

هيئة قطر للأسواق المالية Qatar Financial Markets Authority



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In The Name of Allah, The Most Gracious, The Most Merciful

#### The QFMA's Board Decision No. (01) of 2019 Concerning the Issuance of Listing Rules for Funds' Units

#### The Board of Directors,

Having considered Law No. (25) of 2002 on investment funds and its executive regulations,
Law No. (8) Of 2012 of Qatar Financial Markets Authority; as amended by Decree-Law No. (22) Of 2018,
Law of Qatar Central Bank and the Regulation of Financial Institutions, issued by virtue of Law No. (13) Of 2012;
QFMA's Board Decision No. (1) Of 2012 Concerning the issuance of Listing of Investment Funds' Units Rules;
QFMA's Board Decision No. (1) Of 2015 Concerning the issuance of Listing Rules for Real Estate Investment Funds' Units;
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:



The Listing Rules for Funds' Units annexed to this decision shall come into full force and effect.



Decision No. (1) of 2012 and Decision No. (1) of 2015 mentioned above shall be canceled.





All competent authorities, each within its jurisdiction, shall implement this decision. The decision shall be effective from the day following date of its publication in the Official Gazette.

Mohammed Bin Hamad Bin Qassim Al-Thani

Chairman of the Board of Directors

Issued on 27/08/1440 H Corresponding to: 02/05/2019

Published in the Official Gazette Issue No. (12) on 19/06/2019



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# Listing Rules for Funds' Units

This is a translation of the Official Arabic version. In case of any discrepancies, the Arabic version shall prevail.

### Article (1)

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

State: State of Qatar.

Authority: Qatar Financial Markets Authority (QFMA).

- Law: Legislations regulating the provisions and procedures related to the establishment of the Fund, its operational activities and the rules regulating the provisions and procedures for offering and listing its units on the Market.
- Market: Market whereby the Fund's Units are listed in the Qatar Stock Exchange (QSE).
- Fund's Trustees and<br/>Contracted Parties:Founder of the Fund, the Board of the Fund or whoever<br/>acts as the Board as the case may be, and any person who<br/>is contracted to manage the investment or be the custodian<br/>thereof or to provide liquidity or assessment or conduct any<br/>other operational activity.

Unitholder(s):A person who holds units in the Fund that represents a<br/>common share in the net asset value of the Fund.Governance:System by which a Fund is directed and controlled. The<br/>governance specifies the foundations and principles of the<br/>distribution of rights and responsibilities among the different<br/>participations in the Fund – such as the Board members,<br/>managers, investors and other Stakeholders – and spells<br/>out the rules and procedures for making decisions of the<br/>Fund's affairs.

Fund(s):

The legal entity listed on the Market, regardless of its legal form, activity or type.

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**Board:** Board of Directors of the Fund or whoever acts as the Board.

Information: Information, data and documents associated with the Fund's establishment, its activities, reports and other Information that the Fund must disclose and made it available to investors and enable them to access and obtain such Information according to the Law, provisions of this Code and other Authority's Legislations.

- Insider(s): Any person, due to the position, became acquainted with Information not available to the public. Such Information could affect attraction or reluctance of dealers in Fund's Units or other securities of which the Fund or the investors have interest, or could affect the Funds ability to meet its obligations. This could include the Board members, the Fund's Trustees and Contracted Parties or any entity that may obtain similar information as a result of contractual, professional or other types of relations.
- Stakeholders: Any person who has an interest in the Fund based on a right or a legal position, such as investors, employees, creditors, customers, suppliers, and others.
- Related Party (ies): person is considered a Related Party if that person is a Fund's Trustee, Contracted Party, Board member of the Fund or a member of the founder's Board or of any company of its group; a Member of the Senior Executive Management of the founder or any company of its group; or if owns at least (5%) of the Fund's Units or any of its group; or is a relative of any of the former mentioned to the second degree. It also includes the legal persons controlled by a member of the Board of the Fund or the founder or any company of its group or of Senior Executive Management and their relatives to the second degree, or that participated in a project or a partnership of any kind with the Fund or any company of its group.

External Auditor(s): Person licensed pursuant to provisions of the Law, who is registered in the Authority external auditors' list to carry out the works of revision and audit of financial statements and reports, to express an opinion in accordance with the 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 material mistakes; as well as the liquidations.

Year: The financial Year of the Fund.

Fund's Units:Securities, have equal rights, represent the owner's share<br/>in the Net Assets Value (NAV) of the Fund.

Unit Value: Funds total assets minus Fund's total liabilities and dividing the result by the number of Fund's Units.

Fund Manager: A person licensed by the Authority for investment management activity under contract as per the Fund's Articles of Associations to manage the Fund's monies.

Evaluator: A person who has knowledge of real estate activity and the region of the investment chosen by the Fund Manager, to evaluate the Fund's assets, who should have the required knowledge, experience, integrity and qualifications to provide real estate evaluation services, and should be registered at an entity specialized in this field and independent. The person should act in accordance with internationally accepted valuation principles, procedures and definitions as set out in the International Valuation Standards published by the International Valuation Standards committee and endorsed by the Royal Institute of Chartered Surveyors ("RICS").

## Article (2)

These rules shall be applied on Funds establish in the State and offer their units for public offering, Funds offer their units in private offering and wish for listing, or Funds established outside the State approved by the Authority to list their units, regardless of its legal type or form unless governed by another text within the Authority's legislations.

The Authority may approve exemption from compliance with any provision of these rules if it deems that is in the interest of investors.



The Fund's founder shall take all necessary procedures to list the Fund Units as per the legal provisions and procedures prescribed in this regard within three months from the date of completion of the public offering procedures. Trading of Fund's Units in the Market shall be after the Authority's approval for listing.



For listing investment Fund's Units, the following conditions shall be satisfied:

- 1. The investment Fund shall be established in accordance with the provisions of the Law.
- 2. The capital of the Fund shall not be less than ten (10) million Qatari Riyals, or equivalent amount in other currency.
- 3. The capital of real estate Fund shall not be less than one hundred and fifty (150) million Qatari Riyals or equivalent amount in other currency. The percentage offered to the public shall not be less than (25%) of the Fund capital at the time of listing application submission, and that the number of unit holders shall not be less than (30) people.
- 4. The Fund shall obtain the necessary approvals to list the investment Fund's Units in accordance with the legal procedures prescribed in this regard.

- 5. The Fund shall comply with the provisions of the Governance Code.
- 6. Any further requirements requested by the Authority according to each application.



Listing applications shall be submitted to the Authority according to the approved form in this regard, together with the necessary information and documents.



The Authority shall issue its decision on listing application within thirty (30) business days from the submission date of the completed application. The Authority may request for any further information or clarification deems necessary to its decision. In this case, the duration of issuing the decision starts from the date of completing the required information and clarification. The end of the specified period without giving decision is considered as a refusal.

The Authority shall appropriately notify the relevant parties with the decision within five (5) business days from the issuance date.

In case of refusal, the applicant may appeal from the refusal decision according to the Authority's rules and regulations within fifteen (15) days from the notification date.



The Authority's approval of listing investment Fund's Units shall be considered null and void, if the three (3) months period passed from the date of notifying the relevant parties without submitting the application for acceptance of trading in the Market.

The Authority may accept the request of the relevant parties to extend the period mentioned in the previous paragraph.



The approval of the application for acceptance of the Fund's Units for trading in the Market shall follow:

- 1. The commitment of the Market to notify the Authority and the Fund with the date of approval of the application for acceptance of trading and the specified date of trading of the Fund's Units.
- 2. The commitment of the Fund to publish its annual and periodic financial statements, if any, along with a summary of prospectus and a summary of the Fund Manager's report submitted for listing purposes, on its website and on the Market's website within ten (10) days from the date of being notified of the approval of the application for acceptance of trading of its units in the Market.
- 3. The commitment of the Fund to the Market requirements prescribed regarding the acceptance of trading securities.
- 4. The commitment of the Fund to pay off the required fees on the specified dates.



The Fund, whose units have been listed, shall comply with all the laws, regulation and rules issued by the Authority or any other relevant regulatory body. In particular, shall comply with the procedures of listing and trading set out in the Authority rules and regulations in accordance with the provisions of these rules.



Except the real estate investment Fund, the Fund's assets shall be evaluated at the end of each trading day.

In all cases, the evaluation of the Fund's assets shall be according to the prospectus.



The Fund shall specify the conditions, controls, and the dates for paying the units' redemption value identified in the Fund's prospectus and articles of association.



# Article (12)

Without prejudice to the conditions and controls mentioned in the above article, the Fund may postpone meeting any redemption request up to the next trading day, in any of the following two cases:

- 1. If the percentage total of all redemption requests the units to be met in any trading reaches (10%) or more of the Fund's NAV.
- 2. If the trading in securities or the other assets owned by the Fund is suspended



The Fund shall provide the sufficient information that enable the new investors and Unitholders to take their investing decision especially about the prospectus or about investment objectives in the Fund, its terms and associated risks.

The Fund shall comply with immediate disclosure requirements, to the Authority and to the Market, regarding the material events that occur during the Fund activities and that may affect the trading price of the Fund's Units.

The Fund shall also comply to prepare quarterly report, reviewed semi-annual report, and audited annual report by an external auditor that shall not be connected with any contractual relationship with the Fund's trustees, containing the following:

- 1. The Fund's NAV; and for real estate Funds, the assets evaluation shall be issued by two independent evaluators complying with the following:
  - a. The evaluation report shall be prepared in Arabic, or attached with certified translation into Arabic if it is in another language.
  - b. The Evaluation report shall contain as a minimum the following:
    - 1. Valuation method, way and assumptions on which such evaluation is based.
    - 2. An analysis of the variables related to the real estate market, such as supply, demand and Market trends.
    - 3. Details and descriptions of the real estate.

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- 4. Risks related to the real estate subject to evaluation.
- 5. Evaluation based on both normal and stressed / adverse real estate market conditions.
- c. On purchasing or selling any of the Fund's assets, the Fund shall not rely on any evaluation report prepared longer than three months prior to purchasing or selling.
- d. The Fund shall enclose with the evaluation report the following:
  - 1. An updated copy of the Evaluator's commercial register or equivalent document.
  - 2. Certificate from the Evaluator clarifies that there is, or not, a conflict of interest, directly or indirectly.
  - 3. Certificates of the Evaluator's previous work experience.
  - 4. If the Evaluator resigns, the Fund Manager shall inform the Authority and the Market of the resignation reasons within five (5) business days.
  - If another Evaluator is appointed as the place of the resigning one, the Fund Manager shall inform the Authority and the Market within five (5) business days from the appointment decision.
- 2. Number of the units and the value for each one.
- A Statement of any dividends paid after sending the previous report to Unitholders.
- 4. Financial position of the Fund.
- 5. The procedures taken to manage the Fund associated risks.

In all cases, the Fund shall comply with disclosure provisions set out in the Authority's legislations.



All Related Parties shall comply to avoid conflict of interests and disclose immediately when occur.

The Fund shall not invest its monies in other Funds established with any of the Related Parties except investing in monetary market Funds.

The Fund Manager must not do any act that may result in, without limitation, the following:



- 1. Conflict of interest between the Fund and its own interest.
- Conflict of interest between the Fund and any other investment Fund under its management.
- 3. Conflict of interest among the Unitholders and shareholders of the Fund's founder and its dealers.

Without prejudice to the provisions of the previous paragraph, the articles of association, and Prospectus, the Fund's Manager shall commit to obtain the Board's approval before conducting any act that could involve a conflict of interest, and shall disclose it immediately.

In all cases, the Fund's Trustees and Contracted Parties shall not sell their units registered in the investors register prior to the date of trading commencement within two (2) years of that date.



The Authority may halt trading of the traded Fund's Units if it deems that action is for the protection of the trading operations, for the investors' rights, for the public interest, or for any other reasons it considers necessary for halting the trading.



The Authority may suspend the listing of the Fund's Units in the following cases:

- 1. If the listed Fund's Units breach any of the listing requirements set forth in these rules.
- 2. If the Fund does not pay the due and prescribed fees or fines due to the Authority.
- 3. If the listing of Fund's Units in home country Market is suspended.
- If the Fund fails to pay the redemption value of the Fund's Units on the specific deadlines.
- 5. If the Fund submits a reasoned request by the Fund as per the applicable legal procedures.
- 6. If the Fund stops exercising its business without acceptable reason.
- 7. If the Fund breaches any of its obligations stipulated in its article of association or the prospectus.

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In all cases, the Authority may suspend listing of the Fund's Units under exceptional circumstances, or if trading of the units does not serve the public interest. The Authority may relist the Fund's Units in case the suspension reasons are removed.



The Authority may cancel listing of the Fund's Units in any of these cases:

- 1. If the Fund was dissolved or liquidated in accordance with the legal procedures applicable in that case.
- 2. If the Fund's Units listing have been suspended for three (3) consecutive months, or six (6) separate months within one (1) Year.
- 3. If the Fund submits a reasoned request to cancel listing its units in accordance with the applicable legal procedures.
- 4. If the Fund is terminated for any cessation reasons.



The suspension and cancelation of listing the Fund's Units results in trade suspension thereof or cancellation of acceptance of the trading thereof in the Market.



The Fund must comply with the following conditions:

- The Fund's investments in one transferable security shall not exceed (10%) of its NAV (except for the securities issued by the State, Qatar Central Bank, or sponsored from them).
- The Fund's investments in securities for one issuer shall not exceed (15%) of its NAV (except for the securities issued by the State, Qatar Central Bank, or sponsored from them).



- The Fund's investments in deposits made with a credit institution that has its registered office in Qatar and is subject to prudential supervision shall not exceed (15%) of its NAV.
- The Fund's investments in securities issued or guaranteed by a country or by an international body to which Qatar belongs shall not exceed (35%) of its NAV.
- The Fund's investments in bonds issued by a credit institution that has its registered office in Qatar and is subject to prudential supervision shall not exceed (25%) of its NAV.
- 6. The Fund's investments in the securities referred to in items (4) and (5) in case of multiple issuers shall not be more than (80%) of the investment fund's NAV.
- The Fund shall not invest in any other investment Fund more than (10%) of its NAV or of the other Fund's NAV.
- 8. The prospectus provisions and the ratio set out by the index if it is ETF as per the index.
- 9. The assets of the real estate Fund:
  - 1. must not be invested in vacant land;
  - 2. must be invested in income producing real estate assets;
  - must have a weighted average unexpired lease term of 5 years across the portfolio of assets upon fund listing;
  - must have generated operating revenues according to the audited annual financial statements during the 5 years before the listing, or 7 years before the listing for hospitality / hotel based assets; and
  - 5. any contractual arrangements to manage any of hospitality / hotel based assets must be disclosed in the prospectus. These contractual arrangements must provide for a minimum guarantee of income from the assets subject to such contractual arrangements and must be disclosed in the prospectus.
- 10. The real estate Fund must disclose the expected percentage of the minimum annual income to its net assets in the prospectus.

Listing Rules for Funds' Units

## Article (20)

The real estate investment Fund may invest by direct or indirect ownership of the real estates within or outside the State, if its investment in total does not exceed (10%) of the total assets of the Fund in other real estate investment Funds at any time.

The Fund shall submit a statement to account for all real estate assets and cash components of the Fund, including cash components that are allocated for the purchase of real estate assets and it is clear through agreements of buying, selling and supporting documents.

The Fund shall annually distribute to Unitholders at least (80%) of its total net profits.



The Fund shall comply with not borrowing or enter in a transaction that could result in financial liabilities to the Fund, except temporary borrowing for liquidity purposes. The loan ratio shall not exceed (10%) of the Fund's NAV.



The Fund shall provide its own website in the internet, through whereby immediate and periodic disclosure about all data and information of the Fund is provided, including articles of association, prospectus and all information relating to the disclosure requirements.



The Unitholders of the Fund shall not participate or interfere in managing the Fund's assets in any way.



In the case of violation of any of the provisions of these rules, the Authority may take all or any of the actions mentioned in Article (35) of Law No. (8) Of 2012 concerning the Qatar Financial Markets Authority.

