



QFCRA plans new rules for insurers, fund managers

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Reuters
Doha

The Qatar Financial Centre's (QFC) regulator is developing new regulations starting this year as a growing number of insurance companies, funds and asset managers seek to set up in the financial zone, its chairman said. The Qatar Financial Centre Regulatory Authority (QFCRA) is planning new regulations to govern the insurance sector as early as the second half of 2009 and is devising rules for funds, even as demand dips during the financial crisis, Phillip Thorpe said.

"There's a good supply of new firms in the pipeline, areas of real growth are insurance, asset management and funds," Thorpe told Reuters in an interview on Sunday.

More than 100 firms are now registered with the QFC, which is vying along with financial zones in Dubai and Bahrain to attract regional and global finance companies as their economies try to diversify away from a reliance on oil and gas revenues.

Oil and gas sectors account for about 66% of state revenues and about 60% of gross domestic product in Qatar, the world's biggest exporter of liquefied natural gas.

But the global financial crisis and lower oil prices have reduced the number of applications the QFCRA has received and the number of new licences it is issuing, Thorpe said.

"I wouldn't be surprised if we see one or two pack up their tents but it is not anything we would regard problematic," he said, adding the authority would grant a new licence to an investment bank this week.

"We have quite a lot of new proposals on our desk and we will undoubtedly bring out further regulation in the area of insurance in the second half of this year or early next year."

A government plan to create a single financial regulator for Qatar's financial and banking sectors, first unveiled in 2007, had been delayed due to the financial crisis, Thorpe added.

The regulator would combine the QFC regulator, the Qatar Central Bank and the Qatar Financial Markets Authority, which regulates the Doha bourse, into one entity.

"Clearly there has been a lot of government energy devoted to ensure the strength of the underlying economy," Thorpe said.

Qatar said last week it would offer to buy up to 15bn riyals (\$4.12bn) of banks' real estate investments, more than tripling a support package to help lenders cope with a slump in equity and property markets.

Like its neighbours in the Gulf region, Qatar has taken many measures to help the local banking sector weather global economic turmoil and restore investor confidence.

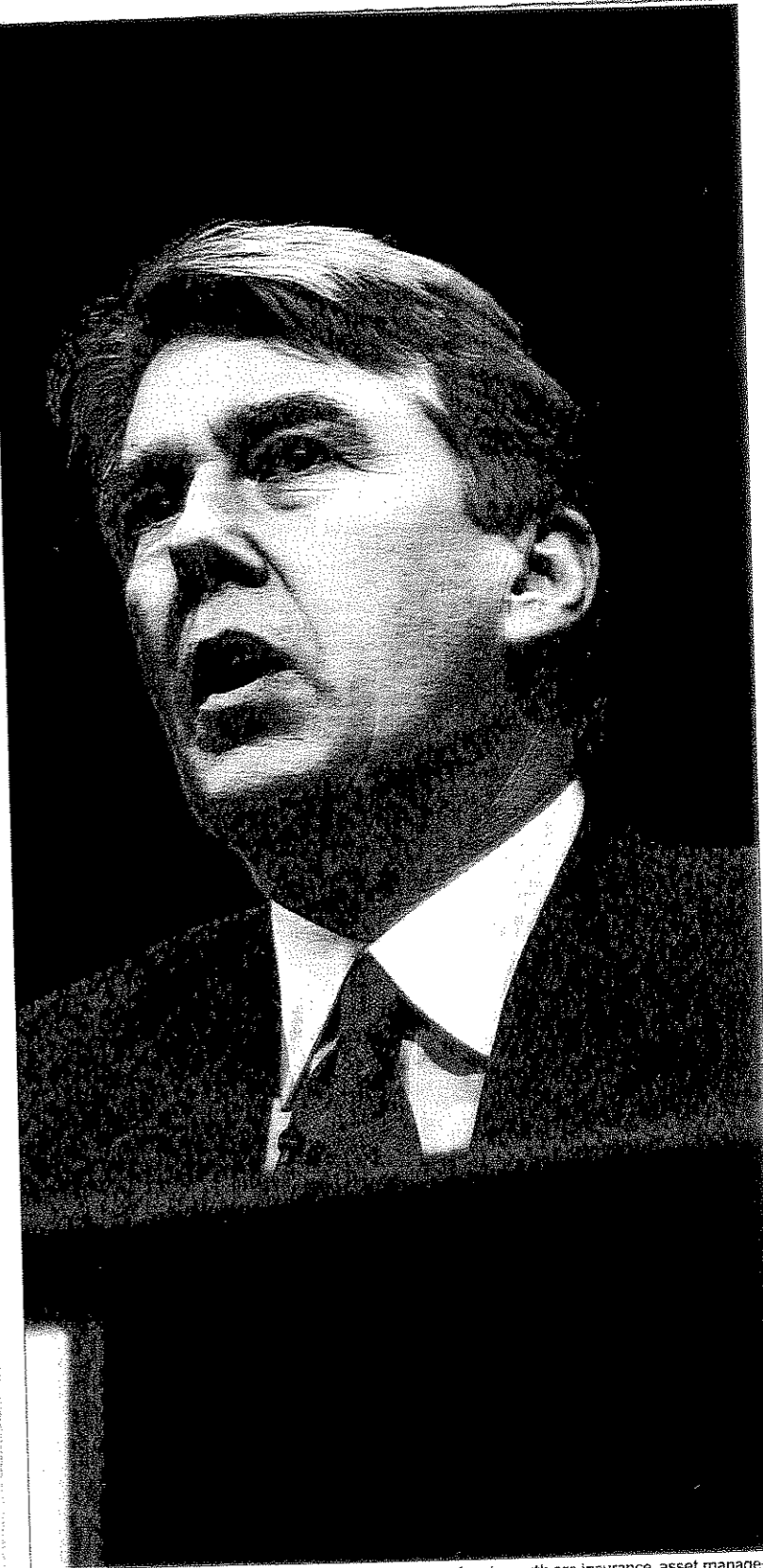
In addition to the real estate support package, Qatar bought 6.5bn riyals of banks' investment portfolios earlier this year and its sovereign wealth fund said late last year it would buy stakes of 10%-20% in local banks.

Amwal plans bond, money funds

Amwal, a Qatari asset management and investment banking firm, plans to launch bond and money market funds this year to tap growing appetite for relatively safe investments, its chief executive said yesterday. "There is a lot of liquidity in the market. People feel the need to park their cash into much safer investments," George Shehadeh said. The open-ended bond fund is expected to be at least \$100mn and will include both Gulf Arab corporate and sovereign bonds, Shehadeh said.

The open-ended money market fund, which will invest in Qatari riyal deposits and instruments, is expected over time to be around \$200mn, he added. Investors and sovereign wealth funds in the oil-exporting Gulf Arab region are looking

into boosting their local investments after suffering losses in international markets. Majid Al-Futtaim Group, a major retail mall owner in the UAE, in May launched an open-ended \$150mn equity fund to invest in the Middle East and North Africa region and said it may start a fixed-income fund later in the year. "There are high quality bonds in the region and money market deposits that are yielding attractive returns," said Shehadeh. Amwal, whose shareholders include the country's largest lender QNB, already has a fund that invests in Qatari listed equities. State and corporate issuers in the Gulf region have raised more than \$7bn by issuing bonds over the last three months.



"There's a good supply of new firms in the pipeline; areas of real growth are insurance, asset management and funds," says QFCRA chairman Phillip Thorpe.