



**Rules for External Auditors and Financial Evaluators
of
Listed Entities
&
Entities Subject to the Authority's Jurisdiction**

This is a translation of the official Arabic version of Rules for External Auditors and Financial Evaluators of Listed Entities & Entities Subject to the Authority's Jurisdiction.

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

Chapter I External Auditors

Article (1)

Definition of External Auditor

An external auditor is a legal person licensed by the competent department at Ministry of Economy and Commerce or registered at Qatar Financial Center (QFC) to carry out the works of revision and audit of financial statements and reports, to express an opinion in accordance with rules and principles of the profession and the International Standards on Auditing (ISA) or auditing standards relating to Islamic financial institutions; and to confirm whether those financial statements are free of fundamental mistakes; as well as the liquidations.

Article (2)

Scope of Implementation

- a) These rules shall apply to external auditors who are eligible to carry out external audit for the listed entities and entities subject to the Authority's jurisdiction.
- b) No person shall carry out the external audit for the listed entities and entities subject to the Authority's jurisdiction, unless registered in the external auditors' list prepared for this purpose in the Authority.

Article (3)

Establishment of External Auditors' List

The Authority shall establish a list of external auditors who are eligible to review and audit financial statements and reports issued by each of the listed entities or entities subject to the Authority's jurisdiction.

The external auditors' list must include the following data:

- a) Name of the external auditor, main office address, contact information, number and date of registration, date of registration expiry or renewal, the registration number at the competent department of Ministry of Economy and Commerce and any change to this data thereafter.
- b) Names of accountants working for the external auditor.
- c) Previous experiences of the external auditor, and names of listed entities or entities subject to the Authority's jurisdiction for which external audit being carried out during the period of its registration in the list.
- d) Actions taken by the Authority against any of the auditors registered in the list and the dates of such actions.

Article (4)

Registration Requirements in the External Auditors' List

For the purpose of registration in the external auditors' list in the Authority, the external auditor shall meet the following requirements:

- a) Be a company or an accountancy office registered in the registers of working Statutory Accountants, in the register of the International Accountancy Bureaus at the competent department at Ministry of Economy and Commerce or registered at QFC for auditing companies registered at the QFC and listed on Qatar Exchange (QE).
- b) Have been registered in the registers mentioned in paragraph (a) for at least five years of actual continuous auditing practice.
- c) Have previously carried out an audit for shareholding companies or investment funds in accordance with International Standards on Auditing (ISA) for a period of not less than three years in or out the State.
- d) Shall not have been dismissed, revoked or suspended from practicing the profession by the competent department at the Ministry in or out the State for reasons of integrity, honor and ethics of the profession during the five years before applying for registration in the external auditors' list in the Authority.
- e) Shall not, or its employed accountants, have been convicted of a criminal penalty, or freedom restraining penalty for a crime against honor or integrity unless been rehabilitated.
- f) Have a working team consist of, as a minimum, a manager and three qualified and professional accountants with an experience in accounting and auditing of shareholding companies for a period of not less than three years in or out the State.
- g) The members of its working team shall have a full-time job at the auditing office.
- h) Have its rules, regulations and procedures practice of the profession properly.
- i) Payment of fees determined by the Authority.

Article (5)

Registration Application in the External Auditors' List

For registration in the external auditors' list, applications shall be submitted on the form prepared for this purpose by the Authority, including the following:

- a) Name and address of the external auditor.
- b) Legal status of the external auditor.

- c) Statement of its registration in working Statutory Accountants in the State, in register of International Accountancy Bureaus at Ministry of Economy and Commerce or registered at QFC.
- d) Experiences of the external auditor and its employed accountants including their names and qualifications.
- e) An offprint of a valid Commercial Register, if applicable.
- f) Names of the listed entities or entities subject to the Authority's jurisdiction for which audit being carried out at the time of submitting the application.
- g) Payment of fees determined by the Authority.

Article (6)

Examination of the Application for Registration in External Auditors' List

The Authority shall issue its decision on the application for registration within a period not exceeding ninety (90) days effective from submitting a complete application. The lapse of this period without a decision by the Authority is a rejection for the request, unless the Authority notifies the applicant of extending the period specified in the notice. The Authority shall issue its approval decision with or without conditions or its rejection of the application.

The Authority shall have the absolute discretionary power to approve or reject the application even if it meets all the requirements and required documents, according to considerations estimated by the Authority.

Article (7)

Acceptance and Renewal of Registration Application

The Authority shall notify the applicant about its decision within ten (10) working days from the date of decision by a registered letter or by any means of communication, including modern means of communication.

The applicant may appeal before the Chairman of Board of Directors of the Authority against the Authority's decision of rejection within fifteen (15) working days from the rejection notice date.

Article (8)

Registration Renewal

The registration in the external auditors' list shall be for a year, starting from the date of the Authority's approval. The external auditor shall submit a renewal application at least thirty (30) days before the expiry date. The renewal application shall be attached with the following data and documents:

- a) A statement of registration continuity in the registers mentioned in Article (4) item (a).
- b) A statement of no interruption or stopping of actual practice of the profession during the period of registration in the external auditors' list in the Authority.
- c) Any penalties or sanctions taken against it.
- d) A statement of the continuing professional training for its accountants.
- e) Payment of fees determined by the Authority.

The auditor, whose registration was canceled from the Authority's approved list, may apply for re-registration under the conditions determined by the Authority in this regard.

Article (9) **Obligations of the External Auditors**

The external auditor who is registered in the external auditors' list in the Authority shall, during its work practice, meet the following obligations:

- a) Comply with the standards issued by the Authority and International Standards on Auditing (ISA) when auditing for listed entities or entities subject to the Authority's jurisdiction.
- b) Maintain the confidentiality of information and data relating to the company being audited and disclosure such information only for entities prescribed by the law, rules and regulations.
- c) Shall not have any kind of interest, directly or indirectly, to the auditor or any of its accountants or its founders in companies being audited, and shall refrain in particular from participating in managing, owning securities, or entering into any transactions with the company.
- d) Notify the Authority about the decision to be appointed as an external auditor of a listed entity or entities subject to the Authority's jurisdiction, as well as the decision of dismissal, any other matter concerning work ceasing, or lack of cooperation by the company being audited, and any changes in the data of registration application been presented to the Authority.
- e) Cooperate with the Authority in procedures of periodic or sudden inspection, attend the investigations conducted by the Authority with the external auditor or with any of its employees, and provide to the Authority all documents or data obtained from the company to which were used on reports issued on the audit of these company.
- f) Provide the Authority with a copy of the limited or widespread audit reports and its annexes issued to the listed entities or entities subject to the Authority's jurisdiction as well as the names of its employees participating in preparing such reports.
- g) Comply with the provisions of these rules and any of the laws regulating the profession of auditing and accounting, and shall paired its name with its register number in the Authority's list as well as its register number at the competent department at the Ministry in all correspondence, certificates, budgets and signed reports of companies subject to these rules.
- h) Comply with preparation and implementation of internal control system that ensure confidentiality and prevent leakage or misuse of information.
- i) Comply with ongoing training of its accountants.
- j) Have a Professional Conduct in accordance with the latest international practices signed by all of its employees.
- k) The external auditor and its employees shall document the procedures carried out since starting in preparing the financial reports until issuance and shall retain the supporting documents for a period of not less than ten years.

Article (10)

Obligations of Listed Entities or Entities Subject to the Authority's Jurisdiction

- a) Listed entities and entities subject to the Authority's jurisdiction shall not appoint or use of an external auditor unless it is registered in the Authority's list of the external auditors and approved by Qatar Central Bank (QCB) for financial institutions subject to QCB jurisdiction.
- b) Each of listed entities or entities subject to the Authority's jurisdiction shall notify the Authority about name of the registered external auditor that has been nominated by its Board of Directors to take over the functions of external audit, accompanied by the QCB approval regarding financial institutions subject to the QCB's jurisdiction. This notification shall be submitted to the Authority at least thirty (30) days before the Ordinary General Assembly, to consider that nomination, taking into account that the nomination should be changed in the event of the Authority's objection.
- c) Listed entities and entities subject to the Authority's jurisdiction shall cooperate with the external auditor, when appointed, and not prohibit or withhold any documents, data or information it deems necessary to carry out its duties.
- d) Listed entities and entities subject to the Authority's jurisdiction shall prepare its financial statements in accordance with International Accounting Standards.
- e) Listed entities and entities subject to the Authority's jurisdiction shall follow the procedures and controls stipulated in the relevant laws when appointing, dismissal of the external auditors and the period of their work.

Chapter II

Financial Evaluators

Article (11)

Definition of Financial Evaluation

Financial evaluation means preparing evaluation studies for listed entities and entities subject to the Authority's jurisdiction, or entities wish to be listed, or unlisted companies to be merged with listed company, a subsidiary of a listed company or merging a listed company for the purpose of listing in the financial markets in order to increase capital, Initial Public Offerings (IPOs), private offering, acquisition, merger, restructuring or any other purpose may be considered by the applicant entity for evaluation.

Article (12)

Scope of Implementation

No person shall conduct financial evaluation for any process related, directly or indirectly, to listed entities or entities subject to the Authority's jurisdiction, unless registered in the financial evaluators' list prepared for this purpose by the Authority.

Article (13)

Establishment of Financial Evaluators' List

The Authority shall establish a list of financial evaluators who are eligible to prepare financial evaluation studies related ,directly or indirectly, to the listed entities and entities subject to the Authority's jurisdiction or any other company which its evaluation can affect directly or indirectly on a listed company.

The financial evaluators' list shall include the following data:

- a) Name of the financial evaluator, main office address, contact information, number and date of registration, date of registration expiry or renewal.
- b) Names of financial analysts working for the financial evaluators.
- c) Previous experiences, and names of listed entities or entities subject to the Authority's jurisdiction for which financial evaluation being carried out during the period of its registration in the list.
- d) Actions taken by the Authority against any of the evaluators registered in the list and the dates of such actions.

Article (14)
Registration Requirements in the Evaluators' List

For the purpose of registration in the financial evaluators' list in the Authority, the financial evaluator shall meet the following requirements:

- a) Be a legal person registered in the register of persons licensed to practice consultation services at Ministry of Economy and Commerce, if applicable; or registered at QFC for consultation services on the QFC listed companies.
- b) Have experiences specialized in financial consultation and financial analysis related to securities evaluation for the purpose of public or private subscription or transaction of merger and acquisition.
- c) Shall have an internal control system to ensure a complete separation between the activity of preparing evaluation studies and any other activities, so as to maintain the confidentiality of the information and prevent leaking or misuse of such information.
- d) Have previously prepared three evaluation studies of a capital increase, merger, acquisition, restructuring, or a public or private offering.
- j) Shall not, or its employed financial analysts, have been convicted of a criminal penalty, or sentenced to prison for a crime against honor or integrity unless having been rehabilitated.
- k) Have a working team consist of three financial analysts and manager as a minimum, approved by the Authority, where at least two of them had participated in preparation of evaluation studies.
- l) Have a permanent office in the State of Qatar or at least a branch in case of foreign companies, and shall have rules, regulations and procedures that enable it to practice its profession properly.
- m) Provide an acknowledgment of doing a due diligence when preparing the evaluation studies as generally agreed in this regard. The study shall include reservations or substantial observations which non-disclosure thereon may cause damage to others.
- n) Payment of fees determined by the Authority.

Article (15)
Registration Application in the Financial Evaluators' List

For registration in the financial evaluators' list in the Authority, applications shall be submitted on the form prepared for this purpose by the Authority, including the following:

- h) Name of the applicant to be registered in the financial evaluators' list.
- i) Legal status of the applicant.
- j) The information and the curriculum vita of financial analysts working for the financial evaluator.

- k) Evidence that the financial evaluator or its employees have prepared financial evaluation studies for the purposes mentioned previously.
- l) The agreement form to be concluded with entities which request the preparation of evaluation studies.
- m) Payment of fees determined by the Authority.
- n) The working procedures manual, protection of confidential information and prevent leakage of information.

Article (16)

Examination of Registration Application

The Authority shall issue its decision on the application for registration within a period not exceeding ninety (90) days effective from submitting a complete application. The lapse of this period without a the Authority's decision is considered a rejection of the application, unless the Authority notifies the applicant of extending the period specified in the notice. The Authority shall issue its approval decision with or without conditions or its rejection of the application.

The Authority shall have the absolute discretionary power to approve or reject the application even if it meets all the requirements and required documents, according to considerations estimated by the Authority.

Article (17)

Acceptance and Renewal of Registration Application

The Authority shall notify the applicant about its decision within ten (10) working days from the date of decision by a registered letter or by any means of communication, including modern means of communication.

The applicant may appeal before the Chairman of the Board of Directors of the Authority against the Authority's decision of rejection within fifteen (15) working days from the date of rejection notice.

Article (18)

In the event of the Authority's decision to accept the registration application, the application data shall be registered in the list prepared by the Authority for this purpose, and shall notify the applicant about number, registration date and its expiry date.

Article (19)

Registration Renewal

The registration in the list shall be for a year, starting from the date of the Authority's approval. The financial evaluator shall submit a renewal application at least thirty (30) days before the expiry date. The renewal application shall be attached with the following data and documents:

- a) Evidence that The financial evaluator or its employed financial analysts shall not have been convicted of a criminal penalty, or sentenced to prison for a crime against honor or integrity unless having been rehabilitated.

- f) A statement of the continuing professional training for its financial evaluators.
- g) Payment of registration fees determined by the Authority.

Article (20)
Obligations of the Financial Evaluator

The financial evaluator registered in the financial evaluators' list in the Authority shall meet the following obligations:

- a) Shall not have or any of its employees or founders any kind of direct or indirect interest, in companies associated with the process, for which an evaluation study has been prepared.
- b) Disclose to the Authority any direct or indirect relationships, were between the evaluator and any of board members or executives of the relevant parties during the previous three years from the date of request to prepare evaluation study, that might have an impact on evaluation results.
- c) Document the procedures conducted by the financial evaluator and its employees from the beginning of evaluation study to issuing the final report and shall maintain documents supporting this for a period of not less than ten (10) years.
- d) Provide the Authority with a copy of the agreement signed with the company requesting the evaluation within three working days from the date of signing.
- e) Have a professional conduct and procedures manual to verify compliance of the employees.
- f) Conduct due diligence when requesting the data and documents and verify their authenticity, as well as the information taken mainly in the preparation of the evaluation study and its conclusion.
- g) Shall not carry out any trading on securities of the parties associated with the evaluation process starting from the signing date of the agreement until fifteen (15) working days from the delivery date of the final report.
- h) Shall not exercise any kind of financial or moral pressures (directly or indirectly) on any of the working team to have influence on the technical opinion or on the study results.
- i) The financial evaluator or its employees shall not take other fees other than the agreed upon, or accept any gifts, or benefits in kind or cash from the company requesting evaluation.
- j) The evaluation study issued by the evaluator shall contain information and data that help those concerned to take a decision, including:
 - 1. Names and means of communication of the Chairman and members of the working team that prepared the evaluation study.
 - 2. Issuance date of the final report of the study.
 - 3. The evaluation method used, the extent of its relevance to the nature and type of the company's activity and the foundations and principles that have been based upon in preparing the financial evaluation.
 - 4. Identify the sources of data and information that used in the report, and that the information is sufficient for the purpose of the study. The financial evaluator shall confirm its unawareness that the information is false or misleading.

5. Disclose any direct or indirect relationship between the Head and the members of the working team and the company requesting evaluation, members of its Board of Directors or any of its executives.
6. Risks associated with the assets being evaluated.
7. The evaluation shall be in Arabic.

Article (21)
Terms of Evaluation Agreement

The agreement between the evaluator and the company requesting the evaluation shall include following items:

- a) Purpose of the evaluation.
- b) Direct and indirect fees incurred on the company requesting the evaluators for evaluation process.
- c) Names of the Head and members of the working team in charge of preparing the evaluation study.
- d) The duties and responsibilities of the financial evaluator regarding the company's financial statements and information that been reviewed when exercising its work.
- e) The other obligations of the company requesting the evaluators including providing data, facilitating the financial evaluator's task and determining the person in charge of the company.
- f) The specified period of time for the completion of the evaluation study and submission of the final report.

Article (22)

Obligations of the Entity Requesting the Evaluation

- a) Any listed entity or entity subject to the Authority's jurisdiction or wishing directly or indirectly to list its securities, shall not appoint a financial evaluator unless being registered in the financial evaluators' list in the Authority.
- b) The listed entity or the entity subject to the Authority's jurisdiction shall notify the Authority of the financial evaluator name registered in the list that has been nominated by its Board of Directors to take over the functions of financial evaluation before at least thirty days from the signing date of the agreement, taking into account that the nomination should be amended in the event of the Authority's objection.
- c) The company shall cooperate with the financial evaluator and not prohibit or withhold any documents, data or information it deems necessary to carry out his duties.
- d) The evaluation study shall be only used for its allotted purpose.
- e) The company shall provide the Authority with a copy of the study as soon as it is received from the financial evaluator
- f) Disclose the contents of the study to all concerned without causing risks of benefiting from inside information.

- g) The company shall provide accurate and non-misleading statements about its financial situation for the financial evaluator.

Chapter III

Supervisory Committee of External Auditors and Financial Evaluators

Article (23)

Supervisory and Regulatory Committee of Auditors and Evaluators

The Authority may establish a committee of external auditors and financial evaluators “the Committee” upon a decision issued by the Chairman of the Board of the Authority. The functions of this Committee is to:

- a) Review periodically the registration requirements and registration renewal for each of the list of external auditors and the list of financial evaluators prepared for that purpose in the Authority, and propose amendments to be approved by the Authority.
- b) Propose professional standards that must be adhered by all of the external auditors and financial evaluators while exercising their work, rules of professional conduct and rules of independence for registrars in the Authority’s list.
- c) Propose fees for the registration and the renewal in the list of external auditors and financial evaluators.
- d) Consider all the topics referred to the Committee by the CEO of the Authority for the purposes of the study.

The Committee’s proposals, measures and actions proposed to be taken against any of the registrars in the Authority’s list shall not be effective unless approved by the Authority’s Board of Directors.

The Authority may refer any other topics related to the areas of audit or evaluation to the Committee, and it may ask the Committee to reconsider any of proposals issued thereby.

Article (24)

Committee Composition

The Committee shall be comprised as follows:

1. Two representatives of the Authority including the Committee's Chairman.
2. Two representatives of Ministry of Economy and Commerce as members, nominated by the Minister of Economy and Commerce.
3. Representative of Qatari Association of Chartered Public Accountants as a member.
4. A member of a faculty in auditing, accounting or finance at one of the universities in the State of Qatar, as a member nominated by the CEO of the Authority.
5. An expert member nominated by the CEO of the Authority.

The Committee shall establish a working procedures including the rules needed to perform its functions. One employee or more from the Authority shall undertake the function of the Committee's Secretary.

Article (25) **Members Independency**

The Committee member shall not conduct any profession of external audit or financial evaluation during the membership period, and shall not have any professional relationship, in any way, with any of the registrars in the Authority's lists.

The Committee member shall disclose to the Committee's Chairman any direct or indirect relationship by blood or fellowship or other relationship with any of the registrars in the Authority's lists.

Article (26) **Committee Meetings**

The Committee shall meet upon the invitation of its Chairman, or whenever needed, to consider the agenda prepared by the Committee's Secretary and approved by the Committee's Chairman.

The Committee's Chairman may invite to the meeting, without having the right to vote, any expert in the field of auditing or financial evaluation. The invited person shall take into account the confidentiality of the data, actions and measures taken by the Committee against any of registrars in the Authority's lists.

The Committee's Chairman may also invite any of those registered in the Authority's lists to discuss the results of the reports prepared by the invited person or the investigation procedures conducted with him by the competent department in the Authority.

Article (27) **Offices & Remunerations**

The Committee shall meet at the Authority's main office and the remunerations of its members shall be determined by the decision of the Authority's Board of Directors.

Article (28)

The Committee meeting shall be deemed valid only if attended by the majority of the members, provided that the Chairman attends the meeting. The decisions of the committee shall be issued by a majority vote of the attending members. If votes are equal, the Chairman side shall have a casting vote.

Article (29)

The Committee shall submit a report to the Authority's Board of Directors about the results of its operations every six months, and whenever requested, together with its recommendations and suggestions.