The QFMA's Board Decision
No. (05) Of 2019 Concerning the Issuance of

Financial Services Rulebook

The Board of Directors,

Having considered Law No. (8) Of 2012 of Qatar Financial Markets Authority, as amended by Decree-Law No. (22) Of 2018;

QFMA's Board Decision No. (5) Of 2009 concerning the issuance of Financial Services Rulebook;

QFMA Regulation

Qatar Stock Exchange Rulebook;

Proposal of the QFMA's Chief Executive Officer;

QFMA's Board Decision at its 1st meeting on 18th of March 2019;

And as required by the public interest;

We have decided the following:

Article (1)

The ***Financial Services Rulebook*** annexed to this decision shall come into full force and effect.

Article (2)

Decision No. (5) of 2009 referred to shall hereby be repealed.

Article (3)

All competent authorities, each within its jurisdiction, shall implement this decision. The decision shall be effective from the date of issuance and shall be published in the Official Gazette.

Mohammed Bin Hamad Bin Qassim Al-Thani

Chairman of the Board of Directors

Issued on 27/08/1440 H
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This is a translation of the Official Arabic version. In case of any discrepancies, the Arabic version shall prevail.

Financial Services Rulebook

Amended by QFMA's Board Decision No. (2) Of 2021 & Decision No. (4) Of 2025

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Chapter One

Definition

Article (1)

In addition to the definitions contained in the QFMA's Law and its Regulation, in the application of the provisions of this Rulebook and of the Appendices attached herewith, the following words and phrases shall have the meaning given to them hereunder, unless the context requires otherwise:

State:	State of Qatar
Law:	Law No. (8) Of 2012 regarding Qatar Financial Markets Authority.
Authority:	Qatar Financial Markets Authority (QFMA).
Board:	Board of Directors of the Authority**.**
Financial Markets:	Markets licensed for dealing in securities, pursuant to the provisions of the Law.
Company:	A financial services company licensed by or registered at the Authority to conduct any of the activities prescribed in Article (4) of this Rulebook.
Representative:	A natural person who works for the Company, and acts in its name, and at its responsibility.
Broker's Agent:	A legal person who conducts, according to a contract with the Company, an activity for its account, in return for remuneration.

Custodian: A person who conducts the activity of custody services (cash or securities) for persons dealing in securities.

Financial Broker: A person who conducts execution of securities purchase or sale's orders for others or for own securities' account. Such person shall be a member of one of the Financial Markets or the Depository in accordance with the classification set forth in this Rulebook.

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Investment Trustee: A person who conducts the activity of administering and monitoring the management of investments of clients to ensure such management conforms to the client's investment objectives indicated in the investment agreement concluded between the client and the Investment Manager.

Investment Manager: A person who conducts the activity of managing investments by making decisions related to buying and selling financial assets on behalf of another person by virtue of a power of attorney.

Financial Advisor: A person who conducts the activity of providing advice and consultancy on investment in securities to others for a consideration.

Issuance Manager: A person who conducts with respect to the issuance of securities; obtaining the relevant approvals for offering and distributing securities to those applying for subscription, preparing the final results of the subscription and any other ancillary measures.

Underwriter: A person who conducts guaranteeing the sale of securities issued in the primary market by buying and reselling such securities, or undertaking to buy what the issuer cannot sell, or by making his best efforts to sell the securities, or any other means.

Compliance Officer: A person who is responsible for ascertaining the compliance of the Company with the laws, regulations, and controls applicable to it as well as the contracts and agreements concluded with its clients and customers.

Top Management: The chairman and other members of the Company's Board, or a directors' panel or a similar body as the case may be, and the senior executive management.

Senior Executive Management: The chief executive manager and the other executive managers who report directly to him.

Appeals Committee: The committee provided for by the law of Qatar Financial Markets Authority

Depository: A company licensed by the Authority to carry out the functions of depository.

Promotion and Marketing: Marketing, distributing, advertising, publishing or making available any data, information or advertising material relating to the call for subscription or investment in securities, or encouraging any person to agree with another person in respect of a listed security, submitted an application for listing or has been offered in the Qatari market.

Listing Advisor: A person authorized to perform the procedures for obtaining the relevant approvals and providing advice for the purpose of listing or continuing listing in the Financial Markets.

Article (2)

The Authority may issue appendices related to the regulation of the Company's activities, which shall complement, interpret, or give details of the provisions of this Rulebook, and shall have the same legal force as this Rulebook and shall be an integral part of it.

Chapter Two

Licensing Conditions & Procedures

Article (3)

(Amended by QFMA's Board Decision No. (04) Of 2025, Official Gazette- Issue (13)/ 01 June 2025)

Any person may perform, in or from the State, the financial services activities set out in Article (4) of this Rulebook, after obtaining a license issued by the Authority. The registration of companies authorized by Qatar Financial Centre Regulatory Authority (QFCRA) in the register prepared for this purpose at the Authority constitutes a license.

Article (4)

With respect to issuance of securities to the public or their trading amongst investors, and when any of the following activities is carried out by way of a business, it shall be considered as a financial services activity subject to regulation by the Authority:

1- Execution of securities purchase or sale's orders for others.
2- Securities' trading for own account
3- Custody services (cash or securities)
4- Broker Agent
5- Advice on securities
6- Securities' investment management
7- Investment trusteeship
8- Underwriting issuance of securities.
9- Securities' issuance management
10- Market maker
11- Liquidity providing
12- Margin trading
13- Securities' lending and borrowing
14- Securities marketing and promotion

15- Listing advisor in securities.
16- Any other activity deemed by the Authority to be added to these activities.

Article (5)

The Financial Broker may perform execution of purchase or sale's orders for others or of own securities' account, and be a member of one of the Financial Markets or Depository according to the following classification:

a) **Executing Broker:** conducts execution of purchase or sale's orders for others only, and contracts with a full-service broker for settlement and clearing the transactions that he executes, and is a member of one of the Financial Markets.
b) **Clearing Broker**: conducts execution of purchase or sale's orders for others plus the functions of securities' investment management and advice on securities and shall be a member of one of the Financial Markets and Depository. Clearing broker may apply for margin trading, securities' lending and borrowing, securities' marketing and promotion, investment trusteeship, and any other activity determined by the Authority.
c) **Full-Service Broker:** conducts securities' trading for own account and execution of securities purchase or sale's orders of securities for others, plus market maker, liquidity providing and advice on securities and shall be a member of one of the Financial Markets and Depository. The full-service broker may apply for any of the financial services activities set out in Article (4) of this Rulebook.

Article (6)

For granting a license to conduct financial services activities, the applicant must satisfy the following conditions:

1. It must be a Qatari company whose objective is limited to carrying out one or more of the activities set out in Article (4) of this Rulebook.
2. No member of its Top Management has been convicted, during the last three years directly preceding the date of submitting the application for a license, of an immoral or fraudulent crime or misdemeanor or any crime prescribed in the Commercial Companies Law or Law No. 8 of 2012; or has been declared bankrupt, unless he has been rehabilitated.
3. Its Senior Executive Management must have high levels of efficiency and experience in Financial Markets business.
4. The applicant must not be subject to legal proceedings that might affect its financial position or capability of fulfilling the regulatory requirements of the Authority.
5. The paid up capital of the applicant should not be less than the following:

Classification	**Capital (QR)**	**Bank Guarantee**
Executing Broker	3,000,000	1,000,000 to the Authority
Clearing Broker	10,000,000	5,000,000 to the Depository
Full-Service Broker	20,000,000	10,000,000 to the Depository
Other financial services companies:		
- Advice on securities.	1,000,000	
- Securities' Investment Management	5,000,000	
- Investment Trusteeship.	2,000,000	
- Underwriting issuance of securities.	5,000,000	
- Securities' Issuance management.	2,000,000	
- Custody services (cash or securities).	20,000,000	
- Margin trading.	10,000,000	
- Securities' Lending and borrowing	2,000,000	
- Market Maker.	20,000,000	
- Liquidity provider.	10,000,000	

- Execution of securities purchase or sale's orders for others	3,000,000	
- Securities' trading for own account	5,000,000	
- Marketing and promotion.	100,000	
- Listing advisor.	100,000	
1. Broker Agent.	100,000	

The total minimum capital for clearing broker shall be 15 QR million and for full-service broker shall be 30 QR million if either of them apply to perform any of the optional financial services activities available for each of them. This has resulted in an increase in the total minimum activities beyond the above limit. For other financial services companies licensed to perform all financial services activities (excluding margin trading, securities' lending and borrowing, execution of securities purchase and sale's orders for others, securities' trading for own account, market maker and liquidity provider), the minimum paid up capital shall be QR 25 million in case apply for performing all these activities.

The activities of margin trading, securities' lending, execution of securities purchase and sale's orders for others, securities' trading for own account, market maker and liquidity provider shall be restricted to categories of financial broker according to the classification set out in Article (5).

6. The applicant should provide any financial guarantees determined by the Authority.
7. The applicant must comply with the following:

    a) Appoint an adequate number of approved individuals pursuant to Appendix Two of this Rulebook.
    b) Make available the requisite financial and technical resources.
    c) Adopt internal controls that suit its activities.
8. The applicant must pay the application fees due to the Authority.
9. The applicant must obtain the approval of Qatar Central Bank (QCB) in the case of entities subject to its Regulation.

Article (7)

As an exception to the provisions of Article (6 item 1)) of this Rulebook, the Authority's Board may allow a company licensed in another state to conduct any of the financial services activities or the Financial Broker categories set out in Article (4) and (5) of this Rulebook, if the state granting a license to the company allows reciprocal treatment, or any other requirement required by the Board.

Article (8)

An applicant for a license shall submit an application to the Authority as per the approved form in this regard. Fees for processing the application must be paid upon submission of the application, and shall not be returned if a license is not granted.

Article (9)

A company under establishment wishing to obtain a license from the Authority, to conduct any of the activities subject to regulation, shall submit a request for an initial approval to the Authority. The submission shall be in the form approved for this purpose, and shall enclose the required documents and information for granting a license, provided that the company shall satisfy all the remaining conditions and requirements upon completion of its establishment procedures.

Article (10)

The following documents and information shall be attached to the application for an initial license:

1. Future business plan of the company that shall include the method of conducting the activity, the categories of prospective clients, and the services expected to be provided.
2. Audited financial statements covering the last three financial years of the company, if applicable.
3. Information about shareholders who own individually five percent (5%) or more of the capital of the company.

4. Undertaking pledging compliance with the approved internal regulations in accordance with the Authority's decision prior to performing the activity.

Article (11)

The license application shall be submitted within six months from the date of notification of the initial license with the following documents:

1- Particulars of the members of Senior Executive Management of the company, showing their respective positions.
2- A copy of the decision of the company's Top Management regarding:
    a. Authorization of the individual who signs the license application.
    b. The contract concluded with a Senior Executive Manager to manage the business of the company.
3- Authenticated copies of valid; commercial register, articles of association, memorandum of association, and commercial license of the company.
4- The technical and technological resources that will be used by the company to conduct its activities in the market and the approval of the market or the Depositary as the case may be.
5- The location of the company's headquarters and branches.
6- A copy of the adopted or proposed internal regulations for directing the operations of the company, including at least the following information:
    a. Procedures of opening clients' accounts and receiving their orders from the date on which the client came to deal with the company and until the end of the operation and his notification thereof.
    b. The company's administrative structure which shall show the functions of the departments and divisions, the duties and responsibilities of managers and the company's representatives in dealing with others, in addition to a detailed description of the functions and responsibilities of its employees.

c. The administrative and organizational relation between the headquarters of the company and its branches, and the business that the branch is allowed to conduct.
d. The procedures for registration of communication exchanged between the company and its clients.
e. The procedures for processing the complaints of the company's clients.
f. The company's internal controls.
g. The procedures for dealing with any violation of the mutual obligations between the company and others.

7- Samples of forms for opening client accounts.
8- Procedures for controlling inside and confidential information that preventing its leakage to persons who are not authorized to have access to such information. In the cases where the applicant is a member of a group of companies or conducts more than one activity, the procedures and controls that will be followed to prevent the leakage of inside and confidential information to the remaining members of the group.
9- Controls proposed to avoid conflicts of interest.
10- A list of the approved functions in the company, and the particular nature of the operations of each such function and its place in the organizational chart, and the names of the employees assigned to such functions.
11- An undertaking, written in the wording specified by the Authority, pledging compliance with the laws, provisions, decisions, and amendments thereof issued by the Authority or by a regulated Market on which he trades, or by a Depositary with whom he deals, or by a concerned government body or by any other authority that the Authority determines that its laws and decisions should be followed. Such undertaking shall be signed by the person authorized to sign on behalf of the company.

Article (12)

The Company shall not combine any activity mentioned in Article (4) of this Rulebook with the any other activity, except for conducting the following activities by banks to operate in the State authorized by Qatar Central Bank (QCB) or licensed by Qatar Financial Center Regulatory Authority (QFCRA):

1. Custody services (cash or securities).
2. Investment trusteeship.
3. Underwriting issuance of securities.
4. Securities' issuance management.
5. Advice on securities.

Article (13)

If the Company is a subsidiary of another company, shall consider the following:

1. The Board chairman of the other company, his deputy or the CEO shall not participate in the Company's board membership.
2. The Board members of the other company shall not exceed one third of the Board members of the Company, provided that each member shall not be a managing director, a CEO or has another executive role in the Company.

Article (14)

The Authority shall issue its decision on the license application within a maximum period of ninety days from the date of submission of an application that is accompanied with the required documents and information. The expiry of this period without the Authority issuing a decision, shall be deemed a rejection of the application, unless the Authority notifies the applicant of the extension of the time required for processing the application for another period specified in the notice. The Authority may issue a decision to grant a license with or without conditions, or refuse the application.

Article (15)

The Authority shall notify the applicant of its decision within ten business days from of the issuance date of the decision, via a registered letter (or any other method confirming receipt of the notification).
The applicant may appeal against the Authority's refusal decision before the Appeals Committee within fifteen business days from the date of receiving the refusal notification.

Article (16)

If the license application is rejected, the applicant may apply again for a new application only after six months from the date of refusal by the Authority.

Article (17)

The licensed Company may, by the Authority's approval, waive the license granted to it to others through selling, giving, leasing, lending, mortgaging or any other means.

Article (18)

The license period shall be three years and expire at the end of December of the year. The first license shall be valid from the date of its grant until the end of December of the third year after the year of granting the license.

The license or registration shall be renewed by an application submitted to the Authority at least two months before the license or registration expiry, and shall be after verification of the Company's continued compliance with the provisions of this Rulebook and the payment of renewal fees or annual registration fees. The Authority may suspend the Company from practicing the activity once the license period has expired.

Article (19)

The Authority may ask the Company for a valid, unconditional, and irrevocable bank guarantee payable upon request, in order to cover losses that might be incurred by investors or the Market as a result of negligence or fraud by the Company or any of its Representatives or Agents.

Article (20)

The Company shall replenish the guarantee within a maximum period of ten business days from the date of its falling below the prescribed amount, whatever the reason of the reduction might be.

Article (21)

The Authority may oblige the Company to provide an insurance policy or a bank guarantee as a security against risks of trading, mismanagement, and failure to settle its obligations.

Article (22)

The Company shall commence a licensed activity within six months from the date of notification of the decision granting a license; otherwise, the decision shall be considered void. Such period may be extended for another periods from the date of its expiry based on justifications acceptable by the Authority.

Article (23)

The Company may conduct more than one licensed activity but if such combination of activities results in a conflict of interests, the Company shall carry out each activity separately and under a separate management and in a manner that prevents completely consultation, coordination and exchange of information about trading in securities amongst the managements and teams involved in the different activities.

Article (24)

The Authority may publish its decisions related to the granting of licenses on its website and in newspapers.

Article (25)

The fact that the Authority had granted a license or registration to the Company or an approval to an individual, for conducting any activity mentioned in this Rulebook, does not mean that the Authority approves of the conduct of that person nor that it certifies or acknowledges the soundness of his financial position and the appropriateness of his behavior, even though he might have been complying with the provisions of this Rulebook, had been submitting reports and keeping records pursuant to the provisions of this Rulebook.

Chapter Three

Rights & Obligations of the Company

Article (26)

The Company shall comply with the rules of conduct stated below:

1- **Honesty and Fairness**
The Company shall observe honesty and fairness in dealing with its clients and shall work loyally for their interests and protect the integrity of dealing in the Market.

2- **Diligence**
The Company shall conduct its business with efficiency, prudence, and caution and it shall particularly execute orders received from its clients immediately according to the type and conditions of authorization given by the client to the Company. If a market order was not executed at the market price during the business day when it was given, the Company must seek new instructions from the client.

3- **Resources**
The Company shall have the necessary and sufficient resources for carrying out its activities proficiently and shall use such resources effectively and efficiently.

4- **Information about the Client**
The Company shall obtain from its clients information about their financial situation, experience in the field of investment, and their investment objectives related to the services that they require from the Company.

5- **Providing Information to Clients:**
The Company shall make adequate disclosure of all relevant information in its dealing with its clients, and the price at which

a transaction was executed must be equal or better than the price that the client could have obtained or paid had he executed the transaction himself.

6- Conflict of Interests

The Company shall seek to manage any conflict of interests in a manner that ensures that all its clients receive fair treatment and that they are not exposed to any adverse procedures, behavior, or treatment due to such conflict of interests. It shall disclose to its clients the significant interests or the conflict of interests whether in general, or in relation to a specific transaction in order to make sure that the client does not object to it.

7- Compliance

The Company shall comply with all the regulatory requirements applicable to its activities, in order to achieve the interests of its clients in the best manner and foster integrity of dealing in the Market.

8- Fair Treatment of Clients

The Company shall not give preferential treatment to any client at the expense of another client, particularly shall send client orders to the concerned Market as they are without any change. The Company shall give priority to client orders over the orders it issues for its own account, or for the account of the shareholders in the Company or its Board members, or its managers, or its Representatives or its Agents.

9- Risk Management

The Company shall adopt effective controls to manage risks and make sure that its Top Management bears the responsibility for the organization of its affairs according to such systems and controls. The Company shall observe the provisions prescribed in Appendix (1) of this Rulebook on internal controls.

10- Protection of funds of clients

The Company shall make arrangements for the protection of its clients' funds in an appropriate manner; when such assets fall under its responsibility pursuant to the scope of responsibility that it has accepted.

11- Relationship with the Regulatory Authority

The Company shall deal with a regulatory authority where it is subject to its regulation; in a transparent and collaborative manner, and it must immediately notify the Authority of any matter concerning the Company that must be notified to the Authority.

12- Confidentiality

The Company shall ensure that, confidential information it receives from its clients in the course of dealing with them, shall be treated in an appropriate manner; and the Company shall not disclose any information about the client or his funds to any other person except to:

a- A person authorized in writing by the client.
b- Legal heirs of the client.
c- Judicial authorities in the State.
d- Governmental authorities such as the tax authorities.
e- The Authority or any other entity approved by the Authority.

In all aforementioned circumstances, the Company shall notify the Authority.

13- Provision of Advice

Advice shall not be provided to a client with respect to Securities unless the person who gives the advice:

a- Is authorized to give such advice.
b- Is in possession of correct, recent, and sufficient information enabling him to give advice.
c- He shall inform the client of any interests that he or any of his employees, or any of his associates have in such Securities; if such interests may affect the independence and objectivity of his advice.

14- Solicitation

The Company shall adopt systems, controls, policies, and procedures to ensure that:

a- It does not offer, give, invite, or accept any solicitation that may conflict with any of its obligations towards its clients.

b- It does not attempt to attract business through unethical means or through means that do not conform to the rules of proper business conduct.

15- Client's Understanding of Risks:

The Company must take the necessary steps to ascertain that a client understands the nature of risks associated with the relevant activity; and the Company may fulfill this obligation, when it writes an appropriate warning, clearly, in its terms of provision of services, or in another document sent by the Company to the client.

16- Excessive Fees and Disclosure of Fees

The Company must ensure that fees charged to clients in return for provision of regulated services are not excessive and that they are commensurate with the regulations. The Company must disclose in writing to its clients the basis or amount of the fees that it charges for conducting activities for the account of its clients.

17- Gains Made from Contraventions or Mistakes in Operations:

The Company shall not have any right to any benefits obtained in violation of a law, regulations, instructions, and decisions issued pursuant to, or because of rectification of a mistake or a violation. Such benefits must be paid to the Authority.

18- Misusing Information and Front running:

The Company and its employees shall not use the Company's clients' information related to activities on Financial Markets for achieving any personal benefit, whether directly or indirectly. Particularly, they shall not front run clients; in other words concluding one or more transactions for the account of the Company before executing the order received from the client to achieve a benefit from the impact the client order might have on prices.

19- Prohibiting Lending Clients' Money:

The Company shall not lend monies of its clients to other parties.

Article (27)

An individual who is approved by the Authority shall comply with the following principles:

1- **Integrity:**
Act at all times in conformity with standards of integrity in performing his functions that are subject to regulation.

2- **Proficiency, Care, and Diligence**
Observe high standards of proficiency, care and diligence, in performing his functions that are subject to regulation.

3- **Code of Conduct:**
Comply with the rules of professional conduct in performing his functions that are subject to regulation.

4- **Observing Transparency in Dealing with the Authority:**
Observe cooperation and transparency in dealing with the regulatory authority where he is subject to its regulation, and shall immediately notify the Authority of anything concerning the Company about which the Authority expects to be notified.

5- **Management and Control:**
An individual approved by the Authority, who is a Board member or Senior Executive Management of the Company, shall give priority to his managerial responsibilities and make sure that the work of the Company for which he is responsible is effectively supervised and complies with the requirements of the financial system.

Article (28)

The Authority shall determine the fees and commissions charged by the Company for the services it provides.

Article (29)

Companies may establish associations based on licensed activities. Such associations shall have legal personalities after being licensed and registered by the Authority; and in such capacity, they can carry out their activities, achieve their objectives, protect the interests of their members, and raise the level of awareness about the rules of professional conduct.

Article (30)

The relationship of the Company with other similar Companies shall be governed by the rules of professional conduct and fair and legitimate competition.

Article (31)

The Company shall act on behalf of its clients according to the instructions received from them. It shall observe any conditions contained in such instructions as well as the time priority of the instructions (first-come, first served principle) to achieve the interests of the clients. As an exception by the Authority, activities such as Investment Management shall be governed by special rules.

Article (32)

The Company shall be liable for its own actions, the actions of its Representatives and Agents, and for any harm to its clients resulting from any technical failure on its part or from its non-compliance with the terms of authorization given by the client.

Article (33)

The Company shall not be culpable in its relationship with its clients as long as it establishes that it behaved according to the authorization or instructions given by its clients and in their best interests and by observing due diligence for this purpose.

Article (34)

The Market may, upon a request of the Company, and after notifying the Authority, freeze the securities of a client if the Company gives acceptable justifications. The Company shall bear all the obligations arising from the execution of such request.

Article (35)

The Company shall maintain an appropriate level of financial adequacy to cover the risks might encounter pursuant to the controls determined by the Authority in this respect.

Article (36)

The Company shall participate in the risk insurance fund that shall be established or approved by the Authority; and according to the controls determined by the Authority in this respect.

Article (37)

The Company shall not own shares, whether directly or indirectly, in another licensed Company that is not listed. However, if the other licensed Company has its shares listed on the Market, the provisions related to control, which are stipulated in Chapter Five of the Regulations of the Authority, shall be observed.

Article (38)

Securities shall not be sold unless their ownership by the client had been verified, and the Company shall not pay the sale proceeds to the client only after having executed the sale.

Article (39)

The Company shall provide the Authority periodically, with a list showing: the names of its employees, their spouses, children and relatives up to second degree ,as well as the names of its Agents and their employees entrusted with performing functions related to licensed

activities. The Company shall inform the Authority of any changes in such information.

Article (40)

The Company's employees, their spouses, and minor children shall not deal in securities except through the Company for which the employee works, if such Company is licensed as a Financial Broker. The Company shall notify the Authority of any such transactions on the day on which they took place.

Article (41)

The Company shall keep the monies of its clients in special accounts separate from its own money, and it shall not dispose of such monies except for the authorized purposes.

Article (42)

The Company shall make sure that its junior employees or the employees who do not have sufficient experience are supervised effectively while performing their duties; and it shall train its employees and the employees at its Agents in order for them to perform the duties assigned to them in an efficient manner.

Article (43)

A trainee is a natural person who joins the Company to work therein for a certain period, under the supervision of an employee of the Company in order to acquire more knowledge or skills in the performance of a specific job. In such case, the Company shall observe the following:

1- The person who supervises the training must be fully responsible for all the work performed by the trainee.
2- The Company shall ascertain that the trainee enjoys the basic qualifications that enable him to benefit from the training and that he has integrity, honesty, and good behavior.
3- Before the commencement of training, the Company shall provide the Authority with the following information:

a- Information about the trainee (his name and ID)
b- Academic qualifications
c- Subject of training
d- Duration of training
e- The department concerned with the training and the name of the person who will directly supervise the performance of the trainee.
f- An undertaking by the trainee not to benefit from the information that he might have access to during the training period, for buying or selling securities or achieving any other commercial benefit, or disclose such information to another person

Article (44)

The Company shall notify the Authority in writing, within a period not exceeding ten business days, of its introduction of any changes that might affect the submitted information and documents based on which a license was granted to the Company. The Company must obtain the approval of the Authority of such changes before their coming into force; if such changes include particularly:

1- Changes in the legal form of the Company or its articles of association.
2- An increase or decrease in its capital.
3- Failure on part of the Company to satisfy a condition that is necessary for the continuation of its activities.
4- Establishment of a subsidiary company.
5- A change in the address of the headquarters or a branch.
6- Opening or closing a branch.
7- Changing its name or the name under which it conducts its business.

Article (45)

The Company shall notify the Authority in writing, within three working days, of the occurrence of any event that might affect the Company, particularly:

1- Termination of a contract with an approved individual or one of its Agents, and the reasons for that.
2- Any material event that might affect the performance of; a member of its Top Management, the Executive Management, an approved individual, or an Agent.
3- Financial insolvency.
4- Suspension or investigation of any of its employees.
5- Any material event that affects the legal form or any activity of the Company.
6- Inability to honor any obligation that is due to the Authority and the reasons for that.
7- Complaints made against the Company and the measures it has taken in that respect.

Chapter Four

Branches and Agents of the Company

Article (46)

The Company may, after the approval of the Authority, establish one or more branches, within or outside the State, under the following conditions:

1- A branch shall be equipped with the necessary tools and equipment for conducting the activity.
2- Its activities shall be limited to the licensed activities of the Company.
3- A branch manager shall be a qualified employee who has appropriate experience.
4- Payment of fees due to the Authority.

Article (47)

The Company shall notify the Authority in the event of closing down a licensed branch or termination of its activities.

Article (48)

1- The Company may appoint one or more Agents within or outside the State after obtaining the license by the Authority; to perform the following activities, subject to the provisions of outsourcing set out in Article (20) of Appendix (1) of this Rulebook:
    a. Opening accounts for clients on behalf of the Company; according to the procedures set by the Company, for making sure that the Agent complies with the requirements for opening client accounts.
    b. Verifying and validating authorizations by clients.
    c. Receiving sale and purchase orders and sending them to the Company; and settling the executed transactions.
    d. Any other activities approved by the Authority.

2- The Company's Agent shall receive from the latter a remuneration to be agreed upon between the two parties; and the Company shall be liable for the actions of its Agent. The Agent shall not act as an Agent for another Company licensed by the Authority to conduct the same activity.

3- The Company's Agent shall satisfy the following conditions:
    a- It shall be a legal person.
    b- It shall be registered with the official authorities in or outside the State.
    c- The nature of its original work, if it is not engaged in this kind of work, shall be in financial sector activities or to any other activity that the Authority considers to be relevant to securities markets activities.
    d- It shall submit to the Authority a copy of the contract between the Company and its Agent.
    e- It shall provide a certification of its financial adequacy.
    f- Appoint an employee who has an appropriate experience or who has received training approved by the Authority.
    g- It shall comply with legislation applicable to the Company and instructions of the Authority, the Market and the Depository as the case maybe.

4- The Company shall pay to the Authority an annual fee for each Agent as determined by the Authority; and shall apply annually for the license renewal, at least one month before its expiry.

Chapter Five

Reports & Records

Article (49)

The Company shall submit the following reports to the Authority:

1. Annual financial statements, audited by an external auditor. Such statements shall be submitted within sixty days from the end of the financial year of the Company.
2. Biannual financial statements, audited by an external auditor. The statements shall be submitted within forty five days from the end of the first half of the financial year of the Company.
3. Quarterly financial statements, reviewed by the Company's internal auditor. The statements shall be submitted within thirty days from the end of every quarter.
4. An annual report validated by the Compliance Officer of the Company and to be submitted within thirty days from the end of the concerned year. The report shall clarify the following:
   a. Extent of effectiveness of its internal controls.
   b. Complaints received by the Company during the year and the actions taken in that respect.
   c. Information about the employees, their spouses, and their relatives up to second degree.
   d. Information about the employees of the Company's Agents who are entrusted with performing duties related to the licensed activities.
   e. The names of the partners in the Company and their respective shares; and in the case of a shareholding company, information should be provided about all persons who own individually five percent (5%) or more of the Company's capital.

The financial statements of the foreign company, its branch or office within the State shall reflect the activities carried out in the State and registered at the Authority.

Article (50)

The Company shall maintain records that show its activities. Such records shall be in Arabic language and in English language where that is possible. The records shall comprise in particular:

1. Accounting records containing all the financial and accounting operations and prepared according to the International Accounting Standards (IAS).
2. Executed transactions and the fees and commissions arising from such transactions.
3. Particulars of sale and purchase orders of clients.
4. Particulars of sale and purchase orders for its own account,
5. Complaints received by the Company, the related documents and correspondence, and the actions taken in that respect.
6. Register of clients.

Article (51)

The Company shall keep the specified records for a period conforming to the provisions of the laws applicable in the State.

Article (52)

The Company is prohibited from doing any of the following:

1- Recording false or misleading information.
2- Destroying or remove any recorded or stored information.
3- Procuring another person to do any of the foregoing.

Article (53)

The Company shall submit documents, data, and statistics required by the Authority within the period specified by the Authority. The Authority may commission, at the expense of the Company, any suitable person to verify the validity of the submitted documents and data.

Article (54)

A register of clients shall include the following information:

1- Information about the client and its custodian, if any.
2- Agreement of opening the client account signed by the client.
3- A copy of the investment management agreement, if any.
4- Any other documents necessitated by the work interests.

Article (55)

A register of complaints shall include the following data:

1- Subject of the complaint.
2- Information about the complainant.
3- Information about the person against whom the complaint is made, unless the complaint is made against the Company.
4- Securities or services complained about.
5- Date of the complaint.
6- Date and content of the decision made regarding the complaint.
7- Correspondence related to the complaint.

Article (56)

In the case where records are kept in electronic form, the following must be observed:

1- Possibility of making information available at a reasonable time and in a reason able form to the Authority and the Market.
2- Establishing integrated systems that allow secure preservation of information, procedures for applying and operating backup copies and recovery in the event of failure of the used systems, within a timeframe suitable for the nature of the licensed activity.
3- Taking sufficient measures to mitigate risks of fraud and falsification of information.

Chapter Six

Exchange of Information

Part One

Information Made Available by the Company to the Client

Article (57)

The Company shall notify its clients immediately, and not later than the day following the date of executing a transaction, of the details of the transactions executed for their account, unless the client agrees otherwise with the Company.

Article (58)

The Company shall send a monthly statement of account to the client, free of charge, in the case of executing any transaction for the client's account. The statement shall be sent by a means that ensures knowledge of the client as he determines. The statement shall include the type, quantity, price and value of traded securities, the remaining balance; and details of the commission and fees.

Article (59)

The Company shall send a biannual statement of account to the client free of charge in the case where there are funds or securities in the account. The statement shall be sent by a means that ensures knowledge of the client as he determines. The statement shall include the type, quantity, price and value of traded securities and the remaining balance; and details of the commission and fees.

Part Two

Information made Available by the Client to the Company

Article (60)

The client shall provide information of agreement of opining account with the Company according to the form approved by the Authority:

Article (61)

The client shall provide at least the following documents in order to open an account with the Company:

1- With respect to a legal person:

a. A copy of constitutive documents issued by the official authorities in the country where the legal person was established such as the commercial register and any other documents related to establishment.
b. A copy of articles of association and memorandum of association.
c. A statement of the names of the persons who are authorized to sign on behalf of the legal person with their legal identification documents; and a copy of the decision of Top Management to open an account and appoint the persons authorized to manage the account.
d. A copy of the documents showing the identity of the persons authorized to sign on behalf of the person. Such documents must be authenticated by the official authorities in the country where the legal person has been constituted.
e. Samples of signatures of the authorized signatories and their personal identity cards.

2- With respect to a natural person:

a. Valid copy of the identity card or a valid passport.
b. Sample of the signature of the client.

Article (62)

With respect to accounts of minors:

1- An account in the name of the minor should be opened by his parent or guardian.
2- The parent or guardian shall present all his information and documents, in addition to the birth certificate and passport of the minor, and in the case of a guardian and an attestation of the guardianship right.
3- In the case the minor reaches the age of majority, any account management relationship between the minor and his parent or guardian will be terminated.

Article (63)

The Company shall not open accounts for clients until it had made sure that all documents and information indicated in this Rulebook has been satisfied.

Article (64)

In the case where a power of attorney over an account is given to a natural person, the client must present such power of attorney authenticated by the official authorities and accompanied with all the data and documents of the Agent.

Article (65)

If the client is not residing in the State, all the official documents must be authenticated by the official authorities in the country that issued such documents.

Article (66)

The client and the manager authorized to open accounts with the Company shall sign the account opening agreement.

Article (67)

The Company shall keep for every client a special record including all the information and documents related to that client and his account. The Company shall also set appropriate procedures to update constantly the clients' data in order to ensure the validity of the documents it is keeping.

Article (68)

After closing an account of a client, the Company shall retain the information related to the client according to the provisions of the applicable laws in the State.

Chapter Seven

Termination of Activities

Suspension, Modification, and Cancellation of a License

Article (69)

The Company may decide voluntarily to stop conducting a licensed activity by submitting a written notice to the Authority, the Market, and its clients. Such termination of activities shall take effect after three months from the date of receipt of the notice by the Authority unless the Authority agrees to a different date. The Company shall indicate the manner and date of the liquidation, transfer of its businesses, and the details related to such activities.

Article (70)

The Company shall not conduct any transaction related to the licensed activity if the settlement date of such transaction is later than the day before its cessation of operations becomes effective

Article (71)

1- In the cases mentioned in Clause (2) below, the Authority may decide the following:

a. Suspend the operations of the Company or the approved individual for the period that it deems appropriate.
b. Impose conditions, restrictions, or obligations on the Company or the approved individual.
c. Terminate the activity of the Company or withdraw the approval of the approved individual.
d. Oblige the Company to do or to refrain from doing a certain action, or suspend, modify or cancel the license granted for conducting one or more activities.

2- The cases mentioned in Clause (1) of this Article regarding a Company or an approved individual include:
    a. Failure or likely failure to comply with any of the rules or conditions prescribed in this Rulebook.
    b. Suspension or cancellation of any license or other approval obtained by virtue of any of the applicable laws and which authorizes them to conduct any of the activities, including the license obtained from the Authority.
    c. Failure of the Company to conduct the licensed activity; or its failure to commence conducting it, within six months from the date of receiving the license.
    d. Failure of the approved individual to perform the function for which he was granted approval.
    e. In the cases in which the Authority deems it essential to take these measures in order to protect the interests of clients or the safety of operations of a Market.
    f. In the case of breaching the law or other relevant legislations.
    g. In the case of the Company's failure to meet its obligations.
    h. In case of the Company becoming bankrupt.
    i. Occurrence or likely occurrence of an event that might have an adverse effect on the strength of the financial position of the Company.
    j. Failure to comply with the instructions of the Authority or the Market in relation to submission of information or documents required by law or regulations.
    k. In the case of the Company or the approved individual is subject to a criminal investigation that might result in his failure to comply with the rules and conditions prescribed by Law and regulations.
    l. Violation of any rules, obligations or an order issued by the Authority pursuant to this Rulebook.
    m. Receiving a request from an overseas regulatory authority accepted by the Authority.

Article (72)

If the Authority decides, after having considered the representations, to suspend, modify or cancel the license, it shall notify the Company in writing of its decision within ten business days from the date of issuing

the decision, and such decision shall come into force from the date of receipt of the notification by the Company.

Article (73)

The notification shall include details of the decision and the procedures as well as the conditions of its execution, and the right of the Company to appeal before the Appeals Committee within fifteen days from the date of receiving the notification.

Article (74)

1- If the Company decides voluntarily ,to cease conducting an activity or, suspend, modify or cancel the license for conducting any activity, the Company shall comply with the following:

   a. Perform, finalize and settle the transactions in which it had participated during the period prior to its cessation, or prior to the suspension, variation, or cancellation of the license related to such activity.
   b. Coordinate and cooperating with the Market in all related matters.
   c. Return all the software and equipment provided thereto by the Market.

2- The cessation, suspension, modification or cancellation of a license related to conducting an activity shall not affect the rights or obligations of the Company that have been established before such event.

Article (75)

The provisions prescribed in the appendices to this Rulebook shall be considered as complementary to the provisions of these Articles; and the competent authorities shall comply therewith, each within its area of competence.

Article (76)

By a decision of the Authority's Board, a special fund with independent legal personality may be established to secure investors from non-commercial risks. The decision shall determine the management system, its resources, and the rules for the expenditure and investment of these resources and the risks provided by the Fund.

Article (77)

Companies existing at the issuance date of Financial Services Rulebook shall reconcile their positions within six (6) months from the date of this Rulebook published in the Official Gazette. The Authority's Board Chairman may extend this period for another similar periods.

APPENDIX ONE

Internal Controls

Article (1)

These controls shall apply to the Company in respect of its administrative structure, its applicable systems and procedures, and the licensed activities that it conducts, within or outside the State; as a principal or an Agent.

Article (2)

Compliance Officer

A Compliance Officer shall be fully responsible for:

1- Monitoring and evaluating continuously :
   a- Appropriateness and efficiency of the written internal policies and procedures.
   b- Compliance with written policies and procedures related to monitoring compliance.
2- Efficiency and appropriateness of measures taken to address negligence and submission of reports concerning compliance to Top Management of the Company.
3- Updating, in collaboration with the Top Management of a Company written policies and procedures related to monitoring compliance.
4- Providing advice and support to the Top Management of a Company regarding compliance monitoring.

Article (3)

Distribution of Responsibilities

The Company shall distribute responsibilities among members of its Top Management in a manner that ensures the following:

1- Their supervision of all the main operations of the Company.
2- Clarity of all the roles and scope of responsibilities of members of Executive Management of the Company.
3- Effective control and supervision of operations and affairs of the Company by its Executive Management and Top Management.

Article (4)

In establishing and determining the administrative structures for the purposes of the previous Article, the Company shall give due consideration to all relevant factors, including:

1. Nature, scope, and extent of complexity of every aspect of its operations.
2. Any actual or likely conflict of interests that might arise from the determination and allocation of responsibilities among the departments.
3. Capabilities, qualifications, and experiences that members of Executive Management should enjoy.

Article (5)

The Company shall make a register that shows all the positions and administrative structures. If responsibilities were given to more than one individual, the register must show the policy of allocation or division of such responsibilities among the concerned individuals.

Article (6)

Resources & Controls

The Company shall take the necessary measures to ensure the appropriateness of its resources and internal controls for its operational needs and the nature of its operations, and it shall update them continuously and pay attention to all the relevant factors including:

1. Nature, scope, and degree of complexity of operations of the Company.
2. Diversity of its activities and the volume of its transactions.
3. Degree of financial and operating risks related to its operations.

Article (7)

The necessary administrative, organizational, and procedural structures must be established for the following:

1- Organizing the supervisory relationships within the administrative structure.
2- Communicating information, policies, and decisions within the Company.
3- Mechanism for determining and documenting responsibilities and powers.
4- Separation of responsibilities concerning duties that may give rise to a conflict of interests.
5- Administrative examination and internal organizational balance, such as the hierarchical controls, reverse control examinations, and shared responsibilities.
6- Controlling and monitoring delegation and outsourcing.

Article (8)

Monitoring Compliance

1- The Company shall establish a division or a department independent of the operational departments to ensure compliance with the following:

   a- Regulatory requirements and applicable rules.
   b- Mitigating operational risks of using the facilities of the Company for committing financial crimes by its clients or employees.

2- The Company must allocate necessary resources for monitoring compliance in accordance with paragraph (a) of this Article and,

particularly, an adequate number of employees of high levels of competence

3- The resources and procedures that are necessary for enabling the entity in charge of monitoring compliance to perform its function shall be determined based upon the nature, scope, degree of complexity, and volume of operations of the Company.
4- The procedures set by the Company to enable the entity in charge of monitoring compliance to perform its function, shall include ensuring that the individuals who comprise such entity:
    a- Do not participate in the execution of the services that they monitor;
    b- Enjoy the necessary powers to perform efficiently their roles, including the right to have full access to all the required information, documents, and records to monitor compliance, and the right to have access to Top Management of the Company;
    c- Have the required expertise to perform their functions; and
    d- Are remunerated in a manner that does not compromise their independence.

Article (9)

Risk Management

The Company shall establish a risk management policy (operational and financial risks) according to the nature and complexity of its activities and the volume of its operations; and it shall review such policy periodically.

The risk management policy covers the following:

1- Determining the risks related to its activities, operations, and systems.
2- Determining the risk levels that are acceptable to and bearable by the Company.
3- The necessary arrangements to manage such risks.

Article (10)

The Company may assign a separate division or a work team for risk management, and shall be independent from the departments that bear the risks, in order to:

1- Implement the risk management policy.
2- Provide advice and reports to Top Management concerning risk management.
3- Prepare periodic reports on the application of the risk management policy, send copies of such reports to the internal audit department in the Company, and make such reports available to the external auditors.

Article (11)

Accounts of Employees of the Company and of its Agents

The Company shall establish special procedures for its employees, their spouses and relatives up to second degree, its Agents and its Agents' employees entrusted with performing licensed activities, persons who have access to inside information or exposed to conflict of interests during the performance of their functions, in order to ensure that:

1- Execution of transactions for the account of any of them does not conflict with the obligations of the Company towards its clients.
2- Notification of the Company of any transaction related to them on the day of the execution of the transaction.
3- They do not consult with any person, outside the normal course of their job, to do something they are not supposed to do, or express an opinion to another person, if they knew, or if they were supposed to know, that the other person might execute a transaction based on that opinion, nor should they provide consultancy to another person regarding the execution of a transaction.

Article (12)

For the purposes of the previous Article, the employees aware of inside information or exposed to conflict of interests are:

1. Members of Top Management and Executive Management.

2. Brokers Representatives.
3. Corporate finance analysts.
4. Investment Managers.
5. Compliance Officer.

Article (13)

Procedures established by the Company with respect to its employees must include:

1- Notifying employees in writing of any controls.
2- Indicating in the contracts of employment a condition that an employee of the Company must comply with procedures.
3- Making a list of investments and strategic projects that are not announced to the public; and keeping such a list in a manner that only relevant employees can have access to it.
4- No continuous dealing is allowed in the investments listed in Item (3) of this Article, by any of the relevant employees mentioned thereto unless :
   a) The intention of selling is honoring a due obligation which is not connected with the Company and when the sale cannot be postponed.
   b) The Company authorizes him in writing to execute.
5- Oblige its employees and Agents to inform it of accounts of their related persons in other Companies and of trades executed through another Company.

Article (14)

The following records shall be maintained by the Company:

1. Accounts of the employees and Agents of the Company.
2. Authorizations given to its employees and its Agents.
3. Any records required by the operations of the Company.

Article (15)

Information about Risks Might Lead to a Violation of Legislation

The Company shall make the necessary procedures for enabling its Executive Management and Top Management to receive the necessary information for determining, measuring, controlling, and managing risks that might lead to a violation of applicable legislation. Such procedures must include detailed reports on:

1. Facilities and services provided to the clients.
2. Manner of treating clients.
3. Assets of clients.
4. Level of risks related to the financial position of the Company.
5. Financial crimes or transactions suspected of involving financial crimes.

Article (16)

Internal Audit

The Company shall establish an internal audit system that includes examination and evaluation of efficiency and effectiveness of the Company's internal systems and the internal control mechanism, including the following:

1. Specific written procedures and responsibilities for the submission of reports to Executive Management.
2. Sufficient and qualified human resources.
3. Independence from the operating departments and the daily activities of the Company.
4. The right to have access to the records of the Company.
5. The right to communicate with Top Management.

Article (17)

Plan of Operations

The Company shall prepare a plan of operations for identifying and managing risks .Such plan shall be updated periodically to take into account changes in the business environment.

Article (18)

Continuity of Operations

The Company shall make appropriate policies and procedures to ensure continuity of its operations and the fulfillment of its obligations in the case of occurrence of an unexpected event.
The Company shall review such policies and procedures and test them regularly in order to verify their effectiveness and suitability to the nature and volume of its operations.

Article (19)

Records

1. The Company shall retain records about its activities and transactions pursuant to applicable legislation.
2. The Company may retain electronic records.
3. The Company may retain records related to its activities outside the State, in the official language of the state in which the activity takes place.
4. The Company shall ensure safe storage of records and easy and timely retrieval thereof.

Article (20)

Outsourcing

1. The Company may outsource ancillary or complementary activities to others based on the classification of activities determined by the Authority.
2. Outsourcing of activities does not relieve the Company from its obligations or duties to allocate responsibilities amongst members of its Top Management or Executive Management.

3. The Company shall exercise outsourcing in a manner that does not conflict with the terms of its license.
4. The Company shall give due consideration to operational risks that might arise from outsourcing.

Article (21)

Notifying the Authority of Significant Outsourcing

The Company shall notify the Authority and the Market of any outsourcing agreement concluded with others, prior to the conducting any activity which is ancillary or complementary to its licensed activities. Such notification must indicate all the necessary details, including the type of the outsourced work, the powers and responsibilities of the parties to the agreement.
The Authority shall issue its decision of approval or rejection within ten days from its receipt of all the documents related to the outsourcing.

Article (22)

Managing Significant Outsourcing Agreements

The Company shall apply appropriate outsourcing policies that include:

1- Approval of Top Management or Executive Management, and its commitment to review the Company policies and operating procedures related to outsourcing some of its activities, including the procedures related to the following:
   a- Feasibility study.
   b- Risk evaluation.
   c- Evaluation of the impact on the operations of the Company.
   d- Costs of outsourcing.
   e- Criteria for selection of the service provider.

2- Ability of the service provider to perform the outsourced function efficiently, subject to the following:
   a- Whether and to what extent the service provider is subject to supervision of a regulatory authority.

b- Whether the performance of the outsourced activity is subject to specific regulations or to the supervision of a specific authority.
c- The likely risks of non-availability of the required service due to the number of persons using the same service provider.
d- Financial stability and the experience of the service provider.
e- Likely conflict of interests that might arise from the provision of the service by the service provider.

Article (23)

1- The Company shall conclude a written agreement with a service provider. The agreement shall oblige the service provider to cooperate with the Authority and the Market in respect of the outsourced activities and give the Authority the right to have access to the books, records and data of the Company that are in possession of the service provider or under its control.

2- The agreement shall include specific conditions in relation to the following:
   a- The law applicable to the agreement.
   b- Requirements related to the submission of reports or notifications on the service provider and the means of measuring his quantitative and qualitative performance.
   c- Evaluation by the internal and external auditors (actuarial experts - insurance experts) of the books, records, and data of the Company that are in the possession or under the control of the service provider.
   d- Compliance with protection of confidential information.
   e- Emergency procedures.
   f- Rules related to subcontracting; if allowed by virtue of arrangements agreed upon.
   g- Conditions of contract termination by either party.

Article (24)

The Company shall ensure existence of emergency-related arrangements that allow continuity of operations in the event of the

service provider experiencing large and significant losses including strategy for termination of the outsourcing agreement. Such arrangements must cover, inter alia, the following:

1- Undergoing a major and significant loss of resources by the service provider.
2- Financial insolvency of the service provider.
3- Sudden termination of the outsourcing agreement.

Appendix Two

Approved Individuals and Regulated Functions

Article (1)

An approved individual is any natural person who had received an authorization or approval from the Authority to conduct any of the regulated functions which are defined in Article (7) of this Appendix. The conditions and requirements related to the concerned function must be satisfied pursuant to the requirements of this Appendix and the decisions issued by the Authority in this regard.

Article (2)

Approval by the Authority, of individuals to conduct regulated functions, can take one of two forms:

1. Approval of appointment for performing a function at the Company.
2. Granting a license to perform one or more of the functions defined in this Appendix.

Article (3)

Any natural person may conduct a regulated function after obtaining approval from the Authority to perform such function.

Article (4)

An approved individual must not conduct a regulated function unless he was appointed by a Company to perform such function, and he shall perform the function for only the Company that appointed him and not for any other Company.

Article (5)

The Company shall not allow any person working for it to perform a regulated function unless such person approved by the Authority.

Article (6)

An approved individual may conduct more than one regulated function for the same Company provided that he does not perform them at the same time, except in the case where there are justifications acceptable to the Authority.
Nevertheless, it is prohibited to combine front desk functions involving provision of advice and receiving and executing client orders with back office functions involving opening accounts, settling transactions, and maintaining books. The Company must separate the functions concerned with receiving client orders from the functions concerned with the execution of such orders.

Article (7)

Regulated Functions

Regulated functions are divided into three categories:

Category (1): Functions performed by people who have a significant influence on the operations of the Company:

This category includes the following functions:

1. Board Members of the Company.
2. Chief Executive Officer or, a general manager, or a managing director.
3. A person acting for any of the persons mentioned in (2) above.
4. Financial manager.

For an individual to conduct any of the above functions, the Company must submit an application on behalf of such individual to the Authority requesting its approval of such individual performing such function for the Company.

Category (2): Technical functions of Company Representatives and securities professionals:

This category includes the following functions:

1- **"Financial Advisor"** is the approved individual responsible for providing advice to clients in respect of securities investment in return for compensation or a commission paid to the Company.
2- **"Account Manager"** is the approved individual responsible for administering the account of a client.
3- "Broker Representative" is each approved individual responsible for executing sale and purchase orders for the broker or his clients.
4- **"Back Office Operations Officer "** is each approved individual responsible for opening clients' accounts, settling transactions by receiving and delivering funds and securities, and maintaining financial records related to the clients.
5- **"Financial Analyst"** is the approved individual responsible for analyzing the previous, current, and expected performance of securities issuers; or individual who performs financial analyses with a view to providing financial advice to companies concerning corporate finance operations and capital operations.
6- **"Investment Manager"** is the approved individual responsible for managing securities portfolios for others (mutual funds, and individuals) by taking sale and purchase decisions on behalf of his clients according to the authorization given to him by the client; or the approved individual who works for an Investment Trustee to monitor management of investments.
7- **"Representative of a Custodian"** is the approved individual responsible for the custody of funds and securities, and he may undertake measures related to registration, transfer of property, mortgage and attachment of funds and securities of clients.
8- **"Trading Manager"** is the individual responsible for supervising the Broker's Representatives and for the operations of receiving and executing the purchase and sale orders for the clients or for the own trading.
9- **"Deputy Trading Manager"** is the individual who replaces trading manager in case of absence.

In order to perform those functions a person or the Company must apply for a license and meet the requisite conditions; with the exception of account manager and back office operations officer, for whom only an application for approval made by the Company to the Authority on their behalf, is required.

Category (3): Functions related to monitoring compliance:

1- **"Compliance Officer"** is an approved individual responsible for ensuring application of the laws, bylaws, regulations, and decisions binding on the Company, including all that is issued by regulatory authorities in this respect. He must inform the Top Management of any breaches and submit such information to the Authority if no appropriate action is taken.
2- **"Money Laundering Reporting Officer (MLRO)"** is the individual who performs the function of monitoring and reporting money laundering and terrorism financing crimes.
3- **Deputy Money Laundering Reporting Officer (Deputy MLRO**) is the individual who replaces the MLRO in case of absence
4- **"Risk Management Officer"** is the approved individual responsible for enforcement of policies and procedures related to identification, measuring, and avoiding risks that might face the Company and for preparing relevant reports.
5- **"Internal Auditor"** is an approved individual responsible for adopting the most suitable approach for supervision to ensure compliance with rules and procedures specified in the Company internal controls, and he is responsible for reporting any breaches in this respect and following up measures taken to remove such breaches.

In order to conduct any one of the above functions, the Company must apply, on behalf of the individual, to the Authority for its approval to perform this function at the Company.

Article (8)

General Conditions for Approving Individuals

In order to obtain approval of the Authority for conducting any of the above-mentioned functions for a financial services company, an individual must satisfy the following general conditions:

1- He must have good reputation.
2- He should enjoy full legal capacity.
3- He must not have been dismissed from service for disciplinary reasons; or barred indefinitely on disciplinary grounds from performing a function in the securities business or any other private profession; or sentenced to a criminal sanction; or a misdemeanor sanction in a crime against honor or integrity; or to a restriction of freedom in respect of any of the crimes defined by any of the Commercial Companies laws, or the Authority's Law; or declared bankrupt unless he was rehabilitated.
4- He must not be subject to any legal or administrative proceedings that might negatively affect his financial position or capability of fulfilling any of the regulatory conditions and requirements.
5- He must have obtained educational qualifications relevant to his function.
6- He must attend the training programs specified by the Authority and pass the tests or attend similar training programs set by foreign authorities recognized by the Authority.
7- He must not be a manager or member of Top Management or an employee of an entity listed on the Market, unless such entity is the licensed Company where he works. This condition does not apply to Company's Board members.

The Authority may exempt the individual requiring approval, from any of the conditions defined in clauses (5) and (6), if it was satisfied that he has sufficient experience and efficiency to perform the concerned function.

Article (9)

Conditions Related to Category (1)

With respect to a chief executive officer, or a general manager or a managing director, and their deputies, they must fulfill for performing functions in category (1); in addition to the general conditions specified in Article (8) of this Appendix, the following conditions:

1. Full-time engagement to perform the concerned function.
2. Experience and efficiency in the securities business, and particularly in the activities conducted by the Company.

Article (10)

Classification (Category)	Proposal for individual requirements
Broker Agent	General Manager, Chief Executive Officer, or Managing Director or who is responsible for managing the Company before the Authority. The individual or individuals who will receive and transfer the orders to the Broker.
Executing Broker	General Manager, Chief Executive Officer, Managing Director or who is responsible for managing the Company before the Authority and shall be full time. Broker representative. Financial manager or financial accountant. MLRO. Compliance officer (may be combined with MLRO).
Clearing Broker	Top Management, Executive Management, General Manager, Chief Executive Officer, or Managing Director or who is responsible for managing the

	Company before the Authority and shall be full time. Broker representative. Financial manager or financial accountant. MLRO. Compliance officer (may be combined with MLRO). Financial analyst Investment manager
Full-Service Broker	Top Management or Executive Management, General Manager, Chief Executive Officer, or Managing Director or who is responsible for managing the Company before the Authority and shall be full time. Broker representative. Financial manager or financial accountant. MLRO. Compliance officer (may be combined with MLRO). Financial analyst Investment manager

Article (11)

Procedures of Application for Approval

The Company shall apply for the approval of individuals to work for it in performing the functions specified in category (1) and (3), on the form adopted by the Authority. The application must be, accompanied by all the requisite documents in this regard.

Article (12)

Individuals applying for approval to perform the functions specified in category (2) may submit their applications directly or through the Company. The application must be complete, in accordance with the form adopted by the Authority, and accompanied by all the requisite documents. The applicant must pay the specified fees.

Article (13)

Licensing of individuals and approval of their appointment shall be via a decision by the Chief Executive Officer of the Authority based upon a proposal made by the licensing affairs department, after the applicant has fulfilled the required conditions.

Article (14)

A license granted by the Authority to an individual – except for individuals for whom only approval is required - shall be valid for two years from the issuance date. Such license must be renewed at the end of the period provided that the professional development requirements are met pursuant to the controls set by the Authority in this respect.

Article (15)

An approved individual must notify the Authority in writing, within one week from the date of occurrence of any of the following:

1. A change in his address or the address of the place where he works.

2. Commencement or termination of his service by the Company, showing the reasons for such termination.

Article (16)

Approval granted to an individual for performing a function shall expire at the same time when his services for the Company where he was approved to work comes to an end.
A license granted to an individual approved under categories (2) shall be cancelled if he stopped from performing the function for which he was approved for six consecutive months without giving a reason acceptable to the Authority.

Article (17)

The licensed financial services companies shall provide the Authority on such a date as it may determine, with information showing actual occupation of the functions referred to, based on the nature of the licensed activity of the Company; in addition to a statement of the names, experiences, and qualifications of the employees performing those functions. Such information shall be provided on the form prepared by the Authority.

APPENDIX THREE

(Investment Management, Offering Manager and Listing Advisor)

Amended by QFMA's Board Decision No. (2) Of 2021, Official Gazette- Issue (5)/4 May 2021.

Article (1)

An investment management agreement must be in writing and signed by the client and a Representative of the Company.

Article (2)

An investment management agreement shall include controls for managing the investment, particularly the following:

1. Scope of trading in securities for which authorization was given, whether requiring or not requiring consultation with the client before executing a transaction.
2. Local and foreign investment policy, areas of investment, investment sectors, and the investment percentage in each sector.
3. Commissions and fees agreed upon.
4. Period of the agreement and manner of its renewal.
5. The right to cancel the agreement and its conditions, taking into account the fact that an investment manager is obliged to notify the client before fifteen days of the date of cancellation of the agreement. If the client is a mutual investment fund, the notice period should not be less than two months.

Article (3)

Added by QFMA's Board Decision No. (2) Of 2021, Official Gazette- issue (5)/4 May 2021.

Requirements to grant a license for Offering/Issuing Manager

For granting a license to perform the tasks of Offering/Issuing Manager, the following shall be met:

1. Shall have at least a financial analyst, who has academic qualifications and work experience to carry out the assigned duties for not less than five years in the field of finance or any relevant specialized field.
2. The Offering Manager licensed by another regulator may perform the activity of securities' issuance management after the Authority's approval.

Article (4)

Added by QFMA's Board Decision No. (2) Of 2021, Official Gazette- issue (5)/4 May 2021.

Requirements to grant a license for Listing Advisor

For granting a license to perform the tasks of Listing Advisor, the following shall be met:

1. Shall have at least one employee who has academic qualifications and work experience to carry out the assigned duties and shall be approved by the Authority.
2. Regarding Listing Advisor in the Second Market, it may be a company or any other legal entity qualified to perform the advisor's tasks and approved by the Authority, and it may conduct its business from an office in the State.

Article (5)

Added by QFMA's Board Decision No. (2) Of 2021, Official Gazette- issue (5)/4 May 2021.

When performing the activity of Listing Advisor or Offering/Issuing Manager, the following shall be met:

1. Compliance with the tasks and controls stipulated in Offering & Listing of Securities on the Financial Markets Rulebook.
2. Shall be independent from the Issuer applying for listing and shall not have any interest in the Listing process, as well Listing Advisor or Senior Management, Senior Executive Management or its major shareholders shall not have any interest or relationship that may affect the objectivity and impartiality in its actions and decisions.
3. The provisions of independence set forth in item (2) above shall apply on any sub-Advisor that provides services related to Listing including auditing, legal services, asset evaluation and other services.

APPENDIX FOUR

Custodians

Article (1)

Custody services shall have the meaning given in Article (2) of this Appendix.
A Custodian shall mean the legal person who conducts any of the custody services activities prescribed in Article (2) of this Appendix.

Article (2)

Activities of Providing Custody Services

Without prejudice to the provisions of Appendix Two of the Authority‘s Regulations, the Company shall be considered as having conducted custody services, if it held cash or securities that belong to any investor for safekeeping, in connection with investment in securities issued to the public, or traded in a market subject to the Authority’s regulation; or if it conducted activities ancillary to such custody services such as:

1. Paying or receiving cash money on behalf of an investor.
2. Receiving or delivering securities on behalf of an investor.
3. Exercising any of the rights of an investor on his behalf such as receiving distribution of dividends or attending shareholders general meetings.
4. Following up registration of ownership transfer of securities.

Article (3)

The Company that conducts the custody services prescribed in this Appendix shall make available technical and technological resources that enable it to connect electronically with the Market in which the securities are traded, as well as with the settlement system and the Depositary.

Article (4)

Written Contract

1. A Custodian shall not provide custody services to a client without having a written agreement.
2. The agreement provided for in Clause (1) of this Article shall stipulate:
   a. Circumstances in which the Custodian is allowed to receive or deliver funds that belong to the client.
   b. Circumstances in which the custodian has the right to receive the client rights such as the distribution of dividends or otherwise.
   c. Manner of registration of the client funds.
   d. Details of the insurance against risks that will be provided by the Custodian.
   e. Reports and notifications that the Custodian is obliged to send to the client.
   f. Right of the client to terminate the contract unilaterally without giving any reasons (provided that the client sends a notice before at least ten business days).
   g. Right of the Custodian to terminate the contract unilaterally, however he shall give reasons for the termination (provided that he sends a notice to the client before at least ten business days).
   h. A Custodian shall be obliged to return the monies of the client in case of unilateral termination of the contract by the Custodian or the client, within a period not exceeding two business days from the end date of the contract.

Article (5)

Periodic Reports to Clients

A Custodian shall send to the client quarterly reports that shall cover at least:

1. Balance of client funds at the beginning of the period.
2. Changes in client funds during the period.
3. Balance of client funds at the end of the period.

4. Equity rights exercised on behalf of the client during the period such as receiving distribution of cash dividends, bonus shares, and others.