



qatar

FINANCIAL CENTRE  

---

REGULATORY AUTHORITY

**A REGULATORY REGIME FOR TRAINING AND  
COMPETENCE (T&C) FOR QFC AUTHORISED FIRMS**

**November 2009**

## A REGULATORY REGIME FOR TRAINING AND COMPETENCE ("T&C") FOR QFC AUTHORISED FIRMS

This Preliminary Paper sets out detailed proposals to expand and strengthen the Qatar Financial Centre Regulatory Authority's approach to the Training and Competence (T&C) regime for QFC authorised firms (QFC firms).

The Regulatory Authority is focused on engaging with QFC firms in developing a T&C regime made up of two components. The first of these is a professional standards examination that will include testing of regulatory obligations and professional requirements and the second is a continued professional development (CPD) component. These components will be supported through the local availability of training courses and access to a wide range of professional certifications. The regime is intended to apply to all authorised firms and to approved individuals performing or seeking to perform controlled functions in or from the QFC.

The Regulatory Authority is working towards enabling early access to the examination so that it can initially be taken on a voluntary basis. It is intended that this could become a mandatory requirement for certain controlled functions when the enhanced regime is implemented.

Following the publication of this paper, a series of "town hall" meetings with QFC firms will be organised to discuss and seek opinions on the new proposals, to set out the Regulatory Authority's expectations on T & C, and to discuss how these are likely to develop over time. With the active participation of QFC Firms, it is anticipated that this collaborative approach will result in a T&C regime that meets both the Regulatory Authority's statutory objectives and the business objectives of those QFC firms.

The Regulatory Authority also recognises the importance of this training initiative to the broader strategic ambitions of Qatar, particularly in regard to the goal of being recognised as a major financial services centre. The Regulatory Authority anticipates that this initiative will contribute to the improvement and strengthening of professional training and qualifications in Qatar's wider financial services industry.

The Regulatory Authority welcomes your support and your ongoing contributions to developing the new T&C regime within the QFC.

Should you wish to submit comments we would ask you to kindly provide details of the organisation you represent. If you wish to seek clarifications or have concerns about confidentiality, please discuss those matters with us prior to making a submission.

**Any written comments should be submitted before 1<sup>st</sup> January 2010 to:**

Mr Shaun Swan  
Associate Director, Financial Sector Development and Policy  
QFC Regulatory Authority  
PO Box 22989  
Doha, Qatar

Or emailed to: [s.swan@qfcra.com](mailto:s.swan@qfcra.com)

## Introduction

1. Ensuring satisfactory levels of competence within QFC firms is key to the Regulatory Authority meeting its regulatory objectives. Standards of competence are also essential in the development and reputation of the QFC as well as to Qatar's broader strategic goal of becoming recognised as a major financial services centre.
2. T&C regimes concentrate on the development of professional standards and ensuring that financial services professionals have the right skills, experience, background and qualifications to competently perform their roles.
3. The Regulatory Authority already applies T&C requirements which are set out in the Individuals Rulebook (INDI). In summary, those requirements cover the activities which follow an individual's development cycle, through training, assessing, attaining and maintaining competence and identifying those circumstances where supervision of the individual is required. However, the Regulatory Authority is now undertaking a work programme with the objective of expanding and strengthening the existing requirements in the INDI rulebook and revising its overall approach to T&C.
4. Comprising of an examination and a CPD requirement, the new approach to T&C will be supported through training courses - which will be made available in Doha - and through the recognition of other professional certifications which may be obtained internationally.
5. The Regulatory Authority is presently working towards the early provision of access to the examination so that it can be taken on a voluntary basis, with a view to this eventually becoming a mandatory requirement for certain controlled functions once new rules are introduced to strengthen the regime.
6. Having qualified and well-trained individuals working at QFC firms is essential to maintaining and raising professional standards within the QFC. Employing and developing skilled individuals assists in meeting the Regulatory Authority's requirements, and will also contribute to enhancing the growing reputation of Qatar as a place to conduct financial services business in accordance with those standards prevailing in the world's major markets.

## Training and Competence

7. A commonly cited key requirement from analysis performed on other jurisdictions is the ability to access available and suitably trained and competent staff, or staff with potential to achieve competence. The provision of suitable training to staff to attain and maintain their competence is an important continuing responsibility of a firm because the guarantee of high standards of core competency underpins the overall quality of performance and the reputation of that firm.
8. The benefits of training individuals to operate to high professional standards within QFC firms are clear for the firm, the individuals receiving training and their customers. The Regulatory Authority takes the view that having a clear focus on the continual development

of individuals within the firm yields a compelling commercial benefit. Enhancing the competence of individuals is fundamental to driving stronger performance, improving the service provided to customers, and increasing the competitiveness of the business on both a local and an international level. Customers should be able to confidently assume a certain level of knowledge, skill and quality of service from QFC firms comparable with the levels that prevail in the world's major financial markets.

9. A key challenge is to develop a T&C regime where firms can access appropriate training for their staff. Organising training for individuals performing key roles in QFC banks, insurers and investment advisers provides multiple benefits. It allows QFC firms potential to maximise performance by ensuring that their individual staff bring to bear an appropriate level of knowledge and skills to properly execute their tasks. Finally it will make certain that they have a sufficient understanding of the Regulatory Authority's requirements.
10. The Regulatory Authority has therefore conducted preparatory work on the development of an enhanced framework for T&C. This has involved an initial analysis of T&C regimes in other international and regional financial services jurisdictions to obtain a sense of current international best practice. In addition to expanding and strengthening the INDI requirements, the Regulatory Authority intends to incorporate, where appropriate, the common T&C requirements identified in other jurisdictions in cases where they align to the specific requirements of the QFC T&C regime.
11. These requirements include the following common components:
  - recruitment and appointments;
  - maintaining competence (including threshold CPD requirements);
  - supervising competence;
  - reviewing and recording competence; and
  - appropriate professional qualifications framework
12. One high profile and topical aspect of T&C regimes, recognised as being an example of international best practice is the requirement to obtain professional qualifications. The Regulatory Authority has conducted further preparatory work in relation to professional qualifications and that work is discussed in more detail in the next section of this paper.

## **Professional qualifications and examinations in the QFC**

13. Professional qualifications can provide an independent and objective verification of the attainment of a body of skills and understanding. Our view is that a QFC focused professional qualification programme would provide an external benchmark and a local minimum standard. It should also support a firm's wider provision of access to training for its professional staff. For employers, encouraging staff to obtain appropriate professional qualifications not only underpins a commitment to T&C, but it supports professionalism within the firm and the development of the competence of individual staff. It should also provide for the opportunity to drive stronger performance towards meeting business objectives and assist in ensuring that staff conduct business in compliance with the Regulatory Authority's rules.
14. Equally importantly, employees with transferable knowledge and skills can enhance their career prospects.

15. The current legislation in the Regulatory Authority requires individuals in senior and executive management positions, those performing certain key functions such as compliance, money laundering reporting officer (MLRO) and those in customer facing functions to seek approved individual status. At present approved individuals are generally deemed to be qualified through a combination of experience and approvals/qualifications obtained in other internationally recognised jurisdictions.
16. The Regulatory Authority's analysis of international best practice indicates that there is an increasing emphasis and importance placed upon individuals obtaining professional qualifications and knowledge competence in the roles that they are performing. With this in mind and with the full support and commitment of the Qatar Financial Centre Authority (the QFCA), the Regulatory Authority has undertaken work to develop international standard QFC 'technical' professional qualifications which will contain a 'regulatory' component covering the applicable QFC Rules and Regulations as they relate to individuals and the professional business that they conduct in the QFC.
17. One of the key benefits of these professional qualifications is that they should be recognised and accepted in other international and regional jurisdictions. We expect that with this recognition will come the capacity to recognise equivalent qualifications from other jurisdictions.
18. In developing the QFC professional qualifications, the Regulatory Authority has engaged with professional examination providers to meet the Regulatory Authority's planned professional qualification requirements. The providers have been retained to prepare professional examinations covering the provision of investment advice and the provision of insurance advice for both general and long term insurance. The Regulatory Authority is also working with the Qatar Financial Business Academy (the QFBA) to develop the training support for the professional examinations. The QFBA plans to support the roll out of the examinations by providing examination facilities and training programmes for the examinations.
19. As an immediate goal the Regulatory Authority is working towards the provision of a training course and an examination for individuals engaged in insurance businesses who deal directly with customers. This training will address issues concerning the applicable regulatory environment and should be offered to QFC firms and their employees later this year. It will initially be offered on a voluntary basis.
20. Over the course of the remainder of this year, the Regulatory Authority will continue to work toward the development and final roll out of a similar examination supported by training which is focused on individuals performing investment business.
21. After an initial period it is expected that the Regulatory Authority will introduce new rules making these examinations mandatory for individuals performing certain approved individual roles.

## **Continuing Professional Development (CPD) and Training**

22. In addition to examinations, the Regulatory Authority plans to introduce continuing professional development (CPD) requirements to the T&C regime. CPD corresponds to life-

long learning whose benefits ensure that individuals keep their skills and knowledge up-to-date.

23. In recent years, CPD has developed internationally in financial services markets as a philosophy for the development of individuals in the roles that they perform. It is a model that embraces all of the educational inputs that contribute to continuing development and it provides an indication of competence. CPD can be described as a systematic development process, relating to all career stages and areas of practice, with regard to the needs of the professional, the employer and the profession generally. Its focus is not only the attainment of new knowledge, but also the refinement and development of existing skills, including those interpersonal skills necessary for effective professional practice.
24. In the context of the proposed regime, CPD will play an important role for individuals to develop their skills, knowledge and experience. Having a clear focus on CPD within an authorised firm enhances the competence of individuals and is fundamental to driving stronger performance, reducing errors, improving customer service and record keeping, increasing the competitiveness of the business, and improving compliance with the Regulatory Authority's requirements.
25. To facilitate CPD for individuals within the QFC, the QFCA, in concert with the Regulatory Authority, is planning to provide an environment which offers the necessary support and training to meet CPD aspirations. The QFBA will support the Regulatory Authority to achieve its goal by providing local access to other international examinations and to personal career coaching, and other skills. The QFBA has developed a team of Doha based instructors who aim to expand the number of skilled financial services professionals capable of becoming the region's future leaders.

## **Next steps in developing a T&C regime**

26. The Regulatory Authority is at the development stage in revising its approach to the T&C requirements for QFC firms. Over the next 12 months QFC firms will be consulted on the development of the regime.
27. The Regulatory Authority's underlying philosophy and approach to T&C is based on the premise that QFC firms should be responsible for the recruitment, training and development of competent individuals and that QFC firms should be able to adapt the T&C requirements to their business requirements. The Regulatory Authority seeks to balance allowing QFC firms to decide for themselves how they meet their regulatory obligations against a regulatory framework that ensures that those obligations are met.
28. It is in the interests of both the Regulatory Authority and the QFC firms that the Regulatory Authority continues to pursue the highest international standards. The Regulatory Authority is working towards developing a financial services industry within the QFC which embraces the value and benefits of training and maintaining competence as part of the business and compliance norm. The Regulatory Authority believes that taking these initial steps with QFC firms in the development of a QFC T&C regime should be positive for firms and ultimately their customers and will result in a financial services industry that is a more satisfying and rewarding place to work.
29. The Regulatory Authority looks forward to your support and ongoing contribution to developing the new T&C regime.