

Overview of the Professional Investor Fund Rules 2021

September 2021

First – a recap on the current framework:

Two Rulebooks:

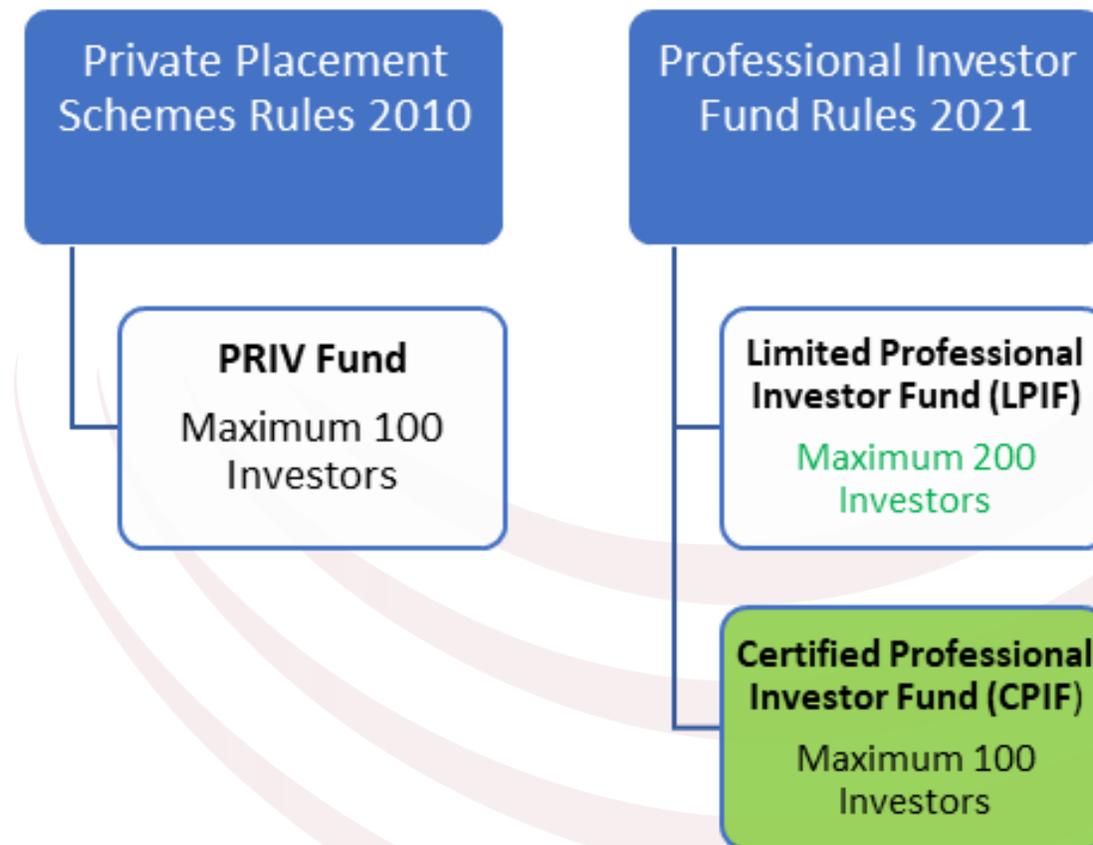
- 1. Collective Investment Scheme Rules 2010 (“COLL”)** is a framework designed to align with the European Union (“EU”) Undertakings for the Collective Investment in Transferable Securities (“UCITS”) framework and it provides for the marketing of funds to both retail and professional investors.
- 2. Private Placement Schemes Rules 2010 (“PRIV”)** created a category of fund that is open to a maximum of 100 professional investors, and it is separate and distinct from the UCITS-type framework in COLL.

Professional investors for PRIV has the same meaning as “business customer” or “eligible counterparty” as defined in the Customer and Investor Protection Rules 2019 (“CIPR”).

Introduction to proposals:

1. **COLL** Rules will not be affected.
2. **PRIV** Rules will be retired, and will be replaced by the **Professional Investor Funds 2021 (“PROF”)**.

However, that does not tell the full story as the old PRIV Funds will continue to exist (more or less unchanged) within the new PROF:



Certified Professional Investor Fund

Key Features:

1. The minimum required investment is QAR 400,000 (approx. USD110,000) for a CPIF. (There is no minimum for an LPIF);
2. The Customer and Investor Protection Rules 2019 (“CIPR”) will not apply to CPIF investors with the exception of Chapter 2 (Principles of fair treatment of customers). (CIPR will continue to apply in full to LPIF investors);
3. The Customer Dispute Resolution Scheme Rules 2019 (“CDRS) will not apply to CPIF investors, but will continue to apply to LPIF investors; and
4. To align with preferred jurisdictions for the establishment of similar funds: (i) a reduced capital requirement will apply to managers of CPIFs and (ii) PROF will permit the outsourcing of certain controlled functions.

Certified Professional Investor Fund Key Features

As is currently the case with LPIFs there are:

- No borrowing restrictions;
- No restrictions in asset type;
- No restrictions on the location (jurisdiction) of the assets; and
- No concentration limits.

In addition:

- Reduced capital requirement for the manager (down from QAR 1.8m to QAR 250,000); and
- Annual submission of a return and audited accounts; and
- Shorter Offer Document template (see Schedule 3 of the draft Rules).

Certified Professional Investor Fund

Key Features

Who can invest?

A Certified Professional Investor is a person who signs a declaration (see Schedule 4 of the draft Rules) confirming, among other things:

- That they have the necessary knowledge and experience to understand the risks;
- That they have a net worth in excess of QAR 4m; and
- That they understand that they will not have the benefit of the protection and remedies available under the Regulatory Authority's Customer and Investor Protection Rules or Customer Dispute Resolution Scheme Rules.

This is different from the definition of a Professional Investor in CIPR (and which will still apply to LPIFs).

Certified Professional Investor Fund

Key Features

Who can manage a CPIF?

- a) A QFC fund manager; or
- b) A State fund manager.

A State fund manager is an entity that:

- Is a bank or an insurance company authorised by the QCB, or an investment manager licensed by the QFMA; and
- Is obliged under a QFC contract with the fund, to comply with the requirements imposed by the PROF rules in relation to establishing, operating, managing or winding up a certified professional investor fund.

The Regulatory Authority will neither authorise nor supervise the State fund manager in the performance of this function, and will instead rely on supervisory cooperation arrangements.

Certified Professional Investor Fund Key Features

Outsourcing of Controlled Functions

A QFC fund manager of a CPIF can outsource:

- the Finance Function;
- the Compliance Oversight Function; and
- the Money Laundering Reporting Officer Function.

to another company within the same financial group, or to a suitable corporate third party e.g. a firm of accountants or lawyers, or a specialised fund service provider.

It is not proposed to permit the Senior Executive Function to be outsourced.

Certified Professional Investor Fund Registration Process

To register a CPIF with the Regulatory Authority a fund manager will need to comply with the requirements of PROF by completing an application form and submitting a copy of the constitutional documents of the fund.

The Regulatory Authority will seek to ensure that, where a completed application for registration of a CPIF is received, and the constitutional document follows a published template, the Regulatory Authority will register the CPIF within a relatively short period of time.

The Regulatory Authority will target a 10-day approval process provided that the application meets the requirements of PROF.

CPIF Vs LPIF

Summary of differences/similarities

	CPIF	LPIF
QFC Fund Manager can manage?	Yes	Yes
State Fund Manager can manage?	Yes	No
QFC Fund Manager's minimum capital requirement?	QAR 250,000	QAR 1,800,000
Minimum customer investment?	QAR 400,000	None
Consumer Protection regime applies?	No	Yes
Regulatory reports per annum?	1	2
Possibility of 10-day registration?	Yes	No
Shorter Offer Document?	Yes	No
Normal AML Rules apply?	Yes	Yes
Assets vested in a Custodian?	Yes	Yes

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Next steps - Consultation Process

The Regulatory Authority is seeking constructive feedback on this consultation paper from:

- Authorised firms;
- Financial firms/groups established in the State of Qatar;
- Any bodies representing promoters of funds
- Investors, and any bodies representing investors in funds; and
- Any other relevant and/or interested parties.

Please submit your comments by **30 September 2021** to:

Policy Department, QFC Regulatory Authority,

PO Box 22989, Doha

Or email to consultationpapers@qfcra.com

Certified Professional Investor Fund

Next steps - Final Rules

We expect to bring final Rules to our Board at their December 2021 meeting for consideration and, if appropriate, approval.

The new Rules, if approved, will be commenced very shortly after that.

In the meantime, we are available to meet with interested parties on a one-to-one basis to discuss the draft Rules.

Questions?

Thank you



هيئة تنظيم
مركز قطر للمال

**QATAR FINANCIAL CENTRE
REGULATORY AUTHORITY**