QATAR FINANCIAL CENTRE
REGULATORY AUTHORITY

QFC REGULATORY AUTHORITY | ANNUAL REPORT 2012

Through the passage of time Islamic art has evolved while keeping true to its core elements: unity, balance and order.

Similarly, regulation needs to retain its core values but also adapt to changing circumstances.

The Regulatory Authority has been working since 2005 to create a dynamic and innovative regime built upon the best of international good practice and delivering market confidence in Qatar.

His Highness

Sheikh Hamad Bin Khalifa Al Thani

Emir of the State of Qatar

His Highness

Sheikh Tamim Bin Hamad Al Thani

Heir Apparent

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THE REGULATORY AUTHORITY

The Qatar Financial Centre (QFC) is the financial and business centre established by the Government of Qatar in 2005 to attract international banking, insurance business and other financial services in order to broaden the financial services sector in Qatar and the region.

The QFC offers domestic and international firms the opportunity to establish a broad range of banking, asset management and insurance businesses under a legal and regulatory regime that meets international best practice. The Qatar Financial Centre Regulatory Authority (the Regulatory Authority) is the independent regulator of the QFC, established under Law No. (7) of 2005 (the QFC Law), to authorise and regulate firms and individuals conducting financial services in or from the QFC.

The Regulatory Authority has built a principles-based regulatory regime aligned with widely used common law, embracing transparency, consistency and accountability.

The Regulatory Authority is pleased to present the 2012 Annual Report, in which we discuss the important activities of the organisation and the significant matters that took place during the year. The most central of these was the enactment of the new Law of the Qatar Central Bank and the Regulation of Financial Institutions [Law No. (13) of 2012] by His Highness The Emir, "May God Protect Him". When it is fully implemented, the new Law will put in place a firm foundation to underpin sustainable and high quality growth for the economy of Qatar. The new Law introduces a number of important initiatives that will assist greatly in this regard, by addressing specific areas that require new and enhanced financial regulation in the State. Importantly, the new Law also creates a formal framework for coordinating financial regulation and supervision across Qatar by establishing the Financial Stability and Risk Control Committee. This committee consists of senior executives from the Qatar Central Bank, the Qatar Financial Markets Authority, and the Qatar Financial Centre Regulatory Authority, all of whom will work together to deliver the objectives set out in the new Law.

The new Law sets an ambitious work programme for the regulatory community in Qatar. Each of the three regulators - the Qatar Central Bank, the Qatar Financial Markets Authority, and the Qatar Financial Centre Regulatory Authority - will play an important role in ensuring that the objectives of the new Law are fully implemented in a manner that is consistent with international best practice. In this regard, the new Law places increased responsibility on the regulators to ensure adequate coordination and, where achievable, harmony, and consistency across their approaches in order to create a regulatory environment that is robust and transparent.

In addition to the enactment of Law No. (13), the Board of the Regulatory Authority has undergone a number of important developments in 2012. In addition to the great honour of my appointment as Chairman, two existing members were reappointed: Mr Jean-Francois Le Petit and Mr Robert O' Sullivan. Both Mr Le Petit and Mr O'Sullivan have been members of the Board since its establishment, and will continue to provide their valuable contributions in developing and directing the Regulatory Authority.

H.E. SHEIKH ABDULLA BIN SAOUD AL-THANI - Chairman

In my capacity as Chairman, it is also my pleasure to welcome three new members of the Board: Dr Jeffrey Carmichael, Mr Nasser Al Shaibi, and Mr Michael Ryan. These new members each bring extensive expertise and qualifications to the Board, and in turn they will each play an important role in the continuing development of the Regulatory Authority. I would also like to thank Mr Phillip Thorpe, former Chairman of the Board, for his valuable contributions to the Regulatory Authority during his tenure.

The Board of the Regulatory Authority is honoured to express its utmost thanks and gratitude to His Highness The Emir Sheikh Hamad Bin Khalifa Al Thani, His Highness the Heir Apparent, and His Excellency The Prime Minister and Minister of Foreign Affairs for their continuous support and assistance. The Regulatory Authority also extends its thanks to all Ministries and Government bodies for the ongoing support and cooperation it receives in the discharge of its regulatory objectives under the Qatar Financial Centre Law.

ABDULLA BIN SAOUD AL-THANI
Chairman

March 2013

The new Law sets an ambitious work programme for the regulatory community in Qatar. Each of the three regulators will play an important role in ensuring that the objectives of the new Law are fully implemented in a manner that is consistent with international best practice.

The global financial crisis has prompted a thorough review of financial regulation and supervision across the world and our work during 2012 has been directed at ensuring that we position the Regulatory Authority to meet the new international standards for best practice. It has also been a year of increased collaboration with our counterparts in the State on key issues aimed at developing the regulatory framework to ensure that the financial sector in Qatar remains well regulated as it grows to meet the demands of a rapidly growing economy.

MEETING INTERNATIONAL STANDARDS FOR BEST PRACTICE

One of the most important lessons from the global financial crisis is the need for regulators to take a more holistic view of risks to the financial sector and to position themselves better to identify early the financial trends and extraneous shocks that can affect the sector before they build momentum. This critical objective means that we need to be smart about the information we collect, ensure the data are targeted on the key metrics that identify risks and trends, and ensure that we are thorough and disciplined in our analysis and application of that data in a way that allows for pre-emptive policies and supervisory strategies that are truly risk-based. With this objective in mind, the Regulatory Authority continued to enhance its macro-prudential capabilities by building a team of specialists with the expertise to meet this important objective and with the resources available to achieve its mandate. We will continue to add to our macro-prudential capabilities during 2013 through the redesign of our prudential returns and further investments in our technology platform and our financial analytical capabilities.

Our focus on macro-prudential analysis has also been aligned with a review of our approach to micro-prudential regulation and supervision and, during 2012, the Regulatory Authority took the decision to separate the anti-money laundering, conduct

MICHAEL RYAN - Chief Executive Officer

supervision and prudential supervision functions to reinforce the focus and effectiveness of our supervision efforts. We also began the process of redesigning our prudential returns to ensure that the data we collect from firms are targeted at the most relevant risk factors and metrics, and aligned with the evolving landscape of IFRS and Basel III.

During 2011 and 2012, the Basel Committee for Banking Supervision and the International Association of Insurance Supervisors (IAIS) each issued revised core principles that capture the lessons from the crisis and lay the foundation for better regulation of banking and insurance worldwide. In line with our commitment to high standards, transparency and accountability, the Regulatory Authority commissioned an independent peer review and undertook a disciplined benchmarking process to identify the enhancements required to our regulatory framework. This focus led us to a number of initiatives during 2012 to improve financial sector resilience. We introduced rule changes in 2012 which will take effect in 2013 to strengthen the role of corporate governance. These changes will ensure, among other things, that there are strong risk management frameworks in place at the firms we regulate and compensation policies aligned to prudent risk taking. We are also reviewing the prudential rules for insurance companies to ensure alignment with international developments on capital, liquidity and risk management, in particular Insurance Core Principles 16 and 17. These initiatives and our continued focus on meeting international best practices will help reinforce the QFC as a best in class regulatory environment.

In addition to our focus on the new requirements set by international standard setters, we have also actively monitored international legal developments to ensure compliance by our firms where required, as well as to keep up-to-date with relevant international legislation that affects the financial sector generally. That focus reflects the fact that the failure to comply with any piece of legislation (domestic or international) that applies to the conduct of business presents significant reputation and financial risk to financial institutions and regulators. As the growth of international business continues, it is important that both the firms and the regulators are aware of the full scope of the legal requirements that could impact on a firm and the conduct of its business. This is particularly true of certain recent legislative initiatives that, in effect, have broad extraterritorial application, such as the Foreign Account Tax Compliance Act (FATCA) in the United States. While FATCA is domestic U.S. legislation, it has significant impact on the operations of foreign financial institutions, their account opening processes and their reporting obligations, and with those obligations substantial financial and reputation risk associated with non-compliance.

The overall breadth and scope of international regulatory and legal initiatives are significant and highlight once again the importance of active cross-border dialogue between regulators. Broadening our network of regional and international regulatory relationships has continued to be a focus during 2012. The Regulatory Authority has entered into Memoranda of Understanding (MoUs) and cooperation agreements with numerous international regulators and standard setters including the IAIS, and we have sought and received international assistance in a number of matters relevant to our regulatory mandate (enforcement and otherwise). Cross-border cooperation and establishing a clear framework for assistance and information sharing among regulators are essential as the financial sector continues to internationalise; and building that network of international relationships will continue to be a focus for the Regulatory Authority. The regulatory network is critical when it comes to addressing effectively cross-border issues and obtaining and sharing information that is critical to our regulatory mandate.

DEVELOPING THE REGULATORY FRAMEWORK

The enactment of the new QCB Law [Law No. (13) of 2012] which establishes the Financial Stability and Risk Control Committee (the "Financial Stability Committee") is an important step in building out the framework for financial regulation in the State of Qatar, maintaining financial stability and expanding the scope of regulation to include areas requiring new and enhanced financial regulation within the State. Importantly, it also lays the foundation for increased cooperation between the regulatory bodies in Qatar as we develop and apply regulatory policy and implement international standards and best practices. The Qatar Central Bank, Qatar Financial Markets Authority and the Regulatory Authority remain independent regulators under their respective laws, but with the establishment of the Financial Stability Committee, which is comprised of representatives of each of the financial regulatory bodies, we have a formal structure for coordination in place, which will advance the objective of creating a consistent and cooperative regulatory environment within the State. The new QCB Law also brings with it important developments for insurance, consumer protection, client confidentiality, protection of credit information, regulation of Islamic financial institutions, mergers and acquisitions of financial institutions, and settlement of disputes that, when fully implemented, will create a robust foundation for financial services. The new QCB Law provides a firm grounding for present and future cooperation between the regulatory bodies in Qatar, as they develop policy, implement and share best practice, and align common principles with international standards to help achieve the overarching goals expressed in the Qatar National Vision 2030 and the Qatar National Development Strategy 2011-2016.

I would like to recognise the dedication and hard work of the staff members of the Regulatory Authority during 2012. This year, perhaps more than ever, they have gone the extra mile to deliver a world-class agency that can move confidently forward into Qatar's bright future. Through focused collaboration with other regulatory agencies in the State, investment in capability building to help implement new structures to improve delivery of service, and prompt alignment with revised international regulatory developments, the Regulatory Authority continues to set an example of an ever more mature, forward-looking, consistent, internationally trusted and transparent financial regulator in Qatar.

MICHAEL RYAN
Chief Executive Officer

March 2013

"The Regulatory Authority works closely with the Qatar Central Bank and the Qatar Financial Markets Authority towards the continual development of the financial sector across the State of Qatar. Through the Financial Stability and Risk Control Committee, we collaborate to create the conditions for all financial services firms in Qatar to fulfill their potential as part of a prosperous society.

DR. ALI AL AMARI, SENIOR DIRECTOR OF THE REGULATORY AFFAIRS

HUMAN DEVELOPMENT PILLAR

The first pillar of the Qatar National Vision 2030 is Human Development, aiming at the 'development of all its people to enable them to sustain a prosperous society'. The Regulatory Authority contributes through strengthening local expertise amongst Qatar's regulatory community.

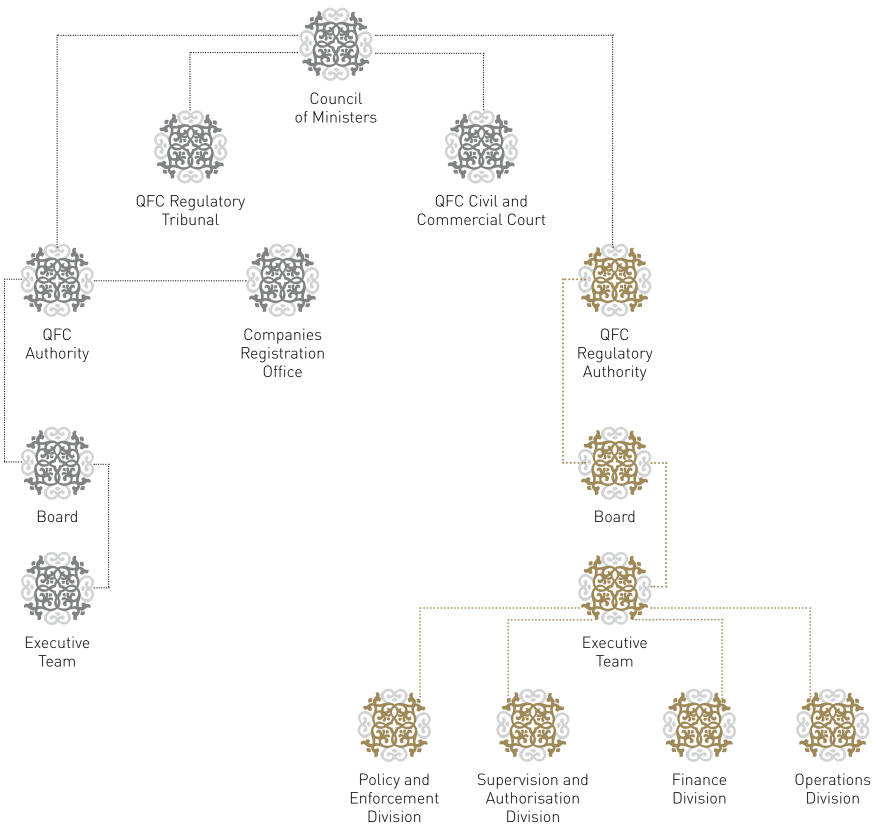
The Regulatory Authority has instituted a governance framework that ensures transparency, integrity, independence, accountability and fairness. It is committed to demonstrating best practice and leadership in this area. The Governance Resolution of the Board of the Regulatory Authority sets out the policy 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.

GOVERNANCE FRAMEWORK

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's conduct of business; 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 control is effective in managing risks in the manner that it has approved.

Governance Structure



THE BOARD

Board Composition

Board members are required to have significant expertise in the regulation of financial services. Under the QFC Law, the Board may have a maximum of six members appointed by the Council of Ministers.

The Chairman and other Directors on the Board were appointed by the Council of Ministers for a three-year term from 8 March 2012. His Excellency Sheikh Abdulla Bin Saoud Al-Thani, Governor of the Qatar Central Bank, was appointed as the Chairman, replacing Mr Phillip Thorpe who stepped down as Chairman after seven years of leading the Regulatory Authority. Mr Jean-François Lepetit and Mr Robert O'Sullivan were reappointed as Directors, both of whom had served on the Board since its establishment. Three new members were appointed to the Board: Mr Nasser Al-Shaibi, Dr Jeffrey Carmichael and Mr Michael Ryan (CEO).

Mr Andrew Sheng relinquished his position on the Board in March 2012 having completed six years of distinguished service.

Council of Ministers

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's objectives have been met; and other matters required by law.

Board Meetings

The Board met four times in person during 2012. All Board meetings and Board committee meetings held during 2012 were attended by all members. At its meetings, the Board approved a number of rule amendments, considered legislative matters and regulatory policies, and reviewed a number of standing items.

The rule and policy amendments decided by the Board in 2012 were in relation to amendments to the Anti-Money Laundering and Combating the Financing of Terrorism regime, Islamic Finance windows in the QFC, the policy and procedures relating to the authorisation of branches in the QFC and the Governance and Controlled Functions Rules 2012. These rules became effective in 2013. The Board also reviewed the semi-annual macro-prudential supervisory reports.

The standing items that were reviewed during the year included the annual budget, the audited financial statements, the quarterly financial reports and the monthly management report to the Board. The Board was also kept advised of developments with respect to the implementation of the new QCB Law which was enacted by His Highness The Emir in December 2012. In March 2012, the Board reviewed and amended the *Governance Resolution of the Board of the Regulatory Authority* dated 6 September 2006.

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 and a Nominations and Remuneration Committee and sets out the nature and membership of these committees. The committees of the Board review matters under their Terms of Reference and make recommendations and provide reports to the Board on such matters.

Audit and Risk Committee

The Audit and Risk Committee (ARC) comprises two Non-Executive Directors, namely 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 duly appointed external audit firm of the Regulatory Authority;
- the effectiveness of the internal controls framework; and
- business continuity and disaster recovery plans.

The ARC met four times during 2012, supplemented by exchanges of information between meetings. The Head of Internal Audit and members of the executive attended by invitation. All matters of significant discussion were reported to the Board and minutes of all ARC meetings were provided to the Board.

The ARC continued to oversee the arrangements for business continuity and disaster recovery planning. Significant enhancements were made in 2012 to the Regulatory Authority's business continuity and disaster recovery planning to further improve performance and accessibility. An independent assessment of the Regulatory Authority's business continuity programme was carried out in 2012 by external consultants aimed at identifying gaps and improving current capability. All recommended improvements were implemented by the end of 2012. In addition, a crisis management test was carried out, facilitated by a specialist communications and crisis management consultancy firm.

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 CEO, the COO and the Head of Human Resources attend NRC meetings by invitation.

The principal areas of focus of the NRC include the consideration and delivery of recommendations to the Board regarding:

- prospective Board appointments and Board succession planning; and
- Board policy in relation to all aspects of executive appointment and remuneration.

The NRC met four times during 2012. The NRC's agenda comprises matters relating to human resources policies and the remuneration of staff. At each meeting, the NRC is provided with an update on human resource matters including progress on the recruitment and training of Qatari nationals.

Board Internal Evaluation

In 2012, the Board continued its practice of undertaking a self-assessment exercise, the purpose of which was to review Board practices and to find ways to improve efficiency and effectiveness.

FROM LEFT TO RIGHT
Jeffrey Carmichael
Jean-François Lepetit
Michael Ryan
H.E. Sheikh Abdulla Bin Saoud Al-Thani
Nasser Al-Shaibi
Robert O'Sullivan

H.E. SHEIKH ABDULLA BIN SAOUD AL-THANI

CHAIRMAN OF THE REGULATORY AUTHORITY

His Excellency Sheikh Abdulla Bin Saoud Al-Thani was appointed Governor of the 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 Regulatory Authority in March 2012 and, subsequently, as Chairman of the Qatar Financial Markets Authority later in the year. He is presently the Chairman of the Islamic Financial Services Board as well as the International Islamic Liquidity Management Corporation. 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 Qatar Investment Authority.

NASSER AL-SHAIBI

BOARD MEMBER

Mr Al-Shaibi was appointed as a member of the Regulatory Authority Board in March 2012. Mr Al-Shaibi has held the position of Chief Executive Officer of the Qatar Financial Markets Authority (the QFMA) since May 2009, and was Deputy Chief Executive Officer and Acting Chief Executive Officer from January 2006 to May 2009. Mr Al-Shaibi was an Expert at the Doha Securities Market (DSM) and a member of the Steering Committee responsible for overseeing the establishment of the QFMA. Prior to that, Mr Al-Shaibi held various managerial positions at the DSM from 1998 to 2004 including in Surveillance/Internal Audit and Trading and Brokers Affairs. Mr Al-Shaibi began his career in the field of Accounting and Auditing at Qatar Gas from 1993 to 1998. Mr Al-Shaibi has participated in various national steering committees including those relating to anti-money laundering, investment funds and various legal committees. Mr Al-Shaibi was a founding committee member of the establishment of Aspire Sports Academy.

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 the 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. He was appointed as a member of the Conseil de la Régulation Financière et du Risque Systémique in 2011.

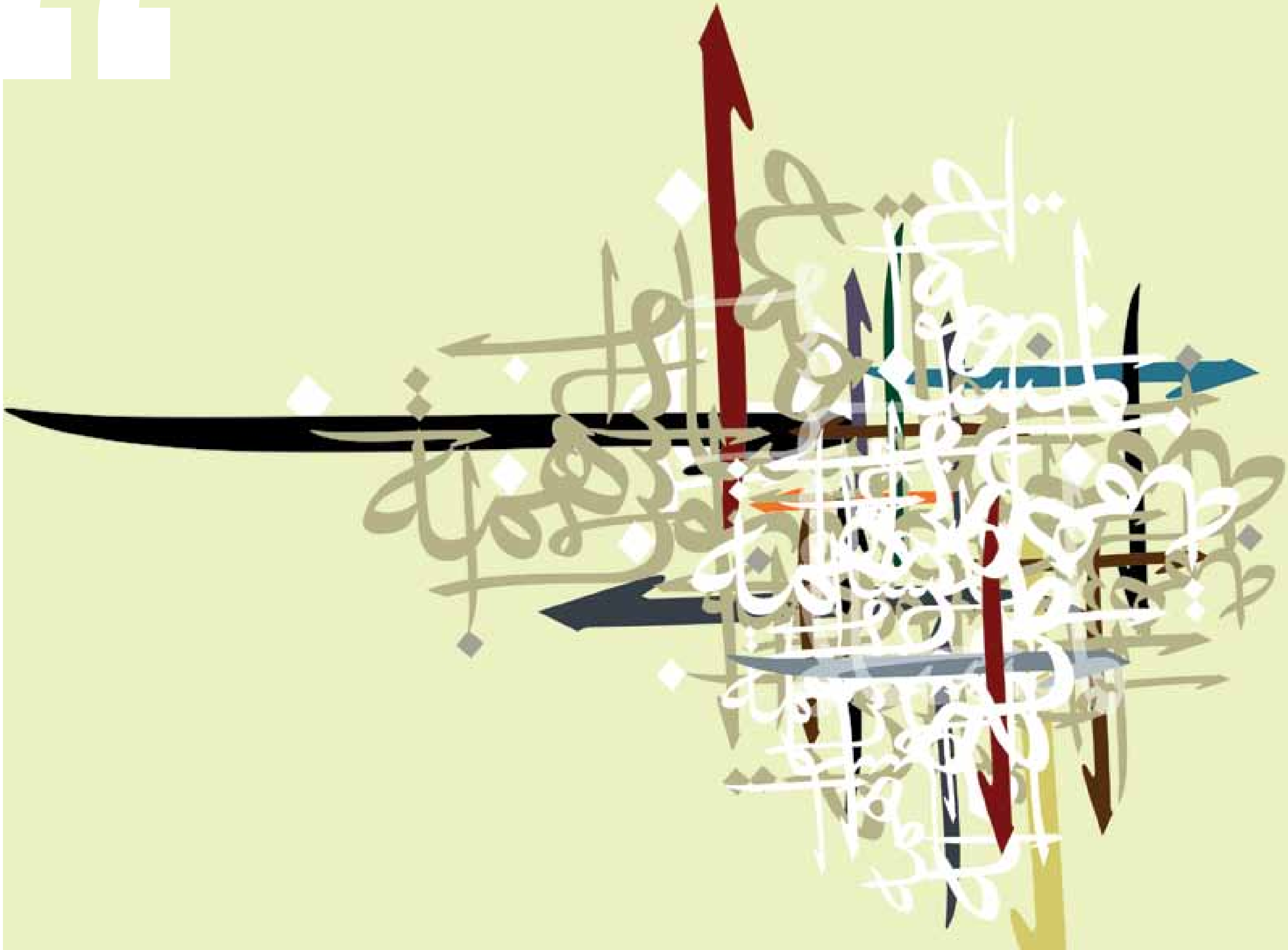
ROBERT O'SULLIVAN
BOARD MEMBER

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 has served on the Irish Prime Minister's advisory committee on financial services and has held a number of senior industry positions, including membership of the Board of Directors of the European Banking Federation. Mr Ryan is a member of Qatar's National Anti-Money Laundering and Terrorism Financing Committee and a member of the Board of Directors of the Qatar Financial Markets Authority.

> The Regulatory Authority has instituted a governance framework that ensures transparency, integrity, independence, accountability and fairness. It is committed to demonstrating best practice and leadership in this area.



The Regulatory Authority plays an important role in Qatari society through the Graduate Fellowship Programme. Talented Qatari nationals gain practical experience of the working life, challenges and practices of a world-class organisation, equipping the regulators of tomorrow with the skills to lead the financial services sector in Qatar.

MICHELINE ABBOUD, INTRANET, WEBSITE AND SYSTEMS MANAGER - IT DEPARTMENT

SOCIAL DEVELOPMENT PILLAR

The second pillar of the Qatar National Vision 2030 is Social Development, which promotes the "development of a just and caring society based on moral high standards and capable of playing a significant role in the global partnership for development". The Regulatory Authority contributes to the economic and social development of Qatar by supporting the community through technical seminars, lectures and classes in Qatari universities and the INJAZ programme.


MICHAEL RYAN


ERROL KRUGER


GEORGE PICKERING


OTELLO STURINO


JAY PERUMAL

The Governance Resolution of the Board sets out the responsibilities relating to the roles of Chairman and Chief Executive Officer (CEO). The CEO is responsible to the Board for the day-to-day administration and operation of the Regulatory Authority and provides a monthly written report of these activities to the Board.

The executive management team comprises the CEO and the heads of the Regulatory Authority Divisions: the Managing Director (Policy and Enforcement), Managing Director (Supervision and Authorisation), the Chief Operating Officer and the Chief Financial Officer. Each team member has extensive experience of working in the financial services sector and in regulation.

MICHAEL RYAN

CHIEF EXECUTIVE OFFICER

For details on Michael Ryan's background and experience please refer to the 'Board of Directors' section.

ERROL KRUGER

MANAGING DIRECTOR, SUPERVISION AND AUTHORISATION

Mr Kruger was appointed as Managing Director of Supervision and Authorisation in August 2011. He 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.

Mr Kruger has helped shape the future of financial services regulation, 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.

GEORGE PICKERING

MANAGING DIRECTOR, POLICY AND ENFORCEMENT

Mr Pickering was appointed as Managing Director of Policy and Enforcement in November 2010. His regulatory and financial markets' experience spans over 30 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. He 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.

OTELLO STURINO
CHIEF OPERATING OFFICER

Mr Sturino was appointed Chief Operating Officer (COO) in October 2012. Prior to his appointment in Qatar, Mr Sturino 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.

JAY PERUMAL
CHIEF FINANCIAL OFFICER

Mr Perumal was appointed Chief Financial Officer in June 2005. He joined the Regulatory Authority from the Dubai Financial Services Authority where he was CFO. During his career, he has also held senior finance positions in both Canada and Hong Kong. He has over 30 years of industry experience which includes international assignments with leading organisations such as HSBC and Citibank.

As part of the Supervision team, we have developed a new macro-prudential framework as part of our constant drive to strengthen financial regulatory structures for the ultimate good of Qatar's economy. Qatar is integrated into the global financial economy and we must not lose sight of the big picture when supervising firms in the QFC.

EWALD MULLER, DIRECTOR FINANCIAL ANALYSIS - SUPERVISION DEPARTMENT

ECONOMIC DEVELOPMENT PILLAR

Economic Development stands as the third pillar of the Qatar National Vision 2030, which encourages the "development of a competitive and diversified economy capable of meeting the needs of and securing a high standard of living for all its people for the present and for the future". The Regulatory Authority contributes through the ongoing development of the financial sector in Qatar.

Tri-partite MoU

On 2 August 2012, a tri-partite MoU was signed between the QCB, the Regulatory Authority and the QFMA - an event of special note in the history of increasing regulatory cooperation in Qatar.

MOVING AHEAD WITH REGULATORY REFORM

Over the last several years, the Regulatory Authority has been involved in a dialogue with other local regulatory bodies regarding ways of enhancing financial sector regulation in Qatar. In December 2012, a new QCB Law was enacted by His Highness The Emir and the new Law became effective in February 2013. The new QCB Law was shaped by an extensive consultation process, throughout which the Regulatory Authority worked together with the Qatar Central Bank and the Qatar Financial Markets Authority to identify the financial regulatory standards and principles that would support and strengthen Qatar's position as a leading economy in the region.

The new QCB Law acts to bring together Qatar's three financial regulators under the umbrella of the Qatar Central Bank by means of a framework that reinforces international standards for robust and forward-looking financial regulation. While the new QCB Law will establish common standards of international best practice across the Qatar Central Bank, the Regulatory Authority and the Qatar Financial Markets Authority, the new QCB Law does not alter the respective regulatory responsibilities of the three bodies. The assessment of applications by firms seeking licences to undertake activities in the QFC, the evaluation of individuals seeking approval to perform controlled functions, the supervision of permitted activities in or from the QFC and other existing functions of the Regulatory Authority will continue to be undertaken by the Regulatory Authority as mandated by the QFC Law. The new QCB Law therefore establishes the basis for QFC firms to continue their financial services activities against the backdrop of a consistent, transparent and collaborative financial regulatory environment.

During 2012, the Regulatory Authority dedicated considerable resources, staff and training to share knowledge, establish common standards and to help develop and coordinate strategies with other regulators. Having contributed to the collaborative and consultative processes undertaken in connection with the new QCB Law, the Regulatory

Authority continues to play an important role in shaping its implementation through representation on the new Financial Stability Committee, comprising members drawn from the Regulatory Authority, the Qatar Central Bank and the Qatar Financial Markets Authority, with a mandate to review and make recommendations for regulatory changes by the three bodies in the future.

Increased cooperation among the financial regulators in Qatar creates the foundation for a strong financial sector that supports sustainable economic growth in the State and measurable progress towards the National Vision 2030. High and consistent standards underpinning individual strategies for each of the three financial regulators will help foster the development of shared strategies and common regimes, resulting in greater clarity and certainty during the medium to long-term for all firms active in Qatar's financial sector.

STRENGTHENING OUR SUPERVISORY FRAMEWORK

The Regulatory Authority's mission is to deliver a world-class regulatory environment that contributes to the reputation, and economic and social well-being of Qatar. In pursuit of achieving this mission, an important contribution is to ensure that an effective supervisory framework is in place.

In a number of countries, efforts over the last year to strengthen the financial sector regulatory frameworks in the wake of the 2008 global financial crisis have taken place against the background of modest economic growth and unsettled financial markets. By comparison, Qatar has experienced a period of strong economic growth and financial market stability. Nonetheless, the Regulatory Authority has not been complacent. Rather, it has taken advantage of the opportunity to be forward looking and proactively enhance its supervisory framework.

The Regulatory Authority has over the past year commenced a process to address and enhance a number of areas in order to strengthen its supervisory framework, namely:

- Strengthening inter-agency relationships;
- Peer review assessment of the implementation of the 25 Basel Core Principles for Effective Banking Supervision (BCPs);
- Development of a macro-prudential framework;
- Redesign of prudential returns;
- Enhancing the qualitative and quantitative supervisory processes, including management information and systems;
- Improved internal arrangements; and
- Increased international collaboration.

Strengthening Inter-Agency Relationships

The Supervision and Authorisation Division has commenced participating in supervisory college meetings with the Qatar Central Bank and the Qatar Financial Markets Authority to share information on a tri-partite basis in respect of financial institutions where regulatory overlap exists. This is an effort to ensure the early identification of risk (followed by the implementation of remedial plans) and also to eliminate regulatory arbitrage. Issues of common importance will also be examined at the college with a view to developing a common approach to thematic issues across the three regulatory agencies. This is an important development to enhance financial stability, which will improve and increase the resiliency of the overall financial system.

"Increased cooperation among the financial regulators in Qatar creates the foundation for a strong financial sector that supports sustainable economic growth in the State and measurable progress towards the National Vision 2030."

Peer Review Assessment of the Implementation of the 25 Basel Core Principles for Effective Banking Supervision

In the latter part of 2011, the Regulatory Authority approached the Australian Prudential Regulation Authority (APRA) to conduct a peer review of the Regulatory Authority's implementation of the Basel Core Principles. APRA undertook the peer review during January 2012 and provided the Regulatory Authority with a report containing a comprehensive and concise gap analysis with 13 recommendations for strengthening the supervisory framework. APRA's report and recommended actions plans were presented to the Regulatory Authority's Board for adoption in June 2012. During September 2012, at its biannual International Conference of Banking Supervisors, the Basel Committee on Banking Supervision issued the revised 29 Basel Core Principles for Effective Banking Supervision, which the Regulatory Authority has also used to enhance the recommendations from the above-mentioned peer review.

During 2012, the Regulatory Authority also concluded a self-assessment of its compliance with the Insurance Core Principles released by the IAIS in November 2011. This self-assessment led to a number of amendments in supervisory responses and rules in respect of insurance supervision.

Development of a Macro-Prudential Framework

In addition to closely supervising risk at the authorised firm level, the events of 2008 and beyond demonstrated that risks and trends need to be tracked and evaluated at the macro level. Accordingly, the Regulatory Authority has been focused on building stronger capabilities in the macro-prudential supervision field and has invested significant resources to secure expertise in financial analytics and risk management. By looking at risks and trends from a macro-prudential perspective, the Regulatory Authority will develop better tools with which to assist stakeholders and will obtain relevant intelligence as swiftly and comprehensively as possible in order to identify potential areas of supervisory concern and weakness. The Regulatory Authority has assembled a macro-prudential team trusted with evaluating and reporting on trends and risks in the international context, as well as examining more closely the GCC, Qatar and the QFC's areas of financial activity. This area of expertise is now embedded in the Regulatory Authority and will be a key area of expansion and refinement in the period ahead.

Redesign of Prudential Returns

Since the inception of the Regulatory Authority, there has been a strong focus on the implementation and refinement of a robust market conduct supervision framework to ensure a solid bedrock upon which reputable financial services businesses could be built. Alongside this, prudential reporting requirements were also designed and implemented. One of the lessons learned from the global financial crisis was that better risk-based prudential reporting by financial institutions (primarily banks) is necessary. In that connection, the Regulatory Authority has embarked on a significant project to revise the prudential returns to be submitted by authorised banks. The returns will be risk-based and will align to International Financial Reporting Standards, the Basel Core Principles, standardised approaches in respect of credit and market risks, the basic indicator approach for operational risk as well as to incorporate capital buffers and the revised definitions of capital and reserves. The suite of returns and the frequency of the reporting to the Regulatory Authority are listed in this Report at Annex 3.

The past twelve months has been spent developing the prudential returns which will be rolled out in stages over the next one and a half years. The timetable calls for a field-test of the returns with selected firms for a six-month period ending 30 September 2013, followed by a parallel run of submission of the existing and new returns for a six to nine month period ending 30 June 2014. The move over to the new revised prudential returns is scheduled to take place on 1 July 2014.

Enhancing the Quantitative and Qualitative Supervisory Process, including Management Information and Systems

The Regulatory Authority has, during the year under review, enhanced its conversion of quantitative data to facilitate and promote a higher level of qualitative review and interaction with the relevant firms. The Regulatory Authority has developed useful factsheets reflecting both industry and individual firm financial information. This is further supplemented with a quarterly management information report containing pertinent firm-specific information which in turn is translated into a heat-map of firm rankings serving as a useful early warning tool for both macro and micro-supervision alike.

Internal Operational Arrangements

During 2012, the Supervision and Authorisation Division reorganised itself in line with latest international thinking and developments by creating three distinct supervision teams. The three teams undertake prudential supervision, conduct supervision and anti-money laundering activities. These three key responsibilities were previously shared across the Division. This reorganisation allows for greater focus in each respective area of supervision.

A strong emphasis on training and development was also initiated in the Division during 2012. All supervisors were granted a license to the extensive e-Learning programme (FSI Connect) of the Financial Stability Institute of BIS. Furthermore, they were afforded the opportunity to attend a ten-day course on analysing and managing risk, presented by an international expert on both regulatory and private financial sector matters.

Risk Symposium
An important first for the region took place in Doha on 30 January 2012 with the inaugural GCC Risk Management Symposium, organised by the Regulatory Authority and attended by central bankers, regulators and senior risk professionals from across the region. The Symposium was one of the first to address risk management issues specific to the Gulf region, providing both a forum for discussion and knowledge exchange and also an opportunity to deepen relationships and understanding within the industry and between industry and the Regulatory Authority.

International Collaboration

An additional area of focus in strengthening the supervisory framework is enhanced international collaboration - another lesson learned from the global financial crisis. In this regard, cross-border regulatory cooperation was again a strong theme in 2012. In June 2012, the Regulatory Authority was accepted as a signatory to the IAIS Multilateral Memorandum of Understanding (IMMoU), thereby strengthening our international credentials in the insurance sector. Signatories to the IMMoU are evaluated through a peer review process. As of March 2013, the Regulatory Authority was among 34 regulators that are signatories to the IMMoU.

In March 2012, MoUs were also signed with the Malta Financial Services Authority and Luxembourg's Commission de Surveillance du Secteur Financier. The Regulatory Authority also signed, in January 2012, a 'Statement of Cooperation on Crisis Management' with the China Banking Regulatory Commission (CBRC) as an addendum to the Regulatory Authority's existing MoU with the CBRC signed on 11 May 2007.

REGULATORY POLICY INITIATIVES

Training and Competency Regime

In 2011, as part of its commitment to maintaining and strengthening professional standards within firms operating in or from the QFC, the Regulatory Authority developed an enhanced training and competency regime through a consultation process with QFC authorised firms. The new regime was phased in over a 12-month period beginning in January 2012. It provides best international practice requirements for professional standards examinations and continuing professional development. This initiative emphasises the continuing improvement and strengthening of professional training and qualifications as the underpinnings of competent service and, ultimately, customer protection.

Governance and Controlled Functions

In 2012, the Regulatory Authority undertook an assessment of its regulatory regime in the areas of corporate governance, risk management and internal controls. This work followed closely the release of revised Insurance Core Principles by the IAIS in November 2011 and the revised Core Principles for Effective Banking Supervision by the Basel Committee in September 2012. Both of these revised sets of principles gave increased prominence to the role of effective governance and risk management by financial institutions. As a result of the internal assessment, the Regulatory Authority developed proposed rule changes and then consulted extensively with industry in order to achieve a regulatory outcome that was proportionate to the size, scale and complexity of financial firms in the QFC, while at the same time achieving alignment with international regulatory standards. The final rules were approved at the end of 2012 and place significant emphasis on QFC firms establishing formal governance, risk management and internal controls, and remuneration frameworks.

The new rules come into effect in 2013 and it is envisaged that this initiative will fold into the ongoing work of the Financial Stability Committee in overseeing the coordination of governance and risk management regulations across the financial sector.

During 2012, the Regulatory Authority dedicated considerable resources, staff and training to share knowledge, establish common standards and to help develop and coordinate strategies with other regulators.

Islamic Finance Windows

Following consultation in October and November 2012, the Regulatory Authority formulated new rules in alignment with Qatar Central Bank policy to close 'Islamic finance windows' offered by conventional firms, with the exception of takaful insurance business. The rule change followed an assessment of both the advantages and disadvantages to financial firms of allowing a co-mingling of conventional and Islamic finance in the same institution. On balance, it was concluded that there are significant challenges involved in regulating and supervising banks that co-mingle conventional and Islamic banking. Also, in bringing the QFC banking rules in line with those of the Qatar Central Bank, the possibility of regulatory arbitrage in Qatar was eliminated. A final consideration was that the change was expected to have minimal impact in the QFC, since very little activity was being conducted through the Islamic windows.

Anti-Money Laundering Regime

The Regulatory Authority remains committed to a strong regime in anti-money laundering and combating the financing of terrorism (AML/CFT). In February 2012, revised international standards in AML/CFT were issued by the Financial Action Task Force (FATF). The revisions to the FATF standards and experience to date with the implementation of the 2010 rules prompted the Regulatory Authority to review its AML framework. Following public consultation, rules changes were made to the AML/CFT framework regime to align with the revised FATF international standards and a revised and flexible regime for general insurance business firms was introduced in a new dedicated rulebook.

To promote high standards of AML/CFT policies, procedures, systems and controls, the Regulatory Authority also held a number of AML/CFT industry seminars throughout the year aimed at QFC firms, National Anti-Money Laundering and Terrorism Financing Committee (NAMLC) member agencies and other interested practitioners and stakeholders.

ENFORCEMENT

The Regulatory Authority is committed to maintaining the highest standards in the QFC and addressing conduct which may cause damage to the reputation of the QFC. In taking enforcement action it adopts a judgement-based approach, which is supported by fair and transparent processes. The Regulatory Authority published these processes in the Enforcement Policy Statement issued in January 2012. The Enforcement Policy Statement sets out in a single document the range of powers and penalties available to the Regulatory Authority to deal with misconduct by firms and individuals. It also establishes the policy considerations that the Regulatory Authority will apply when considering what action may be appropriate to uphold the high standards expected of Qatar's financial sector.

Over the last year, enforcement action has been taken in a variety of conduct-related matters in the insurance and banking business sectors, resulting in sanctions against firms and redress for customers. The Regulatory Authority has also published the outcome of two disciplinary actions taken against the former Chief Financial Officer (CFO) and the former Compliance Officer of Al Mal Bank LLC (Al Mal). In those matters, the Regulatory Authority found that they had committed serious contraventions of the Regulatory Authority's rules and regulations. The former CFO knowingly submitted inaccurate and misleading information to the Regulatory Authority, was actively involved in Al Mal's contravention of regulatory requirements and failed to disclose in Al Mal's books and records a bank account of which he was aware. The former Compliance Officer was found to have been reckless in preparing and submitting to the Regulatory Authority false or misleading Board minutes. The penalties imposed included fines and prohibitions from working in the QFC in proportion to the seriousness of the contraventions.

The decisions of the Regulatory Authority in both cases were appealed to the QFC Regulatory Tribunal. In May 2012, after hearing the cases and conducting an independent examination of the evidence, the QFC Regulatory Tribunal upheld the actions taken by the Regulatory Authority. The former CFO subsequently sought to challenge the decision of the Regulatory Tribunal by applying for permission to appeal to the QFC Civil and Commercial Court. After a further hearing, the QFC Civil and Commercial Court dismissed the application, finding that the former CFO had manifestly failed to establish the necessary grounds of appeal.

The appeals to the QFC Regulatory Tribunal and the QFC Civil and Commercial Court were the first of their kind in the QFC. They demonstrate the effectiveness of the QFC appeal framework, as well as the robustness of the Regulatory Authority's internal processes when taking action against firms or individuals that pose a risk to the integrity and reputation of the QFC. The action also illustrates that significant penalties are imposed for contraventions of regulatory obligations in the financial sector in Qatar. The fact that its decisions have been upheld by the QFC Regulatory Tribunal further highlights that the Regulatory Authority conducts enforcement matters in a fair and proportionate manner.

DEVELOPING STAKEHOLDER ENGAGEMENT

Throughout the year, the Regulatory Authority has developed a close collaborative relationship with the Qatar Central Bank and the Qatar Financial Markets Authority, and will continue to work closely with both authorities under the new arrangements of the new QCB Law and the new Financial Stability Committee created under the Law. This close working relationship enables us to share expertise and best practices amongst the regulatory community in Qatar.

The Regulatory Authority further enhanced its outreach programme to universities in Qatar by providing various learning opportunities to students within Qatar through summer internships and workplace experience. Internships are offered across areas including financial services regulation, policy development, enforcement, and business support areas such as finance, corporate communications and human resources. In 2012, six Qatari national students joined the Regulatory Authority for a five week internship. Additionally, staff from the Regulatory Authority presented to Qatar University Law School students on various regulatory topics and participated in the mentoring of law students.

The Regulatory Authority has been focused on building stronger capabilities in the macro-prudential supervision field and has invested significant resources to secure expertise in financial analytics and risk management.

ENVIRONMENTAL DEVELOPMENT PILLAR

FATIN AL HITMI, ASSOCIATE - IT DEPARTMENT

The fourth pillar of the Qatar National Vision 2030 is Environmental Development based on the 'management of the environment such that there is harmony between economic growth, social development and environmental protection'. The Regulatory Authority is committed to protecting and preserving the environment for future generations and takes its responsibility seriously.

At the Regulatory Authority, we believe that the small things count when it comes to protecting the environment. We have implemented a number of policies and procedures within our business activities that over time will make a positive difference to the environment.

DEVELOPING OUR HUMAN CAPITAL

In keeping with its commitment to maintaining a world-class working environment, the Regulatory Authority continued to build a strong team with diverse local and international backgrounds. Current staff comprise individuals with extensive regulatory and industry experience gained in various jurisdictions of the world, including Australia, Bermuda, Canada, France, the GCC, Ireland, South Africa, the UK and the USA. Additionally, staff continued to maintain professional certification and develop expertise by speaking at seminars and meetings related to international regulatory standards and practices.

The Regulatory Authority is committed to building a sustainable workforce with the required regulatory expertise and skills through the employment and development of Qatari nationals who will shape the future of financial services in the country. In line with the Human Development Pillar of the Qatar National Vision 2030, the Regulatory Authority contributes to the development of Qatar's financial sector human capital with a comprehensive Graduate Fellowship Programme (GFP).

The GFP is a tailor-made programme for highly motivated Qatari nationals who have recently earned an undergraduate degree. The programme offers first-hand experience working as a regulator in a world-class organisation, under the guidance of an expert personal mentor. Participants also attend external training and internal structured development activities to prepare for an ongoing career with the Regulatory Authority, or to contribute in the broader financial services sector in Qatar.

During the 12-month programme, participants rotate through the operational functions of one of the Divisions (Authorisation, Supervision, Policy, Enforcement, Operations, or Finance) to gain work experience in each function and to build a complete understanding of that function. Participants are guided through this process by personal mentors who are subject matter experts from around the world.

Throughout the programme, learning is supported with a state-of-the-art e-Learning platform which ensures regulatory concepts and skills are acquired and reinforced. Additionally, participants are enrolled in certification programmes that enhance their regulatory, compliance, or legal competencies.

Since the inception of the programme in 2006, 20 talented Qataris have participated in the GFP.

A fundamental commitment to the GFP runs throughout the Regulatory Authority.
This commitment is evident through the personal attention the Board and the executive management team continue to invest in the programme and its participants.
Further, the GFP is a central component of a broader culture of knowledge sharing and mentoring at the Regulatory Authority.

FINANCIAL REVIEW

The Regulatory Authority is funded primarily by the State of Qatar with contributions from fees levied on firms, interest earned on its investment portfolio and financial penalties levied on firms and individuals for contravention of requirements set out in the Financial Services Regulations. During 2012, the Regulatory Authority received appropriations from the Government amounting to USD 33,427,000 and USD 3,401,000 was received from fees, penalties, interest and miscellaneous income.

The Regulatory Authority's total operating expenditure for the year 2012 was USD 33,690,000. A major part of the expense (85%) relates to payroll and other employee-related costs. The growth in payroll and related expenditure was due to the Regulatory Authority building up its supervisory staff numbers and risk management capabilities. All expenses are monitored against the budget approved by the Board of Directors.

Net expenditure was USD 3,138,000 below the Government budget appropriation of USD 30,289,000 and, in accordance with Article 14 of the QFC Law, the Board of Directors resolved to retain this surplus. The Board of Directors also resolved to transfer USD 4,000,000 from the previous year's retained earnings to the General Reserve taking the balance of the General Reserve to USD 26,651,000. These funds making up this General Reserve are held in short term bank deposits maturing at various times of the year.

The General Reserve together with the retained earnings increased to USD 30,386,000 which covers approximately 10 months' expenses at the current rate of recurring expenditure. This has further enhanced the independence of the Regulatory Authority ensuring that sufficient internal funding is available during the year to enable it to meet any unbudgeted expenditure related to its regulatory objectives.

INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

To
The Board of Directors
Qatar Financial Centre Regulatory Authority
Doha, State of Qatar

Report on the financial statements

We have audited the accompanying financial statements of Qatar Financial Centre Regulatory Authority (the "QFC Regulatory Authority"), which comprise the statement of financial position as at 31 December 2012, and the statements of activities, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Responsibility of the Board of Directors for the financial statements

The Board of Directors is 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 Board of Directors determines 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 the 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 2012, and of its financial performance and its 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 which we consider necessary for the purpose of our audit. The QFC Regulatory Authority has maintained proper accounting records and the 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 having occurred 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 2012.

Gopal Balasubramaniam
KPMG
Qatar Auditor's Registry No. 251

KPMG

28 February 2013
Doha
State of Qatar

STATEMENT OF FINANCIAL POSITION *[As at 31 December 2012]*

	Note	2012 USD '000	2011 USD '000
ASSETS			
Non-current assets			
Intangible assets	5	346	409
Furniture and equipment	6	204	444
Total non-current assets		550	853
Current assets			
Accounts receivable and prepayments	7	1,591	1,966
Cash and bank balances	8	36,167	31,161
Total current assets		37,758	33,127
Total assets		38,308	33,980
EQUITY AND LIABILITIES			
Equity			
General reserve	2&9	26,651	22,651
Retained surplus	2&9	3,735	4,597
Total equity		30,386	27,248
Current liabilities			
Accounts payable and accruals	10	7,922	6,732
Total current liabilities		7,922	6,732
Total equity and liabilities		38,308	33,980

The financial statements of the QFC Regulatory Authority for the year ended 31 December 2012 were authorised by the Board of Directors on 20 March 2013.

MICHAEL RYAN
Chief Executive Officer

JAY PERUMAL
Chief Financial Officer

The accompanying notes 1 to 16 form an integral part of these financial statements.

STATEMENT OF ACTIVITIES *[For the year ended 31 December 2012]*

	Note	2012 USD '000	2011 USD '000
Income			
Fee income		2,539	2,281
Financial penalties		120	82
Interest on deposits		721	820
Other income		21	205
Total income		3,401	3,388
Expenses			
Salaries and other related costs		(28,576)	(25,890)
General and administrative expenses	11	(4,328)	(4,121)
Board of Directors expenses		(786)	(651)
Total expenses		(33,690)	(30,662)
Excess of expenses over income for the year before appropriations		(30,289)	(27,274)
Appropriations from the Government	2	33,427	29,546
Surplus for the year and other comprehensive income		3,138	2,272

The accompanying notes 1 to 16 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY *[For the year ended 31 December 2012]*

	General reserve USD '000	Retained surplus USD '000	Total USD '000
Balance at 1 January 2011	17,651	7,325	24,976
Surplus for the year and other comprehensive income	–	2,272	2,272
Transfer of surplus to general reserve	5,000	(5,000)	–
Balance at 31 December 2011	22,651	4,597	27,248
Balance at 1 January 2012	22,651	4,597	27,248
Surplus for the year and other comprehensive income	–	3,138	3,138
Transfer of surplus to general reserve	4,000	(4,000)	–
Balance at 31 December 2012	**26,651**	**3,735**	**30,386**

The accompanying notes 1 to 16 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS *[For the year ended 31 December 2012]*

	Note	2012 USD '000	2011 USD '000
Cash flows from operating activities			
Excess of expenses over income for the year		(30,289)	(27,274)
Adjustments for:			
Amortisation of software costs	5	221	194
Depreciation	6	268	398
Write-off of capital work in progress	6	43	21
Impairment of doubtful debts	7	11	5
Gain on sale of furniture and equipment		4	(3)
Interest income		(721)	(820)
Operating loss before working capital changes		(30,463)	(27,479)
Changes in working capital			
Accounts receivable and prepayments		465	(225)
Accounts payable and accruals		311	1,204
		(29,687)	(26,500)
Interest received		620	734
Net cash (used in) operating activities		(29,067)	(25,766)
Cash flows from investing activities			
Software development costs	5	(158)	(126)
Purchase of furniture and equipment	6	(75)	(197)
Proceeds from sale of furniture and equipment		–	6
Net cash (used in) investing activities		(233)	(317)
Cash flows from financing activities			
Appropriations from the Government	2	33,427	29,546
Appropriations from the Government received in advance		879	–
Net cash generated from financing activities		34,306	29,546
Increase in cash and cash equivalents		5,006	3,463
Cash and cash equivalents at the beginning of the year		31,161	27,698
Cash and cash equivalents at the end of the year	8	36,167	31,161

The accompanying notes 1 to 16 form an integral part of these financial statements.

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 33,426,862 (2011: USD 29,546,033). As the 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 2012, USD 4,000,000 (2011: USD 5,000,000) has been transferred from the previous year's retained surplus to the general reserve account. 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).

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

3. BASIS OF PREPARATION (CONTINUED)

3.3 Functional and presentation currency (continued)

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

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates 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 judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are described in the note 15.

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.

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 (3 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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.1 Intangible assets (continued)

Expenditure on research or on the research phase of an internal project are recognised as an expense in the period in which 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, 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 the course of construction is transferred to the relevant furniture and equipment category when it is complete. The furniture and equipment are considered complete when they are ready for intended use.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.2 Furniture and equipment (continued)

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 fees and other receivables, cash and bank balances (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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.3 Non-derivative financial instruments (continued)

Impairment of financial assets (continued)

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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.5 Retirement benefit costs (continued)

All Qatari employees must contribute 5%, and the Regulatory Authority 10%, of an employee's pensionable income. The Regulatory Authority's contribution is recognised 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.

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 Standards, amendments and interpretations issued

New standards, amendments and interpretations issued and that are effective on or after 1 January 2012

(i) IFRS 7 (amendment) - Disclosures: Transfer of financial assets

The amendments to IFRS 7 introduce new disclosure requirements about transfers of financial assets including disclosures for financial assets that are not derecognised in their entirety; and financial assets that are derecognised in their entirety but for which the entity retains continuing involvement.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.11 Standards, amendments and interpretations issued (continued)

New standards, amendments and interpretations issued and that are effective on or after 1 January 2012 (continued)

(i) IFRS 7 (amendment) - Disclosures: Transfer of financial assets

The adoption of the revised standard did not have any significant impact on the related party disclosure of the QFC Regulatory Authority.

(ii) Improvements to IFRSs (2011)

Improvements to IFRS issued in 2011 contained numerous amendments to IFRS that the IASB considers non-urgent but necessary. 'Improvements to IFRS' comprise amendments that result in accounting changes to presentation, recognition or measurement purposes, as well as terminology or editorial amendments related to a variety of individual IFRS standards. There were no significant changes to the current accounting policies of the QFC Regulatory Authority as a result of these amendments.

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 after 1 January 2012, and have not been applied in preparing these financial statements. Those which are relevant to the QFC Regulatory Authority are set out below. The QFC Regulatory Authority does not plan to early adopt these standards.

(i) IAS 1 (amendment) - Presentation of items of other comprehensive income

The amendments to IAS 1 require that an entity present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. The amendment is effective for annual periods beginning after 1 July 2012 with an option of early application.

The application of this amendment is not expected to have a significant impact on the financial statements of the QFC Regulatory Authority.

(ii) IAS 19 - Employee benefits (2011)

IAS 19 (2011) changes the definition of short-term and other long-term employee benefits to clarify the distinction between the two. For defined benefit plans, removal of the accounting policy choice for recognition of actuarial gains and losses is not expected to have any impact on the QFC Regulatory Authority. IAS 19 (2011) is effective for annual periods beginning on or after 1 January 2013 with early adoption permitted.

The QFC Regulatory Authority does not expect any significant impact on the financial statements on adoption of these amendments.

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.11 Standards, amendments and interpretations issued (continued)

New standards, amendments and interpretations issued but not yet effective (continued)

(iii) Amendments to IFRS 7 and IAS 32 on offsetting financial assets and financial liabilities (2011)

Disclosures - Offsetting Financial Assets and Financial Liabilities (amendments to IFRS 7) introduces disclosures about the impact of netting arrangements on an entity's financial position. The amendments are effective for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. Based on the new disclosure requirements the QFC Regulatory Authority will have to provide information about what amounts have been offset in the statement of financial position and the nature and extent of rights of set off under master netting arrangements or similar arrangements.

Offsetting Financial Assets and Financial Liabilities (amendments to IAS 32) clarify the offsetting criteria IAS 32 by explaining when an entity currently has a legally enforceable right to set off and when gross settlement is equivalent to net settlement. The amendments are effective for annual periods beginning on or after 1 January 2014 and interim periods within those annual periods. Earlier application is permitted.

The QFC Regulatory Authority does not expect to have any significant impact on the financial statements on adoption of these amendments.

(iv) IFRS 9 'Financial Instruments'

IFRS 9 (2009) introduces new requirements for the classification and measurement of financial assets. IFRS 9 (2010) introduces additions to the standard relating to financial liabilities. The IASB currently has an active project to make limited amendments to the classification and measurement requirements of IFRS 9 and add new requirements to address the impairment of financial assets and hedge accounting.

IFRS 9 (2010 and 2009) are effective for annual periods beginning on or after 1 January 2015 with early adoption permitted. Given the nature of the QFC Regulatory Authority, this standard is is not expected to have a significant impact on the QFC Regulatory Authority's financial statements.

(v) IFRS 13 - Fair value measurement

IFRS 13 provides a single source of guidance on how fair value is measured, and replaces the fair value measurement guidance that is currently dispersed throughout IFRS. Subject to limited exceptions, IFRS 13 is applied when fair value measurements or disclosures are required or permitted by other IFRSs. Although many of the IFRS 13 disclosure requirements regarding financial assets and financial liabilities are already required, the adoption of IFRS 13 will

4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4.11 Standards, amendments and interpretations issued (continued)

New standards, amendments and interpretations issued but not yet effective (continued)

(v) IFRS 13 - Fair value measurement (continued)

require the QFC Regulatory Authority to provide additional disclosures. These include fair value hierarchy disclosures for non-financial assets/liabilities and disclosures on fair value measurements that are categorised in Level 3.

IFRS 13 is effective for annual periods beginning on or after 1 January 2013. Given the nature of the QFC Regulatory Authority, this standard is not expected to have a significant impact on the QFC Regulatory Authority's financial statements.

5. INTANGIBLE ASSETS

	Software development cost USD '000	Capital work in progress USD '000	Total USD '000
Cost			
Balance at 1 January 2011	521	–	521
Additions	126	–	126
Balance at 31 December 2011	647	–	647
Additions	97	61	158
Balance at 31 December 2012	744	61	805
Accumulated amortisation			
Balance at 1 January 2011	44	–	44
Charge for the year	194	–	194
Balance at 31 December 2011	238	–	238
Charge for the year	221	–	221
Balance at 31 December 2012	459	–	459
Net book value			
31 December 2012	285	61	346
31 December 2011	409	–	409

6. FURNITURE AND EQUIPMENT

	Furniture and fixtures USD '000	Office equipment USD '000	Leasehold improvements USD '000	Motor vehicles USD '000	Capital work-in-progress USD '000	Total USD '000
Cost						
Balance at 1 January 2011	834	1,742	864	27	43	3,510
Additions	6	118	1	–	72	197
Transfers	22	–	–	–	(22)	–
Disposals/write off	(5)	(12)	(3)	–	(21)	(41)
Balance at 31 December 2011	857	1,848	862	27	72	3,666
Additions	5	68	–	–	2	75
Transfers	–	12	–	–	(12)	–
Disposals/Write-off	–	(5)	–	–	(43)	(48)
Balance at 31 December 2012	862	1,923	862	27	19	3,693
Accumulated depreciation						
Balance at 1 January 2011	780	1,218	816	27	–	2,841
Charge for the year	58	310	30	–	–	398
Reversal on disposal	(6)	(11)	–	–	–	(17)
Balance at 31 December 2011	832	1,517	846	27	–	3,222
Charge for the year	13	238	16	–	–	268
Reversal on disposals	–	(1)	–	–	–	(1)
Balance at 31 December 2012	845	1,754	862	27	–	3,489
Net book value						
31 December 2012	17	169	–	–	19	204
31 December 2011	25	331	16	–	72	444

7. ACCOUNTS RECEIVABLE AND PREPAYMENTS

	2012 USD '000	2011 USD '000
Fees receivables	29	41
Prepaid expenses	1,088	1,310
Interest receivable	322	221
Other receivables	168	399
Impairment of doubtful debts (refer to note 7.1)	(16)	(5)
	1,591	1,966

7.1 Impairment of doubtful debts

Opening	5	–
Provision during the year	11	5
Closing	16	5

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

Neither past due nor impaired	503	656
Individually impaired	16	5
	519	661

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 BANK BALANCES

	2012 USD '000	2011 USD '000
Cash on hand	1	2
Current accounts and deposits with banks*	36,166	31,159
	36,167	31,161

**These represent deposits with banks held for the purpose of meeting short-term cash commitments, having interest rates up to 2.5%.*

9. EQUITY

General reserve

During the year ended 31 December 2012, USD 4,000,000 (2011: USD 5,000,000) has been transferred from the retained surplus to the general reserve account. 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 resolved to retain the excess of appropriations from the Government over the excess of expenditure over income for the year. This surplus can be used for any activities of the QFC Regulatory Authority.

10. ACCOUNTS PAYABLE AND ACCRUALS

	2012 USD '000	2011 USD '000
Accrued expenses	4,646	4,291
Government assistance received in advance	879	–
Trade payables	248	419
Employees' annual gratuity	75	82
Due to related parties (note 13.1)	10	18
Advances from customers	1,801	1,495
Charges recovered	251	251
Other payables	12	176
	7,922	6,732

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

	2012 USD '000	2011 USD '000
Rent	1,546	1,311
Consultancy and professional fees	644	626
Depreciation (note 6)	268	398
Amortisation of software costs (note 5)	221	194
Media related expenses	46	–
Other expenses	1,603	1,592
	4,328	4,121

12. COMMITMENTS

	2012 USD '000	2011 USD '000
Estimated capital expenditure contracted but not incurred		
Office equipment	–	22
Minimum lease rental payable under non-cancellable commitments		
Within one year	1,561	516
After one year but not more than five years	2,444	–
Other commitments		
Within one year	44	93

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 to related parties

The balances due to related parties are as follows:

	2012 USD '000	2011 USD '000
Qatar Financial Centre Authority	10	18

13. RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

13.2 Related party transactions

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

	2012 USD '000	2011 USD '000
Appropriations from Government	34,306	29,546
Services from QFCA	1,400	1,147
Services and expenses paid on behalf of related parties	15	20

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:

	2012 USD '000	2011 USD '000
Short-term benefits	4,344	5,609

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.

14. FINANCIAL RISK MANAGEMENT (CONTINUED)

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 a counter party 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:

	2012 USD '000	2011 USD '000
Fees receivables	13	36
Bank balances	36,166	31,159
Other receivables	490	620
	36,669	31,815

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. FINANCIAL RISK MANAGEMENT (CONTINUED)

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 other 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 as at 31 December based on contractual undiscounted payments.

	Gross undiscounted cash flows		
	Carrying amount USD '000	Contractual cash flows USD '000	One year or less USD '000
2012			
Account payable	3,276	(3,276)	(3,276)
Total	3,276	(3,276)	(3,276)

	Gross undiscounted cash flows		
	Carrying amount USD '000	Contractual cash flows USD '000	One year or less USD '000
2011			
Account payable	2,441	(2,441)	(2,441)
Total	2,441	(2,441)	(2,441)

14. FINANCIAL RISK MANAGEMENT (CONTINUED)

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. FINANCIAL RISK MANAGEMENT (CONTINUED)

14.4 Determination of fair values

The management estimates that the carrying amount of financial assets and liabilities is a reasonable approximation of their fair value.

15. SIGNIFICANT ESTIMATES AND JUDGEMENTS

The preparation of the financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of 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 period in which the estimates are revised and in any future periods 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 amount recognised in the financial statements are described below.

Depreciation and impairment of furniture and equipment

In making estimates of depreciation and useful lives the management uses the method and useful lives which reflect the pattern in which economic benefits from assets are expected to be consumed by the QFC Regulatory Authority. The method applied and useful lives are reviewed at each financial year end and if there is a change in the expected pattern of consumption of the future economic benefits embodied in the assets, the method or useful lives would be changed to reflect the change in pattern. Such change is accounted for as change in accounting estimates in accordance with International Accounting Standard 8 - 'Accounting Policies, Changes in Accounting Estimates and Errors'.

Amortisation of intangible assets

Intangible assets are carried at cost less accumulated amortisation and impairment losses. Those are amortised on a straight line basis over an estimated useful life of three (3 years) commencing when the asset is available for its intended use. The carrying amount of the intangible assets is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the intangible asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an intangible asset exceeds its estimated recoverable amount.

15. SIGNIFICANT ESTIMATES AND JUDGEMENTS (CONTINUED)

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.

16. 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.

APPROVED INDIVIDUAL

An individual approved by the Regulatory Authority to perform one or more controlled functions.

AUTHORISED FIRM

A firm that has been authorised to conduct one or more regulated activities in or from the QFC.

CONTROLLED FUNCTION

A function that is under Article 41 of the Financial Services Regulations and Rules made under that article which may be carried out by an approved individual.

FIRM

A body corporate (whether incorporated in the QFC or elsewhere), limited liability partnership (whether incorporated in the QFC or elsewhere) or unincorporated association.

LICENSED FIRM

A firm that has been licensed to undertake one or more permitted activities in or from the QFC.

PERMITTED ACTIVITY

The QFC Law lists (in Schedule 3) a number of activities that are permitted to be carried out in or from the QFC. A firm that carries on a permitted activity in or from the QFC is required to hold a licence from the QFCA. Some permitted activities are also regulated activities. A firm that carries on a regulated activity in or from the QFC must hold an authorisation (in addition to its licence) to do so from the Regulatory Authority and its carrying on of the activity is regulated by the Regulatory Authority.

QFC

The Qatar Financial Centre was established by the State of Qatar pursuant to Law No. [7] of 2005 (the QFC Law) to attract international financial institutions and multinational corporations to establish business within the QFC and to encourage their participation in the growing market for financial services in Qatar and elsewhere in the region. The QFC's commercial and regulatory environment and systems are organised and operated through the following authorities that are independent of each other and from host Qatari systems:

- the QFC Authority (QFCA), which manages the commercial operations of the QFC and is also responsible for the supervision of the QFC Companies Registration Office, which incorporates limited liability companies and limited liability partnerships within the QFC, and registers branches of companies operating within the QFC;
- the Regulatory Authority, which authorises, regulates and supervises banking, financial and insurance-related businesses carried on in or from the QFC and also has other functions (in particular, relating to anti-money laundering and combating the financing of terrorism);
- the QFC Regulatory Tribunal, which hears appeals against the decisions of the Regulatory Authority; and
- the QFC Civil and Commercial Court, which has jurisdiction to determine disputes relating to activities undertaken in or from the QFC, or events occurring in the QFC.

REGULATED ACTIVITIES

Permitted activities that are subject to authorisation and regulation by the Regulatory Authority. The principal regulated activities are the provision of financial and banking services, and insurance.

ANNEX 1. LICENCES IN EFFECT AT 31 DECEMBER 2012, DETAILING AUTHORISED FIRMS AND LICENSED (NON-REGULATED) FIRMS

TABLE A - AUTHORISED FIRMS

	QFC No.	Name of Authorised Firm	Date of Authorisation	Legal Status
BANKING INSTITUTIONS				
1.	00003	Arab Jordan Investment Bank (Qatar) LLC	05/12/2005	LLC
2.	00005	Credit Suisse (Qatar) LLC	01/03/2006	LLC
3.	00027	Bank Audi LLC	21/12/2006	LLC
4.	00045	Al Rayan Investment LLC	03/04/2007	LLC
5.	00048	QINVEST LLC	30/04/2007	LLC
6.	00079	BLOM Bank Qatar LLC	07/04/2008	LLC
7.	00091	Qatar First Investment Bank LLC	04/09/2008	LLC
8.	00018	Barclays Bank PLC	10/09/2006	Branch
9.	00019	Morgan Stanley & Co. International plc	12/09/2006	Branch
10.	00026	EMIRATES NBD PJSC	12/12/2006	Branch
11.	00032	Deutsche Bank AG Doha (QFC) Branch	28/12/2006	Branch
12.	00041	ICICI Bank Limited	21/03/2007	Branch
13.	00043	Citibank, N.A.	31/03/2007	Branch
14.	00046	The Royal Bank of Scotland plc	04/04/2007	Branch

ANNEX 1. LICENCES IN EFFECT AS AT 31 DECEMBER 2012, DETAILING AUTHORISED FIRMS AND LICENSED (NON-REGULATED) FIRMS

	QFC No.	Name of Authorised Firm	Date of Authorisation	Legal Status
15.	00052	BMI BANK B.S.C.(c)	28/06/2007	Branch
16.	00053	Goldman Sachs International	09/07/2007	Branch
17.	00066	Industrial and Commercial Bank of China Limited	31/01/2008	Branch
18.	00073	Sumitomo Mitsui Banking Corporation	08/03/2008	Branch
19.	00075	Union National Bank	08/03/2008	Branch
20.	00081	Samba Financial Group	25/05/2008	Branch
21.	00084	Coutts & Co.	19/06/2008	Branch
22.	00087	UBS AG	23/07/2008	Branch
23.	00098	First Gulf Bank - QFC Branch	24/11/2008	Branch
24.	00103	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	15/01/2009	Branch
25.	00106	Nomura International plc - QFC Branch	28/05/2009	Branch
26.	00128	JPMorgan Chase Bank, N.A - QFC Branch	05/01/2011	Branch
27.	00137	State Bank of India - QFC Branch	07/04/2011	Branch
28.	00143	Abu Dhabi Islamic Bank - QFC Branch	31/07/2011	Branch

ANNEX 1. LICENCES IN EFFECT AS AT 31 DECEMBER 2012, DETAILING AUTHORISED FIRMS AND LICENSED (NON-REGULATED) FIRMS

	QFC No.	Name of Authorised Firm	Date of Authorisation	Legal Status
INSURANCE, REINSURANCE AND INSURANCE MEDIATION				
1.	00034	QIC International LLC	12/02/2007	LLC
2.	00054	Doha Bank Assurance Company LLC	16/07/2007	LLC
3.	00057	NascoKaraoglan Qatar LLC	08/08/2007	LLC
4.	00085	Marsh Qatar LLC	30/06/2008	LLC
5.	00086	Aon Qatar LLC	22/07/2008	LLC
6.	00109	International Financial Services (Qatar) LLC	28/07/2009	LLC
7.	00113	Guardian Wealth Management Qatar LLC	20/10/2009	LLC
8.	00114	SEIB Insurance and Reinsurance Company LLC	21/10/2009	LLC
9.	00115	Chedid and Associates Qatar LLC	21/10/2009	LLC
10.	00117	Q-Re LLC	06/12/2009	LLC
11.	00141	Q Life & Medical Insurance Company LLC	30/06/2011	LLC
12.	00142	Daman Health Insurance Qatar LLC	27/05/2012	LLC
13.	00024	AXA Insurance (Gulf) BSC	19/11/2006	Branch

ANNEX 1. LICENCES IN EFFECT AS AT 31 DECEMBER 2012, DETAILING AUTHORISED FIRMS AND LICENSED (NON-REGULATED) FIRMS

	QFC No.	Name of Authorised Firm	Date of Authorisation	Legal Status
14.	00035	AIG MEA Limited	18/02/2007	Branch
15.	00036	American Life Insurance Company ("ALICO")	26/02/2007	Branch
16.	00067	Zurich International Life Limited	08/11/2007	Branch
17.	00093	Marsh Brokers Limited	14/09/2008	Branch
18.	00099	Nexus Financial Services WLL	30/11/2008	Branch
19.	00101	Mitsui Sumitomo Insurance Company (Europe) Ltd.	17/12/2008	Branch
20.	00110	MedGulf Allianz Takaful - QFC Branch	09/08/2009	Branch
21.	00112	T'azur Company b.s.c.(c) - QFC Branch	17/09/2009	Branch
22.	00131	Takaful International Company - QFC Branch	15/02/2011	Branch
23.	00147	Bahrain National Insurance Company BSC (C) - QFC Branch	10/10/2011	Branch
24.	00163	Allianz Worldwide Care Limited	13/08/2012	Branch
25.	00166	Zurich Insurance Company Ltd. - QFC Branch	08/10/2012	Branch

ANNEX 1. LICENCES IN EFFECT AS AT 31 DECEMBER 2012, DETAILING AUTHORISED FIRMS AND LICENSED (NON-REGULATED) FIRMS

	QFC No.	Name of Authorised Firm	Date of Authorisation	Legal Status
ASSET MANAGEMENT AND INVESTMENT FIRMS				
1.	00008	AXA Investment Managers LLC	23/04/2006	LLC
2.	00012	QREIC Sukuk LLC	10/07/2006	LLC
3.	00028	Alpen Capital Investment Bank (Qatar) LLC	21/12/2006	LLC
4.	00069	EFG-Hermes Qatar LLC	13/12/2007	LLC
5.	00072	Bank Sarasin-Alpen (Qatar) LLC	17/02/2008	LLC
6.	00088	State Street Middle East North Africa LLC	29/07/2008	LLC
7.	00096	QNB Capital LLC	28/09/2008	LLC
8.	00116	Rothschild (Qatar) LLC	18/11/2009	LLC
9.	00129	Concordia Capital LLC	13/01/2011	LLC
10.	00145	Amwal LLC	14/09/2011	LLC

ANNEX 1. LICENCES IN EFFECT AS AT 31 DECEMBER 2012, DETAILING AUTHORISED FIRMS AND LICENSED (NON-REGULATED) FIRMS

TABLE B - LICENSED FIRMS – NON-REGULATED

	QFC No.	Name of Firm	Date of License	Permitted Activities - Non-Regulated
1.	00004	Qatar Holding LLC	04/04/2006	The business of a Holding Company
2.	00006	Arab Law Bureau LLP	20/03/2006	Professional Services (Legal)
3.	00013	PricewaterhouseCoopers - Qatar LLC	21/08/2006	Professional Services (Assurance, Advisory, and Tax)
4.	00014	Eversheds LLP	24/08/2006	Professional Services (Legal)
5.	00015	Eversheds Legal Services (Qatar) LLC	24/08/2006	Professional Services (Legal)
6.	00017	Bell Pottinger Communications Limited	31/08/2006	Professional Services (Public Relations)
7.	00020	Talent Partners in the Gulf Limited	30/10/2006	Professional Services
8.	00023	International Legal Consultants LLC	13/11/2006	Professional Services (Legal, Companies, and Trust Administration)
9.	00025	Region Holdings LLC	11/12/2006	Professional Services (Strategic Consultancy and Administrative Consultancy)
10.	00029	Clyde & Co LLP	27/12/2006	Professional Services (Legal)
11.	00030	International Mercantile Exchange Holdings LLC	27/12/2006	The business of a Holding Company
12.	00031	HFI Middle East LLC	28/12/2006	Professional Services (Legal)
13.	00033	Badri and Salim El Meouchi, LLP	28/12/2006	Professional Services (Legal)

ANNEX 1. LICENCES IN EFFECT AS AT 31 DECEMBER 2012, DETAILING AUTHORISED FIRMS AND LICENSED (NON-REGULATED) FIRMS

	QFC No.	Name of Firm	Date of License	Permitted Activities - Non-Regulated
14.	00037	Qtel International Investments LLC	01/03/2007	The business of a Holding Company
15.	00038	Sayel M. Daher Law Offices LLC	11/03/2007	Professional Services (Legal)
16.	00039	SKCA Morison Chartered Accountants LLC	18/03/2007	Professional Services (Audit, Accounting, and Consulting)
17.	00047	WongPartnership LLP	22/04/2007	Professional Services (Legal)
18.	00050	Accenture Middle East BV	20/05/2007	Professional Services (Consulting and Business Process Outsourcing)
19.	00051	KPMG LLC	24/05/2007	Professional Services (Audit, Tax, and Advisory)
20.	00056	GlobeMed Qatar LLC	08/08/2007	Professional Services (Third Party (re)insurance administration)
21.	00058	Rödl Consulting Middle East LLC	09/08/2007	Professional Services (Consulting)
22.	00060	Qtel Group LLC	28/08/2007	Company Headquarters, Management Offices and Treasury Operations
23.	00064	SNR Denton & Co.	09/10/2007	Professional Services (Legal)
24.	00068	Haggie Hepburn Qatar LLC	05/12/2007	Professional Services (Public Relations)
25.	00074	McNair Chambers LLC	08/03/2008	Professional Services (Legal)

ANNEX 1. LICENCES IN EFFECT AS AT 31 DECEMBER 2012, DETAILING AUTHORISED FIRMS AND LICENSED (NON-REGULATED) FIRMS

	QFC No.	Name of Firm	Date of License	Permitted Activities - Non-Regulated
26.	00076	Reed Personnel Services Qatar LLC	13/03/2008	Professional Services (Recruitment Consultancy)
27.	00077	DLA Piper Middle East LLP	31/03/2008	Professional Services (Legal)
28.	00078	CCL Qatar LLC	31/03/2008	Professional Services (Consulting)
29.	00080	Cunningham Lindsey Qatar LLC	19/05/2008	Professional Services (Loss Adjustment)
30.	00083	Allied Advisors LLC	18/06/2008	Professional Services (Consulting)
31.	00089	Latham & Watkins LLP	18/08/2008	Professional Services (Legal)
32.	00092	Al Tamimi & Company International Ltd.	10/09/2008	Professional Services (Legal)
33.	00094	McKinsey & Company, Inc. Qatar	18/09/2008	Professional Services (Management Consulting)
34.	00095	Citigate Dewe Rogerson Limited	23/09/2008	Professional Services (PR Consulting)
35.	00097	Qatar Insurance Services LLC	24/11/2008	Professional Services (Consulting)
36.	00102	Dewey & LeBoeuf LLP	13/01/2009	Professional Services (Legal)
37.	00104	Moore Stephens Services (Qatar) LLC	05/04/2009	Professional Services (Accounting)
38.	00105	Bloomberg L.P. - QFC Branch	30/04/2009	Professional Services (Multimedia)

ANNEX 1. LICENCES IN EFFECT AS AT 31 DECEMBER 2012, DETAILING AUTHORISED FIRMS AND LICENSED (NON-REGULATED) FIRMS

	QFC No.	Name of Firm	Date of License	Permitted Activities - Non-Regulated
39.	00107	QInvest Partners LLC	14/06/2009	Operation and administration of trusts and similar arrangements
40.	00108	White & Case LLP	09/07/2009	Professional Services (Legal)
41.	00118	NYSE Qatar LLC	04/02/2010	Professional Services (Consulting)
42.	00119	Booz & Company (Qatar) LLC	07/02/2010	Professional Services (Consulting)
43.	00120	Allen & Overy LLP - QFC Branch	09/02/2010	Professional Services (Legal)
44.	00121	Kane LLC	25/08/2010	Professional Services (Consulting)
45.	00123	Thomson Reuters (Markets) Middle East Limited - QFC Branch	02/11/2010	Professional Services (Multimedia)
46.	00124	Qatar Finance and Business Academy LLC	04/11/2010	Business and Professional Education
47.	00125	Michael Page International (UAE) Limited - QFC Branch	28/11/2010	Professional Services (Recruitment Consultancy Services)
48.	00126	QInvest Capital LP	23/12/2010	Operation and administration of trusts and similar arrangements
49.	00127	QGOLD LLC	05/01/2011	The business of a Holding Company
50.	00130	SThree Qatar LLC	24/01/2011	Professional Services (Recruitment Consultancy Services)

ANNEX 1. LICENCES IN EFFECT AS AT 31 DECEMBER 2012, DETAILING AUTHORISED FIRMS AND LICENSED (NON-REGULATED) FIRMS

	QFC No.	Name of Firm	Date of License	Permitted Activities - Non-Regulated
51.	00132	Clifford Chance International LLP (Qatar Financial Centre Branch)	21/02/2011	Professional Services (Legal)
52.	00133	Qatar Asset Management Company LLC	28/02/2011	The business of a Holding Company
53.	00134	McGrigors LLP - QFC Branch	07/03/2011	Professional Services (Legal)
54.	00136	Lalive in Qatar LLC	28/03/2011	Professional Services (Legal)
55.	00138	Baker & McKenzie LLP	17/04/2011	Professional Services (Legal)
56.	00139	Regester Larkin Limited	19/05/2011	Professional Services (Consulting)
57.	00144	K&L Gates LLP	23/08/2011	Professional Services (Legal)
58.	00146	Bennett Jones (Middle East) LLP	10/10/2011	Professional Services (Legal)
59.	00148	MAYHOOLA FOR INVESTMENTS (QFC) - LLC	25/10/2011	The business of a Holding Company
60.	00149	Herbert Smith Freehills Middle East LLP	24/11/2011	Professional Services (Legal)
61.	00150	DIC Holding LLC	29/01/2012	The business of a Holding Company
62.	00152	Neo Holding LLC	10/04/2012	The business of a Holding Company
63.	00153	Retiro Holding LLC	10/04/2012	The business of a Holding Company
64.	00154	Pinsent Masons LLP - QFC Branch	30/04/2012	Professional Services (Legal)
65.	00155	Booz Allen Hamilton Inc. - QFC Branch	30/04/2012	Professional Services (Consulting)

ANNEX 1. LICENCES IN EFFECT AS AT 31 DECEMBER 2012, DETAILING AUTHORISED FIRMS AND LICENSED (NON-REGULATED) FIRMS

	QFC No.	Name of Firm	Date of License	Permitted Activities - Non-Regulated
66.	00156	Al-Rayyan Holding LLC	09/05/2012	The business of a Holding Company
67.	00157	Wakra Holding LLC	09/05/2012	The business of a Holding Company
68.	00158	WoK Holding LLC	09/05/2012	The business of a Holding Company
69.	00159	Protiviti Member Firm Qatar LLC	10/05/2012	Professional Services (Consulting)
70.	00160	MasterCard Qatar LLC	21/06/2012	The business activities of Management Offices
71.	00161	52 Champs Elysees Holding LLC	25/06/2012	The business of a Holding Company
72.	00164	NEXtCARE Lebanon SAL - QFC Branch	15/08/2012	Professional Services (Third Party (re)insurance administration)
73.	00165	QIC Capital LLC	11/09/2012	The business of a Holding Company
74.	00167	Robert Half International (Dubai) Ltd. QFC Branch	06/12/2012	Professional Services (Recruitment Consultancy Services)
75.	00168	APCO Worldwide LLC	06/12/2012	Professional Services (Consulting)
76.	00169	Qatar Holding USA LLC	16/12/2012	The business of a Holding Company

ANNEX 2 - FIVE YEAR SUMMARY OF LICENSED FIRMS AND APPROVED INDIVIDUALS

LICENSED FIRMS

Number as at 31 December	2008	2009	2010	2011	2012
Regulated	57	64	59	64	63
Non-regulated	42	47	45	59	76
Total	99	111	104	123	139

Note: Figures for 2012 include all entities that held a valid licence with the QFCA, whether active or inactive.

APPROVED INDIVIDUALS

Number as at 31 December	2008	2009	2010	2011	2012
Total	460	521	501	561	549

ANNEX 3 - NEW PRUDENTIAL RETURNS

Form	Description	Frequency
BR000	Declaration	With any return/s
BR100	Balance sheet	Monthly
BR110	Off-balance sheet activities	Monthly
BR111	Analysis of derivative activities	Monthly
BR112	Analysis of Islamic Products	Monthly
BR200	Income statement	Monthly
BR300	Credit risk summary	Monthly
	- Summary of selected credit risk-related information	
	- Key ratios relating to asset quality	
	- Summary of on-balance sheet and off-balance sheet credit exposure	
BR310	Credit classification and impairment	Monthly
	- Credit classification and impairment	
	- Reconciliation of credit impairments (BS & IS)	
	- Restructured credit exposures	
BR320	Credit risk mitigation	Quarterly
BR330	Credit risk concentration	Quarterly
	- Large exposures summary	
	- 10 largest exposures	

Form	Description	Frequency
	- Related party exposures	
	- Interbank exposures	
BR340	Credit risk distribution	Quarterly
	- Sectoral distribution	
	- Geographical distribution	
BR350	Credit risk - Assets bought in	Six-monthly
BR400	Liquidity risk	Monthly
	- Contractual balance sheet mismatch	
	- Business as Usual (BAU) balance sheet mismatch	
	- Bank-specific stress mismatch	
	- Available sources of stress funding	
	- Concentration of deposit funding	
	- Foreign exchange contractual maturity ladder	
	- Anticipated change in business	
	- Inter-bank transactions	
BR500	Market risk	Monthly
BR510	Interest-rate risk: banking book	Monthly
	- Static repricing gap	
	- Interest rate sensitivity - banking book	

Form	Description	Frequency
BR600	Capital adequacy	Quarterly
	- Summary information in respect of capital adequacy	
	- Qualifying capital and reserve funds	
BR610	Capital adequacy	Quarterly
	- Credit capital requirements: Standardised Approach	
	a. On-balance sheet exposures	
	b. Off-balance sheet exposures	
BR620	Capital adequacy	Quarterly
	- Market risk capital requirements: Standardised Approach	
	a. Interest-bearing instruments risk	
	b. Equity and equity indices risk	
	c. Foreign exchange and gold risk	
	d. Commodities risk	
	e. Options risk	
BR630	Capital adequacy	Quarterly
	- Operational risk capital requirements: Basic Indicator Approach	

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