

LAW NO. (33) OF THE YEAR 2006 QATAR CENTRAL BANK

We, Hamad Bin Khalifa Al-Thani,
Amir of the State of Qatar

After looking into:

The Constitution

And the Law No. (15) of the Year
1993 establishing Qatar Central Bank,
and the amending laws, And the Law
No. (36) of the Year 1995 organizing
Money Exchange activities, And the
draft law submitted by the Council of
Ministers:

We hereby issue the following law:

Chapter One

Definitions

Article (1)

In applying the provisions of this law, unless the context otherwise
requires, the following words and phrases shall have the meanings expressed

opposite to each: Ministry of Finance

The Minister: The Minister of Finance

The Bank: Qatar Central Bank

The Governor: The Governor of the Bank

The Board: The Board of Directors of the Bank

The Committee: The Banking Committee established in accordance with the
provisions of this law.

The Bank: Any company licenced for practicing all or part of banking and
investment works in the state.

Deposits : Money deposited with or without interest after an agreement to be
paid upon request or for a fixed time or in the agreed occasions.

Banking Activities : Acceptance of deposits and other money capable of
recovery, granting credit facilities, discount, purchase or sale of negotiable
instruments, trading in foreign exchange

instruments and precious metals, issuance of cheques and other payment instruments issuance of bonds, liabilities and any other activities specified by a decision from the Bank.

Investment Activities : Investment on behalf of third parties, performance of mediation activity and financial agency, organization of public underwriting, providing preservation and safety services, contribution in share issuance and other securities, providing advices regarding capital markets and services connected with amalgamation, sale and purchase of companies and establishments, management of investment funds, trading in money instruments and market foreign exchange and precious metals, and any other activities decided by the Bank.

Exchange Activities: Exchanging and trading in different currencies and travellers cheques, and ingots of precious metals and issuance and acceptance of remittances from licenced correspondents.

The Money : Banknotes and coins and digital money and all money instruments decided by the Bank.

Securities : hares, bonds and other securities and all that legally or traditionally considered as securities or which decided by the Bank as such.

Specialized Banks: Licenced banks to practice principally all or part of banking or investment activities in certain economic sectors.

Foreign Units: Any investment company, or a branch of a foreign investment company, or any bank or a branch of Qatari or foreign bank licenced to practice all or part of banking or investment activities in the State of Qatar or outside except receiving of deposits and administration of investments for citizens and residents in the State.

Investment Company: Any company or branch of a foreign company licenced to practice all or part of the investment activities except receiving of deposits.

Consultant Institutions : institutions which offer investment advice regarding securities or any other investment instruments approved by the Bank.

Exchange Houses : Any company or establishment licenced for practicing money exchange activities except receiving of deposits.

Representation Bureaus : Bureaus which practice activities of representing foreign banks or investment companies in the State of Qatar, without the right of receiving deposits and practicing

banking and investment works and money exchange activities.

Financial Services Institutions : Investment or financing or exchange corporations in the State, or any other financial services companies or institutions stated by the law or by a decision from the Bank.

Financial Institutions: Any bank or a financial services institution or a foreign unit.

Finance Companies: Any licenced company for practicing the activities of granting facilities and different loans or any specialized lending activities decided by the Bank.

Chapter Two Organization of the Bank

Article (2)

Qatar Central Bank shall have a Legal Personaity and an independent budget.

Article (3)

The main office of the Bank shall be located in Doha City and the Bank may establish branches in the State of Qatar, and appoint agents and correspondents inside or outside the State of Qatar.

Article (4)

The Bank shall act to implement the general economic and developmental policy of the State in a way which does not contradict the following objectives:

1. Stability of Riyal rate of exchange and its capability of being exchanged for other currencies
2. Stability of commodities and services prices
3. Financial and banking stability

Article (5)

The Bank shall lay out and enforce the State monetary policy, policy of the rate of exchange and financial and banking supervision. To achieve this, the bank shall be empowered to:

1. Issuance of the currency and organization of its circulation.
2. Grant licences for financial institutions and representation bureaus and supervise and control it subject to the provision of this Law.
3. Establishment of the system which leads to the stability and organization of the banking system and increasing its competence and contributes in its development.
4. Act as bank of the government.
5. Act as bank of the working banks in the State.

6. Administer and invest its money and reserves.
7. Establish, administer and develop supporting central banking services systems e.g., payments systems, clearance, credit centres and others.
8. Offer advice to the Council of Ministers in all matters concerning financial and economic affairs.
9. Notify the Council of Ministers with any factors which may endanger financial or banking stability and propose the policies concerned.
10. Represent the State in international and Arab financial monetary institutions.
11. Supervise and control investment funds and payments and clearance systems, and organize the issuance of fixed proceeds securities.
12. Supervise and control pension funds and anti money laundering in accordance with the law or as authorized by the State.
13. Collect and publish the statistics connected with its role and functions

Chapter Three Capital and Accounts of the Bank

Article (6)

The capital of the Bank shall be Five Billion Qatari Riyals fully owned by the State. The capital of the Bank is untransferable and not subject to mortgage. The capital may be increased or reduced by a law decree upon recommendation of the Governor.

If the accounts of the Bank show deficit of the capital, the State should issue untransferable bonds, without proceeds, to cover the deficit.

Article (7)

The Bank shall prepare, at the end of every financial year, its balance sheet and the statement of profits and loss according to the applied accounting principles.

The net profits for every financial year shall be determined after deduction of charges and expenses.

Article (8)

The Bank shall have a general reserve account to which 10% of the annual net profits shall be transferred. The necessary amounts for redemption of the bonds issued in accordance to the second paragraph of Article (6) of this law shall be drawn from the remaining percentage.

The remaining of the net profits after the drawing mentioned in the above paragraph, shall, within four months from the end of the financial year, revert

to the rate of exchange subordination account, unless the Council of Ministers decides another way for disposal.

Article (9)

The Bank shall establish a special account named reserve revaluation

account, the profits arising from change in the value of the assets of the Bank and its current liabilities of gold, precious metals, foreign exchange and the special drawing rights against the rate of exchange of Qatari Riyal, shall be entered in the credit side of this account. The loss arising from revaluation of the assets and current liabilities of the bank above mentioned against the rate of exchange of Qatari Riyal, shall be entered in the debt side of this account.

The net credit balances of this account at the end of the financial year shall not be entered in the profits of the Bank. The net debt balances shall be covered from the profits of the Bank, if any, or by governmental bonds without proceeds. These bonds shall be consumed respectively from the net profits of this account for the following years.

Chapter Four Administration of the Bank

Article (10)

The Bank shall be managed by a board of directors formed of the Governor as Chairman, the Deputy Governor and not less than three members, including a representative of the Ministry of Economy and Commerce and a representative of the Ministry of Finance and a representative of Doha Securities Market Corporation.

The Vice-Chairman shall replace the Chairman during his absence or in case of vacancy of his office.

Article (11)

The Governor and the Deputy Governor shall be appointed by Amiri Decree for the term of five renewable years. The Governor shall have the status of minister and the Deputy Governor shall have, the status of undersecretary. The other members of the board shall be appointed by Amiri Decree for the term of four renewable years, and the decree shall determine their remunerations.

If the office of any member is vacant before expiry of his term, another member shall be appointed to complete the remaining period.

Article (12)

The Board shall have the necessary powers and authorities to achieve the objectives of the Bank, especially the following:

1. Approval of the principles of the monetary policy in coordination with the Minister.
2. Approval of the principles of the policy for the administration and investment

of the property of the Bank.

3. Approval of the specifications of the currency, its issuance and withdrawal from circulation.

4. Approval of the financial and administrative regulations and the staff affairs regulation which is necessary for promotion of work in the Bank.

5. Approval of discount rates, commissions and fees received by the Bank.

6. Granting Licences for financial institutions and representation bureaus.

7. Approval of the policies for supervision and control of the financial institutions,

representation bureaus, investment funds, pension funds, payment and clearance systems and any institution governed by this law.

08. Approval of the balance sheet and final accounts of the Bank.

Article (13)

The Governor shall be entitled to supervise the administration and management of the Bank and he shall, especially, have the following powers:

1. Execution and follow-up of the monetary policy

2. Execution and follow-up of the exchange rate policy and other banking policies

3. Execution of the policies and resolutions issued by the Board

4. Appointment of the staff of the Bank, determination of their financial rights and termination of their services in accordance to the staff affairs regulation

5. Appointment of foreign correspondents of the Bank

6. Representation of the State in sessions and negotiations concerning regional and international monetary, financial and banking cooperation.

The Governor may delegate part of his powers and authorities to the Deputy Governor or to any of the officials of the Bank.

Article (14)

The Governor shall represent the Bank before the Courts of Justice and in its relationships with others.

Article (15)

The board shall, subject to its conditions, appoint a general supervisor for the Bank who should have professional experience in banking and accounting affairs.

The general supervisor shall chair the internal auditing unit in the Bank and submit his reports to the board.

Article (16)

The Governor and the Deputy Governor shall, during their term of office, devote their professional services to the Bank and neither of them shall hold any other post or perform any other work with or without payment.

This provision shall not apply to contribution in conferences and activities of regional and international organizations and works of committees formed or

supervised by the State.

No member of the staff of the Bank, shall, during the term of his office, hold any other post or perform any other Work with or without payment unless he obtains pre-approval of the Bank.

No member of the board or the employees of the Bank shall accept any present or advantage connected with his job, either for himself, or to any person with whom he has blood or work relationship, or financial interest.

The board shall issue the organizing decisions for the borrowing of its members

and the employees of the Bank from the financial institutions. The Governor shall submit an annual report about the loans of the members of the board to the Supreme Council for Economic Affairs and Investment.

Article (17)

The following shall not be eligible for membership of the Board:

1. A person who has been declared bankrupt or has refused to pay his debts
2. A person who has been convicted of an offence involving moral turpitude or dishonesty
3. The owner or agent of an external auditing bureau of the Bank.
4. Members of the boards of directors of financial institutions which fall under supervision of the Bank and its directors, managers, employees and account auditors.

Article (18)

Membership of the board shall terminate by Amiri Decree:

1. If the member has been convicted of the crime of disclosure of the secrets of the Bank
2. If the member has been absent for three consecutive board meetings without any acceptable excuse.

Article (19)

The Board shall hold an ordinary meeting at least once every three months. The Chairman of the Board may call for a board meeting when it is necessary, or, upon the request of two of its members.

The meeting of the Board shall not constitute a quorum unless it is attended by the majority of the members, provided that the Governor or the Deputy Governor attends.

The Board shall issue its resolutions by majority of the votes of the attending members. If the votes are equal, the Chairman shall have the casting vote.

Article (20)

The Board may seek, when necessary, the opinion of experts and specialists and determine their remunerations. The Board may invite to its meetings any person whose advice is required on a particular subject, without having the right to vote.

Article (21)

The member of the Board, when appointed, and at the end of every financial year should disclose his financial interests that conflict with his membership.

He has no right to contribute in the discussions or vote when the Board discusses such financial interests.

Article (22)

Members of the Board, employees, accounts auditors or agents of the Bank are prohibited from disclosing any statements or information concerning the affairs of the Bank or the affairs of financial institutions subject to control

and supervision of the Bank, if these information or statements have been acquired

by them by reason of performing their duties, except in cases authorized by law or in execution of a judicial order or judgment. This prohibition shall continue even after termination of services of such persons.

Article (23)

The Bank shall not pay to its employees or the members of the Board, any wages, salaries, fees, allowances or remunerations calculated on the basis of profits realized by the Bank.

Chapter Five Currency Backing and Investment Operations

Article (24)

The Bank shall, at all times, maintain a foreign balance of assets as currency backing of the currency in circulation and the bank operations. This shall include gold, precious metals, public debt instruments and other financial, monetary and foreign exchange instruments, provided that it should be in convertible currencies, and with instruments and financial securities negotiable in local and international markets. The Bank shall invest this reserve according to the investment policy approved by the Board.

Article (25)

The balance of negotiable foreign assets in convertible currencies, should not be less than 100% of the currency in circulation.

Article (26)

The currency unit is Qatari Riyal which is divided into (100) hundred Dirhams.

Article (27)

The issuance of the currency is a state privilege exercised exclusively by the Bank, and to that extent, the Bank shall:

1. Take the necessary measures for printing the currency notes and minting the coins and all matters relating thereto such as designing of

notes, coins, plates and dyes and keeping such notes and coins in a safe custody.

2. Issue, re-issue and re-redeem the currency.

3. Exchange the currency at its head office, banks, offices and agencies which it may establish or designate.

Article (28)

Currency notes and coins shall be denominated, shaped, and designed, and shall be approved by the Amir on recommendation of the Bank. The currency notes shall bear the signature of both the Governor and the Minister.

Article (29)

The currency issued by the Bank shall be a legal tender for payment of any amount in Qatar provided that such amount shall not exceed the face value of such currency.

Article (30)

Any decision to withdraw any currency notes or coins from circulation, should be published in the official Gazette and announced to the public through the other publication media.

The withdrawal decision shall specify a period for the exchange of the withdrawn currency notes and coins not less than ninety days in ordinary circumstances and fifteen days in extra-ordinary circumstances.

Currency notes and coins not presented for exchange before the expiry of the period specified in the preceding paragraph shall cease to be a legal tender, and shall not be negotiated, but holders thereof shall have the right to

redeem such currency notes and coins at their face value from the Bank within ten years from the date the withdrawal decision came into force. After expiry of such period the value of such currency shall be transferred to the general reserve of the Bank.

Article (31)

The Bank shall issue the appropriate decisions for regulating the exchange of torn, defective and unshaped coins and currency notes.

Article (32)

The Bank shall issue the appropriate instructions for application and work of different payment systems and digital money and the organization of clearing operations.

Chapter Seven Monetary Policy

Article (33)

The Bank shall be responsible for establishing and enforcing the monetary policy. The Bank shall announce this policy and any change in it, and shall also, if necessary, announce an analytical statement of its developments,

results and any changes in its objectives.

Article (34)

The Bank may work in the open market by way of unrestricted sale and purchase, cash or future or under agreements for the re-purchase of negotiable public debt securities issued by the Government, securities issued by the Bank and other securities. The Bank shall have the right to use any other instruments

for enforcement of the monetary policy.

Article (35)

The Bank shall order the banks operating in Qatar to maintain in its custody amounts of reserve with limited ratios and limits regarding the amounts, quality and maturity of its deposits or any other obligations stated by the Bank.

The ratios of the reserve shall be equal for all the banks accepting deposits and for every kind of deposits. Banks of foreign units shall be exempted from maintaining such reserves.

Maintaining of the required reserves shall be by monetary balances of the banks in the Bank, and it may be calculated in the manner stated by the Bank.

The Bank may pay every bank interest for these reserves.

The Bank shall determine limits and ratios for an obligatory reserve appropriate to the activity of Islamic banks.

In all circumstances, these reserves shall not be subject to mortgage or attachment.

Article (36)

The Board shall impose a financial penalty on any bank which fails to maintain the required reserve in the prescribed ratios and limits mentioned in the above article. The penalty shall not exceed five times the announced rate for every day of default.

Article (37)

The Bank shall open accounts for the banks operating in the State and shall accept deposits from it under terms and conditions determined by the Bank.

Article (38)

The Bank shall, subject to terms and conditions determined by it, deduct the following financial instruments when submitted by the banks:

1. Certificates of deposits, bills of exchange, treasury notes and bonds in Qatari Riyal or in other currencies.
2. Negotiable public debt securities issued in Qatari Riyal or in other currencies, provided that it is a part of an issue guaranteed by the Government or securities issued by the Bank.
3. Any other securities or financial or monetary instruments specified by the Bank.

Article (39)

The Bank shall, subject to conditions specified by it, purchase or sell or

accept that one of the bank mortgage to it, the following assets:

01. Certificates of deposits in Qatari Riyal or in any other currency
02. Negotiable public debt securities and bonds in any currency
03. Other negotiable assets including precious metals
04. Any other assets approved by the Bank

Article (40)

The Bank shall control the interest rates and the conditions for granting loans and accepting deposits in all financial institutions.

Chapter Eight Rate of Exchange Policy

Article (41)

The rate of exchange of Qatari Riyal in foreign exchange market shall be determined by co-ordination between the Minister and the Governor and it shall be issued by a law-decree.

The Bank shall announce any change in the rate of exchange of the Qatari Riyal.

Article (42)

The Bank shall manage and control the rate of exchange of the Qatari Riyal by a margin or any other system against one currency or more, or the special drawing rights or any other arrangements.

The Bank shall take the necessary arrangements which assist in keeping the foreign value of the Qatari Riyal in accordance with the preceding paragraph.

In case of any volatility in exchange market, the Bank may not bind itself by these arrangements.

Article (43)

The Bank shall establish a special account to support the rate of exchange of Qatari Riyal and this account shall be invested according to the investment policy of the Bank.

Chapter Nine Relationship between the Bank and the Government

Article (44)

The Bank shall act as an advisor, bank and financial agent of the State, ministries, Government organs and public corporations.

The Council of Ministers may seek the advice of the Bank on developmental and economic policies.

The Bank and the Ministry shall lay out a mechanism for co-ordination between monetary and financial policy. The Bank shall co-ordinate with other Government authorities in order to implement its objectives.

Article (45)

Without violation of the provisions of the Law of Public Debt, the Governor and the Minister shall co-ordinate before the start of every financial year

and when it is necessary, on the amount of the Government loans from Qatari banks and the ministry plan regarding the domestic and foreign public debt. In all circumstances, the Bank should be informed of all debt operations carried out by the Government, ministries, Government organs, public corporations and the companies owned or managed by the State.

Article (46)

The Bank may accept deposits from the State, ministries, government organs, public corporations and companies owned or managed by the State.

The Bank shall, as deposits acceptor, maintain accounts, provide banking and financial services and pay, in the limit of the deposited money, by payment orders on these accounts. The Bank may pay interest for these accounts.

Article (47)

The Bank shall, on an agreed terms and conditions with the Minister, act as a financial agent of the State, ministries, government organs and public corporations in the issuance and administration of public debt bonds and payment of its value, profits and commissions or any other banking or financial services.

Article (48)

The ministries, government organs, public corporations and companies owned or managed by the State, shall provide the Bank, on the specimens prepared by it, with the necessary information for preparing the economic and monetary statistics, payments balance statistics and prices levels.

Article (49)

Ministries, government organs, public corporations and authorities and companies owned or managed by the State, shall not borrow from the Bank whatever the form, maturity and amount of such borrowing.

As an exception from the above, the Bank may grant the Government, upon application of the Minister, a sum not exceeding 5% of the average of revenue of the budget of the State for the last three years, and for a term not exceeding four months.

Chapter Ten Acceptance of Deposits

Article (50)

No person shall practice the activity of acceptance of deposits, except a legal person after obtaining the necessary licence from the Bank in accordance with the provisions of this Law.

Article (51)

The Bank may, either by itself or contributing with other banks working in

the State, establish a system or a fund for protection of deposits.

Chapter Eleven Licencing of Financial Institutions and Representation Bureaus

Article (52)

No person shall use the term bank or logo of a bank or a financing or an investment company or an exchange house or any other financial institutions in the documents, correspondences, advertisements or any other means before obtaining the licence from the Bank. Also practicing of works and activities provided for in this Law is prohibited unless it is licenced.

Article (53)

Subject to the provisions of the Law of Commercial Companies and the law organizing investment of non-Qatari capital in economic activity, the Bank may grant the licence for practicing the activities provided for in this Law to:

1. Banks, provided that it is established as joint stock companies offering their shares for public subscription. Foreign banks branches are exempted from this provision since they are branches for banks registered as joint stock companies in the state of origin.
2. Financial services institutions registered as joint stock companies. The financial institutions which carry on investment on behalf of others should offer its shares for public subscription. Branches of foreign financial institutions are exempted from this provision, since they are registered as joint stock companies in the state of origin.
3. Foreign units and representation bureaus, subject to the conditions stated by the Bank. In all circumstances, approval of the Bank for investment of non-Qatari capital in financial institutions should be obtained.

Article (54)

No licence shall be granted to the branches of foreign financial institutions and representation bureaus to work in the State, unless it is licenced from the competent authorities in the state of origin. All agreements for foreign administration of financial institutions shall be subject to the approval and instructions of the Bank.

Article (55)

Except the financial institutions Licenced by the Bank before the application of this Law, an application for licencing the establishment of a financial institution or a representation bureau shall be submitted in accordance to the specimen and subject to the conditions stated by the instructions of the Bank. The Bank shall decide on the application without mentioning the reasons and shall notify the applicant with the decision in writing.

Article (56)

Applicant for the licence shall have a sufficient capital and an acceptable financial status according to the instructions of the Bank.

Article (57)

The financial institutions and representation bureaus shall start practicing their activities within six months from the date of the licence. The Bank may extend this period to another similar period. If the second period lapses before

starting the licenced works or activities, the licence shall be deemed invalid.

Article (58)

The Board may issue a resolution revoking the licence in the following circumstances:

1. Violation of the provisions of this Law or the decisions and instructions enforcing it.
2. Non-fulfillment of the conditions stated in the licence.
3. Providing the Bank with incorrect or misleading information.
4. Endangering and threatening the interests of depositors and investors by the way the financial institution manages its affairs, at the discretion of the Bank.
5. Issuance of a decision of liquidation or winding up of the financial institution.
6. End of work of the branch of the foreign financial institution in the State.
7. Revocation of the licence of the branch of the financial institution in the state of origin.

No works or activities shall be practiced from the date of revocation of the licence.

Article (59)

The Bank shall publish the decision of revocation of the licence in the official gazette and in at least two daily newspapers.

Chapter Twelve Banking and Financial Control

Article (60)

A Banking Committee shall be established, chaired by one of the Vice Presidents of the Court of Appeal nominated by the Supreme Council of Justice, and membership of the Deputy Governor and one of the qualified and experienced banking experts. The Committee shall be competent to decide in the violations attributed to the banks and financial institutions, and issue the decision of putting the defaulted financial institutions under temporary administration of the bank upon recommendation of the Board.

Article (61)

The Council of Ministers shall issue a decree forming the Committee and stating its regulations and the procedure to be followed by it.

Article (62)

Every financial institution shall have systems and regulations set according to its articles of association and the instructions of the Bank and shall include the following:

1. The administrative and regulatory framework.
2. Responsibilities and powers of the board of directors, its members, the managers and the responsables.
3. Procedure and policies of banking operations and financial services.
4. The accounting policies.
5. The policy of risk determination and investment and banking controls.
6. The policy of internal auditing and control.

7. Any other policies or procedures required by the Bank.

The Bank may perform amendments on the articles of associations of the financial institutions according to its objectives.

Article (63)

No financial institution or any subordinate company shall, open a branch or a bureau, or close any existing branch or bureau, or change its legal status,

or its main location inside the State, without obtaining the approval of the Bank.

No financial institution or any subordinate company shall open a branch or a bureau outside the State without obtaining the approval of the Bank. The Bank should be informed before closing any branch or bureau outside the State.

Every financial institution which desires to cease carrying on business in the State should notify the Bank in advance and the period of notification should not be less than six months. The Bank may approve reduction of the notification period if it is satisfied that the rights and interests of depositors

and owners of accounts of investment on behalf of others, are secured.

The Bank shall ascertain that the bank willing to cease business has fulfilled all its obligations towards the depositors and owners of accounts of investment on behalf of others within the period of notification.

Such ascertainment shall be according to the rules and procedure prescribed by the Bank in this respect.

Article (64)

Every financial institution shall be obliged to the following:

1. Maintain, at all times, sum and form of the paid capital and the reserves specified by the Bank.

2. Not to increase or decrease the paid capital or the capital designated

for the work in the State of Qatar, or use the reserve balance without the approval of the Bank.

3. Maintain a reserve balance to which 10% of the annual profit shall be transferred till the reserve reaches 100% of the paid or designated capital.

The Bank shall prescribe the nature, form and level of adequacy of the capital and time for its increasement.

Subject to the provisions of Article (70) of this Law, the Bank may exempt foreign banks branches or foreign financial institutions and foreign units from

the condition of maintaining the aforesaid capital.

Article (65)

The Bank shall issue instructions to the financial institutions regarding the supervisory financial percentages, banking risks, defining the limits of dealing

with other foreign banks, states and currencies and any other matters connecting their domestic and foreign transactions. This is for organization of

its works, supervision over it, execution of investment, credit and monetary policies, realization of integrity of its financial situation and protection of the

rights and interests of depositors and investors.

Article (66)

No financial institution shall own any of its shares, directly or indirectly, except shares acquired as settlement of a debt. In all circumstances the financial institution should dispose of such shares according to the procedure and within the time limit specified by the Bank.

Article (67)

The Bank shall specify terms and conditions for granting credit facilities to members of the boards of directors of the financial institutions and to every person who has work or blood relationship to the second degree with them and to other related parties.

No member of the board shall be granted a distinguished advantage or facilities secured by his shares in the financial institution which he is one of its member.

Article (68)

The Board shall, subject to the provisions of this Law, set the proportions and conditions of ownership of natural and legal persons of the shares of the financial institution. These proportions shall not be exceeded, directly or indirectly. Every financial institution is bound to provide the Bank with all relative information.

Article (69)

No financial institution shall own, merge, consolidate with, contribute or transfer its obligations to any other company without pre - approval of the Bank.

Article (70)

The Bank shall Oblige the branches of foreign financial institutions to furnish securities and guarantees, with conditions and levels Stated by the bank, as a warranty for the sufficiency of the capital and liquidation and to cover any loss which these branches may incur in the State.

If the branch of the foreign bank ceases payments or has been liquidated, or the head office ceases payment or has been liquidated, then the creditors of the branch in Qatar shall have the privilege over its assets regarding all the creditors.

Article (71)

The Bank shall conduct inspection in the financial institutions and their branches and the subordinate companies, inside or outside the State, and the representation bureaus in order to ensure that it is in a sound financial status,

and complying with the provisions of this Law, banking traditions and the instructions issued by the Bank. Every financial institution is bound to provide

the Bank inspectors and the accounts supervisors appointed by the Bank with all informations they require on the time appointed by them, and allow them to look into all records, accounts and documents they may require. Secrecy of information shall not be a protest against the Bank inspectors and accounts supervisors charged with inspection works.

Article (72)

If it appears to the Bank that the financial institution has violated the law, or that its liquidity and solvency are endangered in a way which may be detrimental to the rights of the depositors or investors or other creditors, the

Bank may take one or more of the following measures:

1. Prevent the financial institution from performing certain operations or lay out restraints on its business.
2. Issue instructions to the financial institution stating the rectifying measures that should be taken.
3. Assume the management of the financial institution for a fixed renewable period.
4. Appoint a temporary board of directors from the shareholders of the financial institution, and one or more executive director at the expense of the financial institution.
5. Suspend or terminate the membership of any member of the board of directors or any of the authorized responsables.

Article (73)

The Bank may reject appointment or nomination of any person to the

membership of the board of directors of the financial institution, or refuse his

continuation as a member.

The Bank may reject the appointment of or renewal for any of the senior staff or the authorized officers. The Bank shall issue the instructions which state the conditions for appointing such senior staff and officers and their powers and remunerations.

The Bank shall state the necessary conditions for membership of the board of directors of the financial institution.

Whoever fails to pay his debts, after receiving notice from the Bank, shall not be eligible to vote in the board of directors and the general assembly of the financial institution.

The Bank shall issue the instructions organizing the works of the board of directors of the financial institution.

The Bank shall litigate, on behalf of the shareholders of the financial institutions, any member in its board of directors who defaults to pay his credit

liabilities towards the financial institution after receiving the legal notice.

Article (74)

Members of the board of directors and managing directors shall be personally liable for any loss or damages incurred by the financial institution

or by others as a result of their intentional acts or negligence or default in performing their duties, or by concealing or providing false or misleading information either to shareholders or to the Bank. The financial institution shall

be jointly liable with them regarding such loss and damages.

Article (75)

The board of directors, managing directors and accounts supervisors of the financial institution shall immediately notify the Bank whenever there is a

matter which may endanger or affect the reputation of the financial institution

or its financial status.

Article (76)

Every financial institution shall have one or more external auditor. The number of the auditors and their nomination shall be pre-approved by the Bank. If the financial institution fails to appoint an auditor, or appointed him in

a way violating the instructions of the Bank, the Bank shall appoint one auditor

or more and specify his remuneration.

The Bank shall issue the necessary instructions specifying the

responsibilities and principles of appointing the external auditor of the financial institution.

The auditor shall provide the general assembly of the financial institution with a detailed report including all the sums of money paid to the members of the board of directors and a report of their obligations and liabilities towards

the institution and its nature and regularity in paying the debts.

The financial institution shall not grant credit facilities to its auditors.

The Bank, if necessary, may appoint an extra auditor at the expense of the financial institution.

The Bank may directly order the auditor to provide the Bank with copies of all the reports concerning his auditing of the financial institution, or carry over a special auditing specified by the Bank. The Bank shall have the right to

cross-examine the external auditors on their reports without referring to the financial institution.

In all circumstances, the financial institution shall bear the remunerations of the auditor.

Article (77)

The financial institution shall submit its balance sheet, profit and loss account and profit distribution account to the Bank for approval before submitting it to the general assembly. The submission should be in accordance to the forms specified by the Bank and certified by the auditors. The financial institution shall submit the notes and remarks of the Bank to the general assembly.

The financial institution shall invite the Bank to delegate someone to attend the meetings of the general assembly.

Article (78)

The financial institution shall abide with the instructions of the Bank regarding publication of its balance sheet, profit and loss account and profit distribution account certified by the auditor in a daily newspaper.

The Bank may oblige the financial institution to establish extra reserves and allocations before distribution of profits to the shareholders.

Article (79)

The financial institution shall provide the Bank with any information which the Bank considers necessary and important for the proper performance of its functions in the manner and time specified by the Bank.

The financial institutions may acquire information or statements of all the liabilities of a single customer inside or outside the branches of the financial

institution working in the State and in the form approved by the Bank.

The companies, the financial institutions or the funds which practice the activity of granting loans shall provide the Bank, on demand, with periodical statements of its activities. The Bank may conduct inspection to ascertain

that
such statements are correct.

The Bank may publish, fully or partially, the statements provided by the financial institutions, provided that such publication does not lead to disclosure of the financial affairs of any customer or financial institution unless

such customer has approved such publication in writing or that the publication is pursuant to a judicial order or decision.

Article (80)

The financial institution shall abide with the appointed time for work and dealing with the public as prescribed by the Bank.

The Bank may, in exceptional circumstances, issue a notice suspending the financial institutions from practicing their works for a prescribed period.

Article (81)

Every financial institution shall maintain all the records and documents concerning its work in a proper way and in a safe place inside the State. The Bank shall specify the period for maintaining such records and documents.

Article (82)

The member of the board of directors, personnel, auditors, and advisors of all financial institutions shall not disclose any information concerning any

customer except with his prior written consent, or pursuant to a provision of the law or upon an order or decision of the court. This prohibition shall continue even after termination of service of the abovementioned persons. This prohibition shall apply to the abovementioned persons whose services has been terminated before the date this Law came into force.

Article (83)

The financial year of the financial institution shall start on the first day of

January and end in the thirty first day of December of every calendar year.

Article (84)

The Bank may conclude agreements for exchange of supervisory information with foreign central banks and official institutions which assume supervision and control over the works of financial institutions in the manner approved by the Bank and on condition of reciprocity.

Article (85)

The Bank may, on exceptional circumstances, grant loans and issue liabilities on itself for the financial institutions not exceeding 50% of the capital

and reserves of the Bank, if it is of the opinion that these loans or liabilities are

necessary to support the liquidity in the financial institution.

The Bank may extend the maturity of such loans or liabilities on an

acceptable plan stating the arrangements and procedure which the financial institution should take in order to achieve the financial requirements prescribed by the Bank.

Article (86)

The Bank shall issue organizing decisions for supervision and control of the activities of the representation bureaus and their agents, investment funds, clearing and financial remittances.

The Bank shall issue the policies and instructions regarding electronic banking and financial activities and other electronic activities which fall within

its functions and achieve its objectives.

The Bank shall issue instructions concerning the issuance of bonds and securities of fixed profit for public and private companies and corporations.

Chapter Thirteen Temporary Management and Liquidation of Financial Institutions

Article (87)

The Bank shall assume the temporary management of the financial institutions in the circumstances stated for in this Law.

Article (88)

The Committee may, upon recommendation of the Board, decide putting any financial institution under the temporary management of the Bank if such institution became endangered of insolvency.

The financial institution shall be deemed endangered of insolvency in the following circumstances:

1. If it ceases to pay its liabilities on maturity.
2. If it loses half of the balance of rights of the shareholders or if it violates

the order of sufficiency of the capital as prescribed by the Bank, unless there is a plan to cover the required sum of this deficit within the period specified by the Bank.

3. If the financial institution in the state of origin is endangered.

Article (89)

The decision issued by the Committee regarding temporary management shall be in writing, reasoned and for a fixed term. The Committee may amend the fixed term.

The financial institution shall be notified with the decision. The decision shall be conveyed to the concerned authority of the commercial register in the Ministry of Economy and Commerce and Doha Securities Market and shall be published in the official gazette.

Article (90)

The Bank shall replace the financial institution put under temporary management in all its administrative powers. The powers and authorities of the board of directors and the general assembly shall be suspended immediately till the end of the term provided for in the preceding article. The Bank shall, as permanent manager of the financial institution, assume the following:

1. Take hold of the assets and titles of the shareholders of the institution. The Bank shall assume all the powers of the shareholders, members of the board of directors, and other owners. The Bank shall take necessary procedure to collect the debts and its due sum and maintain and keep its assets and property.

2. Take the necessary procedure which it deems fit to achieve better financial status to protect the funds of depositors and investors in the financial institutions, especially, the following:

a) Issue a decision putting the institution under liquidation.

b) Floating the financial institution and converting it to an acceptable financial status.

c) Offer the assets, property and interests of the financial institution for sale.

d) Sell or merge the financial institution with any other financial institution

e) Pay the debts and liabilities of the financial institution subject to the provisions of this Law.

f) Proceed to achieve solutions and settlements of the financial affairs of the financial institution

Article (91)

The powers of the responsables and staff of financial institution under temporary management shall be suspended till they are entrusted by the Committee to exercise such powers. The Committee may entrust them to exercise certain jobs in the financial institution.

The Bank shall have the right of administration and control of the assets, branches, books and records of the financial institution which are subject to any decision issued by the Committee in accordance to article (88) of this Law.

No attachment shall be levied, and no privilege shall rise regarding the assets and property of the financial institution.

The Bank may request the assistance of the competent authorities in executing any decision issued according to articles (88) and (90) of this Law.

The Bank shall have the right to dispose the of mortgaged assets and property of the financial institution in accordance with the provisions of the mortgage contracts.

The Bank shall keep and secure the assets, books and records of the financial institution and its branch or subordinate companies.

Article (92)

The Board shall, at the end of the term of temporary management, revoke the licence of the financial institution or apply any of the procedure provided

for in article (90) of this Law.

Article (93)

If the licence of the financial institution is revoked, the Bank shall lay out a

plan for the liquidation of assets and liabilities. The Bank shall execute such

plan or supervise its execution.

The Governor may, in the case of revocation of the licence of any financial institution accepting deposits or it has been put under the temporary management of the Bank, forbid withdrawal of deposits of all kinds subject to the conditions he deems fit.

The Bank shall define the net value of the property of the financial institution and decide in the claims within a period stated by the Governor.

The Bank may exclude any part of any allegation, claim, warranty, privilege or priority if not proved by the legal means of proof. The Bank shall conduct the reasonable settlements and discharges.

All property and rights arising from the temporary management of the Bank shall be registered and maintained in a special account.

Article (94)

Except insured deposits, the classification of the claims, charges and interests on liquidation of the assets of the Bank which accepts deposits and has been put under temporary management according to the provisions of article (90) of this Law, shall be as follows:

1. Payment of the remunerations of the staff of the financial institution whom it has been proved that they have no relationship with the retraction of its financial status.
2. Payment of the balance of all kinds of deposits inside or outside the State, provided that no compulsory liquidation shall be carried out on the branches of the Bank outside the State or that is not contradicting the laws governing liquidation in the receiving state.
3. Payment of the deposits of the financial institution inside and outside the state.
4. Payment of other credit balances. The Bank shall set the instructions and procedure concerning liquidation of other liabilities inside and outside the balance sheet.
5. Payment of subordinate loans.
6. Payment of rights of the State concerning taxes and fees and payment of the rights of the Bank.
7. Payment of the rights of the shareholders.

The deposits and liabilities received by the Bank in order to be invested in

its name or in the name of the owners, shall be paid directly without observing the above ranking, after deduction of the due charges.

Chapter Fourteen Accounts Auditing and Reports Preparation

Article (95)

The Bank shall, at the end of every financial year, prepare a financial report including the budget, the balance sheet, profit and loss statement and the connected notes and explanations.

The State Audit Bureau shall audit the accounts of the Bank in accordance with the law.

In addition to the above, the Bank may appoint an external auditor.

Article (96)

The Bank shall, within three months from the end of the financial year, submit to the Amir and to the Council of Ministers the following:

1. An audited copy of the financial statements concerning the balance sheet and profit and loss statement.
2. A report of its operations and activities during the financial year.

The Minister may request any information about the financial status of the Bank.

Chapter Fifteen The Penalties

Article (97)

Without prejudice to any other severe penalty provided for by any other law in force, the penalties provided for in this chapter shall apply to the offences committed by violation of the provisions of this Law.

Article (98)

Whoever violates the prohibition provided for in articles (22) and (82) of this Law shall be punished with imprisonment for a period not exceeding one year and a fine not exceeding (100,000) One Hundred Thousand Qatari Riyals, or with one of these two penalties.

Article (99)

Whoever violates the provisions of article (27) of this Law, shall be punished with imprisonment for a period not exceeding ten years and a fine not exceeding (2,000,000) Two Million Qatari Riyals or with one of these penalties.

Article (100)

Whoever refuses circulation and acceptance of the currency provided for in this Law shall be punished with a fine not exceeding (50,000) Fifty Thousand Qatari Riyals.

Article (101)

Whoever disfigures or misshapes the banknotes by cutting, tearing, effacement, punching, writing, printing, drawing, stamping, sticking or adding anything to it, shall be punished with a fine not exceeding (20,000) Twenty Thousand Qatari Riyals.

Article (102)

Whoever violates the provisions of article (50) of this Law, shall be punished with imprisonment for a period not exceeding five years and a fine not exceeding (2,000,000) Two Million Qatari Riyals or with one of these two penalties.

Article (103)

Whoever violates the provisions of article (54) of this Law, shall be punished with imprisonment for a period not exceeding three years and a fine not exceeding (500,000) Five Hundred Thousands Qatari Riyals or with one of these two penalties.

In all circumstances, a decision of closing the violating company, office or place shall be issued.

Article (104)

The penalty shall be doubled in case of recidivism. A person shall be deemed recidivist for the purpose of application of this Law, if he commits an offence similar to the offence for which he has been punished with one of the penalties specified by the law for the commission of such offence, provided that the new offence is committed within five years from execution of the penalty or that the penalty has prescribed.

Article (105)

The Bank or the Committee, as the case may be, shall impose fine on the financial institutions not exceeding (5,000) Five Thousand Qatari Riyals, daily, for violation of the law of the Bank and its instructions according to the decisions of the Bank.

Article (106)

The Bank shall impose fine not exceeding (2,000,000) Two Million Qatari Riyals on any financial institution which provides the Bank with misleading information.

Chapter Sixteen Miscellaneous Provisions

Article (107)

The Bank shall be exempted from all taxes and fees.

Article (108)

Profits of foreign units banks shall be exempted from income taxes.

Article (109)

The Bank may enter into bilateral or collective agreements in respect of control or monetary policy or else, or in respect of rate of exchange, or

application of a unified rates of exchange or an agreement of a single currency.

Article (110)

The interest stated by the Bank shall apply to settled or scheduled credit facilities, unless there is an agreement between the lending financial institutions and its customers for a different rate of interest.

Article (111)

The Bank shall provide services consistent with its objectives including money administration. These services shall be subject to the prices of similar services in the market. No liabilities from these services shall be imposed on a third party without his consent.

The Bank shall collect the wages, fees and costs in respect of licenced operations and transactions subject to the provisions of this Law.

The Bank shall publish a list of the wages, fees, costs and expenses received from granting licences, issuance of approvals and providing of services.

Article (112)

The Bank shall define the terms and terminologies applied in all activities and work under its supervision and control.

Article (113)

The Bank shall establish, or contribute in establishing, institutions or organs which serve its objectives.

Article (114)

The debt of the Bank shall enjoy similar privilege as Government debt over its debtors property and shall be collected by the same means prescribed for collection of the Government funds.

Except the reserve maintained by banks in the Bank in accordance to article (35) of this Law, the Bank shall have privilege in collecting any of its claims and overdues of any monetary balances or assets which constitute guarantees for the claims and overdues of the Bank, when these claims become due.

The Bank shall practice the right of maintaining the monetary balances and selling of other guaranteed assets on the prices it deems fit, and collect its overdues from the sale after deducting the costs and expenses of such sale.

Article (115)

The Bank shall not be responsible for any loss or liabilities incurred by any financial institution in which members of the board or staff of the Bank are represented.

Article (116)

Violation of the law of the Bank or its instructions by any financial institution, shall not bar it from claiming its rights from others.

Article (117)

The officers of the Bank, who are authorized with the powers of an investigation officer by a decision of the Attorney General in co-ordination with the Governor, shall have the powers to demonstrate the offences and violations committed in violation of the provisions of this Law.

Article (118)

The Governor shall issue the necessary decisions and instructions for enforcement of the provisions of this Law.

Article (119)

The Law No. (15) of the year 1993 and the Law No. (36) of the year 1995 shall be repealed, and any provision contrary to the provisions of this Law shall also be repealed.

Until the necessary decisions and instructions for enforcing the provisions of this Law are issued, the decisions and instructions issued by the Bank shall

remain in force to the extent that they do not contradict the provisions of this Law.

Article (120)

All competent authorities concerned, each on its competence, shall implement this Law.

This Law shall be published in the official gazette

Hamad Bin Khalifa Al-Thani
Amir of the State of Qatar

Issued at the Amiri Diwan on 19.08.1427 H.

Corresponding to 12.09.2006 AD

Note:

This is an English translation of the original Arabic copy of the Law. If there is any contradiction or conflict between them, the Arabic version shall prevail

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