



FINANCIAL SERVICES

FIRMS RULE BOOK

Issued by the Board of Directors of Qatar Financial Markets Authority
(QFMA)

In its Second Meeting of 2009 on the 4th of May 2009

CHAPTER ONE

DEFINITIONS

Article 1

In the application of the provisions of these Regulations and of the Appendices attached herewith, and without prejudice to the definitions included, in the Qatar Financial Markets Law (33/2005) and in the Regulations of Qatar Financial Markets Authority; the following words and expressions shall have the meanings ascribed to them unless the context indicates otherwise.

Law:	Qatar Financial Markets Authority Law No. (33) Of 2005 as amended by Decree-Law No. (14) Of 2007.
Authority:	Qatar Financial Markets Authority
Market:	any organized market subject to the Regulation of the Authority
Company:	it is a financial services company licensed to conduct any of the activities prescribed in Article (4) of these Regulations.
Representative:	a natural person who works for a Company, and acts in its name, and at its responsibility.
Agent:	a legal person who conducts, according to a contract with a Company, an activity for its account, in return for remuneration.
Custodian:	a person engaged in the activity of providing safekeeping of assets (cash and securities) for persons dealing in securities.
Financial Broker:	a person engaged in the activity of buying and selling securities for the account of others.
Investment Trustee:	a person engaged in the activity of administering and monitoring the management of investments of clients of Companies in order to ensure such management conforms to the client's investment

objectives indicated in the investment agreement concluded between the client and the Investment Manager.

- Dealer:** any person engaged in the activity of trading securities directly for his own account on the market.
- Investment Manager:** a person engaged in 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 engaged in the activity of providing advice and consultancy on investment in securities to other persons for a consideration.
- Issuance Manager:** a person who conducts with respect to the issuance of securities; obtaining the relevant approvals, offering and distributing securities to those applying for subscription, preparing the final results of the subscription and any other ancillary measures.
- Underwriter:** a person engaged in 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:** the 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 board of directors of a company, or a directors' panel or a similar body as the case may be, and the senior executive management of a company.
- 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 establishing the Qatar Financial Markets Authority.

Article 2

The Authority may issue appendices related to the regulation of the activities of financial services companies, which shall complement, interpret, or give details of the provisions of these Regulations, and shall have the same legal force as these Regulations and shall be an integral part of them.

CHAPTER TWO

LICENSING CONDITIONS & PROCEDURES

Article 3

No person shall conduct, in or from the State of Qatar (herein after referred to as the State), the financial services activities set out in Article (4) of these Regulations, without having a license issued by the Authority

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- Executing orders of buying or selling securities for the account of others.
- 2- Trading securities for one's own account.
- 3- Arranging for trading securities.
- 4- Providing custody services (cash or securities).
- 5- Arranging for the provision of custody services.
- 6- Providing advice on securities.
- 7- Managing investment in securities.
- 8- Investment trusteeship.
- 9- Underwriting issuance of securities.
- 10- Managing issuance of securities.
- 11- Any other activity deemed by the Authority as being subject to its regulation.

Article 5

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 these Regulations.
- 2- No member of its Top Management has been convicted, during the last five 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 Doha Securities Market Law; or has been declared bankrupt, unless he has been rehabilitated.

- 3- Its Senior Executive Management and at least one-third of the members of its Top Management must have high levels of efficiency and experience in securities 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 minimum specified by the Authority.
- 6- The applicant should provide the financial guarantees determined by the Authority.
- 7- The applicant must comply with the following:
 - a- Appoint an executive manager to manage the company on full time basis.
 - b- Appoint a Compliance Officer.
 - c- Appoint an adequate number of approved persons pursuant to Appendix Two of these Regulations.
 - d- Make available the requisite financial and technical resources.
 - e- 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 in the case of entities subject to its Regulation.

Article 6

As an exception to the provisions of Article 5) of these Regulations, the Authority may allow a company licensed in another state to conduct any of the financial services activities, if the state granting a license to the company allows reciprocal treatment, and the company satisfies the requirements for conducting the activity.

Article 7

An applicant for a license shall submit his application to the Authority as per the specified form. 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 8

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 in the form specified for this purpose, and shall enclose the required documents and information for granting a license, provided that the company satisfies all the remaining conditions and requirements upon completion of its establishment procedures.

Article 9

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

- 1- Particulars of the members of Top and Senior Executive Management of the company, showing their respective positions and samples of their signatures.
- 2- A copy of the decision of the Top Management of the company regarding:
 - a. Authorization of the individual who signs the application for a license.
 - 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, and memorandum of association of the company.
- 4- Future business plan of the company which shall include the method of conducting the activity, the categories of prospective clients, and the services expected to be provided.
- 5- Audited financial statements covering the last three financial years of the company, if applicable.
- 6- Information about shareholders who own individually five percent (5%) or more of the capital of the company.
- 7- The technical and technological resources that will be used by the company to conduct its activities in the market.
- 8- The location of the headquarters and branches of the company.
- 9- 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 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 clients of the company.
 - f. The internal controls of the company.
 - g. The procedures for dealing with any violation of the mutual obligations between the company and third parties.
- 10- Samples of forms for opening client accounts.

- 11- Procedures for controlling inside and confidential information and 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.
- 12- Controls proposed to avoid conflicts of interest.
- 13- A list of the approved functions, and the particular nature of the operations of each such function and its place in the organizational chart, and the names of the individuals assigned to such functions.
- 14- 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 Market on which he trades, or by a Depository 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 for the company.

In the light of what has been mentioned above, the Authority will decide to grant or not to grant a license.

Article 10

A Company shall not combine any activity mentioned in Article 4 of these Regulations with the any other activity, except for conducting the following activities by banks authorized by Qatar Central Bank to operate in the State:

- 1- Providing custody services.
- 2- Arranging for the provision of custody services.
- 3- Investment trusteeship.
- 4- Undertaking to underwrite issuance of securities.
- 5- Managing the issuance of securities.
- 6- Providing advice on securities.

Article 11

The Authority issues its decision with regard to the application for a license, 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 to give a license.

Article 12

The Authority notifies the applicant of its decision within ten business days from of the date of its taking the decision, via a registered letter (or any other method agreed upon between the parties for confirming receipt of the notification)

The applicant may appeal against the refusal of the Authority to grant a license before the Appeals Committee within fifteen business days from the date of receiving the refusal notification via a registered letter.

Article 13

If the application for a license is rejected, the applicant shall not apply again until one calendar year passes from the date of refusal by the Authority to grant a license.

Article 14

A Company shall not surrender the license granted to it to another person through selling or granting or leasing or lending or mortgaging or any other means.

Article 15

A Company shall deposit with the Authority, before commencing a licensed activity, 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 16

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

Article 17

The Authority may oblige a 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 18

A 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 period of no more than

six months from the date of its expiry based on justifications acceptable to the Authority.

Article 19

A 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 20

The Authority may publish its decisions related to the granting of licenses on its website and in two widely distributed local daily newspapers, one published in Arabic language and the other in English language.

Article 21

The fact that the Authority had granted a license to a Company or an approval to an individual, for conducting any activity mentioned in these Regulations, 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 these Regulations, and had been submitting reports and keeping records pursuant to the provisions of these Regulations.

CHAPTER THREE

RIGHTS & OBLIGATIONS OF A COMPANY

Article 22

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

1- Honesty and Fairness

A 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

A 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 during the day in which it was given, the Company shall seek new instructions from the client.

3- Resources

A 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

A 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:

A 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

A 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

A 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

A Company shall not give preferential treatment to any client at the expense of another client, and it shall particularly send client orders to the concerned Market as they are without any change, and it 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 the members of its board of directors, or its managers, or its Representatives or its Agents.

9- Risk Management

A 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. A Company shall observe the rules prescribed in Appendix (1) of these Regulations on internal controls.

10- Protection of funds of clients

A Company shall make arrangements for the protection of the funds of its clients 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

A Company shall deal with a regulatory authority where the Company 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

A 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 of Qatar.
- d- Governmental authorities such as the tax authorities.
- e- The Authority or any other authority 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

A 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:

A 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

A 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:

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

18- Misusing Information and Front running:

A 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:

A Company shall not lend monies of its clients to others.

Article (23)

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:

He shall 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:

A person approved by the Authority, who is a member of the board of directors 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 24

The Authority determines fees and commissions charged by a Company for the services it provides.

Article 25

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 26

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

Article 27

A 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 28

A 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 29

A 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 30

A Market may, upon a request of a 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 31

A Company shall maintain an appropriate level of financial solvency to cover the risks that it might encounter pursuant to the controls determined by the Authority in this respect.

Article 32

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

Article 33

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

Article 34

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

Article 35

A 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 36

Employees of a Company, their spouses, and minor children shall not deal in Securities other than through the Company for which the employee works, if such Company is licensed as a broker. The Company shall notify the Authority of any such transactions on the day on which they took place.

Article 37

A 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 38

A 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 39

A trainee is a natural person who joins a 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 40

A Company shall notify the Authority in writing, within a period not exceeding ten working 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, and 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 41

A 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 person 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 person, 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 A COMPANY

Article 42

A 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 of not less than three years.
- 4- Payment of fees due to the Authority.

Article 43

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

Article 44

- 1- A Company may appoint one or more Agents within or outside the State after obtaining the approval of the Authority; to perform the following activities, subject to the provisions of Article (20) of Appendix (1) of these Regulations:
 - 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 selling and buying orders and sending them to the Company; and settling the executed transactions.
 - d. Any other activities approved by the Authority.
- 2- An Agent of a Company 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- An Agent of a Company 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 he 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- A copy of the contract between the Company and its Agent shall be deposited with the Authority and the Market.
 - e- It shall provide a local bank guarantee pursuant to the requirements of the Authority.
 - f- It shall provide a certification of its financial solvency.
 - g- Appoint an employee who has an appropriate experience of not less than three years or who has received training approved by the Authority.
 - h- It shall comply with legislation applicable to the Company and instructions of the Authority and the Market.
- 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 renewal of the license of the Agent, at least one month before its expiry.

CHAPTER FIVE

REPORTS & RECORDS

Article 45

A Company shall submit the following reports to the Authority:

1. Annual financial statements, audited by an external auditor. Such statements shall be submitted, within forty-five 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 thirty days from the end of the first half of the financial Year of the Company.
3. Quarterly financial statements, reviewed by the internal auditor of the Company. The statements shall be submitted within fifteen days from the end of every quarter.
4. An annual report indicating the names of the partners in the Company and their respective shares; and in the case of a public company, information should be provided about all persons who own individually five percent (5%) or more of the capital of the Company. The report shall be submitted within fifteen days from the end of the concerned Year.
5. An annual report validated by the Compliance Officer of the Company and to be submitted within fifteen 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 Agents of the Company who are entrusted with performing duties related to the licensed activities.

Article 46

A 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 selling and buying orders of clients.
4. Particulars of selling and buying 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 47

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

Article 48

A 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 49

A 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 50

A register of clients shall include the following information:

- 1- Information about the client and its custodian, if any.
- 2- Statement 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 interests of the client.

Article 51

A register of complaints shall include the following data:

- 1- Subject of the complaint.
- 2- Information about the complaining party.
- 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 52

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 reasonable 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 A COMPANY TO A CLIENT

Article 53

A 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 54

A Company shall send a monthly statement of account to the client, free of charge, in the case of executing a transaction for the account of the client. The statement shall be sent by a means that ensures knowledge of the client as he determines. The statement shall show: the type, quantity, price and value of each sold or bought Security and the remaining balance; and details of the commission and fees.

Article 55

A Company shall send a biannual statement of account to a 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 show: the type, quantity, price and value of each sold or bought security and the remaining balance; and details of the commission and fees.

PART TWO

INFORMATION MADE AVAILABLE BY A CLIENT TO A COMPANY

Article 56

A client shall make the following information available to a company in order to open an account at the Company:

1. Name, address, and phone number.
2. Age and sex.
3. Nationality.

4. Profession.
5. Information about place of employment.
6. Type of account to be opened.
7. The investment objectives of the client, his risk tolerance and the type of securities in which he intends to trade.
8. Whether he aims at obtaining distributions of profits, or capital gains, or both.
9. The level of knowledge of the client in trading securities.
10. His other expected annual revenues and the net assets of the client.
11. The number of the main bank account of the client, and the name and address of the bank with which the account is opened.
12. How he knew about the activity of the Company.

Article 57

The client shall provide at least the following documents in order to open an account with a 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 58

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 59

A Company shall not open accounts for clients until it had made sure that all the documents and information indicated in these Regulations has been satisfied.

Article 60

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 61

If a 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 62

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

Article 63

A Company shall keep a special record for every client; and it must include all the information and documents related to the client and his account. The Company shall also set appropriate procedures to update constantly the data on the client in order to ensure the validity of the documents it is keeping.

Article 64

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 65

A Company may decide voluntarily to stop conducting a licensed activity by submitting a written notice to the Authority, the Markets, 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 winding down, transfer of its businesses, and the details related to such activities.

Article 66

A Company which has given a notice of voluntary termination of activities shall not conduct any dealing 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 67

- 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 person for the period that it deems appropriate.
 - b- Impose conditions, restrictions, or obligations on the Company or the approved person.
 - c- Terminate the activity of the Company or withdraw the approval of the approved person.
 - 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 person include:
 - a- Failure or likely failure to comply with any of the rules or conditions prescribed in these Regulations.
 - 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 a 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 an approved person 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 a Company's failure to meet its obligations.
- h- In case of a 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 a Company.
- j- Failure to comply with the instructions of the Authority or a Market in relation to submission of information or documents required by law or regulations.
- k- In the case of a Company or an approved person 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- Contravention of any rules, obligations or an order issued by the Authority pursuant to these regulations
- m- Receiving a request from an overseas regulatory authority which is accepted by the Authority.

Article 68

The Authority shall, before taking a decision to suspend, modify, or cancel a license, notify a Company in writing of the proposed decision; and give it an opportunity to make, within five days from the date of receiving the notice, representations regarding the proposed decision. The Authority may decide, within ten working days of the date of giving the notice, and after considering the representations, to cancel or vary the decision.

Article 69

The provisions of the previous Article shall not apply in the following cases:

- a. When the Authority decides that the delay in issuing the decision might be prejudicial to the interests of the clients of a Company or the safety of a Market.
- b. When a Company suffers from an incident that might affect its financial position.

In these two cases, the Authority shall give the Company an opportunity to make, within ten days from the date of the notice given by the Authority, written representations of its opinion and proposals

Article 70

If the Authority decides, after having considered the representations, to suspend, vary or cancel the license, it shall notify the Company in writing of its decision within ten working 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 71

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 to the Appeals Committee within fifteen days from the date of receiving the notification.

Article 72

- 1- If a Company decides voluntarily ,to cease conducting an activity or, suspend, vary 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, variation 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 73

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

APPENDIX ONE

Article 1

INTERNAL CONTROLS

These controls apply to a 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

A 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 Top Management.

Article 4

In establishing and determining the administrative structures for the purposes of the previous Article, a 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

A 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

A 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 in regard to 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- A 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- A 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

A 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

A Company may assign a separate division or a team to manage risks, provided that such division or team is 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 A COMPANY AND OF ITS AGENTS

A Company shall establish special arrangements for its employees and 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.
- 2- Representatives of the Company.
- 3- Corporate finance analysts.
- 4- Investment Managers.
- 5- Compliance Officers.

Article 13

Arrangements established by a 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 a 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 WHICH MIGHT LEAD TO CONTRAVENTION OF LEGISLATION

A Company shall make the necessary arrangements for enabling its Top Management to receive the necessary information for determining, measuring, controlling, and managing risks that might lead to contravention of applicable legislation. Such arrangements 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

A Company shall establish an internal audit system that includes examination and evaluation of efficiency and effectiveness of the internal systems of the Company and the internal control mechanism, and it shall include 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

A 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

A 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- A Company shall retain records about its activities and transactions pursuant to applicable legislation.
- 2- A Company may retain electronic records.
- 3- A 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- A Company shall ensure safe storage of records and easy and timely retrieval thereof.

Article 20

OUTSOURCING

- 1- A Company may outsource ancillary or complementary activities based on the classification of activities determined by the Authority.
- 2- Outsourcing of activities does not relieve a Company from its obligations or duties to allocate responsibilities amongst members of its Top or Executive Management.
- 3- A Company shall exercise outsourcing in a manner that does not conflict with the terms of its license.
- 4- A Company shall give due consideration to operational risks that might arise from outsourcing.

Article 21

NOTIFYING THE AUTHORITY OF SIGNIFICANT OUTSOURCING

A 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 and 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 agreement.

Article 22

MANAGING SIGNIFICANT OUTSOURCING AGREEMENTS

A Company shall apply appropriate outsourcing policies that include:

- 1- Approval of Top 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- A 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 which 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 which 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

A 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 PERSONS AND REGULATED FUNCTIONS

Article 1

An approved person is any natural person who had received an authorization or approval from the Authority to perform 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 persons to conduct regulated functions, can take one of two forms:

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

Article 3

No natural person shall perform a regulated function unless he has obtained approval from the Authority to perform such function

Article 4

An approved person must not perform 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

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

Article 6

An approved person may perform 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. A 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- Members of the Company board of directors.
- 2- Executive president or, a general manager, or a managing director (a member of a board of directors to whom management of a Company has been delegated).
- 3- A person acting for any of the persons mentioned in (2) above.
- 4- Financial manager.

For an individual to perform any of the above functions, a 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 person responsible for providing advice to clients in respect of investment in securities in return for compensation or a commission paid to the Company.
- 2- “Account Manager” is the approved person responsible for administering the account of a client.
- 3- “Broker Representative” is the approved person responsible for executing selling and buying orders for the account of the broker or his clients.
- 4- “Back Office Operations Manager” is the approved person 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 person responsible for analyzing the previous, current, and expected performance of securities issuers; or a person who performs financial analyses with a view to providing financial advice to companies in regard to providing or obtaining finance.

- 6- “Investment Manager” is the approved person who is responsible for managing Securities portfolios for the account of others (mutual funds, individuals) by taking selling and buying decisions on behalf of his clients according to the authorization given to him by the client; or the approved person who works for an Investment Trustee to monitor management of Investments.
- 7- “Representative of a Custodian” is the approved person 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.

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

Category (3): Functions related to monitoring compliance

- 1- “Compliance Officer” is an approved person 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 Company Top Management of any breaches and submit such information to the Authority if no appropriate action is taken
- 2- “Anti-Money Laundering and Terrorism Financing Officer” is the person who performs the function of monitoring and reporting money laundering and terrorism financing crimes.
- 3- “Risk Management Officer” is the approved person responsible for enforcement of policies and procedures related to identification, measuring, and avoiding risks that might be faced by a Company and for preparing relevant reports.
- 4- “Internal Auditor” is an approved person 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 perform any one of the above functions, a Company must apply, on behalf of the individual, to the Authority for its approval

Article 8

GENERAL CONDITIONS FOR APPROVING INDIVIDUALS

In order to obtain approval of the Authority for performing any of the above mentioned functions for a financial services Company, a person 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, Doha Securities Market, or the Authority; 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 Company in which he works. This condition does not apply to members of the board of directors of a Company.

The Authority may exempt a person 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 an executive president, 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

PROCEDURES OF APPLICATION FOR APPROVAL

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

Article 11

Persons applying for approval to perform the functions specified in category (2) and category (3) may submit their applications directly or through a 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 12

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

Article 13

A license granted by the Authority to a person – except for persons for whom only approval is required - shall be valid for two years, and it must be renewed at the end of the period on condition that the licensed person satisfies the professional development requirements pursuant to the controls set by the Authority in this respect.

Article 14

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

- a. A change in his address or the address of the place where he works.
- b. Commencement or termination of his service by a Company. The notification must show the reasons for the termination of his service.

Article 15

Approval granted to an individual for performing a function shall expire at the same time when his services for the Company in which he was approved to work comes to an end.

A license granted to a person approved under categories (2) and (3) 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 16

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

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.

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 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 Regulations of the Authority; a Company shall be considered as having conducted custody services, if it held money 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 Regulation of the Authority; or if it conducted activities ancillary to such custody services like:

1. Paying or receiving 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 profits or attending shareholders general meetings.
4. Following up registration of ownership of securities.

Article 3

A 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 Depository.

Article 4

Written Contract

1. A Custodian shall not provide custody services to a client without having an agreement made in writing signed by both parties.
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 rights of the client such as the distribution of profits or otherwise.

- c- Manner of registration of the funds of the client.
- d- Details of the insurance against risks that will be provided by the Custodian.
- e- Reports and notices that the Custodian is obliged to send to the client.
- f- Right of the client to terminate the agreement unilaterally without giving any reasons (provided that the client sends a notice before at least ten working 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 working days).
- h- A Custodian shall be obliged to return the monies of the client in case of unilateral termination of the agreement by the Custodian or the client, within a period not exceeding two days from the end of the agreement.

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 profits, bonus shares, and others.

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Chapter Seven:

- Termination of Activities
- Suspension, Modification, and Cancellation of a License Articles (65-73)

- **Appendix One:**
Internal Controls
- **Appendix Two:**
Approved Persons and Functions Subject to Regulation
- **Appendix Three:**
Investment Management
- **Appendix Four:**
Custodians