shall have the right, upon consideration of the representations mentioned in the previous paragraph to, revoke or amend the decision. In the event where the decision is revoked, the issue may not be referred to the complaints committee and the decision shall be deemed to have not been made. However, if the decision is amended, the issue may be referred to the complaints committee.

Article 75

In the event where the Authority decides, upon consideration of the representations submitted thereto, to exercise its powers stipulated in the law, it shall notify the person concerned of the decision in writing within ten days from the issuance thereof. The notice shall contain the details of the decision, the procedures and conditions of execution thereof and an indication of the right of the person concerned to appeal the decision to the complaints committee within a reasonable period of time, and indicate the relevant procedures.

Article 76

In the event where the person concerned by the decision does not appeal within the period prescribed in the notice or within fifteen days from receiving the decision, the Authority may execute the action specified in the decision unless it decides that it should be immediately executed in order to avoid causing any damage to the financial system or other parties.

Article 77

If the Authority decides not to take the action to which a notice of decision relates, it must give a notice of discontinuance identifying the proceedings which are being discontinued to the person to whom the notice of decision was given.

If a person to whom a notice of decision is given does refer the matter to the appeals committee, the action specified in the notice of decision shall, unless otherwise stipulated in the notice of decision, be stayed pending the outcome of the appeal.

Article 78

Subject to any other rights and obligations contained in the Qatar Financial Markets Law and these Regulations on the part of the Authority relating to the publication of information, neither the Authority nor any person to whom a notice of decision is given or copied may publish the notice or any details concerning it.

Article 79

After a statement in respect of a public censure or warning is published, the Authority must send a copy of it to the relevant person and to any other person to whom a copy of the relevant notice of decision was given.

Article 80

If any of the reasons contained in a notice of decision relate to a matter which identifies by name a third party other than the person to whom the notice is given, and in the opinion of the Authority, is prejudicial to the third party, a copy of the notice may, at the Authority's absolute discretion, be given to the third party and the third party invited to make representations to the Authority.

Article 81

If the Authority gives a person a notice of decision it must allow him access to the documents and other materials on which it relied in taking the decision which gave rise to the obligation to give the notice. The Authority may refuse a Person access to particular material if, in its opinion, allowing access to the material would not be in the public interest or would not be fair (whether to other parties to whom the material relates or otherwise).

Article 82

- 1- The Authority must prepare and publish a statement of its policy with respect to the imposition of financial penalties, and the amount of penalties having regard to the seriousness of the contravention in question and the extent to which that contravention was deliberate or reckless or has been repeated, whether the person on whom the penalty is to be imposed is a natural or legal person, the effect on third parties, and the best interests of the financial system; and whether an appropriate sanction has already been imposed in any other forum.
- 2- The policy published by the Authority shall include fixed or maximum penalties for routine or minor contraventions and shall also include appropriate provision for the making and notification of such penalties outside the notice of decision procedure.
- 3- The Authority may at any time alter or replace a statement issued under this Article.
- 4- If a statement published under this Article is altered or replaced, the Authority must publish the altered or replacement statement.

Chapter Thirteen

Financial Communications

Article 83

The Authority may make rules relating to the circumstances in which financial communications may be made or approved by companies licensed by the Authority and the form and content of such financial communications.

Article 84

The Board may issue rules determining the circumstances in which a person who is not a company licensed by the Authority may or may not make (or cause to be made) in the course of business any financial communication in or into the State, or having an effect in the State, without the content of the communication first having been approved for the purposes of this Article by a company licensed by the Authority.

Chapter Fourteen

Public Issuance of Securities

Article 85

- 1- No Person may:
 - (A) offer relevant Securities to the public or request the admission of any relevant Securities unless a Prospectus which has been approved by the Authority has been made available to the public before the offer or request (as the case may be) is made, and an Application is made to an Investment Exchange regulated by the Authority for admission of the relevant Securities to trading;
 - (B) engage in any promotional activity which is calculated or intended to solicit or encourage any person to subscribe for, or to acquire, any relevant Securities which are, or are proposed to be, admitted to listing or trading on an Investment Exchange regulated by the Authority except as required or permitted by these regulations, any related regulations or rules; and
 - (C) an offer shall not be deemed to be made to the public if it is made to or directed at a particular group of people.
- 2- The Board may issue regulations excluding from the scope of paragraph 1 specified types of relevant Securities for which it would not be appropriate for a Prospectus to be issued or restricting the circumstances in which paragraph 1 applies.

Chapter Fifteen

Market Abuse

Article 86

A person may not behave in relation to an Admitted Security (or a relevant Security in respect of which an application for admission to trading on Investment Exchange has been made) or a related Investment, where such behaviour consists of that person:

- (1) acquiring or disposing of, or attempting to acquire or dispose of, for his own account or for the account of a third party, either directly or indirectly, an Admitted Security or related Investment in possession of inside information relating to the Admitted Security or related Investment;
- (2) disclosing inside information in respect of an Admitted Security or related Investment to another person otherwise than in the proper course of the exercise of his job, profession or duties; or
- (3) recommending or inducing any person, on the basis of inside information in respect of an Admitted Security or related Investment, to acquire or dispose of an Admitted Security or related Investment to which that information relates;

Article 87

A person may not behave in relation to an Admitted Security (or a relevant Security in respect of which an application for admission to trading on Investment Exchange has been made) or a related Investment, where such behaviour consists of that person (otherwise than for legitimate reasons in conformity with accepted market practice on the relevant market) effecting, or participating in effecting, transactions or orders to trade or otherwise behaving with respect to an Admitted Security or related Investment in such a way which:

- (A) gives a false or misleading impression as to the supply of, or demand for, or as to the price or value of, one or more Admitted Securities or is likely to do so, or
- (B) secures the price of one or more Admitted Securities at an abnormal or artificial level;

Article 88

A person may not behave in relation to an Admitted Security (or a relevant Security in respect of which an application for admission to trading on Investment Exchange has been made) or a related Investment, where such behaviour consists of that person effecting, or participating in effecting, transactions or orders to trade connected with or using fictitious devices or any other form of deception or contrivance.

Article 89

A person may not behave in relation to an Admitted Security (or a relevant Security in respect of which an application for admission to trading on Investment Exchange regulated by the Authority has been made) or a related Investment, where such behaviour consists of that person disseminating, or causing the dissemination of, information by any means which gives, or is likely to give, a false or misleading impression as to an Admitted Security by a person who knew or could reasonably be expected to have known that the information was false or misleading.

Article 90

The Authority may issue rules in respect of the scope and effect of the application the Articles in this Chapter Fifteen including:

- (1) defining inside information;
- (2) particular types of conduct that are to be regarded as contravening this Chapter Fifteen and
- (3) reasons and practices which may or may not be regarded as legitimate, and accepted market practices.

Chapter Sixteen

Contraventions

Article 91

A person commits a contravention if he:

- (1) Fails to comply with any prohibition or requirement imposed on him by the Authority or any undertaking given by him to the Authority or does any act or thing that is prohibited under or breaches any requirement of the Qatar Financial Markets Law, these Regulations, the rules or any other related regulations;
- (2) Knowingly or recklessly provides to the Authority any information which is false, misleading or deceptive, or conceals information where the concealment of such information is likely to mislead or deceive the Authority;
- (3) Conducts Regulated Activities in breach of the Qatar Financial Markets Law and the Regulations;
- (4) Knows or suspects that Authority action under Chapter Four and Chapter Twelve of these Regulations is being or is likely to be conducted. and
 - (A) Falsifies, conceals, destroys or otherwise disposes of a document which he knows or suspects is or would be relevant to such action, or
 - (B) Causes or permits the falsification, concealment, destruction or disposal of such a document, unless he shows that he had no intention of concealing facts disclosed by the documents from the Authority or any nominated person preparing a report or investigator undertaking an investigation under Chapter Ten of these Regulations.

Article 92

- 1- If a person is knowingly concerned in the commission of a contravention by another person, the person also commits the contravention.
- 2- If an officer of a body corporate is knowingly concerned in the commission of a contravention committed by a body corporate, the officer also commits the contravention.
- 3- If the affairs of a body corporate are managed by its members, Article (92)(2) applies in relation to the acts and defaults of any of the members in connection with his management duties as if he were a manager of the body corporate.
- 4- If a person is knowingly concerned in commission of a contravention by a company in which he is a shareholder or appears to be so, or by all or some of its constituent shareholders, he also commits a contravention.
- 5- If an officer of an unincorporated association (other than a Mahassah Company) or a member of its governing body is knowingly concerned in commission of a contravention by the association, that officer or member also commits a contravention.

- 6- For the purposes of this Article (92), “officer” means a director, member of a committee of management, chief executive, or other similar officer of the body corporate or association, or a person purporting to act in such capacity, and an individual who is a Controller of the body corporate.
- 7- For the purposes of this Article (92), a person is knowingly concerned in commission of a contravention if, and only if, that person:
 - (A) has aided, abetted, counseled, or procured the contravention;
 - (B) has induced, whether by threats or promises or otherwise, the contravention;
 - (C) has in any way, by act or omission, directly or indirectly, been knowingly involved in or been party to, the contravention; or
 - (D) has conspired with another or others to commit the contravention.

Chapter Seventeen

Complaints & Compensation

Article 93

The Authority may make rules relating to the manner in which it shall handle complaints and to the manner in which, and time within which company licensed by the Authority deals with complaints received from their clients or customers and relating to the circumstances in which disputes must or may be referred to the dispute panel.

Article 94

The Authority may establish or approve the establishment of a fund or funds for insurance against risks specifying all the matters related thereto including its objectives, manner of management, membership conditions, financial resources, assets management, procedures and liquidation.

Chapter Eighteen

Appointment of Auditors

Article 95

- 1- The Authority may make rules which require a company licensed by the Authority or a company licensed by the Authority falling within a particular class, to appoint an auditor, if it is not already subject to a separate requirement to do so.
- 2- The Authority may make such Rules regarding:
 - (A) the appointment, term of office, registration or removal of auditors;
 - (B) the qualification or approval of auditors;
 - (C) the duties, functions and powers of auditors;
 - (D) the scope, content and timing of any reports, reviews or audits to be undertaken by auditors;
 - (E) the approval by the Authority of auditors;
 - (F) the remuneration of auditors;
 - (G) the notification of reporting obligations of auditors (whether to the relevant company licensed by the Authority, the Authority or otherwise); and
 - (H) such other related or ancillary matters the Authority thinks fit.
- 3- An auditor to whom any such rules made by the Authority apply shall comply with and have such rights and powers as are prescribed by such Rules.

Article 96

- 1- An auditor which is, or has been, appointed by a company licensed by the Authority or has knowledge of a company licensed by the Authority by virtue of its appointment as an auditor to any person with whom a company licensed by the Authority has Close Links (and any director, officer, employee, agent or contractor of an auditor or accountant so appointed):
 - (A) must disclose to the Authority any matter concerning the company licensed by the Authority which suggests a breach, (whether actual, suspected or anticipated) of the Qatar Financial Markets Law, these regulations or other related regulations or any rules;
 - (B) inform the Authority of any matter concerning the company licensed by the Authority and give his opinion in respect of any such matter (provided that he is acting in good faith and he reasonably believes that the information is relevant to any functions of the Authority and the proper functioning of the company licensed by the Authority), and will not contravene any duty to which he is subject merely by giving the Authority such information.
- 2- This Article (96) shall not apply to the extent that making such a disclosure or providing such information or opinion would result in disclosure of a Protected matter.

- 3- No Person shall be subject to detriment, loss or damage purely by reason of his acting in such a way that causes or assists an Auditor:
 - (A) to comply with its obligation to make a disclosure to the Authority.
 - (B) to exercise its rights to inform the Authority of or give an opinion in respect of any matter.

Article 97

- 1- A company licensed by the Authority, or any director, officer, partner, employee, agent or contractor of the company licensed by the Authority shall co-operate with auditors appointed pursuant to rules made under Article (96) in the fulfilment of their respective duties as such.
- 2- An auditor of a company licensed by the Authority under Article (95) 1:
 - (A) Has a right of access at all times to the company licensed by the Authority's books, accounts and material records; and
 - (B) Is entitled to require from the company licensed by the Authority's officers such information and explanations as he reasonably considers necessary for the performance of his duties as auditor.
- 3- Any provision in an agreement between a company licensed by the Authority and an auditor or director, officer, partner, agent or contractor of a company licensed by the Authority which is inconsistent with their respective obligations under this Chapter shall be void.

Article 98

Where an auditor is removed, for any reason, by the company licensed by the Authority under Rules made under Article (95), the auditor must:

- (1) notify the Authority of that fact without delay;
- (2) notify the Authority of any matter connected with its ceasing to act for the company licensed by the Authority, which it thinks ought to be drawn to the Authority's attention; or
- (3) if there is no such matter as described in (2) above, notify the Authority of that fact.

Article 99

A person commits a contravention of these Regulations if he:

- (1) knowingly or recklessly gives an auditor appointed pursuant to rules under these regulations information which the auditor requires, or is entitled to require, which is materially false or misleading; or
- (2) omits to give an auditor information where the omission of such information is likely to mislead or deceive; or
- (3) destroys or conceals information, documents or records when he knows, or ought reasonably to know, that such conduct would or could result in such auditors being unable to fully and effectively fulfil their functions under this Chapter.

Chapter Nineteen

Financial Insolvency

Article 100

The Authority may where it considers it appropriate in the exercise of its regulatory objectives, apply to the court to commence insolvency proceedings in relation to a person which is, or has been, a company licensed by the Authority, or is carrying on, or has carried on, a Regulated Activity in contravention of the Qatar Financial Markets Law, or is in default on an obligation to pay a sum due and payable under an agreement the making or performance of which constitutes or is part of a Regulated Activity carried on by it.

Article 101

If a person other than the Authority makes an application to the court to commence insolvency proceedings in relation to, or to enter into voluntary arrangements with, a person which is, or has been, a company licensed by the Authority, or is carrying on, or has carried on, a Regulated Activity in contravention of the Qatar Financial Markets Law, or is in default on an obligation to pay a sum due and payable under an agreement the making or performance of which constitutes or is part of a Regulated Activity carried on by it, that person shall promptly notify the Authority and the Authority may appoint representatives to participate in such proceedings.

Appendix 1

The Authority (QFMA)

Article 1

The Authority retains the revenue raised from fees and financial penalties imposed in accordance with the provisions of the law and regulations particularly:

- (A) Fees charged in respect of the performance and exercise of its duties, functions and powers, such as licensing, authorization and approval fees as determined by the Authority according to these Regulations.
- (B) The financial penalties paid to the Authority under an order rendered by a court or the complaints committee or any other party within the limits consistent with the policies approved by the QFMA Board of Directors.

Article 2

The Authority is required to keep accounting records which are sufficient to show and explain its transactions and are such as to disclose with reasonable accuracy the income and expenditure and assets and liabilities and financial position after the end of each financial year. The Authority Board shall procure that accounts for the Authority are prepared in accordance with internationally accepted accounting principles.

Article 3

- 1- The Authority Board shall appoint independent auditors, being a firm of chartered accountants with an office in the State to audit the annual accounts of the Authority. The auditors shall report as to whether the relevant accounts show a true and fair view of the financial affairs of the Authority during the financial year in question and its assets and liabilities at the end of the year in question and any other matters that the auditors may consider appropriate or relevant.
- 2- The Authority shall, within three months after the end of each financial year, send to the Council of Ministers a copy of its audited accounts and a report of its activities and any further reports as the Council of Ministers may require.
- 3- The auditors shall have the right of access at all times to all information held or controlled by the Authority or any of its directors, officers, employees, agents or contractors reasonably required by the auditors for the purposes of preparing the report.
- 4- The Authority and its directors, officers, employees, agents and contractors shall co-operate with the auditors in the performance of their duties and shall provide promptly to the auditors such information and explanation as the auditors shall consider necessary.

Article 4

Neither the Authority nor any members of the Authority Board nor any officer or member of staff of the Authority shall incur any civil liability in relation to any acts or omissions done or omitted to be done in good faith in carrying out or purporting to carry out their respective powers, duties or functions under or pursuant to the Qatar Financial Markets Law, these Regulations or any related regulations.

Neither the Authority nor any members of the Authority Board, members or officers, are relieved from civil liability in connection with any commercial contract entered into by them.

Article 5

- 1- A member of the Board of Directors of the Authority shall have sufficient experience in the field of securities or finance or banking activities or regulatory activities or accounting or financial markets.
- 2- The Board of Directors shall determine the terms and controls according to which any member of the Board may be assigned any duty in addition to his duties as a member of the Board of Directors of the Authority.
- 3- The Board of Directors of the Authority may engage any person (on such terms and conditions as it may deem proper) to assist the Board in meeting the duties and obligations imposed upon the Board or which are referred to the Board from time to time. The person engaged shall be subject to the direction of the Board of Directors of the Authority.

Article 6

- 1- The Chairman of Board of Directors of the Authority shall determine the time, date and place of the first meeting of the Board within two months from the date of constituting the Board.
- 2- The Board convenes, upon an invitation by its Chairman, or upon a request from three of its members. A prior written notice shall be sent to the members of the Board of Directors indicating the time, date and place of the meeting. The Board shall determine the method of drafting and signing the minutes of its meetings.
- 3- The meetings of the Board of Directors may be held by phone or by audiovisual communication (so that all attending members may have the opportunity to simultaneously speak to each other) when there is a need to make an urgent decision. Such a meeting shall be valid provided that all the notification procedures are satisfied and the legal quorum is present. The members of the Board of Directors may take decisions by circulation, provided that all the members agree to the decision.
- 4- A meeting of Board of Directors of the Authority shall not be valid unless it is attended by the majority of its members, including the Chairman or the Vice-Chairman.

- 5- The decisions of the Board of Directors are passed by the majority of votes present, and in case of tied vote, the Chairman shall cast the deciding vote.
- 6- The member of the Board of Directors may not vote in a meeting discussing any matter in which he has a direct or indirect interest.

Article 7

None of the members may represent another member of the Board of Directors or vote on his behalf in any meeting of the Board.

Article 8

The Emir may remove a member of the Board of Directors if:

- (A) He becomes incapable of performing his functions for health reasons; or
- (B) He is declared bankrupt; or
- (C) He is convicted of a criminal offence; or
- (D) He commits a serious misconduct; or
- (E) He has acted or refrained from action (professionally or privately) in such a manner as to bring the Authority into disrepute.

Article 9

- 1- The Board of Directors shall appoint the Chief Executive Officer (CEO) of the Authority who shall be responsible for managing all the administrative, financial and technical affairs of the Authority.
- 2- The CEO shall prepare reports on the activities and operations of the Authority as may be requested by the Board. He shall also submit a written report to the Board about all those matters every three months.
- 3- Except for the discussions of the Board of Directors on the performance of the CEO or the terms of his appointment, a notice shall be sent to the CEO to inform him of all the Board's meetings. He may attend such meetings if the Board decides so, but he shall not have the right to vote.
- 4- The Board of Directors of the Authority may appoint a Deputy CEO on advice from the CEO. The Deputy CEO shall be responsible, before the Board, for assisting the CEO in the day to day administration and operation of the Authority to the extent he is authorized and empowered by the Board from time to time. The Deputy CEO may attend the meetings of the Board in the absence of the CEO or at the invitation of the Board and he shall not have the right to vote.

Article 10

The Authority is to be managed by the Authority Board. The powers, duties and functions of the Authority Board shall include:

- (1) laying down general policies and plans for the Authority and monitoring their implementation;
- (2) laying down the internal procedures and methods of operation of the Authority;

- (3) ensuring the Authority is run in accordance with the regulatory objectives and the principles of good regulation;
- (4) promoting, operating and running the Authority in accordance with the Qatar Financial Markets Law and the best international standards;
- (5) providing all infrastructure, personnel, services and support as may be needed;
- (6) arranging for the proper administration and operation of the Authority and the delegation of powers to the Chairman and the Executive President in this regard as it thinks appropriate;
- (7) preparing and issuing such Regulations (or amendments, modifications to or repeat of existing Regulations) as it shall deem appropriate to operate its objectives or to aid it to implement, carry out and enforce its powers and functions from time to time;
- (8) approving the budget of the Authority and its yearly financial accounts;
- (9) reporting to the Council of Ministers on the activities of the Authority as required by the Qatar Financial Markets Law and these Regulations;
- (10) making, and publication of, rules, guidance and waivers in pursuance of the powers, duties and functions of the Authority;
- (11) sharing information and providing assistance to other regulatory authorities and entering into agreements or understandings with such authorities according to the provisions of these Regulations; and
- (12) carrying out of any other business, assignments, or duties that may be entrusted to it by the Council of Ministers.

The validity of any act of the Authority will not be affected by a vacancy in the office of the Chairman of the Authority's Board or of any Authority's Board member.

Article 11

- 1- The Authority Board may delegate any of its powers to any committee constituted by the Authority Board and which may be comprised of such persons (whether or not they are Authority Board members) as the Authority Board shall determine, and may establish the regulations to govern proceedings and meetings of such committee.
- 2- The Authority Board shall establish, a management committee which shall be chaired by the Executive President and shall include among its members the Deputy Executive President when appointed and which may , be delegated such powers and given such authority as the Authority Board may determine.
- 3- The Authority Board and any committee established by the Authority Board may create any advisory group (or similar) and co-opt such ex-officio members onto such group as it thinks appropriate.

Article 12

The Authority shall maintain appropriate records for Regulatory purposes, and particularly the following records:

- (1) Decisions taken in the course of exercising its functions;
- (2) Financial markets ;
- (3) Brokers ;
- (4) Approved individuals ;
- (5) Any other records required for the proper conduct of its business;

Article 13

The Authority is required to comply with the following reporting requirements:

- (1) to provide a copy of its audited accounts, and report of its auditors to the Council of Ministers;
- (2) to provide an annual report to the Council of Ministers within three months of the end of each financial year reviewing the activities of the Authority throughout that year and the extent to which, in its opinion, the Regulatory Objectives have been met and the Principles of Good Regulation complied with and to make such report available for public inspection in such manner as the Authority considers appropriate; and
- (3) to provide such other reports to the Council of Ministers on the activities of the Authority at such frequency and in such manner as the Council of Ministers may determine.

Article 14

- 1- The Authority must make arrangements for the prompt, efficient, impartial, transparent and independent investigation of complaints made against it arising out of the exercise, or failure to exercise, any of its functions.
- 2- The Authority shall not be obliged to investigate or arrange for the investigation of:
 - (A) any complaint which it reasonably considers would be more appropriately dealt with in another way (for example by the Court, the Dispute Panel or the Tribunal);
 - (B) any complaint about the Authority's relationship with its employees;
 - (C) any complaint connected with contractual or commercial disputes involving the Authority and not connected with its regulatory function;
 - (D) any complaint relating to the role of the Authority in recommending or commenting on proposed regulations or regulatory policy, the making of Rules and the issuing of Guidance or waivers; and
 - (E) complaints which the Authority reasonably considers to be frivolous or to amount to no more than a dissatisfaction with its general policies or with the exercise of, or failure to exercise, a discretion where no unreasonable, unprofessional or other misconduct is alleged.

- 3- Subject to paragraph (4) in this Article (14), the Authority shall be entitled to publish such details of its findings in respect of complaints made against the Authority as it thinks appropriate.
- 4- The details published pursuant to paragraph 14(3) shall not disclose the name of any person (other than the Authority) or contain particulars which are likely to identify any such person unless in the opinion of the independent investigator :
 - (A) the omission of such particulars would be likely to materially impair the effectiveness of the details published, or
 - (B) it is necessary in the overriding interest of the public to do so, taking into account the interests of any other person referred to in this paragraph.

Appendix 2

Specified Activities

Article 1

An activity will not constitute Regulated Activities for the purposes of these Regulations if it falls within one or more of the categories of exemptions set out in the following paragraphs.

1- Group Exemption:

The group exemption applies only to an activity carried on with or for persons within the same group as the person undertaking that activity.

2- Employee Share Scheme Exemption:

The employee share scheme exemption applies to the activities of Dealing in Admitted Securities, and Advising on Admitted Securities where:

- (A) the purpose of the activity in question is to facilitate the participation by employees, directors, former employees or former directors of a body corporate in Shares of that body corporate or Shares of a member of the same Group as that body corporate or other Investments whose price is linked to such Shares; and
- (B) the activity in question is carried out by the body corporate or a member of the same Group as that body corporate.

Article 2

An activity is a Specified Activity for the purposes of these Regulations if it falls within one of the descriptions set out in the following paragraphs and does not fall within the scope of any of the exclusions set out in that paragraph.

Article 3

Dealing in Admitted Securities

1- Activity:

Dealing in Admitted Securities is the activity of buying, selling or subscribing for Admitted Securities or agreeing to do so, either as a principal or as an agent.

2- Exclusions:

- (A) An Issuer will not be Dealing in Admitted Securities by virtue of being the Issuer of such Admitted Securities.
- (B) Taking a pledge, charge or security interest over Admitted Securities for the repayment of a debt or other obligation will not in itself constitute Dealing in Admitted Securities.

Article 4
Arranging Deals in Admitted Securities

- (1) **Activity:**
Arranging Deals in Admitted Securities is the activity of making, or agreeing to make arrangements with a view to another person buying, selling or subscribing for Admitted Securities.
- (2) **Exclusions:**
The making by a person of arrangements with a view to the following are excluded from the Specified Activity of Arranging Deals in Admitted Securities:
 - (A) a transaction, to which that person is to be a party either as principal or as agent for another person;
 - (B) the provision of finance to enable a person to buy, sell or subscribe for Admitted Securities; and
 - (C) taking a pledge, charge or security interest over Admitted Securities for the repayment of a debt or other obligations.
- (3) A Person does not carry on the Specified Activity of Arranging Deals in Admitted Securities merely by providing the means by which one party to a transaction is able to communicate with other parties to such a transaction.
- (4) An Issuer will not be Arranging Deals in Admitted Securities hereof by virtue of being the Issuer of such Admitted Securities.

Article 5
Providing Custody Services

- (1) **Activity:**
Providing Custody Services is the activity of both safeguarding and administering Admitted Securities belonging to another person or agreeing to do so.
- (2) **Exclusions:**
The following activities do not constitute administering assets:
 - (A) providing information as to the number of units or the value of any Admitted Securities safeguarded;
 - (B) converting currency; or
 - (C) transmitting documents.
- (3) The Authority may make Rules specifying activities related to the provision of custody services which constitute the Specified Activity of Providing Custody Services.

Article 6
Arranging the Provision of Custody Services

- (1) **Activity:**
Arranging the Provision of Custody Services is the activity of arranging for one or more persons to Provide Custody Services.

- (2) Exclusions:
- A Person will not carry on the Specified Activity of Arranging the Provision of Custody Services if:
- (A) he is to provide custody services for himself; or
 - (B) he merely provides the means by which the provider of custody services communicates with the person to whom Custody Services are or are to be provided.

Article 7

Advising on Admitted Securities

- (1) Activity:
- Advising on Admitted Securities is the activity of giving or agreeing to give advice to a person on the merits of:
- (A) buying, selling or subscribing for a particular Admitted Security (or relevant Security in respect of which an application has been made to become an Admitted Security) or
 - (B) exercising any right conferred by an Admitted Security to acquire, dispose of, underwrite or convert an Admitted Security and includes:
 - (i) producing investment research; and
 - (ii) providing advice to an Issuer or prospective Issuer in the capacity of approved adviser.
- (2) Exclusions:
- The giving of advice in a newspaper, journal, magazine or other periodical publication is excluded from the Specified Activity of Advising on Admitted Securities provided that the principal purpose of the publication or service taken as a whole is:
- (A) Not Advising on Admitted Securities; or
 - (B) Leading or enabling a Person to Deal in Admitted Securities.

Article 8

Managing Investment in Admitted Securities

- (1) Activity:
- Managing Investment in Admitted Securities is the activity of managing, or agreeing to manage, assets belonging to another person where:
- (A) the assets consist of or include Admitted Securities; and
 - (B) the arrangements for their management are such that the assets may consist of or include Admitted Securities at the discretion of the person managing or offering or agreeing to manage them.
- (2) Exclusions:
- There are no specific exclusions for this activity.

Appendix 3

Requirements related to Regulated Markets

Article 1

A Investment Exchange regulated by the Authority must have adequate financial resources for the proper performance of its functions an Investment Exchange having regard to the all circumstances including its connection with any person, and any activity carried on by it.

Article 2

- 1- A Investment Exchange regulated by the Authority must be fit and proper to undertake its functions as such. In determining whether a body is suitable for these purposes, relevant factors will include its connection with any person or persons whose interests may come into conflict with the performance by the body of its functions as a Investment Exchange regulated by Authority (including any person who owns or controls the Investment Exchange) or may otherwise jeopardise the reputation of that body or undermine its integrity as an Investment Exchange.
- 2- Persons who are in a position to exercise significant influence over the management of the Investment Exchange, directly or indirectly, must also be suitable and be of sufficiently good repute and sufficient experience and expertise to ensure the sound and prudent management and operation of the Investment Exchange regulated by Authority.

Article 3

- 1- A Investment Exchange regulated by the Authority must have appropriate systems and controls for the performance of its functions as a Investment Exchange regulated by the Authority and appropriate for the nature and the scale of its business. Relevant systems and controls include systems and controls for:
 - (A) risk management;
 - (B) effecting and monitoring of transactions;
 - (C) the transmission of information;
 - (D) identification and management of conflicts of interest;
 - (E) internal and external audit;
 - (F) information technology systems;
 - (G) monitoring compliance by the Investment exchange regulated by the Authority with the Rules; and
 - (H) the safeguarding and administering of assets.
- 2- An Investment Exchange regulated by the Authority must have in place appropriate arrangements to facilitate the performance by the Depository of the depository function.

Article 4

An Investment Exchange regulated by the Authority must have appropriate arrangements for the purposes of protecting investors including:

- (1) Effective, efficient and transparent operation of the Investment Exchange regulated by the Authority;
- (2) Limit dealings on its facilities to investments in which there is a viable market;
- (3) Make information available to persons engaged in dealing in investments on it, including market data and changes to the Regulated Exchange's rules. Pre-trade data must be made available to investors on a continuous basis during normal business hours. Market data must be made available on reasonable commercial terms.
- (4) Procedures to ensure that parties to transactions executed thereon are required to discharge their liabilities in a timely manner.
- (5) Arrangements for the recording of transactions effected thereon.
- (6) Measures (including monitoring transactions on the Investment Exchange regulated by the Authority) to reduce so far as possible the extent to which its facilities can be used to perpetrate financial crime.
- (7) Adequate systems, procedures and arrangements for business continuity and disaster recovery.
- (8) Details of the ownership of the Investment Exchange regulated by the Authority must be made available to the public.

Article 5

- (1) An Investment Exchange regulated by the Authority must always promote and maintain standards of integrity and fair dealing in the performance of its functions and must ensure that any activity carried on using its facilities also meets this standard.
- (2) An Investment Exchange regulated by the Authority must co-operate and have appropriate arrangements for sharing information with the Authority.
- (3) An Investment Exchange regulated by Authority must carry out periodic internal audits and ensure that its staff maintain standards of integrity and fair dealing.

Article 6

An Investment Exchange regulated by the Authority must have a set of published rules which it keeps under review and updates as necessary in line with developments in the State and internationally. An Investment Exchange regulated by the Authority must have procedures for the amendment of its rules which include procedures for appropriate consultation with users of the exchanges facilities, and for the prior approval of any proposed amendments by the Authority.

The rules must include appropriate procedures for:

- (1) the treatment of unsettled contracts in the event of the default of one or more of its members;
- (2) arbitration proceedings in the event that a dispute arises in respect of transactions executed on the Investment Exchange regulated by the Authority;
- (3) disciplinary proceedings by the Investment Exchange regulated by the Authority in respect of breaches of its rules; and
- (4) the investigation and resolution of complaints.

Appendix 4

Conditions related to the Depository

Article 1

A Depository must have sufficient financial resources for the proper performance of its functions as a depository having regard to all circumstances including its connection with any person, and any activity carried on by it.

Article 2

- (1) A Depository must be a fit and proper person to undertake its functions as such. In determining whether a body is fit and proper for these purposes, the following factors, amongst other things, are relevant, the Depository's connection with any person or persons (including any person who owns or controls a Investment Exchange regulated by the Authority) whose interests may come into conflict with the performance by the body of its functions as a Depository or may otherwise jeopardise the reputation of that body or undermine its integrity as a Depository or any other matters the Authority may decide; and
- (2) Persons who are in a position to exercise significant influence over the management of the Depository, directly or indirectly, must also be suitable and be of sufficient experience and expertise to ensure the sound and prudent management and operation of the Depository.

Article 3

A Depository must have appropriate systems and controls for the performance of its functions as a Depository and appropriate for the nature and the scale of its business. Relevant systems and controls include systems and controls for:

- (1) risk management and assessment;
- (2) the transmission of information;
- (3) identification and management of conflict of interests;
- (4) internal and external audit;
- (5) information technology systems;
- (6) monitoring compliance by the Depository with the Rules; and
- (7) the safeguarding and administering of assets belonging to users of the Depository.

Article 4

The Depository shall have appropriate criteria for the protection of investors including:

- (1) Participation by intermediaries and other professional participants in the Depository.
- (2) A Depository must ensure that investors have the necessary access to its facilities and that there are arrangements in place to protect the orderly function of the Depository's facilities and investors' interests.

- (3) A Depository must have appropriate arrangements for relevant information to be made available to persons engaged in using the Depository, including details of holdings and changes to the Depository's rules.
- (4) A Depository must have arrangements for the recording, clearing and settlement of transactions using its facilities.
- (5) A Depository must have satisfactory arrangements for the safeguarding and the administration of investors' assets.
- (6) A Depository must adopt measures to reduce so far as possible the extent to which its facilities can be used to perpetrate financial crime and market abuse.
- (7) A Depository must have adequate systems, procedures and arrangements for business continuity and disaster recovery.

Article 5

A Depository must always promote and maintain high standards of conduct in the performance of its functions which include:

- (1) Ensuring that any activity carried on using its facilities meets the standards of integrity and fairness.
- (2) Co-operating and having appropriate arrangements for sharing information with the Authority.
- (3) Carrying out periodic internal audits and ensure that its staff also promote and maintain standards of integrity and fair dealing.

Article 6

- (1) A Depository must have a set of published rules relating to the use of its facilities and services which it keeps under review and updates as necessary in line with developments in the State and internationally. The Depository's rules must have procedures:
 - (A) ensuring that parties to transactions executed on a recognised Investment Exchange are required to discharge their liabilities in a timely manner; and
 - (B) having a set of rules which apply where a user defaults on obligations under a transaction on a Investment Exchange regulated by the Authority or appears likely to be unable to meet their obligations in respect of one or more market contracts. The rules must make provision for, amongst other thing, notification of the default to affected parties, and co-operation by the Depository with the Authority and Investment Exchange regulated by the Authority.
 - (C) for the investigation and resolution of complaints made against the Depository itself.
- (2) A Depository must have procedures for the amendment of its rules which include procedures for appropriate consultation with users of its facilities, and for the prior approval of any proposed amendments by the Authority.

Appendix 5

Investments

Each of the following is an Investment:

1-Share:

A share or stock in the share capital of:

- (A) anybody corporate (wherever incorporated); or
- (B) any unincorporated body.

2-Debt Instrument:

An instrument creating or acknowledging indebtedness that is:

- (A) a debenture;
- (B) debenture stock;
- (C) loan stock;
- (D) a bond;
- (E) a certificate of deposit; or
- (F) any other instrument creating or acknowledging a present or future indebtedness that is transferable without the consent of the borrower.

3-Warrant:

A warrant or other instrument entitling the holder to subscribe for:

- (A) Shares; or
- (B) Debt Instruments.

4-Securities Receipt:

- (A) Subject to paragraph 4(B), a certificate or other instrument which confers contractual or property rights in respect of a Share, a Debt Instrument or a Warrant held by a person (the Security holder) other than the person on whom the rights are conferred by the certificate or other instrument (the certificate beneficiary), the transfer of which may be effected without requiring the consent of the Security holder;
- (B) An Option is not a Securities Receipt for the purposes of these Regulations.

5-Option:

An option to acquire or dispose of:

- (A) a Share, Debt Instrument, Warrant, Securities Receipt, Unit in a Collective Investment Fund, Future, or Contract for Differences;
- (B) currency of any country or territory;
- (C) metals / commodities; or
- (D) an option of the kind specified in paragraphs 5(A), (B) or (C).

The Authority may issue Rules excluding from the scope of paragraph 5(options which are entered into for commercial and not investment purposes and setting out circumstances in which a contract is to be regarded as made for commercial or investment purposes.

6-Future:

Rights under a contract for the sale of a commodity or property of any other description under which delivery is to be made at a future date and at a price agreed on when the contract is made and which is made for investment and not commercial purposes.

The Authority may issue Rules as to the circumstances in which a contract is to be regarded as made for commercial or investment purposes.

7-Contract for Differences:

Rights under a contract the purpose or purported purpose of which is to secure a profit or avoid a loss by reference to fluctuations in:

- (A) the value or price of property of any description; or
- (B) an index or other factor designated for that purpose in the contract.

The Authority may issue Rules excluding from the scope of this paragraph Contracts for Differences which are entered into for commercial and not investment purposes and setting out the circumstances in which a contract is to be regarded as made for commercial or investment purposes for the purposes of this paragraph.

8-Unit in Collective Investment Fund:

A Collective Investment Fund is any arrangement:

- (1) The purpose or effect of which is to enable persons taking part in the arrangements (the participants) to participate in or receive profits or income arising from the acquisition, holding, management or disposal of property or sums paid out of such profits or income;
- (2) The contributions of the participants and the profits or income out of which payments to be made are pooled; and
- (3) The property is managed as a whole by or on behalf of the operator of the scheme.
- (4) the arrangement is made with respect to property of any description, including money, whether the participants become owners of the property or any part of it or otherwise; and
- (5) Any of the participants do not have day-to-day control over the management of the property, whether or not they have the right to be consulted or give directions in respect of the property.

The Authority may make Rules specifying the circumstances in which particular arrangements do not constitute a Collective Investment Fund for the purposes of paragraph (8/1).

9-Units in Investment Funds:

Units (howsoever described) in an Investment Fund established under Law(25) of 2002

10-Right in Investments:

Any right or interest in any Investment under this Part.