هيئة تنظيم
مركز قطر للمال
QATAR FINANCIAL CENTRE
REGULATORY
AUTHORITY

ANNUAL REPORT **2014**

www.qfcra.com

His Highness
Sheikh Tamim Bin Hamad Al Thani
Emir of the State of Qatar

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H.E. Sheikh Abdulla Bin Saoud Al-Thani
Chairman

CHAIRMAN'S STATEMENT

It gives me great pleasure to present the annual report for the Qatar Financial Centre Regulatory Authority for the year 2014. This was a year marked by increased collaboration and sharing of experience and expertise among the Regulatory Authority and its peer regulators in the state, with substantial progress well in evidence.

Much of this progress is attributable to the strategic plan for financial sector regulation launched two years ago to establish a common platform for the regulators to work together and to deliver objectives set forth in the 2030 national vision.

The success of the strategic plan is affirmed not just by the individual progress that the Regulatory Authority has made during 2014, but also in the productive engagement of the Qatar Central Bank and the Regulatory Authority on insurance. These two entities also collaborated with the Qatar Financial Markets Authority to support the state's efforts to combat money laundering and terrorist financing.

These combined efforts lead to the greater recognition of Qatar's growing importance as a regional financial centre, underscored in November with the signing of the memorandum of understanding between the People's Bank of China and the Qatar Central Bank to establish the first centre for clearing and settlement of renminbi transactions in the region. This development emphasises the importance of the Qatar Financial Centre and the financial services sector to Qatar and its economic development, while highlighting the strategic nature of the relationship between China and Qatar.

Also in 2014, the Regulatory Authority introduced a number of enhancements to its prudential framework for Qatar Financial Centre authorised firms undertaking banking, investment management and advisory business. The new framework was introduced following public consultation and dialogue with Qatar Financial Centre firms.

The new rules replaced the framework for banking business firms contained in the Investment and Banking Business Rules 2005. Enhancements focussed on the internal capital adequacy assessment process, capital adequacy and capital requirements, credit risk, market risk, interest rate risk in the banking book, liquidity risk, group risk, prudential reporting, and Islamic financial management firms.

The strengthening of the prudential framework is closely aligned with the significant improvements in international regulatory standards in recent years. The new framework reinforces the ability of authorised firms to operate with a strong capital base and sound risk management practices as their business activities increase and expand.

The Regulatory Authority also introduced new rules for authorised firms undertaking investment management and advisory business, replacing the framework that was contained in the Investment and Banking Business Rules 2005. Rules for minimum paid-up share capital and liquid assets requirement, risk management, professional indemnity insurance, client money, and asset protection were reinvigorated and improved.

These developments emphasise the importance of having a well-connected, coordinated, long-term vision for financial services in the State of Qatar. It is our charge to ensure that the regulation of financial services creates an environment that facilitates growth, innovation and improved protections for consumers and investors.

I would like to express my deep gratitude to my fellow Directors on the Board of the Regulatory Authority and to the management and staff of the Regulatory Authority for their ongoing commitment to meet high international regulatory standards, and support the continued development of the Qatar Financial Centre as a leading financial and business centre in the region.

I would also like to recognise the constructive relationship among the Qatar Central Bank, the Qatar Financial Markets Authority and the Regulatory Authority, which will only increase in importance as we continue this important journey of delivering our unified strategy.

On behalf of the Board of the Regulatory Authority, I extend our gratitude and thanks to H.H. The Emir, Sheikh Tamim Bin Hamad Al Thani and to H.E. The Prime Minister and Minister of Interior for their continuous support and assistance.

The Regulatory Authority is also most grateful for the support and co-operation it receives from all ministries and government bodies as it carries out its mandate under the QFC Law.

Abdulla Bin Saoud Al-Thani
Chairman

CEO'S STATEMENT

I am pleased to report that we made substantial progress during the year in our work to advance the goals of the Strategic Plan for Financial Sector Regulation, which was adopted by the Qatar Central Bank, the Qatar Financial Markets Authority and the Regulatory Authority in 2013 as a common strategy. The Strategic Plan sets defined objectives, subscribed to by each of the regulators, for the development of financial regulation in the State of Qatar, and it has created the platform necessary for greater consistency in policy development and its implementation. We recognise, as regulators, that a strong and inclusive financial system is the foundation needed to deliver sustainable growth and to drive economic diversification, and the strategic plan represents our collective ambition to deliver a balanced and considered regulatory framework that facilitates and rewards investment, supports growth, and allows Qatar to deliver its full potential in line with the 2030 national vision.

The benefits of the strategic plan are increasingly evident in the deepening and broadening of the cooperation and collaboration between Qatar's financial regulators. We share similar challenges and ambitions, and now with a common strategy and the leadership provided by the Financial Stability and Risk Control Committee (FSC), we have the mechanisms in place to address our shared challenges in a consistent, considered and sensible fashion. During 2014, our collaboration extended to all levels of our organisations and led to our work together to develop the insurance framework for the State, to define a common approach to the supervision of AML/CFT, to address the compliance requirements of the Foreign Account Tax Compliance Act (FATCA), and to deliver the support that the FSC requires in meeting its financial stability mandate.

The strategic plan not only creates a unique platform for cooperation, but also directly shapes the Regulatory Authority's work plan and our ability to connect that work plan with our counterparts. Over the last number of years, the Regulatory Authority has focused on building its financial analytical and macro-prudential capabilities to support its supervision and policymaking. We undertook this work in order to embed the most important lessons learned from the financial crisis in our approach to regulation and to future proof, to the extent possible, the financial sector from future shocks. To this end, we recognised the need for disciplined and well-targeted data collection that translates into a clear understanding of financial risks and that informs our approach to regulatory policy and supervision. During 2014, we implemented a new prudential framework for banks, investment management and advisory through the adoption of our new sectorial rulebooks, the redesign of our prudential returns, and the launch of our new online submission platform. The new rulebooks and the prudential returns were the product of extensive consultation with the industry and their implementation will streamline compliance and position our supervision to be focused on key risk drivers from a regulatory and business perspective. The Regulatory Authority's focus on data and financial analytics also provides important support for our macro-prudential function and positions the function to contribute in a targeted way to our supervision of firms and our identification of financial risks to the system. The output of this work will be evident as you review our annual report.

Following on from banking, asset management and advisory, we also commenced work on the redesign of the prudential returns for insurance, which will be completed in 2015. We have also worked closely with our counterparts at the Qatar Central Bank in the development of the regulatory framework for the insurance firms in the State of Qatar, which positions the Regulatory Authority and the Qatar Central Bank to develop a consistent and proportional insurance framework for the regulation of insurance in the State of Qatar.

The strategic plan will continue to shape our priorities during 2015 as we continue to deliver the regulatory foundations necessary for continued growth and innovation in the financial sector, the Qatar Financial Centre, and the development of Qatar as a centre for renminbi trade finance and investment following the announcement by the Qatar Central Bank and the People's Bank of China in November designating Qatar as the first such centre in the region.

I would like to extend my thanks to our Board of Directors for their guidance and support during 2014 and, in particular, I would like to extend my gratitude to our Chairman for his vision and leadership, which has brought us to this point. I would also like to thank the staff of the Regulatory Authority for their focus and determined contribution to our ambitious work program and I would also like to thank our counterparts at the Qatar Central Bank and Qatar Financial Markets Authority for their engagement and support.

Michael Ryan
Chief Executive Officer

MICHAEL RYAN
Chief Executive Officer

Governance Framework

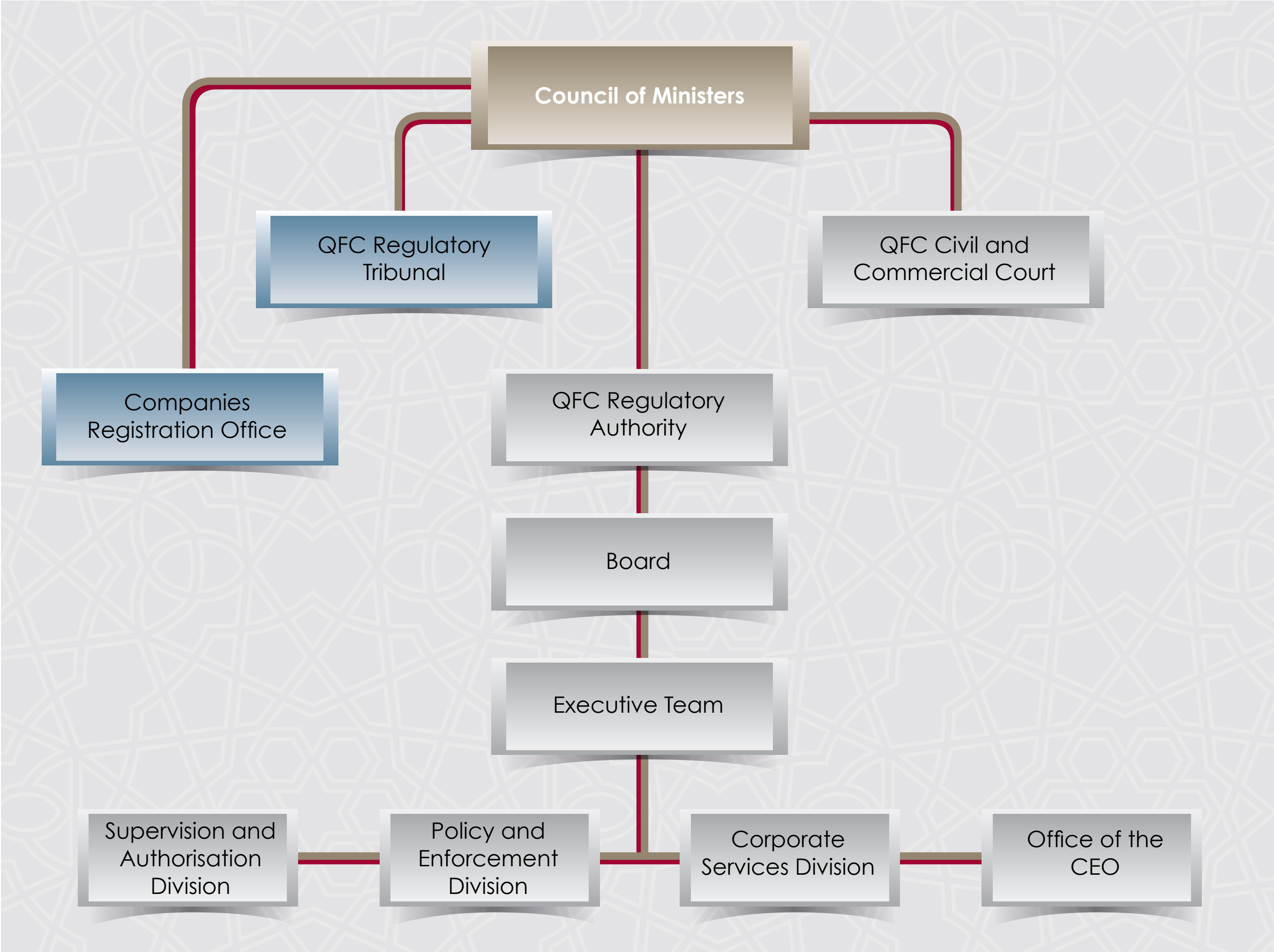
GOVERNANCE

The Regulatory Authority operates under a governance framework designed to ensure transparency, integrity, independence, accountability and fairness. It is committed to demonstrating best practice and leadership in this area. The Governance Resolution of the Board of the Regulatory Authority sets out the policy of the Board on various governance matters, reflecting the intention that the business of the Regulatory Authority is conducted in accordance with its regulatory objectives, applicable laws and principles of sound governance.

Role of the Board

The role of the Board is to lead the Regulatory Authority in line with the QFC Law and other applicable legislation. The Board sets the strategic direction for the Regulatory Authority; oversees the executive management's discharge of the day to day business of the Regulatory Authority; sets policies to manage risks to the Regulatory Authority's operations and the achievement of its regulatory objectives; and seeks regular assurance that the system of internal controls is effective in managing risks.

GOVERNANCE STRUCTURE



Governance Framework

THE BOARD

Board Composition

Under the QFC Law, the Board may have a maximum of six members appointed by the Council of Ministers. Board members are required to have significant expertise in the regulation of financial services. The Chairman and other Directors on the Board were appointed by the Council of Ministers for a three-year term on 8 March 2012. The Board reports annually to the Council of Ministers on the discharge by the Board of the Regulatory Authority's functions; the extent to which, in its opinion, the Regulatory Authority objectives have been met; and other matters required by law.

Board Meetings

The Board met four times in person during 2014 with full attendance by all Board members. The Board approved a number of new rules and rule amendments, considered various enforcement matters and regulatory policies, and reviewed a number of standing items.

The rule and policy amendments decided by the Board in 2014 included the Banking Business Prudential Rules 2014 (BANK); the Investment Management and Advisory Business Rules 2014 (INMA); and the Individuals (Assessment, Training and Competency) Rules 2014. The Controller Framework for QFC Authorised Firms approved by the Board in December 2013 came into effect in February 2014.

The standing items that were reviewed included the annual budget, the audited financial statements, the quarterly financial reports and the monthly management report to the Board. The Board also reviewed the semi-annual macro-prudential supervisory report, and proposed enhancements to the QFC Islamic Banking Framework which will advance in 2015.

The Board was kept informed of developments in relation to regulatory coordination among Qatar's financial regulators including progress made by the Financial Stability and Risk Control Committee. They were briefed on the initiatives in process and proposed by the Regulatory Authority to advance the strategic goals set forth in the Strategic Plan for Financial Sector Regulation.

Committees of the Board

The Board is empowered to establish committees to undertake and advise on certain areas of responsibility. The Governance Resolution of the Board provides for the establishment of an Audit and Risk Committee as well as a Nominations and Remuneration Committee and sets out the nature and membership of these committees. The committees review matters under their Terms of Reference and make recommendations and provide reports to the Board.

Audit and Risk Committee

The Audit and Risk Committee (ARC) is comprised of Mr Robert O'Sullivan (ARC Chairman) and Mr Jean-François Lepetit.

The principal focus of the ARC is to monitor and oversee:

- the effectiveness of the Regulatory Authority's policies, procedures and internal controls including those for financial reporting;
- compliance with legal and other requirements;
- the performance of the internal audit function and the external audit firm appointed by the Regulatory Authority;
- the effectiveness of the internal controls framework; and
- business continuity and disaster recovery plans.

The ARC met four times during 2014, supplemented by exchanges of information between meetings. The Head of Internal Audit, the Managing Director Corporate Services/ Chief Financial Officer, the Head of Information Technology and other members of the executive team attended ARC meetings by invitation. The ARC reviewed quarterly updates on the status of the Regulatory Authority's risk register. It continued to review the arrangements for business continuity and disaster recovery planning. In 2014, the ARC met with the external auditors of the Regulatory Authority on two occasions and oversaw the completion of the external audit concerning the Regulatory Authority's financial statements.

All matters of significant discussion were reported to the Board, which also received the minutes of all ARC meetings.

It is the ARC's view that the Regulatory Authority continues to apply appropriate policies and controls to its various business areas and operations. The internal audit function and internal controls framework are working as intended and provide assurance that improvement opportunities are identified and addressed.

Nominations and Remuneration Committee

The Nominations and Remuneration Committee (NRC) comprises Mr Jean-François Lepetit (NRC Chairman) and Dr Jeffrey Carmichael. The NRC met four times in 2014. The Chief Executive Officer, the Managing Director Corporate Services/Chief Financial Officer and the Director of Human Resources attended all NRC meetings in 2014 by invitation.

The principal areas of focus for the NRC include considering and delivering recommendations to the Board regarding policy in relation to remuneration. The NRC also considers strategic human resources matters such as progress on the recruitment and training of Qatari citizens.

At each meeting in 2014 the NRC received a general update on Human Resources matters including nationalisation efforts, headcount, turn-over, contract renewals of senior management, promotions, internships and secondments. In 2014 the NRC was briefed on developments taking place to create efficiencies in the areas of recruitment process outsourcing and the implementation of HR data management and integrated talent management systems.

All matters of significant discussion were reported to the Board, which also received the minutes of all NRC meetings.

Board Internal Evaluation

In 2014 the Board continued its practice of undertaking a self-assessment exercise, the purpose of which is to review Board practices and to find ways to improve efficiency and effectiveness. The results of the assessment were discussed at the first Board meeting of 2015.

QFC REGULATORY AUTHORITY
BOARD OF DIRECTORS

From Left to Right

- **Mr Michael Ryan**
  Board Member and Chief Executive Officer
- **Mr Jean-François Lepetit**
  Board Member
- **Mr Nasser Ahmad Al-Shaibi**
  Board Member
- **H.E. Sheikh Abdulla Bin Saoud Al-Thani**
  Chairman of the QFC Regulatory Authority
- **Mr Robert (Bob) O'Sullivan**
  Board Member
- **Dr Jeffrey Carmichael**
  Board Member

BOARD OF DIRECTORS

H.E. SHEIKH ABDULLA BIN SAOUD AL-THANI

CHAIRMAN OF THE QATAR FINANCIAL CENTRE REGULATORY AUTHORITY

His Excellency Sheikh Abdulla Bin Saoud Al-Thani was appointed Governor of Qatar Central Bank in May 2006, having started his career in the Bank in 1981. He was Deputy Governor from 1990 to 2001 and subsequently left to serve as Chairman of the State Audit Bureau from 2001 to 2006, before assuming his current position.

His Excellency was appointed as Chairman of the Board of Directors of the QFC Regulatory Authority in March 2012 and subsequently as Chairman of Qatar Financial Markets Authority later in 2012. His Excellency is also Chairman of Qatar's Financial Stability and Risk Control Committee.

He was appointed as the Chairman of the Islamic Financial Services Board (2013) as well as Chairman of the International Islamic Liquidity Management Corporation until December 2013 and is currently a member of both institutions.

He also serves as the Chairman of the Board of Directors of Qatar Development Bank and is a member of the Board of Directors of the Supreme Council for Economic Affairs & Investment.

He served as the Chairman of the Board of Directors of the Gulf Monetary Council for 2014. He is Board member at Qatar Investment Authority and the Chairman of the Governors of GCC Monetary Agencies and Central Banks Committee.

NASSER AHMAD AL-SHAIBI

BOARD MEMBER

Mr Nasser Ahmad Al-Shaibi was appointed a Board member of the Qatar Financial Centre Regulatory Authority in March 2012. Mr Al-Shaibi is presently the Chief Executive Officer (CEO) of Qatar Financial Markets Authority (QFMA), prior to which he served in a number of roles within Qatar Gas and the Doha Securities Market (Qatar Exchange) from 1993 to 2005. He was the team leader behind the establishment of the QFMA in 2006, also actively involved in developing the QFMA in the State of Qatar.

He has also held many of the top leadership positions in the financial sector such as Vice-Chairman of the Qatar Finance and Business Academy (QFBA).

At the international level and during his current position, the QFMA gained the full membership of the International Organization of Securities Commissions (IOSCO) and became a member of the three specialised committees under the umbrella of IOSCO. He signed a partnership agreement with the Association of National Numbering Agencies (ANNA), as well as joined the membership of the Islamic Financial Services Board (IFSB). At the regional level, he was the President of the Union of Arab Securities Authorities for the year 2012-2013.

Mr Al-Shaibi has been a member of numerous national steering committees such as the Financial Stability and Risk Control Committee (FSC), the Qatar National Anti-Money Laundering and Terrorism Financing Committee (NAMLC), and the Financial Markets Development Committee (FMDC). He was also a member of the Founding Committee of the Establishment of Aspire Sports Academy.

BOARD OF DIRECTORS

DR JEFFREY CARMICHAEL
BOARD MEMBER

Dr Carmichael was appointed as a member of the Regulatory Authority Board in March 2012 and is a member of the Regulatory Authority's Nominations and Remuneration Committee. He is the Chief Executive Officer of Promontory Financial Group Australasia (PFGA). Prior to joining PFGA, Dr Carmichael worked as a company director and consultant to the World Bank, the Asian Development Bank and a number of governments on issues relating to regulatory structure, design and effectiveness, debt management and training. Until June 2003, Dr Carmichael was the inaugural Chairman of the Australian Prudential Regulation Authority (APRA), with responsibility for regulating and supervising banks, insurance companies and pension funds. Dr Carmichael's career includes senior positions in a 20-year career with the Reserve Bank of Australia, seven years as Professor of Finance at Bond University, and appointment to a number of government and private sector Boards and inquiries, including the Wallis Inquiry into the Australian financial system.

JEAN-FRANÇOIS LEPETIT
BOARD MEMBER

Mr Lepetit has been a member of the Regulatory Authority Board since March 2006. He is Chairman of the Regulatory Authority's Nominations and Remuneration Committee and a member of the Audit and Risk Committee. Mr Lepetit was formerly Chief Executive Officer of Bank Indosuez and subsequently Chairman of BNP Paribas Group's Market Risk Committee. He has served as Chairman of the Conseil du Marché à Terme; Chairman of the Conseil des Marchés Financiers; President of the Commission des Opérations de Bourse; Chairman of the French Conseil National de la Comptabilité (and in this capacity he was also a member of the Collège d'Autorité des Marchés Financiers, Paris); a member of the Comité de la Réglementation Bancaire et Financière; and a member of Comité des Etablissements de Crédit et des Enterprises d'Investissement. Mr Lepetit is currently a non-executive director of BNP Paribas.

BOARD OF DIRECTORS

ROBERT O'SULLIVAN
BOARD MEMBER

Mr O'Sullivan has been a member of the Regulatory Authority Board since March 2006 and is Chairman of the Regulatory Authority's Audit and Risk Committee. Mr O'Sullivan was a Senior Vice President at the Federal Reserve Bank of New York where he spent nearly 38 years. He had supervisory responsibility for financial examinations covering foreign banking organisations with operations in New York, and for overseeing various technical assistance programmes to benefit foreign-based bank supervisory authorities.

MICHAEL RYAN
BOARD MEMBER

Mr Ryan is the Chief Executive Officer of the Regulatory Authority. Mr Ryan joined the Regulatory Authority in 2009 from Bank of America Merrill Lynch where he served in a number of senior management positions in London and Dublin, including as Chief Executive Officer of Merrill Lynch International Bank Limited and Country Executive for Bank of America Merrill Lynch in Ireland. Prior to joining Merrill Lynch, Mr Ryan was Vice President at Credit Suisse Financial Products and an associate with Cadwalader, Wickersham & Taft specialising in banking, securities and corporate law. Mr Ryan is a member of Qatar's Financial Stability and Risk Control Committee, a member of the Qatar National Anti-Money Laundering and Terrorism Financing Committee and a member of the Board of Directors of the Qatar Financial Markets Authority.

EXECUTIVE TEAM

GEORGE PICKERING

MANAGING DIRECTOR, POLICY AND ENFORCEMENT

Mr Pickering was appointed Managing Director of Policy and Enforcement in November 2010. His regulatory and financial markets experience spans over 35 years. In his previous role, he was Chief of the Funds Management and Banking Department at Bank of Canada, where he was responsible for the fiscal agent policy in government debt, foreign reserves and risk management, and the Bank's government banker activities.

Mr Pickering served as an Advisor to the Governor and was Secretary to the Governing Council from 2004 to 2005. He was a member of the Financial Stability Review Committee from 2001 to 2010 and Chair of the Canadian Foreign Exchange Committee from 2004 to 2008. Mr Pickering worked at the Bank for International Settlements (BIS) from 1990 to 2001 and the International Monetary Fund from 1982 to 1986. He was the first Chief Representative for Asia and the Pacific for the BIS in Hong Kong from 1998 to 2001.

ERROL KRUGER

MANAGING DIRECTOR, SUPERVISION AND AUTHORISATION

Mr Kruger has over 34 years of financial services regulatory experience gained with the South African Reserve Bank, where for more than two decades he focused on supervisory matters in senior level appointments as General Manager, Registrar of Banks and Head of Bank Supervision. He assumed his current role of Managing Director, Supervision and Authorisation, at the Qatar Financial Centre Regulatory Authority in August 2011.

Mr Kruger rose to international prominence promoting sound supervisory standards and practices globally, first serving on the Core Principles Liaison Group, a sub-committee of the Basel Committee on Banking Supervision, from 2003 to 2009 (also known as International Liaison Group, since 2007) then, since 2009, representing his country as a full member of the Basel Committee on Banking Supervision. He is currently a member of the Basel Consultative Group, a sub-committee of the Basel Committee on Banking Supervision.

He is a member of the Financial Stability and Risk Control Committee which was established pursuant to Law number (13) of 2012 – Law of the Qatar Central Bank. In addition, he contributes as a speaker and presenter for various domestic and international fora. A graduate of the University of Pretoria, South Africa, Mr Kruger was awarded the Risk Manager of the Year award in 2010 from the South African Institute of Risk Management.

OTELLO STURINO

MANAGING DIRECTOR, CORPORATE SERVICES

Mr Sturino was appointed Chief Operating Officer in October 2012 and Chief Financial Officer in May 2013. He was named Managing Director in September 2014, and retains the roles of CFO and COO. Prior to joining the QFC Regulatory Authority, he was COO of State Street Global Advisors (SSgA), responsible for SSgA's functional operations, infrastructure, global trading and SSgA Canada.

Mr Sturino was the Head of State Street's International Relationship Management Group from 2005 to 2006. Between 2000 and 2004, Mr Sturino headed Cash Optimisation for the corporation and was also Division Head for State Street's worldwide end-to-end cash processing services.

Mr Sturino joined the company in 1990, serving in its Toronto office as Head of Operations and Client Services for State Street's Investor Services business area. He relocated to London in 1992 to lead Client Services. In 1994, Mr Sturino relocated to Boston to become the Global Head of Operations within State Street's Global Markets Division. Mr Sturino was also a member of State Street's Capital Committee and SSgA's Funding Committee.

SUPERVISION AND AUTHORISATION

SUPERVISION AND AUTHORISATION

The Supervision and Authorisation department's activities in 2014 were closely aligned with the joint Strategic Plan for Financial Sector Regulation launched on 8 December 2013. The department's strategic goals were to expand macro-prudential oversight by building a macro-prudential framework in line with international best practice; to enhance regulation by developing a consistent risk-based micro-prudential framework in line with global regulatory developments and by improving disclosure practices; to promote regulatory cooperation among the three regulatory authorities and to strengthen local and international cooperation; and to build human capital through training and professional development initiatives in the three regulatory authorities and the financial sector.

Authorisation

The primary purpose of the Authorisation department is to act as an effective "gatekeeper" to the Qatar Financial Centre (QFC) in respect of firms seeking to carry on regulated activities in or from the QFC. Authorisation achieves this by ensuring that all applications are consistently processed by the team against agreed domestic and international standards in accordance with documented procedures.

These standards, mandated in the Financial Services Regulations (FSR) and further defined in the General Rules (GENE) set out the fitness and propriety criteria against which applications are assessed and to which authorised firms must adhere at all times. These criteria, which represent what is needed to obtain – and retain – authorisation to conduct regulated activities span the following:

- Controllers, owners and other interests;
- Close links and other connections;
- Regulated activities – i.e. what the applicant proposes to do in or from the QFC and the manner in which this, and its related risks together with relevant risk mitigation, are set out in a comprehensive business plan;
- Prudence – the applicant should be able to demonstrate that its affairs would be conducted and managed in a sound and prudent manner;
- Location of offices – the location and jurisdiction of the applicant's head office or parent entity;
- Legal form – special considerations are required in relation to certain types of regulated activities, and also prospective branch applications; and
- Other matters, such as background and history, resources, systems and controls and collective suitability of individuals.

The fitness and propriety criteria are drawn from guiding principles set out by the global standard setting bodies, namely the Basel Committee on Banking Supervision's Core Principles for Effective Banking Supervision and the International Association of Insurance Supervisors' Insurance Core Principles. Periodic reviews are undertaken, the latest of which was conducted in 2014, to ensure that the Regulatory Authority's criteria and internal approach remain updated and aligned with these principles as they continue to evolve.

An often pivotal component of the authorisation process is the determination that the Regulatory Authority's regulation of authorised firms will not be impeded. The Regulatory Authority must determine that an applicant firm's group structure, or any legal restrictions imposed by the legislation of the home state jurisdiction of the parent or other group entity, will not prejudice QFC depositors or policyholders, or otherwise inhibit a firm's ability to comply with ongoing regulatory requirements.

In this respect, a published policy statement provides a summary of the Regulatory Authority's approach when determining whether to allow a prospective applicant to apply to establish a branch entity rather than a subsidiary, so the applicant may conduct its proposed regulated activities in or from the QFC. Integral to this is the establishment of formal lines of communication and co-operation with the respective Home State Supervisor, to provide a framework for effective cross-border supervision once the applicant is authorised. The policy statement, The QFC Approach to the Authorisation of Branches, is available on the QFC Regulatory Authority website at www.qfcra.com.

Following receipt of the final application, a risk assessment of the applicant firm also forms part of the authorisation process. Integral to this risk assessment is the consideration of an applicant firm's regulatory business plan, in order to determine the extent to which the applicant firm is likely to be in compliance with the relevant prudential requirements and conduct requirements set out in the regulatory framework. This assessment ultimately seeks to determine the level of risk posed by an applicant firm and its intended activities against the Regulatory Authority's statutory objectives.

At the conclusion of the assessment process, Authorisation formulates a recommendation to the senior management of the Regulatory Authority as to whether a firm should be authorised, authorised with conditions or restrictions, or rejected.

Application Process

Authorisation is the initial point of contact for all enquiries relating to the conduct of regulated activities. In this respect Authorisation receives enquiries from many sources on all aspects of the QFC regulatory regime, including the laws, regulations and rules, and seeks to ensure that the Regulatory Authority's role and its position are clearly understood by enquirers, applicants and third parties alike.

During initial discussions with enquirers, Authorisation promotes a greater understanding of the rulebooks and the wider QFC regulations, highlighting the relevant requirements that are likely to impact enquirers' proposals. Authorisation also maintains an open dialogue with professional services firms in this regard.

Once a determination is made by an enquirer to make an application, Authorisation encourages a preliminary meeting, at which the prospective applicant clearly sets out its refined proposals, while Authorisation ensures that process, expectations, and Authorisation's impartiality are all clearly explained.

The applicant firm is welcome to take as much time as is needed between this preliminary meeting and the submission of a final application, which upon receipt, is reviewed on its merits against the criteria described.

During the application process Authorisation also acts as the interface between applicants and the other QFC bodies, namely the QFC Authority and the Companies Registration Office, both in respect of receipt of all applications, and the establishment of a legal presence in the QFC and the granting of a licence at the culmination of a successful application.

When an applicant firm is authorised, responsibility for monitoring and oversight passes to the Supervision department. Consequently, during the authorisation process, Authorisation will seek to ensure that Supervision staff are introduced to the firm's senior management, and that the Supervision department is made aware of all relevant matters, to facilitate the smooth handover of responsibility from Authorisation to Supervision.

During 2014 Authorisation received a steady stream of enquiries from prospective applicants which resulted in a number of applications being received. Details of these newly authorised firms can be found in Table A in this report and on the Regulatory Authority's Public Register on the Regulatory Authority website.

Projects

In 2013 the Regulatory Authority commenced an engagement with the Qatar Central Bank (QCB) in respect of the QCB's new responsibilities for the licensing and supervision of insurance companies operating in the State, arising from the promulgation in late 2012 of the Law on the Qatar Central Bank and the Regulation of Financial Institutions, Law No. (13) 2012. Central to this engagement was the construction of a discussion draft of Insurance Instructions, which describe in detail the new responsibilities outlined in the new QCB Law. Under the new QCB Law, insurance companies previously subject to Ministry of Business and Trade approval are required to apply for a licence from the QCB in order to continue operating in the State. Consequently, in support of the engagement, during the last quarter of 2013, Authorisation commenced discussions with the QCB on a number of alternative licensing strategies for the State insurance sector. A major focus for Authorisation in the first half of 2014 was the further development of this discussion. A work stream was developed which concentrated on the specific licensing considerations flowing from the early discussion draft of the QCB Insurance Instructions. Alternative licensing strategies were developed for the active insurer population, supported by a suite of material including forms, templates, internal processes and procedures which could be modified, adopted and implemented upon the issue of the

SUPERVISION AND AUTHORISATION

Insurance Instructions in their final form, with a view to ensuring an orderly transition of insurers into the new regime.

Authorisation's second major project of 2014 was to support the proposed policy changes to the approved Individuals (Assessment, Training and Competency) Rules 2014. This involved the review and redesign of the internal processes pertaining to the approval of individuals undertaking controlled functions. The project concluded in December with the release of new application forms, updates to internal IT systems and to the external Electronic Submission System and the development of a new, streamlined review process, to commence from 1 January 2015 in conjunction with the new rules. Following the enactment of the new rules, which, in addition to placing a greater onus on the governing body for exercising due care and judgement over the appointment of individuals, the customer facing function was removed from the list of Controlled Functions, effective 31 December 2014, resulting in 234 active customer facing function approvals being withdrawn from the Public Register.

Financial Analysis

Redesign of Banking Prudential Returns

The parallel run that was launched in September 2013 and involved all authorised firms, culminated in the conversion of all reporting to the eXtensible Business Reporting Language (XBRL)-based iFile system with effect from all reporting periods commencing 1 July 2014.

The following returns have been designed and tested and will be added to the Banking iFile system for reporting periods ending on or after 31 March 2015:

- BR050 – Supplementary data disclosures
- BR640 – Financial resources requirements for INMA firms
- BR700 – Group structure – supplementary disclosures
- PR100 – Statement of product/ fund information
- PR110 – Statement of product/ fund information: Managed
- PR200 – Fund exposures and risk profile information: Managed
- PR220 – Islamic fund information: Managed
- PR300 – Portfolio analysis: Managed

The Financial Analysis team worked closely with the Policy department to ensure that the new BANK and INMA Rulebooks, which came into effect on 1 January 2015, were fully aligned with the prudential returns.

Using the XBRL submissions, the Financial Analysis team developed 126 standard graphs across the eight risk areas, distilled into a core set of 56 graphs, to support the need for enhanced financial analysis. The analysis was supplemented by system-generated data components for the production of each firms' Management Information Report and Risk Review as well as sectoral fact sheets.

Please see Annex 1 for a selection of graphs highlighting some key trends and facts relevant to QFC Regulatory Authority authorised banks, excluding Advisory (Category 4) firms, illustrating the type of information and analysis that is now available to supervisors and management.

Beyond the continued refinement of graphs and reports, core focuses in 2015 will be on incorporating the Liquidity Coverage Ratio (LCR), the Net Stable Funding Ratio (NSFR), the Leverage Ratio, adaptations for Islamic Finance products, and finalised Basel III standards in relation to counterparty capital requirements, securitisation and re-securitisation, and capital requirements for investments in funds and for central counterparties, into additional reporting and prudential requirements.

Outcomes of the Basel Committee's ongoing deliberations will be monitored and adopted as appropriate in the fundamental review of the trading book; the simplicity and comparability project; revision of the standardised approaches; and enhancing the effectiveness of micro and macro-prudential supervision (Standards Implementation Group work plan).

Revised Insurance Prudential Returns

During 2014 the revised insurance prudential returns that had been developed in 2013 underwent extensive consultation with insurance firms, auditors and other stakeholders. This included the submission of the new revised returns by insurance firms to the Regulatory Authority in parallel to the existing returns to help ensure robust field testing and to provide greater opportunities for feedback. For QFC insurance Limited Liability Companies, the submission of the new revised returns, which reflected enhancements made to the Risk-Based Capital model effective 1 January 2015, allowed these firms to proactively monitor their capital requirements under this new regime.

The Regulatory Authority also developed an XBRL platform for insurance firms to submit the revised insurance prudential returns electronically. This XBRL platform was launched during a town hall meeting with all insurance firms in November 2014 and since then, as part of field testing, the XBRL platform has been used by firms to submit the revised prudential returns. These revised returns collect enhanced risk-based data and through the XBRL database, internal management information will be improved allowing the Regulatory Authority to more effectively supervise insurance firms. The revised prudential returns were implemented for insurance firms from 1 January 2015.

Supervision – Banking, Asset Management and Insurance

Institutions in the QFC are often internationally active, with activities spanning numerous markets and jurisdictions. Therefore, the primary objective of the Banking, Asset Management and Insurance Supervision teams, in supervising and regulating financial institutions, is to ensure that institutions operating in the QFC conduct their activities in a safe, sound, and competitive manner.

Supervisors assess the safety and soundness of the firms in their respective portfolios through quantitative and qualitative analyses undertaken during offsite financial analysis and surveillance as well as during periodic onsite evaluations. Also taken into account are macro-economic issues and other international developments including the identification of emerging supervisory risks and the provision of relevant input in the advancement of supervisory policy.

Supervisors are supported by specialist functions such as the Risk Function and the Anti-Money Laundering teams, who partner in the development and implementation of bespoke supervisory programmes for individual institutions.

The bespoke supervisory programmes, which include assessments of both financial and non-financial risks, are principally comprised of:

- qualitative and quantitative analyses of the firm's business model, with focussed assessments of the key vulnerabilities to which the firm may be exposed;
- assessments of governance and firm-wide internal control arrangements, including evaluations of the organisation and functioning of the governing body, risk management framework, internal audit, information systems and business continuity;
- assessment of risks to capital and the adequacy of capital to mitigate risks;
- assessment of risks to liquidity and the adequacy of liquidity to cover risks; and
- evaluation of the firm's compliance with the Regulatory Authority's Rules, including those related to Anti-Money Laundering and Combating Terrorism Financing.

In addition to assessing risk exposures and risk management frameworks, supervisors conduct cross-firm assessments to gain insights into consistencies and differences among firms' strategies, revenues and risks. These types of assessments also assist in developing sound practice guidelines and refining supervisory procedures in response to changing risks in the business environment.

During 2014, further progress was achieved in enhancing regulatory objectives by developing a consistent risk-based micro-prudential framework in line with global regulatory developments.

The redesign of the prudential returns has begun to deliver rich dividends and has contributed to substantial improvements in the efficiency and effectiveness of day-to-day monitoring of regulated firms.

SUPERVISION AND AUTHORISATION

Concomitant with assessments of capital, liquidity, and risk management, and to promote unbiased analysis and professional objectivity, important changes have been made to the process of supervision. Many of these changes relate to the strategic objective to continue to reflect enhanced compliance with the recommendations received in response to the peer review conducted by the Australian Prudential Regulation Authority in 2011 and 2012.

In addition, supervisors are required to actively engage with the Macro-Prudential and Financial Analysis teams in formulating bespoke supervisory programmes. Enhanced training for all supervisory staff on corporate governance, business strategies, and risks was undertaken, with the aim of delivering stronger and clearer supervisory views to boards of directors and senior management at authorised firms. Recently, the Regulatory Authority initiated a formal rotation plan that requires supervision staff who have tenured with an institution for three years to relinquish supervisory responsibilities in respect of that firm and to take on supervisory responsibilities of another firm. This should allow a supervisor sufficient time to gain an understanding of a firm without sacrificing his or her independence.

In accordance with our strategy of enhanced regulatory cooperation, the Regulatory Authority has continued to assist the Qatar Central Bank's insurance and legal departments in developing a regulatory framework for insurance firms operating in the State of Qatar. This has included the provision of training and professional development initiatives to QCB insurance staff to help build the human capital that will be required to implement the regulatory framework that is currently in development. Regulatory Authority supervisory staff have also benefitted from professional development opportunities to maintain their technical actuarial, insurance and accounting expertise.

During the course of the year the Regulatory Authority has actively participated in the annual conference and the work of the International Association of Insurance Supervisors (IAIS) as well as its sub-committees. This participation is important to the Regulatory Authority as it provides an opportunity to contribute to the IAIS's latest policy initiatives as well as monitor international regulatory developments and best practices.

In the banking and asset management sphere, relationships were strengthened significantly with the Qatar Central Bank and the Qatar Financial Markets Authority in 2014. The establishment of the Supervision Sub-Committee, primarily to support the Financial Stability and Risk Control Committee in carrying out its objectives has paved the way for active dialogue on coordinating policy initiatives, improving consistency in their implementation, and eliminating any scope of arbitrage across the regulatory jurisdictions. It has also provided a platform for open exchange of information between the supervisory authorities in the State of Qatar regarding regulatory developments and supervisory concerns in respect of, or affecting, any supervised entities that may be required to assist the supervisory process.

During 2014, the department actively participated in various supervisory colleges hosted by home jurisdictions. Participation in these supervisory colleges has advanced information-sharing with relevant home supervisors, aided in the development of a shared agenda for addressing risks and vulnerabilities, provided a sound platform for communicating key supervisory messages, and now forms a vital component of bespoke supervisory programmes.

The year's activities have significantly improved the process of supervision, thereby contributing to overall financial stability.

Macro-Prudential Analysis

In addition to strengthening risk-based supervision at the micro-prudential, or individual firm level, the Regulatory Authority continued to expand and refine its recently established macro-prudential framework and oversight capabilities in line with international best practice.

By considering risks and trends from a macro-prudential perspective, the Regulatory Authority is in a strong position to apply both qualitative and quantitative tools with which to assist stakeholders and identify relevant intelligence on emerging risk considerations as swiftly and comprehensively as possible. The Regulatory Authority facilitates the timely identification of potential areas of supervisory concern and weakness by monitoring industry developments and practices across banking, insurance and asset management sectors.

In pursuit of this objective, the Regulatory Authority's Macro-Prudential team has been entrusted with evaluating and reporting on emerging trends and risks in the international context, as well as examining more closely the GCC region, Qatar and the QFC's areas of financial activity.

Key findings from across the financial system globally, regionally and domestically, including within the QFC, are included in a comprehensive financial stability report entitled the Macro-Prudential Review. The report is prepared semi-annually as of the six-month periods ended 31 March and 30 September. The Regulatory Authority has thus far produced six reports. Key findings from the reports have been integrated in risk-based reviews of individual financial institutions at the micro-supervision level.

The development of robust macro-prudential capabilities has been further complimented by the introduction of more frequent and granular data collected from firms based on the new risk-based Prudential Returns since 31 December 2013. The new data have enabled the Macro-Prudential team to produce analysis that is more timely, informative and in-depth particularly as it relates to identifying issues and trends in relation to QFC firms' funding, liquidity, credit and market risk considerations.

Research and analysis produced at the macro level have continued to position the Regulatory Authority to carry out its functions effectively and also to contribute proactively and constructively to the work of the Financial Stability and Risk Control Committee, in close collaboration and partnership with senior members of staff from the QCB and the QFMA.

During the year, the Macro-Prudential team not only made use of the Financial Stability Institute (FSI) Connect training modules but also applied lessons learned from directly engaging the FSI at the Bank for International Settlements in Basel, Switzerland. Industry experts representing the FSI and regulators representing more than 40 distinct financial jurisdictions helped identify best practice in macro-prudential supervision, international standards and frameworks for financial stability assessments, and macro as well as micro stress testing of financial systems.

Anti-Money Laundering

The Regulatory Authority's AML/CFT framework and supervisory approach enables the effective prevention of money laundering and terrorist financing, and meets international standards and best practices. The Regulatory Authority continues to support the State AML/CFT Law No. (4) 2010 and the Anti-Money Laundering and Combating Terrorism Financing Rules 2010 (AML/CFTR) for financial institutions and designated non-financial businesses and professions (DNFBPs). For general insurance firms, the Regulatory Authority applies the Anti-Money Laundering and Combating Terrorist Financing (General Insurance) Rules 2012 (AMLG), collectively referred to as the AML/CFT Rules operating in and from the QFC. The AML team currently supervises 62 authorised firms (financial institutions) and 29 licensed firms (DNFBPs) relevant to AML/CFT obligations.

Strategic Objectives

Bolstering the AML/CFT programme to contribute to the ongoing development of an effective AML/CFT regime within Qatar is high on the list of priorities of the Regulatory Authority, including active involvement in the National Risk Assessment process. The AML team seeks to further industry compliance and to gain a better understanding of the regulated population by regular interaction, risk rating firms and placing them on a heat map to drive supervisory strategy. The goal is to achieve a risk-based and differentiated approach that makes optimal use of resources and does not impose unnecessary regulatory burden.

SUPERVISION AND AUTHORISATION

Enhancing financial intelligence on emerging money laundering and terrorism financing methods and vulnerabilities is another important objective, with the goal of assisting firms and partner regulators to do the same. Hand in hand with this objective is the building of productive relationships with domestic and international partners, government and firms to encourage industry engagement and external outreach efforts to promote a broader understanding of AML/CFT locally and internationally.

AML/CFT Supervisory Activities

The Regulatory Authority implemented its 2014 AML/CFT Strategic Plan and Supervisory Strategy to evaluate compliance with the AML/CFT Law and the AML/CFT Rules. This strategy incorporates risk rating all firms, onsite assessment visits, thematic reviews, outreach and market conduct in conjunction to ongoing mutual assistance and engagement with other State authorities.

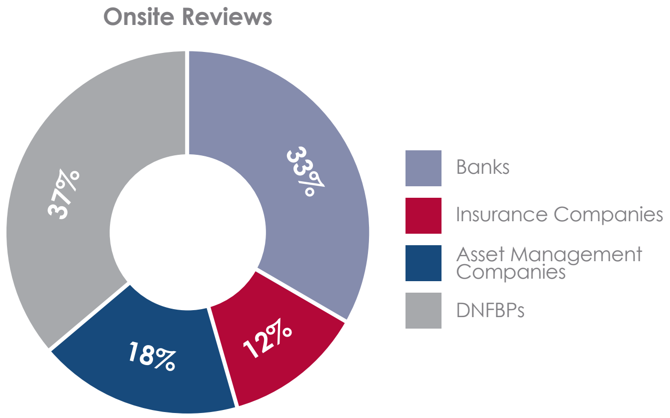
AML/CFT reviews of QFC firms - 1 January to 31 December 2014

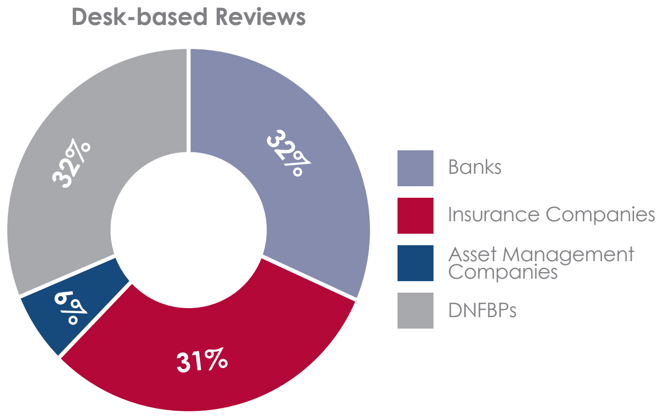
Type of Examination	Onsite Reviews*	Desk-based Reviews**	Total
Banks	11	61	**72**
Insurance Companies	4	59	**63**
Asset Management Companies	6	12	**18**
DNFBPs	12	61	**73**
Total	**33**	**193**	**226**

Includes full onsite risk assessment visits, onsite consultation reviews and onsite thematic reviews

***Includes follow up action, reviews of reports/documents submitted by firms and desk-based thematic reviews*

AML/CFT reviews of QFC firms per sector in percentages





Key initiatives in 2014

The Regulatory Authority conducted the following thematic reviews during the year under review:

DNFBP Annual AML/CFT Questionnaire Thematic Review

All 29 DNFBPs were required to submit their annual questionnaire (Form Q19) for the reporting period 1 January to 31 December 2013, detailing information about their business, products and services and their AML/CFT programme and framework, allowing the Regulatory Authority to assess any potential ML/TF risks posed to the QFC and the State of Qatar. The Regulatory Authority subsequently analysed the responses and undertook additional supervisory engagement which included conducting seven onsite assessments. Results of the analysis indicate DNFBPs are largely compliant with the AML/CFTR, despite some minor inadequacies and areas for improvement.

Thematic Review of Annual Reporting Requirement by the Money Laundering Reporting Officer

The Regulatory Authority conducted this thematic review to assess the level of compliance by all firms (Financial Institutions and DNFBPs) with the mandatory compliance reporting obligations of the Money Laundering Reporting Officer (MLRO) to senior management.

The review also aimed to determine whether firms were adequately and appropriately managing and dealing with their AML/CFT obligations and money laundering and terrorist financing risks. All financial institutions and DNFBPs were subject to this review, with 15 firms selected for onsite assessments. Overall, the quality of the reports was good and most firms demonstrated an adequate level of reporting on AML/CFT issues to their senior management.

Key issues identified were that in some instances there was inadequate Know Your Customer (KYC) and Customer Due Diligence (CDD) undertaken while on-boarding customers through regional booking centres, with a disproportionate reliance placed on firms' head offices located outside of Qatar for AML/CFT obligations. Additionally, a general observation was the low level of Suspicious Transaction Reporting (STR) from firms.

Cooperation with Qatari Supervisory Authorities and International Bodies

The Regulatory Authority continues to strengthen co-ordination with other Qatari and international AML/CFT authorities through sharing information, resources and expertise.

The Regulatory Authority worked with the National Anti-Money Laundering Committee (NAMLC) Secretariat concerning initiatives on AML/CFT resources within the State, Qatar's progress on AML/CFT and inputs to revise the State AML/CFT Law. The Director of AML was named to both NAMLC's technical committee, mandated to assess, design and implement a National Risk Assessment for Qatar, and was also named to NAMLC's working group for studying the controls and obligations of the insurers in the AML/CFT field.

The AML team continues to liaise with the Qatar Central Bank AML/CFT division as part of the working group formed to provide technical assistance to the QCB to enhance their AML/CFT risk-based supervisory methodology. In addition, the AML team took part in an International Monetary Fund (IMF) mission to evaluate and strengthen the AML/CFT supervisory regime in Qatar. Throughout 2014, working closely with the National Counter Terrorism Committee (NCTC), the AML team disseminated updates on sanctioned entities to its regulated population.

POLICY

Regulatory Policy Initiatives

In 2014 the Policy department of the Regulatory Authority focussed on updating the regulatory framework to ensure the QFC continued to meet international standards. A major area of work were enhancements to the prudential framework for banks, investment managers and advisory firms. Other key improvements were made to the approved individual framework.

Sectoral Rulebooks

The Investment and Banking Business Rules 2005 (PIIB) were repealed in 2014 and replaced with the new Banking Business Prudential Rules (BANK) and the new Investment Management and Advisory (INMA) Rules. The two new sets of rules were designed to provide a clear differentiation between prudential rules for banking business firms and prudential rules for investment management and advisory business firms. The two new sets of rules provide greater clarity for firms in terms of a risk-based prudential regime that addresses the risks they face. The new rules came into force on 1 January 2015.

Banking Business Prudential Rules (BANK)

In 2013 the Regulatory Authority began a comprehensive review of the QFC prudential framework, aiming to align it with the enhancements to best practice supervision, and the prudential standards for financial institutions prescribed by the Basel Committee on Banking Supervision.

The new BANK Rules 2014 contain the prudential framework for authorised firms that undertake banking business - accepting deposits, providing credit, dealing in investments as principal, or undertaking Islamic financial management. The Regulatory Authority is working closely with the relevant QFC firms on their transition into the new prudential regime.

The rules are designed to strengthen significantly the prudential framework for banking business firms and to align with the principles established by the 2012 revised Basel Core Principles for effective Banking Supervision and Basel Accord (I, II, 2.5 and III) framework. The BANK Rules include a framework that sets out higher and better-quality capital requirements as well as an increased focus on the broader issues related to prudential risk coverage as prescribed under the Basel Accord framework.

Investment Management and Advisory Rules (INMA)

The new INMA Rules 2014 contain the prudential framework for authorised firms undertaking investment management and advisory business. The new framework reflects international standards for firms conducting these types of activities.

The rules contain a new minimum paid-up share capital and liquid assets requirement and a requirement to hold appropriate professional indemnity insurance cover. They also aim to streamline existing rulebooks; relevant content in the Assets Rules relating to client money, custody, collateral and client mandate provisions was moved to the new Rules, and the Assets Rules were repealed.

Individuals Rules (INDI)

The Regulatory Authority introduced a number of improvements to its framework for approving individuals to perform certain key positions in QFC authorised firms. The new framework is contained in the Individuals (Assessment, Training and Competency) Rules 2014. The new rules were issued in December 2014 following public consultation and dialogue with QFC authorised firms, and came into effect on 1 January 2015.

The new rules amend the existing approved individual regime by placing clearer accountability and responsibility on the board and senior management for the appointment of competent and fit and proper staff. The requirement for the Regulatory Authority to approve individuals performing the customer facing function was removed, and the knowledge competency requirements were enhanced.

The Regulatory Authority undertook a period of public consultation on the draft proposals, and conducted active dialogue with QFC firms and other stakeholders through a town hall meeting in October 2014. The feedback and policy responses were reflected in the final rules and were published separately in December 2014 in a Summary of

POLICY

Public Consultation. This reflects the Regulatory Authority's ongoing commitment to transparent and accountable policy-making.

Chartered Institute for Securities Investment (CISI) Qualification

In the past two years, the Regulatory Authority undertook work with the CISI to develop changes to the existing CISI qualification workbook on the QFC Rules and Regulations. A revised version of the workbook syllabus was made available in December 2014 and came into effect on 1 February 2015. The new workbook syllabus and examination are more focussed on areas relating to consumer protection and anti-money laundering. Changes to the examination included reducing the number of questions, as well as the revision of questions to improve comprehension for non-native English speaking candidates.

Partnering with Peer Regulators in Qatar

The Regulatory Authority has continued to work closely with the Qatar Central Bank and the Qatar Financial Markets Authority in implementing initiatives that began in 2012 and have continued for the past two years following the issue of the Law of the Qatar Central Bank and the Regulation of Financial Institutions, Law No. (13) of 2012. This work is coordinated through the Financial Stability Committee chaired by His Excellency, Sheikh Abdulla bin Saoud Al-Thani, Governor of Qatar Central Bank and Chairman of the QFC Regulatory Authority.

Renminbi (RMB) Financial Centre Initiative

In recent years, China and Qatar have deepened cooperation in trade and finance. According to data released by Qatar's Ministry of Development, Planning and Statistics, China was the second biggest importer and fourth biggest export destination of Qatar in 2013.

On 3 November 2014, the Qatar Central Bank and the People's Bank of China announced the signing of a memorandum of understanding pursuant to which the central banks will cooperate to establish a framework for the clearing of RMB in Doha. On 4 November 2014, the People's Bank of China announced Industrial and Commercial Bank of China Limited (ICBC), Doha Branch as the RMB clearing institution for Doha, the first RMB clearing bank in the Middle East region designated by the Chinese central bank. ICBC is a QFC authorised firm and the Regulatory Authority is working closely with the Qatar Central Bank to implement the RMB initiative.

Qatar Central Bank Insurance Instructions

Following the issue of Law No. (13) 2012, the Qatar Central Bank is now responsible for regulating insurance companies, reinsurance companies and other people or entities carrying on insurance-related activities (such as insurance intermediaries) in the State. The Regulatory Authority has continued to provide support and assistance to the Qatar Central Bank in developing the regulatory regime for this sector. This close collaboration ensures that the regulation of insurance firms is closely aligned between the State and the Qatar Financial Centre, particularly in the key areas of licensing, prudential requirements and market conduct requirements.

Promoting Higher Professional Standards in the Financial Services Sector

Sponsored by the Financial Markets Development Committee and guided by the regulatory bodies of the Qatar financial sector, Project Tadreeb was launched in 2013 through the Qatar Finance and Business Academy. Project Tadreeb provides a framework to enhance and promote the professional qualifications of people employed in the financial services industry. A key element of the project is a training programme that is designed to lift overall competency levels of people working in the banking, insurance, asset management and capital markets industries.

Working to Combat Cyber Threats

The Regulatory Authority has participated with the Qatar Central Bank, Qatar Financial Markets Authority and major financial institutions of the financial sector in the Information Risk Expert Committee chaired by Qatar Computer Emergency Response Team (Q-CERT) and the Supreme Council of Information and Communication Technology (ictQATAR). This committee provides a forum for information exchange on cyber threats faced by firms operating in the financial sector in Qatar. The Regulatory Authority follows the Qatar National Cyber Security Strategy published in May 2014 by the government of the State of Qatar.

International Cooperation

The Regulatory Authority and the Bank of Italy signed a memorandum of understanding in December 2014 designed to promote greater cooperation between the two regulators and to facilitate the exchange of relevant supervisory information between the Regulatory Authority and the Bank of Italy.

Also in December 2014, the Regulatory Authority and the Capital Markets Authority of Lebanon finalised a memorandum of understanding to promote stronger cross-border regulatory oversight and supervisory information sharing.

The Regulatory Authority submitted its formal application to become an Associate Member of the International Organization of Securities Commissions (IOSCO) in December 2013 and liaised with them throughout 2014 to advance its application. IOSCO membership will allow the Regulatory Authority to be a signatory to the IOSCO multilateral memorandum of understanding (MMoU) which is concurrently being considered by IOSCO. In turn, this will allow the Regulatory Authority to establish a MMoU with the European Securities and Markets Authority and cooperation agreements with European Union members to enable QFC firms to comply with the requirements of the Alternative Investment Fund Managers Directive.

FATCA

The Foreign Account Tax Compliance Act (FATCA) was enacted by the U.S. Congress in 2010 and has been implemented worldwide on a phased basis since 1 January 2014. The purpose of the legislation is to combat tax evasion by U.S. citizens living and operating overseas. Although FATCA is a U.S. law, it has important implications for financial institutions operating in Qatar.

In 2014, the Regulatory Authority continued to support the Ministry of Finance in its negotiations with the United States on an intergovernmental agreement on FATCA. The intergovernmental agreement was signed by the United States of America and the State of Qatar on 7 January 2015. The QFC Authority will be the conduit through which any reporting requirement by QFC firms will be made to the Ministry of Finance.

ENFORCEMENT

The enforcement function forms an integral part of the Regulatory Authority, supporting its objectives through effective, prompt and proportionate enforcement action against firms and individuals who breach rules and regulations.

While instances of misconduct are infrequent in the QFC, when they do occur, the issues are dealt with in a manner designed to instil confidence in the QFC regulatory framework. Enforcement action also informs and educates the wider regulatory market, motivates good behaviour and deters misconduct.

During 2014, the Regulatory Authority took enforcement action that resulted in sanctions against a number of firms and individuals. Investigations covered a range of issues including corporate governance frameworks, systems and controls, and training processes, as well as addressing potential customer losses and integrity issues arising from the misconduct of senior executive staff.

Enforcement Actions against Firms

Two enforcement decisions concerning firms were reached in 2014 and involved negotiated settlements. These mutually agreed outcomes illustrate the broad range of sanctions available to the Regulatory Authority. While many Enforcement outcomes result in disciplinary action, these two matters show that the Enforcement department engages with parties to achieve pragmatic and practical outcomes.

In one case, the firm was given a public censure and agreed to undertake various remedial steps to address the identified misconduct. The action taken by Enforcement also resulted in compensation being paid to clients.

In another case, the firm gave the Regulatory Authority an Enforceable Undertaking, which included a remedial action plan to ensure future compliance with its training and competency requirements.

Enforcement Actions against Individuals

The Enforcement team concluded three cases against individuals in 2014, one of which was appealed to the QFC Regulatory Tribunal. These cases emphasise the consequences for approved individuals whose behaviour deliberately falls below the high standards set by the Regulatory Authority. The cases against individuals also involved the use of a broad range of sanctions, including financial penalties, prohibition and a public censure.

The appeal to the Regulatory Tribunal concerned enforcement action against a senior executive for failing to act with integrity. The Regulatory Tribunal upheld the disciplinary action taken by the Regulatory Authority to impose a financial penalty of USD 20,000 and prohibition from employment by any authorised firm in the QFC.

Consumer Protection

The Regulatory Authority has developed a framework which aims to protect consumers and ensure that they are not put at risk due to misconduct by authorised firms. If customers are sold unsuitable products or services or if a firm fails to handle their complaint appropriately, there is a risk that consumers may lose money.

All authorised firms are required to have robust complaints handling processes. The majority of customer complaint cases are resolved amicably between the firm and the customer.

To ensure that there is a quick and fair mechanism to respond to complaints which are not resolved with the firm, the Regulatory Authority operates the Customer Dispute Resolution Scheme (CDRS). The CDRS covers all financial services and products sold to retail customers in the QFC; this service is free for firms and their customers.

Whenever possible, the CDRS seeks to assist the parties to reach a mutually acceptable solution. However, if agreement cannot be reached, then it is possible for the complaint to be considered by an independent adjudicator whose role is to review the complaint and reach a decision as to its outcome.

There were relatively few complaints received by the CDRS in 2014 and they related to the suitability of the products sold to consumers and the advice they received. The independent adjudicator made six determinations in 2014, all of which resulted in compensation being paid to customers.

CORPORATE SERVICES

The strategic deployment of people, resources and technology, along with prudent financial controls, are the focus of the Corporate Services division within the Regulatory Authority. In 2014, the division focussed its improvement efforts on its information technology, finance, and human resources functions to drive operational excellence.

A key priority has been to ensure that systems and processes are fit-for-purpose for an agency of the Regulatory Authority's size and scope, and that the Authority is well-positioned to meet the objectives of Qatar's National Vision 2030.

Repositioning the IT Environment

With a mission of optimising IT infrastructure and services, automating processes and procedures and improving system reliability and security, the IT team embarked upon an ambitious improvement programme throughout 2014. This effort was the outcome of a comprehensive review of the department's practices and business environment conducted the previous year.

Outsourcing Non-Core IT Infrastructure

A decision was taken to migrate the Regulatory Authority's data centre to a robust, external, Tier 3* data centre in Qatar and to adopt a number of managed services. The migration commenced in 2014 and was completed in early 2015.

Benefits of the outsourcing include access to "round the clock" systems monitoring and support, and access to specialist IT expertise. The outsourced model also furnishes email infrastructure and associated management for the Regulatory Authority including email archiving, web mail and access via smart devices. Additional services include data backup and disaster recovery.

Business continuity has also seen significant improvement. In the event of loss of the Regulatory Authority offices or data centre, access to IT systems can be provided through the adoption of Citrix (i.e. secure remote access solution). If necessary, the Regulatory Authority can relocate to a new, professionally managed crisis centre.

*A Tier 3 data centre has fully fault-tolerant/redundant hardware components and guarantees 99.982% availability.

Hardware and Software Improvements

The IT team implemented a host of software and hardware improvements in 2014 which provide superior functionality and reduced cost of ownership with the added benefit of decreased maintenance effort for the IT team.

Regulatory Authority employees are benefitting from enhanced mobility through Bring Your Own Device (BYOD), permitting them to use personally owned mobile devices to access email, calendar and other applications in a controlled and secure environment. This capability, together with the new Citrix remote access solution, allows staff to readily and securely access company information and applications from any location worldwide.

The Regulatory Authority also deployed a standard software configuration and an enhanced

CORPORATE SERVICES

governance and change management process. This standardised environment replaced a variety of configurations across Microsoft Office and other software, language and keyboard, internet browser, security and other settings. In addition to greatly improved employee satisfaction and productivity, benefits include faster performance and more consistent behaviour of hardware and software; faster deployment of new equipment; automated remote installation and patching of software; heightened security; and reduced time and cost.

Harnessing the Systems and Power of IT, Finance and Human Resources

In early 2015, the Corporate Services team launched the My Gateway Portal on the QFC Regulatory Authority intranet. The portal provides access to a new Enterprise Resource Management (ERM) system (MS Dynamics AX 2012), providing a centralised self-service and management database.

Numerous Finance, HR, accounting, payroll, and self-service functions are linked in this one-stop portal, from which employees can submit automated forms and manage information, among many other functions. The management configuration of the ERM enables managers to review and approve transactions, and access key performance indicators and other metrics through dashboards and system generated reports. HR and Finance policies are embedded in the advanced workflow engine in the system which ensures compliance with policies and reduces manual intervention.

Automated Budget and Procurement Processes

The implementation of MS-AX will result in significant improvements to the Regulatory Authority budget process. The common technology platform for HR, Finance and employee self-service enables core accounting, budget planning and tracking in a flexible integrated solution and the availability of financial data with relevant consolidated databases that provide measurement tools and reporting.

The enhanced procurement workflow eliminates manual processes and is driven by strategic partnerships with vendors. Benefits are improved productivity and efficiency; cost savings from increased purchasing power and leveraging volume; sustained high vendor performance levels and more management control.

Human Resources as a Strategic Partner

The transformation of the HR function to the role of strategic partner moved the department towards international best practice in 2014. The HR team is now poised to anticipate and meet future talent needs, armed with more efficient and integrated technology systems, best-in-class HR management software, and a new, user-friendly platform for performance and learning management. To aide in this transformation, non-core services including recruitment, relocation, outplacement, and background screening were outsourced, adding capacity to the team's redefined role.

ENHANCING NATIONALISATION

Nationalisation, or the practice of recruiting, hiring, and developing Qatari employees to assume permanent positions in Qatar's business community, is a key goal of Qatar's National Vision 2030. In line with this vision, the Regulatory Authority established a dedicated Nationalisation department in 2014.

Nationalisation requires the support and commitment of experienced Qatari and expatriate staff, at all levels, to develop and train Qataris. The Regulatory Authority's structured Career Development programme includes valuable on-the-job experience, training, seminars and mentoring, all targeting young Qatari university graduates who seek specialised careers in financial services.

With an ambitious five-year strategy, the Nationalisation programme targets Qatari graduates who demonstrate an ability to meet the Regulatory Authority's need for qualified subject matter experts and leaders. Graduates rotate within the areas of Supervision, Authorisation, Policy, Enforcement, Insurance and Corporate Services, where they are mentored on the technical and workplace effectiveness competencies that are essential to Regulatory Authority corporate culture.

The primary stage learning model includes simulated team projects in which graduates are immersed in meeting management, the Regulatory Authority and legal framework, project management, report writing, problem solving, time management, presentations and public speaking.

The graduate experience is self-driven, with the individual moving through five developmental stages: core skills function rotation, relevant work-based assignments and professional certificates, international assignment and local secondments, a Master's or advanced degree relevant to Regulatory Authority subject matter, and leadership preparation.

Young Qatari graduates deciding upon a career in the financial regulatory sector will find a learning environment designed to help them grow both personally and professionally, aided by individual development plans and opportunities, facilitated career development, and educational international and local placements to support their potential and performance.

The programme will grow in 2015, with the aim of moving the Regulatory Authority closer to its goal of becoming the employer of choice in the financial services sector in Qatar.

FINANCIAL STATEMENTS

AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT TO THE BOARD OF DIRECTORS OF THE QATAR FINANCIAL CENTRE REGULATORY AUTHORITY

Report on the financial statements

We have audited the accompanying financial statements of The Qatar Financial Centre Regulatory Authority, (the "QFC Regulatory Authority"), which comprise the statement of financial position as at 31 December 2014, the statements of activities and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the QFC Regulatory Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the QFC Regulatory Authority's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the QFC Regulatory Authority as at 31 December 2014, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on other legal and regulatory requirements

We have obtained all the information and explanations we considered necessary for the purpose of our audit. The QFC Regulatory Authority has maintained proper accounting records and its financial statements are in agreement therewith. We are not aware of any violations of the applicable provisions of Qatar Financial Centre Law No. 7 of 2005 during the year which might have had a material adverse effect on the business of the QFC Regulatory Authority or its financial position as at 31 December 2014.

KPMG LLC

KPMG L.L.C.

22 March 2015
Doha
State of Qatar

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2014

In USD '000

	Note	2014	2013
ASSETS			
Non-current assets			
Intangible assets	5	1,639	867
Furniture and Equipment	6	376	477
Total non-current assets		**2,015**	1,344
Current assets			
Accounts receivable and prepayments	7	1,187	1,259
Cash and cash equivalents	8	25,593	38,274
Total current assets		**26,780**	39,533
Total assets		28,795	40,877
EQUITY AND LIABILITIES			
Equity			
General reserve	9	18,043	28,651
Retained surplus	9	3,007	5,034
Total equity		**21,050**	33,685
Current liabilities			
Accounts payable and accruals	10	7,745	7,192
Total current liabilities		7,745	7,192
Total equity and liabilities		**28,795**	40,877

The financial statements of the QFC Regulatory Authority for the year ended 31 December 2014 were approved by the following on behalf of the Board of Directors on 22 March 2015

Michael Ryan
Chief Executive Officer

Otello Sturino
Managing Director – Corporate Services

The accompanying notes 1 to 15 form an integral part of these financial statements.

STATEMENT OF ACTIVITIES AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2014

In USD '000

	Note	2014	2013
Income			
Fee income		1,901	2,489
Financial penalties		20	-
Interest on deposits		385	610
Other income		7	10
Expenses			
Salaries and other related costs		(33,232)	(28,807)
General and administrative expenses	11	(5,175)	(4,884)
Board of Directors expenses		(907)	(897)
Total expenses		**(39,314)**	(34,588)
Excess of expenses over income for the year before appropriations		(37,001)	(31,479)
Appropriations from the Government	2	24,366	34,778
Deficit / Surplus for the year and other comprehensive income		**(12,635)**	3,299

The accompanying notes 1 to 15 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2014

In USD'000

	General reserve	Retained surplus	Total
Balance at 1 January 2013	26,651	3,735	30,386
Surplus for the year and other comprehensive income	-	3,299	3,299
Transfer of surplus to general reserve	2,000	(2,000)	-
Balance at 31 December 2013	28,651	5,034	33,685
Balance at 1 January 2014	28,651	5,034	33,685
Deficit for the year and other comprehensive income	-	(12,635)	(12,635)
Transfer of funds from general reserve	(10,608)	10,608	-
Balance at 31 December 2014	**18,043**	**3,007**	**21,050**

The accompanying notes 1 to 15 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014	2013
			In USD'000
Cash flows from operating activities			
Excess of expenses over income for the year		**(37,001)**	(31,479)
Adjustments for:			
Amortisation of intangible assets	5	243	234
Depreciation of furniture and equipment	6	219	181
Impairment of doubtful debts	7.1	83	12
Loss / (gain) on sale of furniture and equipment		3	(4)
Interest on deposits		(385)	(610)
Operating loss before working capital changes		**(36,838)**	(31,666)
Changes in working capital			
Accounts receivable and prepayments		(43)	84
Accounts payable and accruals		542	(256)
		(36,338)	(31,838)
Interest received on deposits		417	846
Net cash used in operating activities		**(35,921)**	(30,992)
Cash flows from investing activities			
Acquisition of intangible assets	5	(1,015)	(755)
Acquisition of furniture and equipment	6	(121)	(456)
Proceeds from sale of furniture and equipment		-	6
Net cash used in investing activities		**(1,137)**	(1,205)
Cash flows from financing activities			
Appropriations from the Government	2	24,366	34,778
Appropriations from the Government received in advance		11	(474)
Net cash generated from financing activities		**24,377**	34,304
Increase in cash and cash equivalents		(12,681)	2,107
Cash and cash equivalents at the beginning of the year		38,274	36,167
Cash and cash equivalents at the end of the year	8	**25,593**	38,274

The accompanying notes 1 to 15 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

1. LEGAL STATUS AND PRINCIPAL ACTIVITIES

The Qatar Financial Centre (QFC) was established by the State of Qatar pursuant to Law No. 7 of 2005 to attract international financial institutions and multinational corporations to establish business in international banking, financial services, insurance, corporate head office functions and related activities within Qatar.

The Qatar Financial Centre is organised into four authorities, the QFC Authority (QFCA), the QFC Regulatory Authority, QFC Civil and Commercial Court (Court) and QFC Regulatory Tribunal (Tribunal). The QFCA, the QFC Regulatory Authority, the Court and Tribunal are independent of each other and the Government of Qatar.

The QFC Regulatory Authority, the independent regulatory body, regulates, licenses and supervises financial services and other firms that conduct activities in, or from, the Qatar Financial Centre. The registered office of the QFC Regulatory Authority is located at PO Box 22989, Doha, State of Qatar.

These financial statements only relate to the activities, assets and liabilities of the QFC Regulatory Authority and do not extend to include any other bodies of QFC.

2. ECONOMIC DEPENDENCY

The QFC Regulatory Authority is dependent on appropriations from the Government of the State of Qatar to fund its operating and capital expenditure.

During the year, the Government provided the QFC Regulatory Authority with appropriations amounting to USD 24,365,569 (2013: USD 34,777,787). As per Article 14 of Qatar Financial Centre Law No. 7 of 2005, QFC Regulatory Authority has the right to retain any excess appropriations provided by the Government, these appropriations have been treated as part of retained surplus.

During the year ended 31 December 2014, USD 10,607,950 has been transferred from the general reserve account to the retained surplus account. During the year ended 31 December 2013, an amount of USD 2,000,000 was transferred from retained surplus to general reserves.

Any transfer of amounts to and from the general reserve requires the approval of the Board.

3. BASIS OF PREPARATION

3.1 Statement of compliance

The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

3.2 Basis of measurement

The financial statements have been prepared under the historical cost convention.

3.3 Functional and presentation currency

The functional currency of the QFC Regulatory Authority is Qatari Riyal. However, these financial statements have been presented in the United States Dollar (USD), which is the QFC Regulatory Authority's presentation currency.

The balances in Qatari Riyals have been translated to USD at the exchange rate of 3.645 Qatari Riyals to USD and all financial information presented in USD has been rounded to the nearest thousand USD.

3.4 Use of estimates and judgements

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised and in any future period affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described as follows:

Useful lives of furniture and equipment and intangible assets

The QFC Regulatory Authority's management determines the estimated useful lives of its furniture and equipment and intangible assets to calculate depreciation and amortization. This estimate is determined after considering the expected usage of the asset or physical wear and tear. Management reviews the residual value and useful lives annually. Future depreciation and amortization charge would be adjusted where the management believes the useful lives differ from previous estimates.

Impairment of accounts receivable

An estimate of the collectible amount of accounts receivable is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of the financial statements are consistent with those of the previous financial year except for as described in note 4.13.

4.1 Intangible assets

Intangible assets include cost of software developed in-house. Costs associated with the development of software for internal use are capitalised only if the design of the software is technically feasible, and the QFC Regulatory Authority has both the resources and intent to complete its development and ability to use it upon completion. In addition, costs are only capitalised if the asset can be separately identified, it is probable that the asset will generate future economic benefits, and that the development cost of the asset can be measured reliably.

Only costs that are directly attributable to bringing the asset to working condition for its intended use are included in its measurement. These costs include all directly attributable costs necessary to create, produce and prepare the asset to be capable of operating in a manner intended by management.

Intangible assets are carried at cost less accumulated amortisation and impairment losses. Those are amortised on a straight line basis over a period of three years (except for the eXtensible Business Reporting Language (XBRL) software as mentioned in following paragraph), commencing when the asset is available for its intended use. This expense is reported as an administration expense in the statement of activities.

During the year, the QFC Regulatory Authority capitalised "eXtensible Business Reporting Language" software, carried at cost less accumulated amortisation. It is being amortised on straight line basis over a period of five years commencing when the asset is available for its intended use. This expense is reported as an administration expense in the statement of activities.

Subsequent expenditure is only capitalised when it increases the future economic benefits embodied in the specific asset to which it relates. Where no intangible asset can be recognised, development expenditure is charged to the statement of activities when incurred.

Expenditure on research or on the research phase of an internal project are recognised as an expense in the period in which it is incurred.

4.2 Furniture and Equipment

Recognition and measurement

Items of furniture and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

Cost includes expenditure that is directly attributable to the acquisition of the asset.

Gains and losses on disposal of an item of furniture and equipment are determined by comparing the proceeds from disposal with the carrying amount and are recognised net in the statement of activities.

Subsequent costs

Expenditure incurred to replace a component of an item of furniture and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of furniture and equipment. All other expenditure is recognised in the statement of activities as the expense is incurred.

Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset or other amount substituted for cost, less its residual value. Depreciation is recognised in the statement of activities on a straight-line basis over the estimated useful lives of each part of an item of furniture and equipment,

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives of the furniture and equipment in the current and comparative periods are as follows:

Furniture and fixtures	3 years
Office equipment	3 years
Leasehold improvements	Lesser of 3 years or leasehold period
Motor vehicles	3 years

Depreciation methods, useful lives and residual values of the furniture and equipment are re-assessed annually by the management.

Capital work in progress

The costs of capital work in progress are measured at cost less impairment loss. Cost includes the cost of materials and direct labour, and any other costs directly attributable to bringing the assets to a working condition for its intended use and the cost of dismantling and removing any items and of restoring the site on which they were located. The furniture and equipment in course of construction is transferred to the relevant furniture and equipment category when it is complete. The furniture and equipment is considered complete when they are ready for intended use.

Impairment

The carrying amounts of furniture and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

4.3 Non-derivative financial instruments

Non-derivative financial instruments comprise cash and bank balances, fees and other receivables, (collectively termed as financial assets classified as 'loans and receivables') and accounts payable and accruals (termed as financial liabilities at amortised cost).

Financial assets classified as loans and receivables (initial recognition and measurement)

These are financial assets with fixed or determinable payments that are not quoted in an active market. The QFC Regulatory Authority initially recognises loans and receivables on the date that they are originated. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these assets are measured at amortised cost using the effective interest method, less any impairment losses.

Fee and other receivables

Fees receivable are stated at original invoice amount net of provisions for amounts estimated to be non-collectable. An estimate for doubtful accounts is made when collection of the full amount is no longer probable. Bad debts are written off when there is no possibility of recovery.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and deposits with banks held for the purpose of meeting short-term cash commitments that are readily convertible to a known amount of cash and subject to insignificant risk of changes in value.

Impairment of financial assets

Financial assets are assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due on terms that would not be considered otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in the statement of activities. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the statement of activities.

Derecognition of financial assets

The QFC Regulatory Authority derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained is recognised as a separate financial asset or liability.

Financial liabilities at amortised cost (initial recognition and measurement)

The QFC Regulatory Authority initially recognises financial liabilities on the date that they are originated. These financial liabilities are recognised initially at fair value plus any directly attributable transaction costs for amounts to be paid in the future for goods and services received, whether or not billed by the supplier. Subsequent to initial recognition, financial liabilities are measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

The QFC Regulatory Authority derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

Offsetting

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the QFC Regulatory Authority has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

4.4 Provisions

Provisions are recognised when the QFC Regulatory Authority has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable that an outflow of economic benefits will be required to settle the obligations and able to be reliably measured.

4.5 Retirement benefit costs

Consequent to the Council of Ministers decision no. (11) of 2011, regarding the application of the provisions of the Retirement and Pension Law no. (24) of 2002 (the Law), for all Qatari employees of the QFC Regulatory Authority, the Regulatory Authority has been admitted to the pension fund operated by the General Retirement and Social Insurance Authority (GRSIA) on 26th January 2011.

All Qatari employees must contribute 5%, and the Regulatory Authority 10%, of an employee's pensionable income. The Regulatory Authority's contribution is recognized as an expense in the Statement of Activities.

4.6 Fee income

Fee income arising on application processing is non-refundable and accordingly is recognised as income when received. Annual licence fees are recognised as income on a straight line basis over the period to which they relate.

4.7 Financial penalties

Under the Financial Services Regulations (FSR), the QFC Regulatory Authority has the power to impose financial penalties where it considers that a Person (as defined in the FSR) has contravened a relevant requirement set out in Article 84 (1) of the FSR. The principles to be followed by the QFC Regulatory Authority in determining the amount of any financial penalty to be imposed in respect of such contraventions are set out in the QFC Regulatory Authority's Financial Services (Financial Penalties and Public Censures) Policy 2009. The financial penalties are accounted on an accrual basis on the date stipulated in the order and the income is reported in the statement of activities.

4.8 Interest income

Interest income is recognised on accrual basis, using the effective interest rate method.

4.9 Appropriations from the Government

Appropriations from the Government are recognised at their fair value when there is a reasonable assurance that the appropriations will be received by the QFC Regulatory Authority, and are recognised in the statement of activities over the period necessary to match them with the costs that they are intended to compensate. The excess appropriations provided by the Government are treated as assistance received in advance under accounts payable and accrual and are carried forward to next year.

4.10 Foreign currencies

Transactions in foreign currencies are translated into functional currency and recorded at rates of exchange existing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into functional currency at the rates of exchange ruling on the reporting date. Realised and unrealised exchange gains and losses are included in the statement of activities.

4.11 Provisions

Provisions are recognised when the QFC Regulatory Authority has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and, further, that a reliable estimate of the amount of the obligation can be made.

4.12 Operating leases

Operating lease payments are recognised in the profit or loss on a straight line basis over the term of the lease.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.13 Standards, amendments and interpretations issued

New standards, amendments and interpretations issued and that are effective on or after 1 January 2014

During the current year, the QFC Regulatory Authority adopted all the below new and revised International Financial Reporting Standards that are relevant to its operations and are effective as of 1 January 2014:

Amendments to IAS 32 on offsetting financial assets and financial liabilities

The amendments to IAS 32 clarify the requirements relating to the offset of financial assets and financial liabilities. Specifically, the amendments clarify the meaning of ‹currently has a legally enforceable right of set-off› and ‹simultaneous realisation and settlement›. The amendments have been applied retrospectively. There was no material effect on the accounting policies of the QFC Regulatory Authority as a result of the adoption.

Amendments to IFRS 10, IFRS 12 and IAS 27 on investment entities

The amendments to IFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its consolidated and separate financial statements. Consequential amendments have been made to IFRS 12 and IAS 27 to introduce new disclosure requirements for investment entities. There was no effect on the accounting policies of the QFC Regulatory Authority as a result of the adoption.

Amendments to IAS 36 on recoverable amount disclosures for non-financial assets

The amendments to IAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. These new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by IFRS 13 "Fair Value Measurements". There was no effect on the accounting policies of the QFC Regulatory Authority as a result of the adoption.

IFRIC 21 Levies

IFRIC 21 on Levies (amendments to IAS 32) provide guidance on the accounting for levies in the financial statements of the entity that is paying the levy. There was no effect on the accounting policies of the QFC Regulatory Authority as a result of the adoption.

New standards, amendments and interpretations issued but not yet effective

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning on or after 1 January 2015, and have not been applied in preparing these financial statements. The QFC Regulatory Authority does not plan to early adopt these standards.

IFRS 9 - Financial Instruments

IFRS 9 published in July 2014, replaces the existing IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

The QFC Regulatory Authority is assessing the potential impact on its financial statements resulting from the application of IFRS 9.

IFRS 15 – Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.

IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2017, with early adoption permitted.

The QFC Regulatory Authority is assessing the potential impact on its financial statements resulting from the application of IFRS 15.

5. INTANGIBLE ASSETS

In USD '000

	Software Development cost	Software Development Capital work in progress	Total
Cost			
Balance at 1 January 2013	744	61	805
Additions	62	693	755
Transfers in / (Out)	61	(61)	-
Balance at 31 December 2013	867	693	1,560
Additions	214	801	1,015
Transfers in / (Out)	693	(693)	-
Balance at 31 December 2014	**1,774**	**801**	**2,575**
Accumulated amortisation			
Balance at 1 January 2013	459	-	459
Charge for the year	234	-	234
Balance at 31 December 2013	693	-	693
Charge for the year	243	-	243
Balance at 31 December 2014	936	-	936
Net book value			
31 December 2014	**838**	**801**	**1,639**
31 December 2013	174	693	867

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

6. FURNITURE AND EQUIPMENT

In USD '000

	Furniture and fixtures	Office equipment	Leasehold improvements	Motor Vehicles	Capital work in progress	Total
Cost						
At 1 January 2013	862	1,923	862	27	19	3,693
Additions	20	255	22	-	159	456
Transfers	-	19	-	-	(19)	-
Disposals / write off	(97)	(214)	-	(27)	-	(338)
At 31 December 2013/ 01 January 2014	785	1,983	884	-	159	3,811
Additions	1	120	-	-	-	121
Transfers	8	136	-	-	(144)	-
Disposals / write off	(4)	(178)	-	-	-	(182)
At 31 December 2014	**790**	**2,061**	**884**	**-**	**15**	**3,750**
Accumulated depreciation						
At 1 January 2013	845	1,754	862	27	-	3,488
Charge for the year	15	164	2	-	-	181
Reversal on disposals	(95)	(213)	-	(27)	-	(335)
At 31 December 2013 / 01 January 2014	765	1,705	864	-	-	3,334
Charge for the year	12	195	12	-	-	219
Reversal on disposals	(4)	(175)	-	-	-	(179)
At 31 December 2014	**773**	**1,725**	**876**	**-**	**-**	**3,374**
Net book value						
31 December 2014	**17**	**336**	**8**		**15**	**376**
31 December 2013	20	278	20		159	477

7. ACCOUNTS RECEIVABLE AND PREPAYMENTS

In USD '000

	2014	2013
Fees receivables	13	27
Prepaid expenses	1,032	994
Interest receivable	54	86
Other receivables	171	169
Impairment of doubtful debts (Note 7.1)	(83)	(17)
	1,187	1,259

7.1 Impairment of doubtful debts

	2014	2013
Opening	17	16
Provision during the year	83	12
Amount written off during the year	(17)	(11)
Closing	83	17

Impairment of doubtful debts has been netted off against the relevant income in the statement of activities and other comprehensive income.

The ageing analysis of fees, interest and other receivables is as follows:

	2014	2013
Neither past due nor impaired	155	265
Individually impaired	83	17
	238	282

Unimpaired financial assets are expected, on the basis of past experience, to be fully recoverable. It is not the practice of the QFC Regulatory Authority to obtain collateral over receivables and the vast majority are, therefore, unsecured.

8. CASH AND CASH EQUIVALENTS

	2014	2013
Cash in hand	1	1
Current accounts and deposits with banks*	25,592	38,273
	25,593	38,274

*These represent deposits with banks held for the purpose of meeting short-term cash commitments, having interest rates up to 1.5% (2013: 1.6%).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

9. EQUITY

General reserve

During the year ended 31 December 2014, USD 10,607,950 has been transferred from the general reserve account to surplus account. During the year ended 31 December 2013, an amount of USD 2,000,000 was transferred from retained surplus to general reserves.

Any transfer of amounts to and from the general reserve requires the approval of the Board of Directors.

Retained surplus

In accordance with Article 14 of the Qatar Financial Centre Law No. 7 of 2005, the Board of Directors has the right to retain the excess of appropriations from the Government over the excess of expenditure over income. This surplus can be used for any activities of the QFC Regulatory Authority.

10. ACCOUNTS PAYABLE AND ACCRUALS

In USD '000

	2014	2013
Accrued expenses	4,855	4,165
Government assistance received in advance	416	405
Trade payables	387	490
Employees' annual gratuity	17	-
(Due to related party (note 13.1	-	32
Advances from customers	1,570	1,846
Refunds to customers	216	
Charges recovered	284	236
Other payables	-	18
	7,745	7,192

Refunds to customers represents refund of annual fees paid by eight Insurance Intermediaries firms that overpaid in the years 2012-2014

Charges recovered represent the costs of investigation recovered from registered entities and is to be set off against future investigation expenses.

11. GENERAL AND ADMINISTRATIVE EXPENSES

In USD '000

	2014	2013
Rent	1,627	1,618
Consultancy and professional fees	1,392	1,128
Depreciation note 6	219	181
Amortisation of software costs note 5	243	234
Other expenses	1,694	1,723
	5,175	4,884

12. COMMITMENTS

In USD '000

	2014	2013
Estimated capital expenditure contracted but not incurred		
Software Development	-	527

	2014	2013
Minimum lease rental payable under non-cancellable commitments		
Within one year	**1,073**	1,662
After one year but not more than five years	**92**	1,082
Other commitments		
Within one year	**471**	267
After one year but not more than five years	**213**	5

13. RELATED PARTY TRANSACTIONS AND BALANCES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties include other QFC bodies, associated government departments and ministries, directors and key management personnel of the QFC Regulatory Authority, and bodies of which they are principal owners. Pricing policies and terms of these transactions are approved by the QFC Regulatory Authority's management.

13.1 Due from / (to) related parties

The balances due from / (to) related parties are as follows:

	2014	2013
Qatar Financial Centre Authority	-	(32)

13.2 Related party transactions

The following significant related party transactions were carried out during the period:

	2014	2013
Appropriations from Government	**22,039**	34,304
Services from QFCA	**1,662**	1,463
Services and expenses paid on behalf of related parties	**-**	1

Transactions with key management personnel

Key management personnel include Board of Directors, Chief Executive Officer, Managing Directors, Chief Operating Officer and Chief Financial Officer. Key management personnel remuneration includes the following expenses:

	2014	2013
Short-term benefits	**4,602**	4,408

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

14. FINANCIAL RISK MANAGEMENT

The QFC Regulatory Authority has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk; and
- market risk.

This note presents information about the QFC Regulatory Authority's exposure to each of the above risks, the objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these financial statements.

Risk management framework

The management has overall responsibility for the establishment and oversight of the QFC Regulatory Authority's risk management framework. The QFC Regulatory Authority's risk management policies are established to identify and analyse the risks faced by the QFC Regulatory Authority, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the QFC Regulatory Authority's activities.

14.1 Credit risk

Credit risk is the risk of financial loss to the QFC Regulatory Authority if counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from fees receivable, other receivables and bank balances.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

In USD '000

	2014	2013
Fees receivables – net of impairment	-	10
Bank balances	25,592	38,273
Interest receivables	54	86
Other receivables - net of impairment	101	169
	25,747	38,538

Credit risk in respect of bank balances is limited as the QFC Regulatory Authority only deals with highly reputable banks in Qatar and abroad.

14.2 Liquidity risk

Liquidity risk is the risk that the QFC Regulatory Authority is unable to meet its payment obligations associated with its financial liabilities that are settled by delivering cash or another financial assets when they fall due. The QFC Regulatory Authority limits its liquidity risk by securing appropriations from the Government to finance its operating and capital expenditure. The QFC Regulatory Authority's terms of services require amounts to be paid within 30 days of the date of service.

The table below summarises the maturity profile of the QFC Regulatory Authority's financial liabilities at 31 December based on contractual undiscounted payments.

		Gross undiscounted cash flows	
2014	**Carrying amount**	**Contractual cash flows**	**One year or less**
Accounts payable	(2,891)	(2,891)	(2,891)
Total	**(2,891)**	**(2,891)**	**(2,891)**

		Gross undiscounted cash flows	
2013	Carrying amount	Contractual cash flows	One year or less
Accounts payable	3,027	(3,027)	(3,027)
Total	3,027	(3,027)	(3,027)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

14.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity price risk will affect the QFC Regulatory Authority's surplus or the value of its holdings of financial instruments.

Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The QFC Regulatory Authority's principal business is conducted in United States Dollar and Qatari Riyal. As the Qatari Riyal is pegged to the United States Dollar, there is considered to be minimal currency risk.

Interest rate risk

Interest rate risk reflects the risk of change in interest rates, which might affect future earnings. The QFC Regulatory Authority is not exposed to interest rate risk on its interest bearing assets (bank deposits) as the interest rate on bank deposits is fixed. The statement of activities and equity is not sensitive to the effect of reasonable possible changes in interest rates, with all other variables held constant, as the QFC Regulatory Authority does not hold any floating rate financial assets and financial liabilities at the reporting date.

Equity price risk

Equity price risk is the risk that the fair values of equities decrease as a result of changes in the levels of equity indices and the value of individual stocks. The QFC Regulatory Authority is not exposed to equity price risk since it does not hold any investment in equity instruments.

14.4 Determination of fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The QFC Regulatory Authority does not have any financial assets or financial liabilities which are measured at fair value. Further, the carrying values of the QFC Regulatory Authority's financial assets and financial liabilities are the reasonable approximation of their fair values. Accordingly disclosure regarding the fair values and fair value hierarchy is not presented in these financial statements.

15. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the presentation in the current year's financial statements. Such reclassification did not have any impact on the net assets or net profit of the previous year.

TABLE A AUTHORISED FIRMS

TABLE A
AUTHORISED FIRMS

	QFC No.	Name of Authorised Firm	Date of Authorisation	Legal Status
BANKING INSTITUTIONS				
1	3	Arab Jordan Investment Bank (Qatar)LLC	05/12/2005	LLC
2	5	Credit Suisse (Qatar) LLC	01/03/2006	LLC
3	27	Bank Audi LLC	21/12/2006	LLC
4	45	Al Rayan Investment LLC	03/04/2007	LLC
5	48	QINVEST LLC	30/04/2007	LLC
6	79	BLOM Bank Qatar LLC	07/04/2008	LLC
7	91	Qatar First Bank LLC	04/09/2008	LLC
8	18	Barclays Bank PLC	10/09/2006	Branch
9	19	Morgan Stanley & Co. International plc	12/09/2006	Branch
10	26	EMIRATES NBD PJSC	12/12/2006	Branch
11	32	Deutsche Bank AG Doha (QFC) Branch	28/12/2006	Branch
12	41	ICICI Bank Limited	21/03/2007	Branch
13	43	Citibank, N.A.	31/03/2007	Branch
14	46	The Royal Bank of Scotland plc	04/04/2007	Branch
15	52	BMI BANK B.S.C.(c)	28/06/2007	Branch
16	53	Goldman Sachs International	09/07/2007	Branch
17	66	Industrial and Commercial Bank of China Limited	31/01/2008	Branch
18	73	Sumitomo Mitsui Banking Corporation	08/03/2008	Branch
19	75	Union National Bank	08/03/2008	Branch
20	81	Samba Financial Group	25/05/2008	Branch
21	84	Coutts & Co	19/06/2008	Branch

	QFC No.	Name of Authorised Firm	Date of Authorisation	Legal Status
22	87	UBS AG	23/07/2008	Branch
23	98	First Gulf Bank - QFC Branch	24/11/2008	Branch
24	103	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	15/01/2009	Branch
25	106	Nomura International plc - QFC Branch	28/05/2009	Branch
26	128	JPMorgan Chase Bank, N.A. - QFC Branch	05/01/2011	Branch
27	137	State Bank of India – QFC Branch	07/04/2011	Branch
28	143	Abu Dhabi Islamic Bank – QFC Branch	31/07/2011	Branch
29	178	Kuwait Turkish Participation Bank Inc. Qatar Financial Centre Branch	15/09/2013	Branch
INSURANCE, REINSURANCE AND INSURANCE MEDIATION				
1	34	QIC International LLC	12/02/2007	LLC
2	54	Doha Bank Assurance Company LLC	16/07/2007	LLC
3	57	NascoKaraoglan Qatar LLC	08/08/2007	LLC
4	85	Marsh Qatar LLC	30/06/2008	LLC
5	86	Aon Qatar LLC	22/07/2008	LLC
6	109	International Financial Services (Qatar) LLC	28/07/2009	LLC
7	113	Guardian Wealth Management Qatar LLC	20/10/2009	LLC
8	114	SEIB Insurance and Reinsurance Company LLC	21/10/2009	LLC
9	115	Chedid and Associates Qatar LLC	21/10/2009	LLC
10	117	Qatar Reinsurance Company LLC	06/12/2009	LLC
11	141	Q Life & Medical Insurance Company LLC	30/06/2011	LLC
12	142	Daman Health Insurance Qatar LLC	27/05/2012	LLC
13	24	AXA Insurance (Gulf) BSC (B.S.C.(c))	19/11/2006	Branch

TABLE A
AUTHORISED FIRMS

	QFC No.	Name of Authorised Firm	Date of Authorisation	Legal Status
14	35	AIG MEA Limited	18/02/2007	Branch
15	36	American Life Insurance Company (“ALICO”)	26/02/2007	Branch
16	67	Zurich International Life Limited	08/11/2007	Branch
17	93	Marsh Brokers Limited	14/09/2008	Branch
18	99	Nexus Financial Services WLL	30/11/2008	Branch
19	110	MedGulkaful – QFC Branch	09/08/2009	Branch
20	112	T'azur Company b.s.c.(c) – QFC Branch	17/09/2009	Branch
21	131	Takaful International Company – QFC Branch	15/02/2011	Branch
22	147	Bahrain National Insurance Company BSC (C) - QFC Branch	10/10/2011	Branch
23	166	Zurich Insurance Company Ltd. QFC Branch	08/10/2012	Branch
24	162	Lifecare International (Qatar) LLC	09/01/2013	LLC
25	193	Allianz Worldwide Care S.A.	17/06/2014	Branch
Asset Management and Investment Firms				
1	8	AXA Investment Managers LLC	23/04/2006	LLC
2	12	QREIC Sukuk LLC	10/07/2006	LLC
3	28	Alpen Capital Investment Bank (Qatar) LLC	21/12/2006	LLC
4	69	EFG-Hermes Qatar LLC	13/12/2007	LLC
5	96	QNB Capital LLC	28/09/2008	LLC
6	116	Rothschild (Qatar) LLC	18/11/2009	LLC
7	145	Amwal LLC	14/09/2011	LLC

TABLE B
LICENSED FIRMS
NON-REGULATED

TABLE B
LICENSED FIRMS
NON-REGULATED

	QFC No.	Name of Firm	Date of License	Permitted Activities – Non-Regulated
1	4	Qatar Holding LLC	04/04/2006	Holding Company
2	6	Arab Law Bureau LLP	20/03/2006	Professional Services (Legal)
3	13	PricewaterhouseCoopers - Qatar LLC	21/08/2006	Professional Services (Assurance, Advisory, and Tax)
4	14	Eversheds LLP	24/08/2006	Professional Services (Legal)
5	15	Eversheds Legal Services (Qatar) LLC	24/08/2006	Professional Services (Legal)
6	20	Talent Partners in the Gulf Limited	30/10/2006	Professional Services (Recruitment Consultancy)
7	23	International Legal Consultants LLC	13/11/2006	Professional Services (Legal, Companies, and Trust Administration)
8	29	Clyde & Co LLP	27/12/2006	Professional Services (Legal)
9	30	International Mercantile Exchange Holdings LLC	27/12/2006	Holding Company
10	33	Badri And Salim El Meouchi, LLP	28/12/2006	Professional Services (Legal)
11	37	Qtel International Investments LLC	01/03/2007	Holding Company
12	38	Sayel M. Daher Law Offices LLC	11/03/2007	Professional Services (Legal)
13	39	Morison Menon Chartered Accountants & Partners LLC	18/03/2007	Professional Services (Audit, Accounting, and Consulting)
14	47	WongPartnership LLP	22/04/2007	Professional Services (Legal)
15	50	Accenture Middle East BV	20/05/2007	Professional Services (Consulting)
16	51	KPMG LLC	24/05/2007	Professional Services (Audit, Tax, and Advisory)
17	56	GlobeMed Qatar LLC	08/08/2007	Professional Services (Third Party (re) insurance Administration)
18	58	Rödl Consulting Middle East LLC	09/08/2007	Professional Services (Consulting)
19	60	Ooredoo Group LLC	28/08/2007	Company Headquarters, Management Offices and Treasury Operations
20	64	Dentons & Co	09/10/2007	Professional Services (Legal)
21	74	McNair Chambers LLC	08/03/2008	Professional Services (Legal)
22	76	Reed Personnel Services Qatar LLC	13/03/2008	Professional Services (Recruitment Consultancy)
23	77	DLA Piper Middle East LLP	31/03/2008	Professional Services (Legal)
24	80	Cunningham Lindsey Qatar LLC	19/05/2008	Professional Services (Loss Adjustment)
25	83	Allied Advisors LLC	18/06/2008	Professional Services (Consulting)
26	89	Latham & Watkins LLP	18/08/2008	Professional Services (Legal)
27	92	Al Tamimi & Company International Ltd.	10/09/2008	Professional Services (Legal)
28	94	McKinsey & Company, Inc. Qatar	18/09/2008	Management Consulting
29	95	Citigate Dewe Rogerson Limited	23/09/2008	Public Relations Consulting
30	97	Qatar Insurance Services LLC	24/11/2008	Professional Services (Consulting)
31	105	Bloomberg L.P. – QFC Branch	30/04/2009	Professional Services (Other)
32	107	QInvest Partners LLC	14/06/2009	Operation and administration of trusts and similar arrangements
33	108	White & Case LLP	09/07/2009	Professional Services (Legal)
34	119	Strategy& (QFC) LLC	07/02/2010	Professional Services (Consulting)
35	120	Allen & Overy LLP - QFC Branch	09/02/2010	Professional Services (Legal)
36	123	Thomson Reuters (Markets) Middle East Limited, Qatar Financial Centre Branch	02/11/2010	Professional Services (Other)
37	124	Qatar Finance and Business Academy LLC	04/11/2010	Professional Services (Other)
38	125	Michael Page International (UAE) Limited - QFC Branch	28/11/2010	Professional Services (Recruitment Consultancy)
39	126	QInvest Capital LP	23/12/2010	Operation and administration of trusts and similar arrangements
40	127	QGOLD LLC	05/01/2011	Holding Company
41	130	SThree Qatar LLC	24/01/2011	Professional Services (Recruitment Consultancy Services)

TABLE B
LICENSED FIRMS
NON-REGULATED

	QFC No.	Name of Firm	Date of License	Permitted Activities – Non-Regulated
42	132	Clifford Chance International LLP (Qatar Financial Centre Branch)	21/02/2011	Professional Services (Legal)
43	133	Qatar Asset Management Company LLC	28/02/2011	Holding Company
44	136	Lalive in Qatar LLC	28/03/2011	Professional Services (Legal)
45	138	Baker & McKenzie LLP	17/04/2011	Professional Services (Legal)
46	144	K&L Gates LLP	23/08/2011	Professional Services (Legal)
47	146	Bennett Jones (Middle East) LLP	10/10/2011	Professional Services (Legal)
48	148	MAYHOOLA FOR INVESTMENTS (QFC) – LLC	25/10/2011	Holding Company
49	149	Herbert Smith Freehills Middle East LLP	24/11/2011	Professional Services (Legal)
50	150	DIC Holding LLC	29/01/2012	Holding Company
51	152	Neo Holding LLC	10/04/2012	Holding Company
52	153	Retiro Holding LLC	10/04/2012	Holding Company
53	154	Pinsent Masons LLP - QFC Branch	30/04/2012	Professional Services (Legal)
54	155	Booz Allen Hamilton Inc. - QFC Branch	30/04/2012	Professional Services (Consulting)
55	156	Al-Rayyan Holding LLC	09/05/2012	Holding Company
56	157	Wakra Holding LLC	09/05/2012	Holding Company
57	158	WoK Holding LLC	09/05/2012	Holding Company
58	159	Protiviti Member Firm Qatar LLC	10/05/2012	Professional Services (Consulting)
59	160	MasterCard Qatar LLC	21/06/2012	Management Offices
60	161	52 Champs Elysees Holding LLC	25/06/2012	Holding Company
61	164	NEXtCARE Lebanon SAL, QFC Branch	15/08/2012	Professional Services (Third Party (re)insurance administration)
62	165	QIC Capital LLC	11/09/2012	Holding Company
63	167	Robert Half International (Dubai) Ltd. QFC Branch	06/12/2012	Professional Services (Recruitment Consultancy)

	QFC No.	Name of Firm	Date of License	Permitted Activities – Non-Regulated
64	168	APCO Worldwide LLC	06/12/2012	Professional Services (Consulting)
65	169	Qatar Holding USA LLC	16/12/2012	Holding Company
66	170	Harrods Hotels Management LLC	10/01/2013	Holding Company
67	171	Hay Group LLC	06/03/2013	Management Consulting
68	172	Hafez LLC	10/03/2013	Professional Services (Legal)
69	174	Addleshaw Goddard (GCC) LLP	06/05/2013	Professional Services (Legal)
70	175	Corporate Research and Investigations LLC - QFC Branch	27/05/2013	Professional Services (Consulting)
71	176	Seven LLC	29/05/2013	Holding Company
72	177	Charles Russell Speechlys LLP	29/07/2013	Professional Services (Legal)
73	179	ValuStrat LLC	30/10/2013	Professional Services (Consulting)
74	180	Ooredoo IP LLC	18/11/2013	Management Offices
75	181	Qatar Foundation Endowment Holding LLC	01/12/2013	Holding Company
76	182	Edelman LLC	16/01/2014	Professional Services (Consulting)
77	183	Charterhouse Consultancy LLC	23/01/2014	Professional Services (Recruitment Consultancy)
78	184	T.R. Engel Group - Middle East, LLC	16/02/2014	Professional Services (Consulting)
79	185	Bayt.com LLC	20/02/2014	Professional Services (Recruitment Consultancy)
80	186	INQ Holding LLC	03/03/2014	Holding Company
81	187	Crawford & Company (QFC) LLC	11/03/2014	Professional Services (Consulting)
82	188	Pokrovsky Holding LLC	18/03/2014	Holding Company
83	189	Katara Hospitality Hotels Holding LLC	21/05/2014	Holding Company
84	190	QInvest Admiral LLC	04/06/2014	Special Purpose Company
85	191	Nielsen Consultancy LLC	10/06/2014	Professional Services (Consulting)

TABLE B
LICENSED FIRMS NON-REGULATED

	QFC No.	Name of Firm	Date of License	Permitted Activities – Non-Regulated
86	192	QInvest Marina LLC	12/06/2014	Special Purpose Company
87	194	Q REIT Holding LLC	19/06/2014	Holding Company
88	195	A.T. Kearney LLC	29/06/2014	Professional Services (Consulting)
89	196	MYI Limited QFC Branch	06/08/2014	Professional Services (Consulting)
90	197	IMM LLC	14/08/2014	Professional Services (Consulting)
91	198	QInvest Denmark LLC	18/08/2014	Special Purpose Company
92	199	QPI Trading LLC	04/09/2014	Special Purpose Company
93	200	QInvest Comms Holding LLC	21/09/2014	Holding Company
94	201	CW aCS Holding LLC	15/10/2014	Holding Company
95	202	Dun & Bradstreet LLC	28/10/2014	Professional Services (Consulting)
96	203	CSM Sport and Entertainment LLC	28/10/2014	Professional Services (Consulting)
97	204	Posh LLC	30/10/2014	Special Purpose Company
98	205	QFB Food & Beverages LLC	04/11/2014	Special Purpose Company
99	206	CSC Recruitment - QFC Branch	06/11/2014	Professional Services (Recruitment Consultancy)
100	207	Sembawang Consult Pte Ltd	13/11/2014	Professional Services (Project Management)
101	208	Grayling Momentum Limited	18/11/2014	Professional Services (Consulting)
102	209	WMC Services LLC	23/11/2014	Professional Services (Consulting)
103	210	Hines Pokrovsky 1, Limited	26/11/2014	Company Headquarters, management offices and treasury operations
104	211	Bruin Holding LLC	04/12/2014	Holding Company

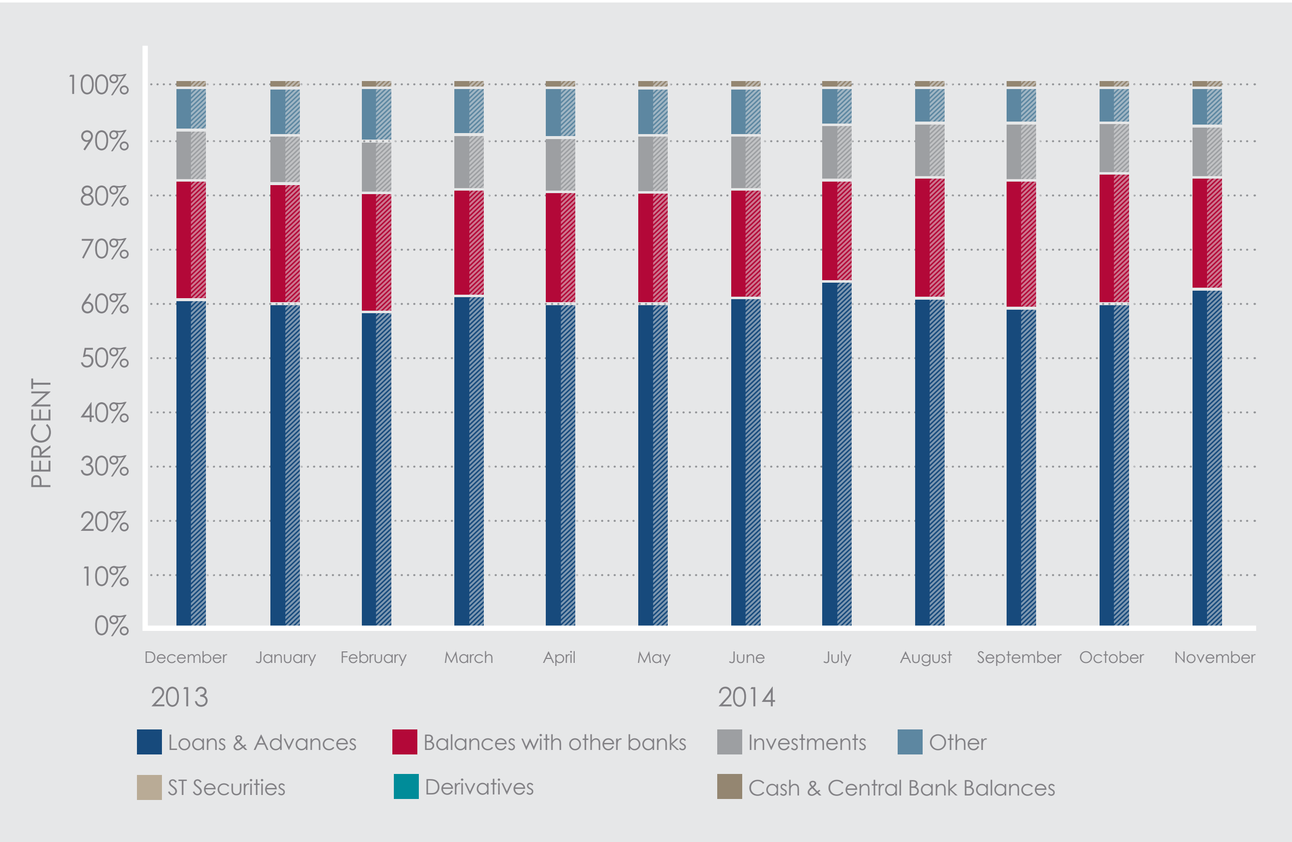
ANNEXES 1 AND 2

ANNEXURE 1
KEY TRENDS FOR QFC REGULATORY AUTHORITY-AUTHORISED BANKS

The following graphs highlight some key trends and facts relevant to QFC Regulatory Authority-authorised banks, excluding Advisory (Category 4) firms.

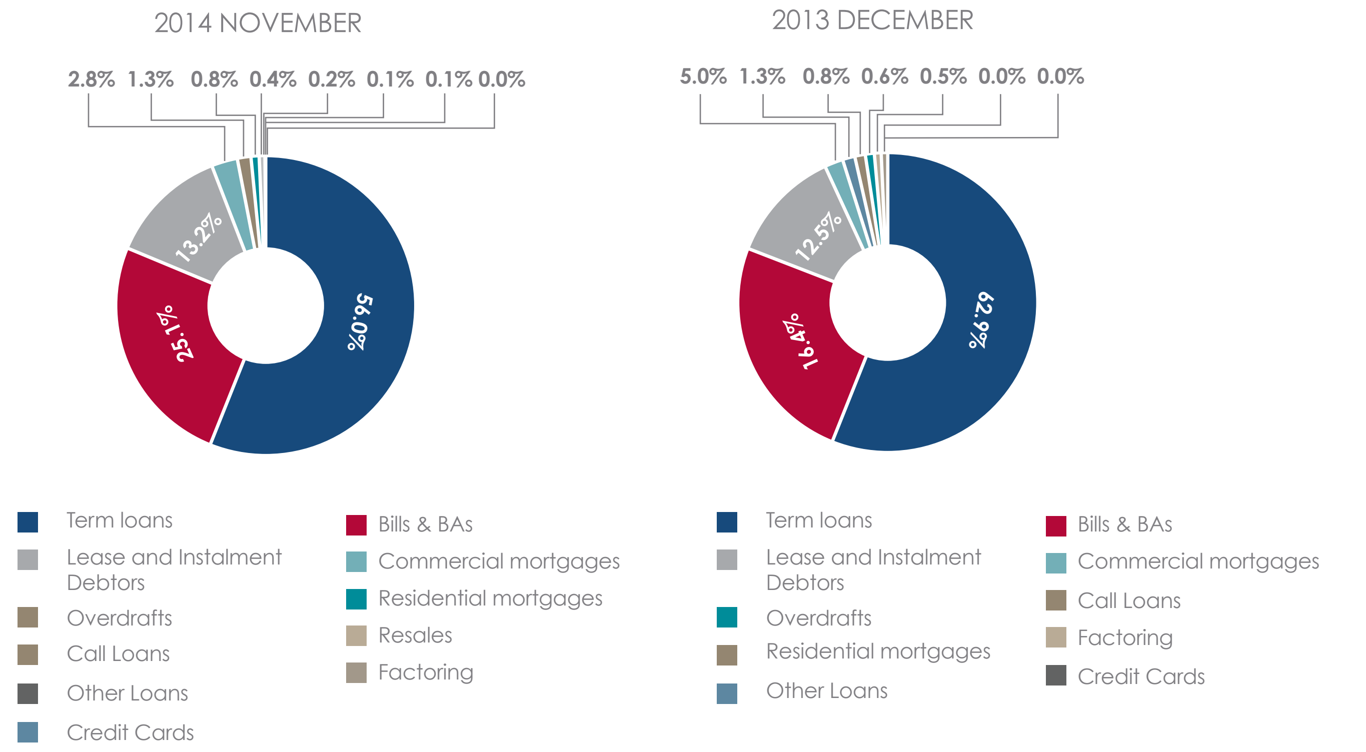
These graphs illustrate the type of information and analysis that is now available to supervisors and management.

Composition of total assets



The banking sector's total assets of USD8.5bn reflected annualised growth of 17% and a fairly consistent composition with loans and advances dominant at 63% of the total and bank balances following at 21%.

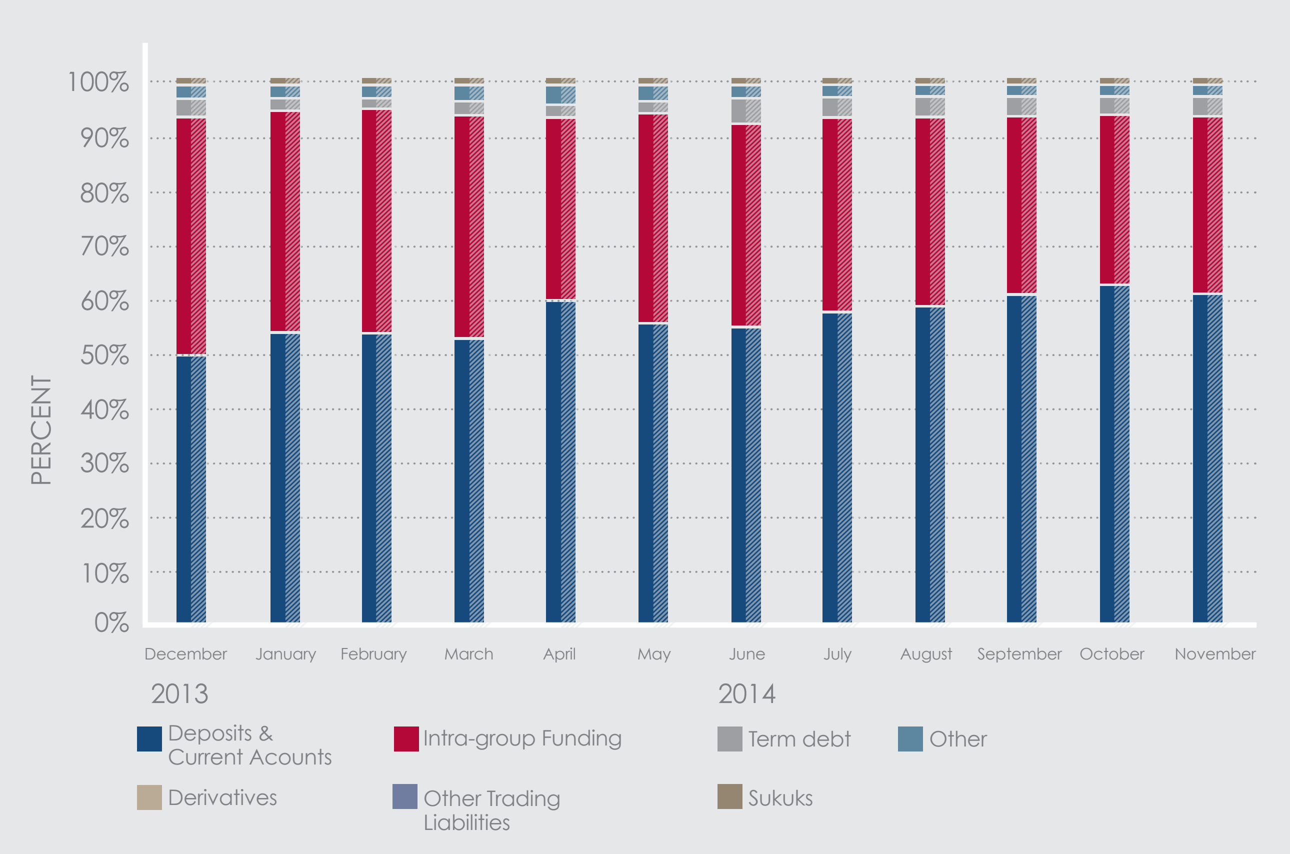
Composition of gross loans and advances



Loans and advances in turn are consistently dominated by three product types, namely term loans, trade bills and lease and instalment debtors.

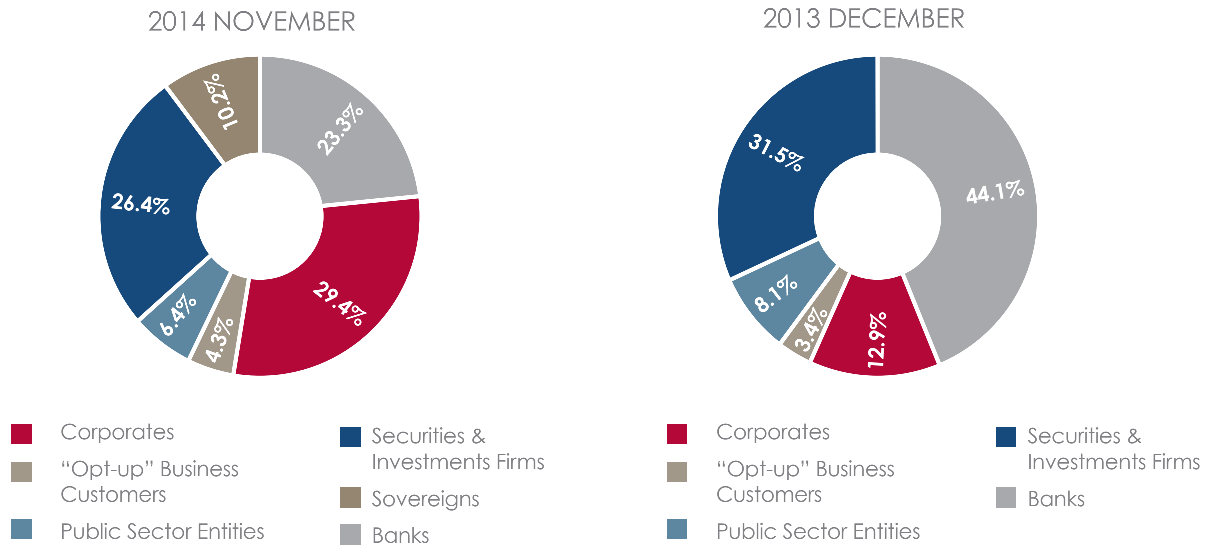
ANNEXURE 1 KEY TRENDS FOR QFC REGULATORY AUTHORITY-AUTHORISED BANKS

Composition of total liabilities



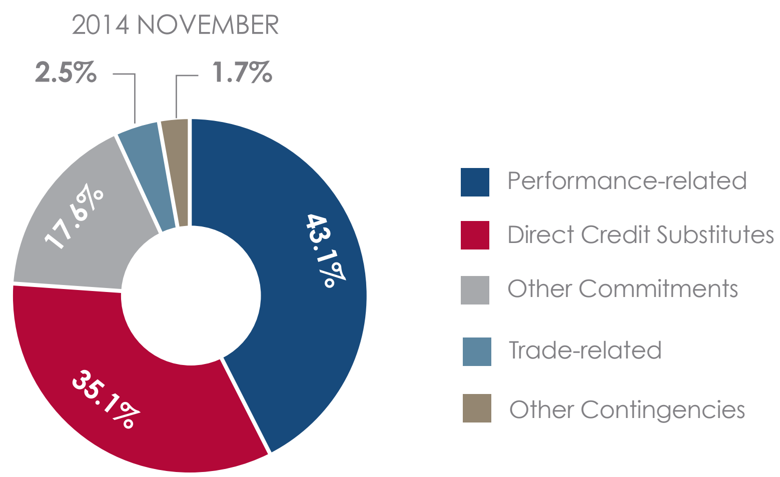
While equity and reserves have remained constant in the region of USD1.6bn, the growth in the balance sheet was largely funded by third-party deposits as opposed to intra-group funding. The third-party deposits and current accounts, which are concentrated in fixed and notice deposits, grew to represent 62% of funding from 51% a year ago. The reliance on intra-group funding decreased to 34% from 46% over that period.

Sources of third-party deposits and current accounts



Banks have also been successful in diversifying their funding sources significantly, almost halving their reliance on non-group bank funding.

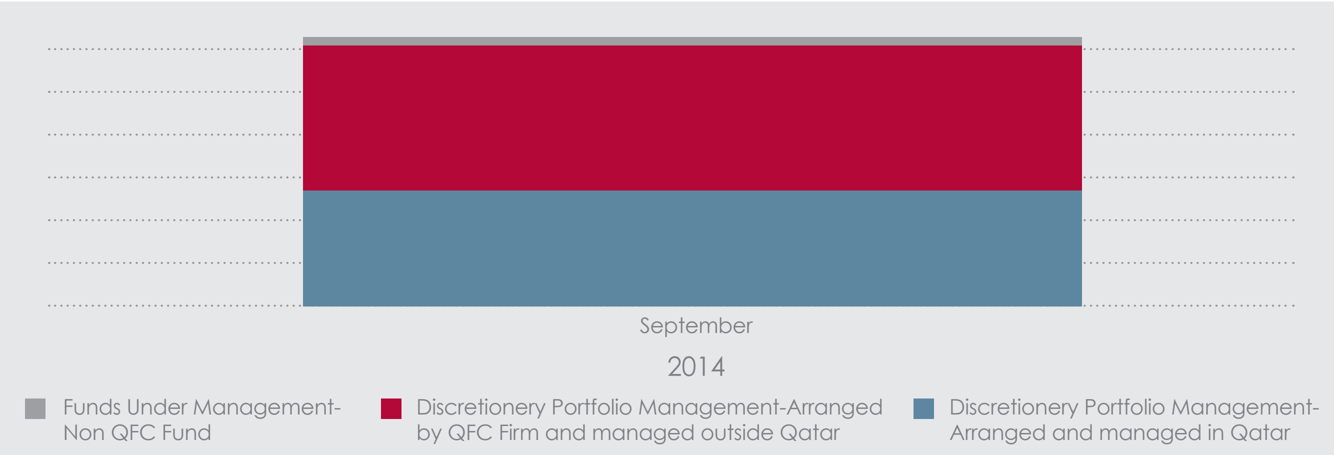
Composition of off-balance sheet activities



Banks' off-balance sheet activities in aggregate represent between 26 and 30% of the value of balance sheet assets. These activities over the year became increasingly concentrated in performance-related guarantees, direct credit substitutes (primarily guarantees) and other commitments (representing unutilised facilities granted).

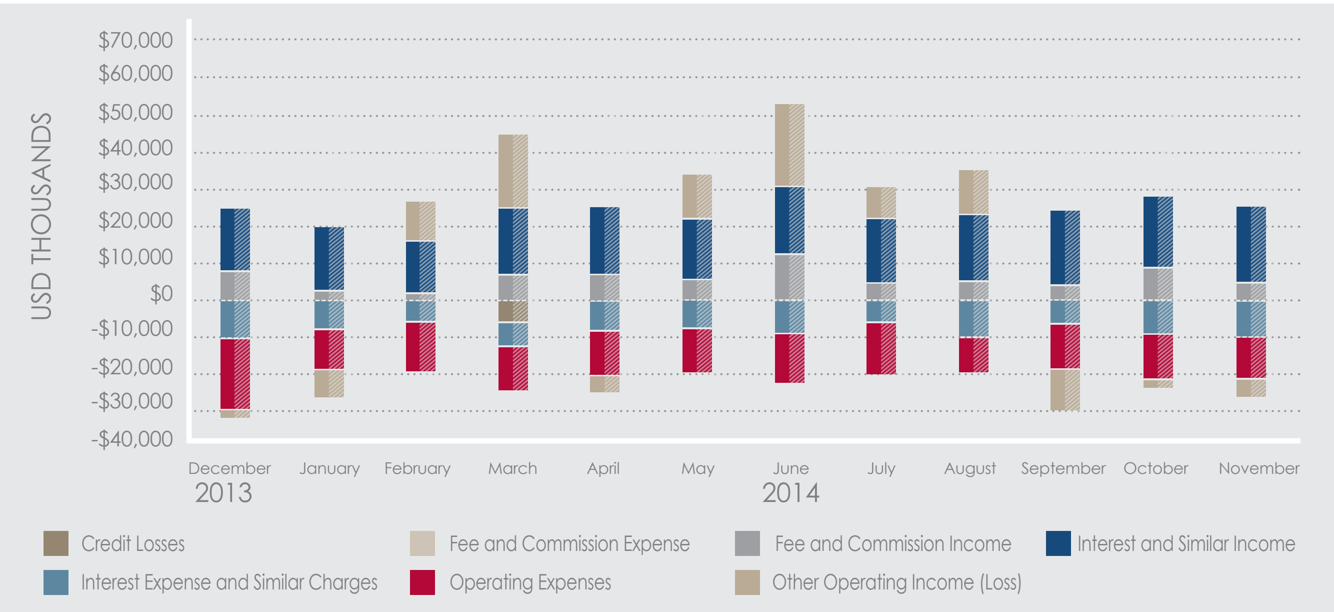
ANNEXURE 1
KEY TRENDS FOR QFC REGULATORY AUTHORITY-AUTHORISED BANKS

Assets under management



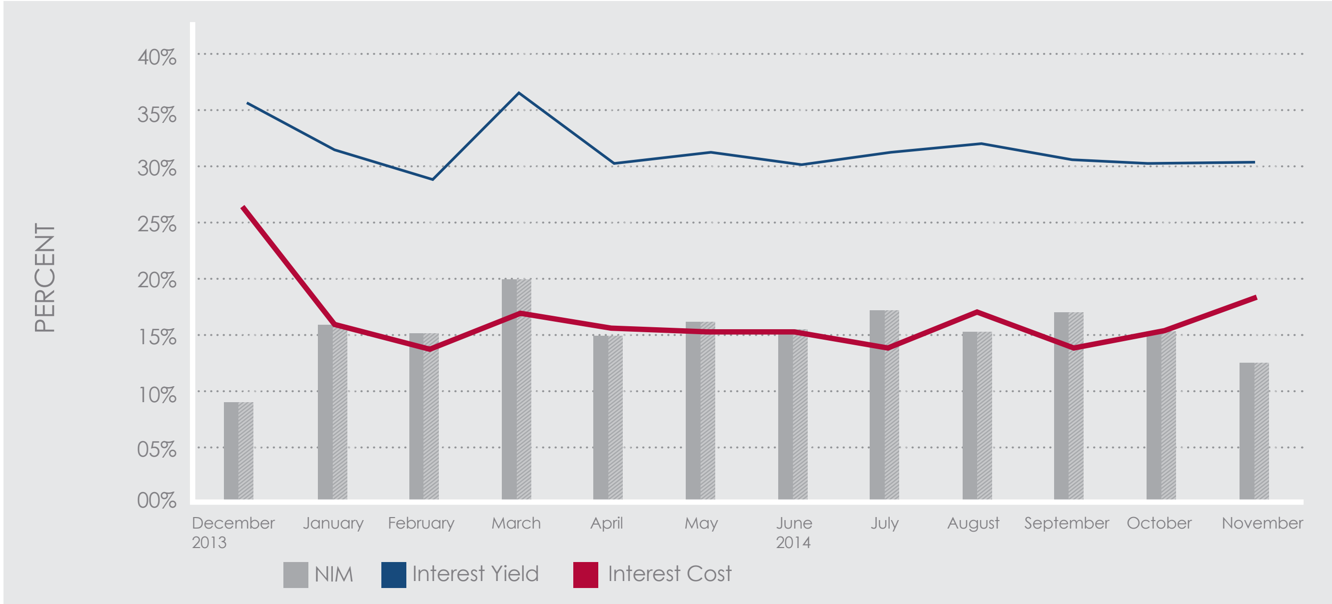
As at the last quarter-end, September 2014, assets under management amounted to USD12.5bn and remained almost exclusively concentrated in discretionary portfolios with 56 percent managed outside Qatar.

Composition of the income statement



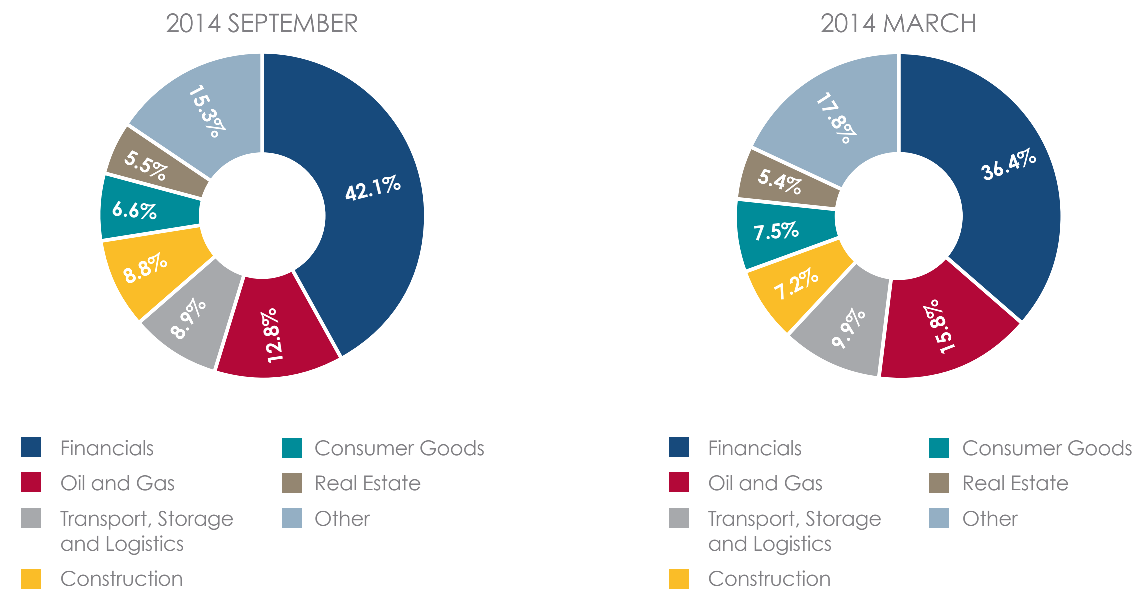
The components of the income statement all display a fair degree of volatility, with ultimate profitability being quite constrained and driven by the highly volatile fair value gains/(losses) on financial instruments. Credit losses have had little cumulative impact.

Net interest margin



Net interest margin has averaged 1.5%, but reflects some volatility with an accentuated short-term decreasing trend towards the end of the period under review. Volatility seems to stem from intra-group transfer pricing and uneven accrual of both interest income and interest expense.

Sectoral distribution of gross exposures

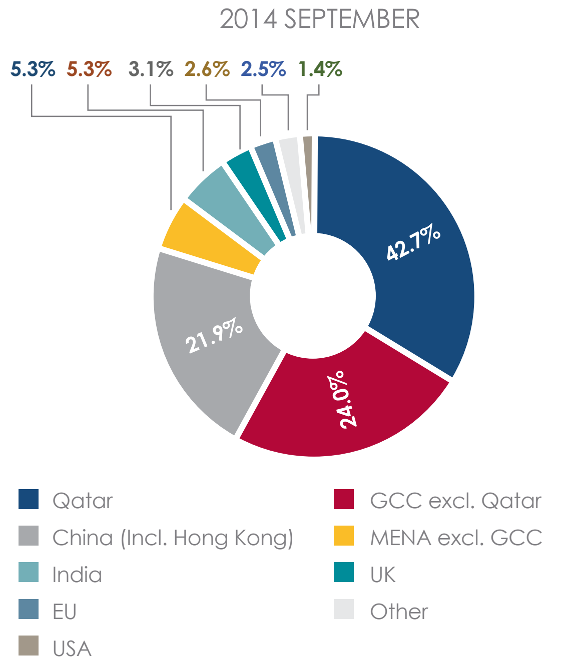


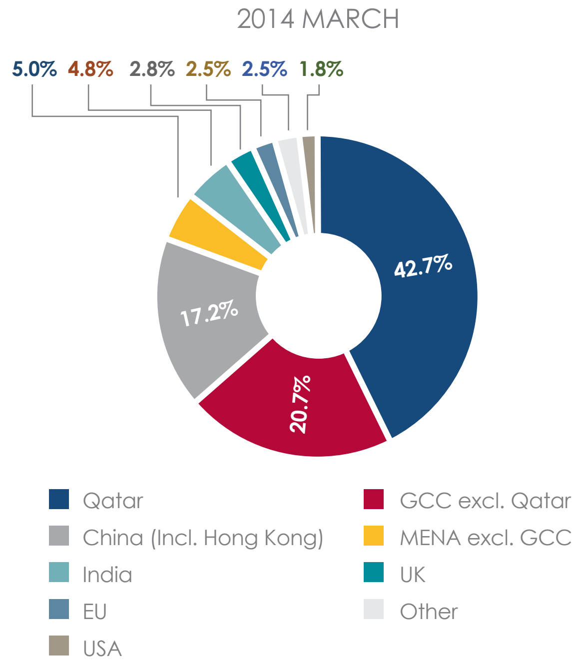
ANNEXURE 1
KEY TRENDS FOR QFC REGULATORY AUTHORITY-AUTHORISED BANKS

Sectoral distribution of gross exposures (continued)

Over the relatively short timeframe that this quarterly data has been reported, some changes in the relative size of different sectors is evident, but Financials have remained and grown as the largest exposure, followed by Oil and Gas and Transport, Storage and Logistics.

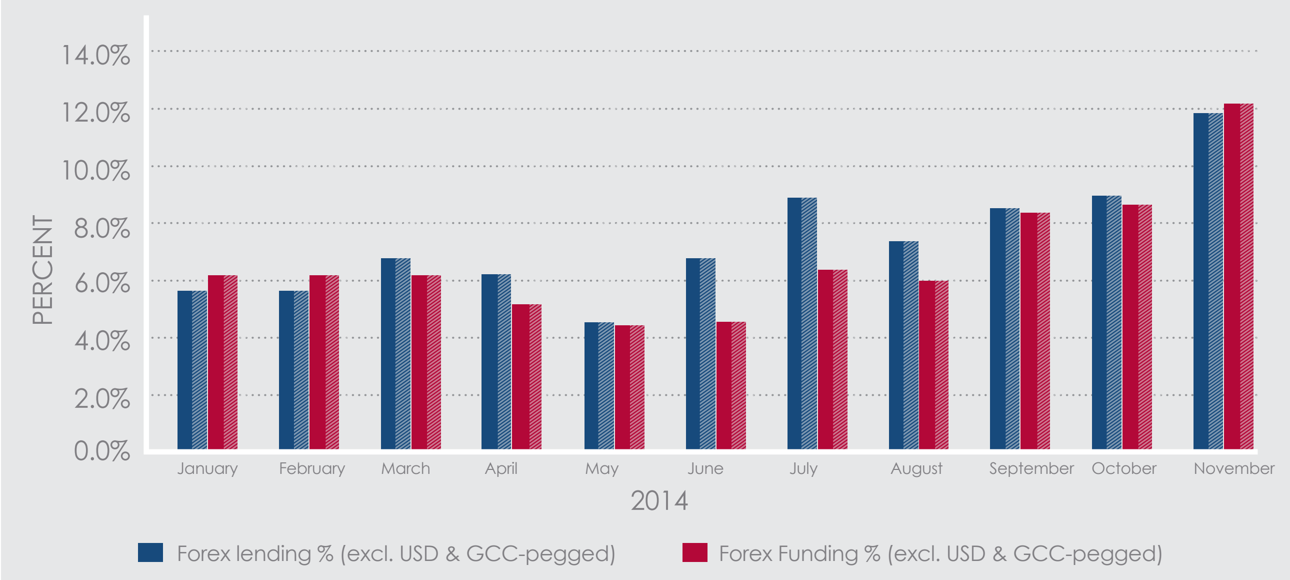
Geographic distribution of gross exposures





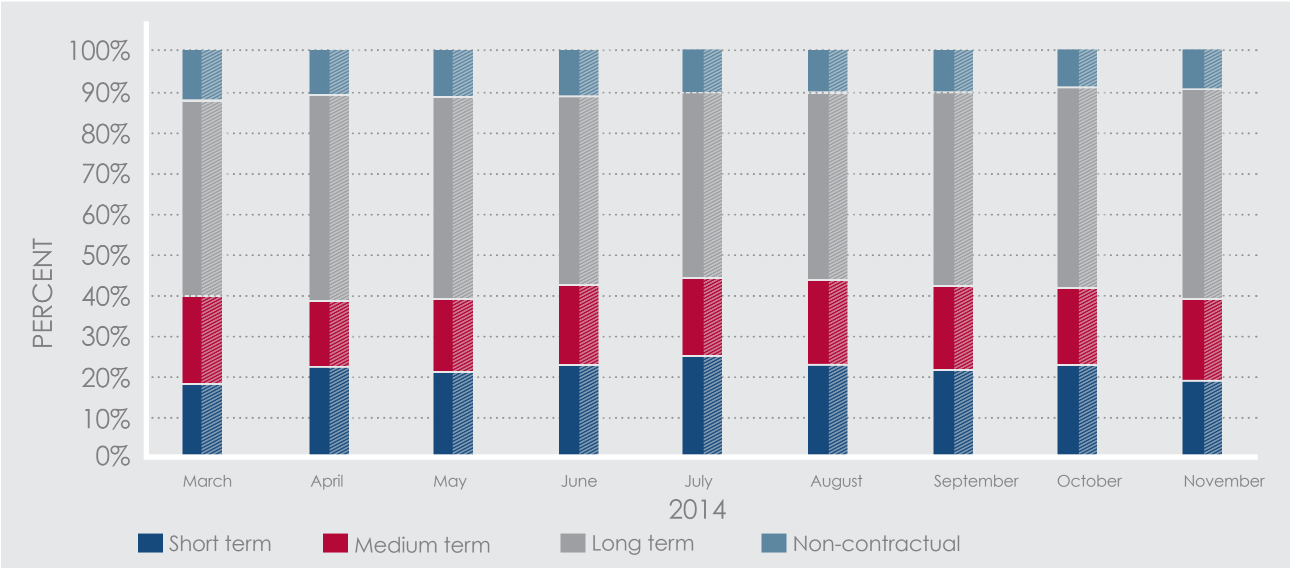
Over a period of six months there is a diminishing exposure to Qatar, which has been replaced by China and the GCC excluding Qatar. MENA, excluding the GCC, and India are on an equal share, but significantly lower than the GCC and China.

Forex lending and funding as a percentage of total assets and liabilities



Both lending and funding in currencies other than the USD and GCC-pegged currencies have been on an increasing trend, which correlates with the change in the geographic distribution of gross exposures. The percentages, however, are still fairly low and closely matched.

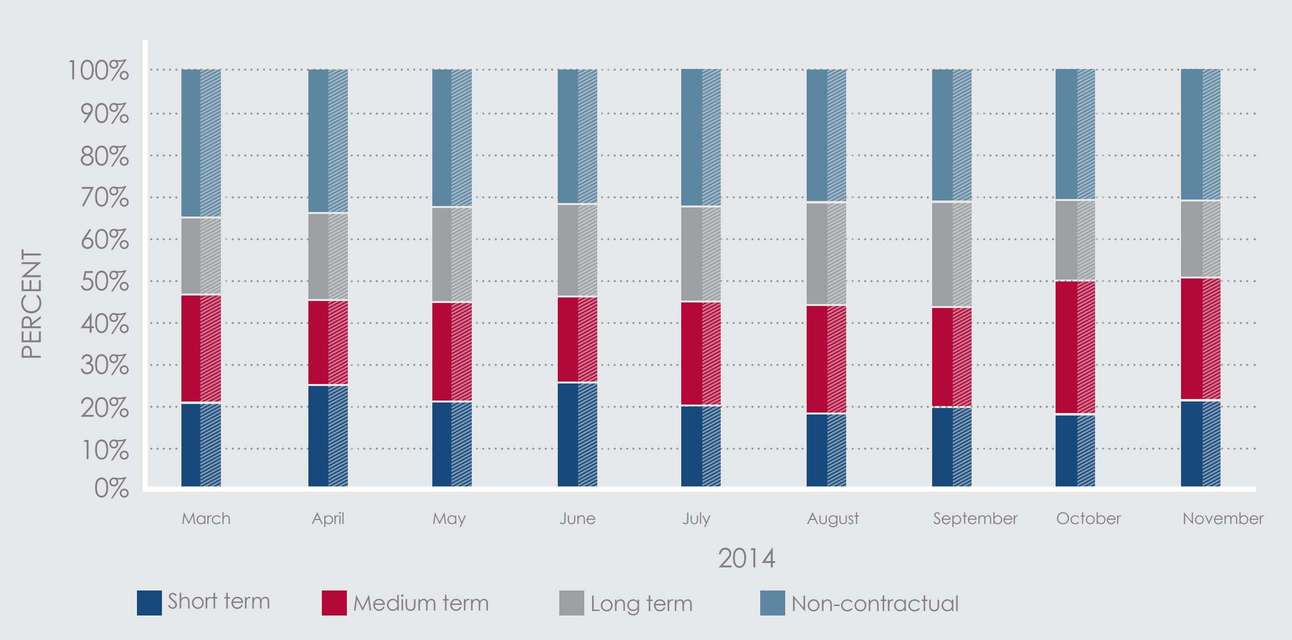
Contractual maturity of assets



On a contractual basis, short-term and medium-term maturities are evenly split at 20 percent each. The dominant long-term maturities are reflective of the term-lending nature of loans and advances.

ANNEXURE 1
KEY TRENDS FOR QFC REGULATORY AUTHORITY-AUTHORISED BANKS

Contractual maturity of liabilities and equity



The contractual short-term maturities of liabilities are evenly matched with those of assets above, but medium-term maturities exceed those of assets. The large non-contractual segment is largely constituted of equity.

Capital adequacy

Firms remain well capitalised with capital predominantly comprised of CET1 capital.

ANNEXURE 2
2014 YEAR-END FIGURES

Licensed Firms

Number as at 31 December	2009	2010	2011	2012	2013	**2014**
Regulated	64	59	64	63	65	**62**
Non-regulated	47	45	59	76	80	**104**
Total	111	104	123	139	145	**166**

Approved Individuals

Number as at 31 December	2009	2010	2011	2012	2013	**2014**
Total	521	501	561	549	564	**366***

*Customer facing function removed from list of Controlled Functions on 31 December 2014.

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