



هيئة قطر للأسواق المالية  
*Qatar Financial Markets Authority*

**The QFMA's Board Decision No. 4 of 2017  
Concerning the Issuance of Market Maker Rules**

**The Board of Directors,**

Having considered Law No. 8 of 2012 of Qatar Financial Markets Authority;

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

Decision of the QFMA's Board Chairman No. 3 of 2012 concerning the issuance of Liquidity Provider Rules;

Qatar Stock Exchange Rulebook;

Proposal of the QFMA's Chief Executive Officer;

QFMA's Board approval at its 3<sup>rd</sup> meeting of 2017 on 23<sup>rd</sup> of October 2017;□

And as required by the public interest;

**We have decided the following:**

## **Article (1)**

Rules of Market Maker Rules annexed to this decision shall come into full force and effect.

## **Article (2)**

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.

**Abdulla Bin Saoud Al-Thani**

**The Governor**

**Chairman of the Board of Directors**

Issued on 05/03/1439 H

Corresponding to: 23/11/2017

Published in the Official Gazette

No. (16) – 28/12/2017

*This is a translation of the Official Arabic version of  
Market Maker Rules.*

*In case of any discrepancies, the Arabic version shall prevail.*

**Rules of Market Maker Activity**

## **Article (1)**

In the application of these Rules, the following words and phrases shall have the adjacent meaning given to them hereunder, unless the context requires otherwise:

**Authority:** Qatar Financial Markets Authority (QFMA)

**Market:** Financial market licensed by the Authority for dealing in securities.

**Market Making:** An activity that enhance the liquidity of Eligible Securities in the Markets licensed by the Authority by providing continuously price quotes for the purchase and sale of certain securities. Market Maker shall conduct such activity in accordance with provisions of these Rules.

**Market Maker:** A financial services company that is a Market member licensed by the Authority to exercise Market Making activity.

**Market Maker Agreement:** an agreement entered into between the Market and the Market Maker setting forth the terms and conditions under which the Market Maker shall act as such.

**Eligible Securities:** Listed securities designated for the Market Making activity as specified from time to time by stock exchange upon a notice to the Authority.

## **Article (2)**

- 1- The Authority may approve on the Market application to implement and administrate the Market Maker activity.
- 2- The Market Maker activity shall be considered as one of the financial services activities that shall be practiced only after licensed by the Authority.
- 3- Only a Market member shall practice Market Maker activity.
- 4- A liquidity provider shall not be a Market Maker for the same securities, but securities may have more than one Market Maker.
- 5- Market Maker activity shall not be practiced through sponsored access to the Market (DMA).
- 6- A Market Maker shall comply with these rules and all laws, regulations, rules and decisions organizing the Market.
- 7- The Market rules of the Market Maker shall include:

- a- A Market Maker shall sign the Market Maker Agreement with the Market before commencing any activity as a Market Maker as per the agreement form approved by the Authority.
  - b- The terms and requirements, that a Market Maker must meet in order to be accepted to practice Market Maker activity, shall be specified, including the following as a minimum:
    - The capability, systems and controls required by a person acting in the capacity of Market Maker;
    - Any additional capital adequacy requirements the Authority or the Market may impose for Market Maker activity;
    - The systems, procedures and controls to be applied by the Market Maker in respect of the management of the risks associated with Market Maker activity;
    - The internal controls to be applied by the Market Maker to manage conflicts of interest associated with its activities as a Market Maker including appropriate arrangements for the segregation of the its licensed activities as Market Maker and its licensed activities as a broker entering orders on behalf of clients;
    - Minimum requirements regarding training and competency of Market Maker personnel involved in Market Making activity;
    - Record keeping and reporting in respect of Market Maker activity;
    - Any additional requirements the Market - upon the Authority's approval- may impose on Market Makers wishing to practice liquidity providing activity;
    - The internal controls to be applied by the Market Maker to monitor compliance with its functions pursuant to rules of Market Maker activity and Market Maker Agreement;
  - c- The Market -upon notice to the Authority- may suspend or terminate the agreement entered with the Market Maker in case of a breach of any of its terms or a breach of the Market rules, or where such action is required in the interest of the Market.
- 8- The form of Market Maker Agreement shall be approved by the Authority.
- 9- The Market shall sign Market Maker Agreement with the member before commencing Market Maker activity. The Market Maker Agreement must also, for example but not limited to:
- a- Specify the securities admitted to trading by the Market Maker;
  - b- Specify the Market Maker obligations in respect of providing price quotes for the relevant admitted securities, including but not limited to :

- the circumstances under which the Market Maker shall provide a price quote continuously;
  - the mechanism type for pricing and trading of the Market Maker orders;
  - the minimum number of securities to be price quoted and the maximum of difference between the purchase and sale price quotes;
  - the time period during which the Market Maker enters the purchase and sale orders;
  - the actions will be taken by the Market if a Market Maker fails to perform its obligations;
  - The facilities and privileges given to a Market Maker, subject to the Authority's approval;
  - An acknowledgment that the Market Maker and the Market shall commit to any obligations or amendments on rules of Market Maker activity or any other instructions issued by the Authority in respect of Market Maker activity.
- 10- The Market shall provide the form of Market Marker Agreement and any amendments on such form to the Authority for approval and work under the guidance of the Authority in this regard.
- 11- The Market shall update the list of licensed Market Makers and publish them on the Exchange website.
- 12- The Market may exempt the Market Maker from paying due commissions on purchase and sale transactions for limited time upon a notice to the Authority, for public interest.
- 13- On trading system, general price-time priority matching algorithm of the Market Maker orders and quotes shall be treated equally with the other investors' orders in the Market.
- 14- The Authority may suspend or terminate the Market Maker Agreement in case of non-compliance with any of Agreements conditions or any breach of the provisions of the Authority's legislations in force, Qatar Stock Exchange Rulebook or notices issued by the Market.
- 15- The Authority may, from time to time by notice in writing to the Market, direct the Market to cause to be amended, rescinded or supplemented the rules of Market Maker activity or terms of any or all Market Maker Agreement.

### **Article (3)**

**The Market shall mainly take the supervision of the activities of Market Maker through the following:**

- 1- Ensuring the compliance of the Market Maker with the legal legislations set forth this regard.
  - 2- Preparing a list of any measures may be imposed on Market Maker.
  - 3- Informing the Authority with any obligations' breach made by the Market Maker.
  - 4- Providing the Authority with periodic monthly statistics on the Market Maker activity and its performance assessment and any other proposals it deems appropriate on this regard.
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### **Article (4)**

- 1- The Authority may suspend or cancel the license of the Market Maker in order to maintain the integrity of securities trading.
- 2- The Authority may take any other actions deemed necessary for the Market Maker activity.