



qatar

FINANCIAL CENTRE
REGULATORY AUTHORITY

Creating a modern legal and regulatory environment for Qatar

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Key ingredients for building investor confidence

- Financial services business is a 'confidence-intensive' industry. New jurisdictions can always promise everything, but **creating confidence takes time and a good track record.**
- The Gulf, and the wider MENA region, carries some unfortunate, and sometimes unfair, 'baggage'. Business practices are often suspect, corporate governance standards are seen as questionable, money laundering and terrorist financing are too frequently connected to the region. **Changing perceptions takes dedication and energy.**
- A financial centre 'offering' must be clear and convincing. Is it easy to explain? Are the constitutional arrangements transparent? Can businesses establish without difficulty? **The legal and regulatory arrangements must generate confidence.**
- And let's not forget - "*It's the economy, stupid*". An excellent legal and regulatory environment is important, but that alone will not generate success. **There must be a robust and sustainable economic case for financial firms to move into a new jurisdiction.**

The QFC proposition

- **The previous position:** Many financial services in Qatar have been provided by major Wall Street and City of London firms, but courtesy of Qatar Airways.
- **The formula for change:** The Government examined how it could attract international financial services firms to establish in Qatar, and recognised that if it wished to be successful, it was essential to offer:
 - high standards,
 - the English language,
 - common law, and
 - a well regulated environment.
- **The expected outcomes:** The QFC was conceived as the way in which to construct such an environment. It would provide Qatar with rapid access to new financial services and products, introduce new laws and regulations, and act as a catalyst for change within Qatar.

QFC – the legal and regulatory template

- **Clear constitutional arrangements:** The QFC and its key entities were established by primary Qatari statute. QFC authorised entities can operate in the State of Qatar, and do business with Qatari corporations and individuals.
- **Modern laws:** A full suite of civil and commercial laws have been implemented with drafting based on the laws of leading common law jurisdictions. More laws are being developed to meet industry needs.
- **A separate and independent QFC Civil and Commercial Court:** The Court has been established to adjudicate between parties relying on those new QFC laws. Alternative forms of dispute resolution are encouraged.
- **Full access to markets:** The law establishing the QFC imposes no restrictions on the type of financial services business that can be done by QFC authorised entities.

QFC – the legal and regulatory template

- **An Integrated Regulator:** The QFC Regulatory Authority was established as an integrated regulator, providing supervision of all forms of financial services activity. Much of the operation of the Authority is based on the approach of the UK's Financial Services Authority.
- **Regulatory Independence:** The Regulatory Authority was designed to be fully independent, with its own international Board drawn from leading regulatory bodies, and the Board in turn reports directly to Qatar's Council of Ministers.
- **International Cooperation:** The Authority has been given powers to cooperate fully with its international counterparts and enter into information sharing arrangements for the purposes of supervision and enforcement.
- **Adopting International Standards:** Entry into the QFC regime is open to any institution that can demonstrate that it can meet the standards for admission and will be able to maintain those standards.

The QFC legal environment

**QFC Law
No.7 of 2005**

*Primary Qatari
statute*

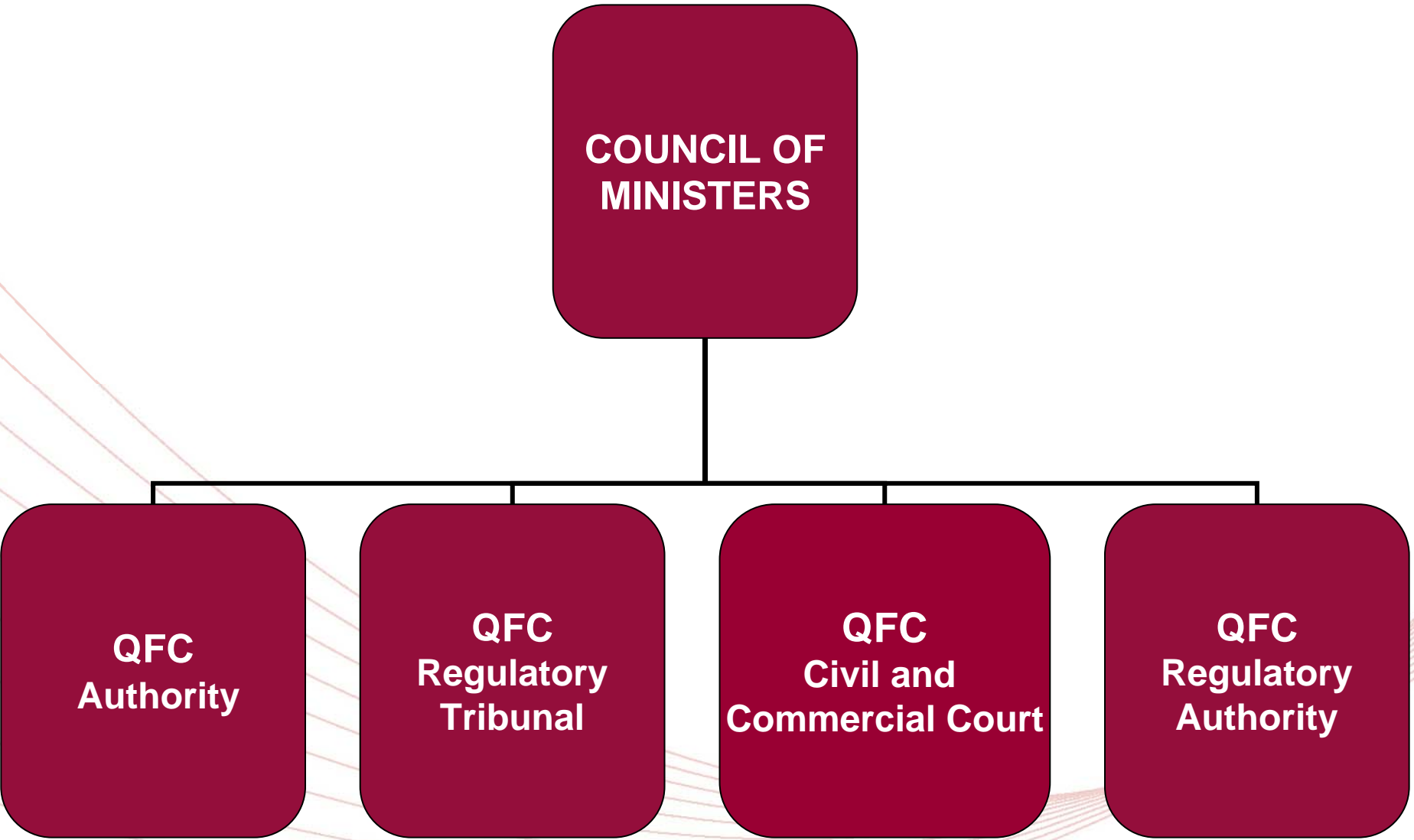
**QFC
Regulations**

The “Laws” of the QFC

**Rules and
Guidance**

The Rulebook of the QFCRA

QFC Entities



QFC Civil and Commercial Court

- **Lord Woolf** (formerly the Lord Chief Justice of England and Wales) was appointed by the Council of Ministers as President of the QFC Civil and Commercial Court in March 2006.
- The Council subsequently agreed the appointment of the following additional judges:
 - **Sir Philip Otton** (formerly a judge of the Court of Appeal, UK)
 - **Miss Barbara Dohmann QC** (leading financial services lawyer, UK)
 - **Justice Aziz. M. Ahmadi** (formerly the Chief Justice of India)
 - **Justice Ronald Sackville** (Chairman of the Judicial Conference of Australia)
 - **Lord Cullen** (Lord Justice General of the Court of Session, Scotland)
 - **Sir Peter Gibson** (Member of the Privy Council, UK)

QFC Regulatory Tribunal

- **William Blair QC** (part-time Chairman of the UK Financial Services and Markets Tribunal) was appointed as Chairman of the QFC Regulatory Tribunal by the Council of Ministers in March 2006.
- **Michael Thomas QC** (a leading commercial lawyer, and formerly Attorney-General for Hong Kong) was also appointed at that time as a member of the Tribunal.
- **Francois Gianviti** (formerly General Counsel to the IMF) was appointed as the third member to the Tribunal in December of 2006.

QFC Regulations

Financial Services Regulations	Limited Liability Partnership
Anti Money Laundering Regulations	Insolvency Regulations
Dispute Resolution Regulations	Companies Regulations
Arbitration Regulations	Trust Regulations
Foreign Judgment Regulations	Partnership Regulations
Security Regulations	More to follow.....
Contract Regulations	

QFC Permitted Activities

- **Regulated Activities** include financial business, banking business, insurance and reinsurance, money market, stock exchange and commodity market business, money and asset management business, Islamic banking and financing business, funds administration, and advisory work, pensions business, credit companies, insurance broking, stock broking, corporate finance, financial advice, custodian services.....

QFC Permitted Activities



- **Non-Regulated** activities include: ship broking and agency work, the provision of classification and grading services, company headquarters and treasury operations, the provision of professional services including audit, accounting, tax consulting and legal services, company formation and administration services.....

The lessons – so far

- The commitment to high standards is a key success factor, but it is clear that Qatar is judged as a whole in this regard. The Qatari Government's commitment to reform, transparency, and good governance has been a major positive contributor.
- The rule of law is paramount. A centre operating in an otherwise unreliable legal environment will not produce user confidence in the longer term. Having a highly respected body of jurists committed to developing the new legal environment is a major advantage.
- The best result is high quality new entrants to the QFC bringing new products and services to the market, and those firms being profitable. Not only does that create fewer regulatory stress points, but it justifies the entire exercise!