

# A Guide to the QFC Collective Investment Funds Regime

## Disclaimer

The goal of the Qatar Financial Centre Regulatory Authority ("Regulatory Authority" or "QFCRA") in producing this document is to provide a guide to the QFC Collective Investment Funds regime, its framework, legislation, and policies, including the authorisation, licensing, and registration requirements.

The Regulatory Authority does not make any warranty or assume any legal liability for the accuracy or completeness of the information as it may apply to the particular circumstances of an individual or a firm. The information does not constitute legal advice but is provided for information purposes only.

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This QFC Collective Investment Funds regime guide should be read in conjunction with the Financial Services Regulations, the Regulatory Authority Rulebooks, and other relevant material. This material may be amended from time to time.

Log on to [www.qfcra.com](http://www.qfcra.com) to read the full text of the QFC Law, Regulations, and Rules that apply in the QFC.

Certain terms that appear throughout this document are defined in the Interpretation and Application Rulebook 2005 ("INAP"), available on the Regulatory Authority's website at [www.qfcra.com](http://www.qfcra.com).

## Introduction to the Qatar Financial Centre

1. The Qatar Financial Centre ("QFC") is a financial and business centre established by the Government of Qatar and located in Doha, Qatar. The QFC has been designed to attract international financial services institutions and major multinational corporations and to encourage participation in the growing market for financial services in Qatar and elsewhere in the region. One key part of this strategy is establishing Qatar as an asset management hub that provides an attractive environment for a wide range of related financial services activities in the Gulf region.
2. The QFC operates to international standards and provides a world-class legal and business infrastructure for those doing business within the centre. The QFC's commercial and regulatory environment conforms to international best practices. The business standards and the legal environment will be familiar to businesses operating in major financial centres worldwide.
3. The QFC is managed by the Qatar Financial Centre Authority ("QFCA"). The QFCA is responsible for the centre's commercial strategy and business development and providing its administrative functions. Further information about the QFCA can be obtained on its website at [www.qfc.qa](http://www.qfc.qa). The regulatory framework has been developed and operated by the Qatar Financial Centre Regulatory Authority ("Regulatory Authority" or "QFCRA"). There is also the QFC Tribunal, which considers appeals arising from the decisions of the Regulatory Authority, and a QFC Civil and Commercial Court, which aims to facilitate and resolve civil and commercial disputes fairly and efficiently in accordance with internationally recognised best practice and with a firm commitment to the rule of law.
4. The Regulatory Authority, the Tribunal, and the Civil and Commercial Court have been established to operate transparently, objectively, and fairly. Their decision-making, financing, and operations are structured to ensure appropriate and resilient independence fully supported by the Government of Qatar.
5. Finally, there is a QFC Companies Registration Office ("CRO") that processes, for collective investment fund purposes, applications to incorporate Limited Liability Companies ("LLCs"), Limited Partnerships ("LPs") and Trusts within the QFC. Further details of the QFC legal and regulatory framework can be obtained from the Regulatory Authority website at [www.qfcra.com](http://www.qfcra.com).

## Introduction to the QFC collective investment funds regime

6. The QFC has a regulatory framework that allows authorised firms to conduct a wide range of activities related to collective investment funds ("funds"). Funds must not be established in the QFC unless they have been registered under the Collective Investment Schemes Rules 2010 ("COLL") or the Professional Investor Funds Rules 2022 ("PROF"), both of which comply with international standards while providing for a diverse range of funds that meet the needs of all categories of customers.

## Types of fund activity allowed in the QFC

7. The QFC provides scope for firms to conduct a wide range of activities related to funds. Subject to obtaining the relevant authorisations from the Regulatory Authority (and, where relevant, from offshore jurisdictions), firms can:
  - a. operate (that is, establish and/or manage) both QFC and non-QFC funds;
  - b. provide custodial services for both QFC and non-QFC funds;
  - c. market and sell units in QFC and non-QFC funds
  - d. manage investments for QFC and non-QFC funds; and
  - e. perform fund administration for funds, whether QFC or non-QFC funds.

## Fund vehicles

8. Funds can be established in the QFC using one of the following legal forms:
  - a. collective investment company ("CIC"): a company incorporated under the Companies Regulations 2005 if its articles of association provide that the company is established for the sole purpose of constituting a fund;
  - b. collective investment partnership ("CIP"): a limited partnership registered under the Partnership Regulations 2007 if its partnership agreement provides that the partnership is established for the sole purpose of constituting a fund; or
  - c. collective investment trust ("CIT"), for certain funds registered under COLL only: an express trust created under the Trust Regulations 2007 if its trust instrument provides that the trust is established for the sole purpose of constituting a fund.
9. The Regulatory Authority may also permit other legal forms for a fund provided the entity is established for the sole purpose of constituting a fund.
10. Each legal form has characteristics that make it particularly suitable for different types of funds.

## Types of funds

11. The QFC broadly divides funds into two categories:
  - a. QFC funds: funds established in the QFC and registered either under COLL or PROF; and
  - b. non-QFC funds: any fund established outside the QFC, including funds domiciled in the State of Qatar but outside the jurisdiction of the QFC.
  
12. Each type of QFC fund is subject to different regulatory requirements that reflect the nature and risk profiles of the fund and the types of investors the fund is seeking to attract. The requirements that are specific to operating funds in the QFC are contained in COLL and PROF, which address areas such as:
  - a. constitutional documents and prospectuses;
  - b. investor relations;
  - c. investments and borrowing;
  - d. dealing;
  - e. valuation and pricing;
  - f. functions and responsibilities of the operator; and
  - g. accounting and reporting obligations.
  
13. These regulatory requirements are principles-based while affording adequate levels of protection to investors. The COLL framework is modelled on the European Union ("EU") Directive for Undertakings for Collective Investment Funds in Transferable Securities ("UCITS").
  
14. Qualified investor funds and professional investor funds still provide the investor with reasonable protection. However, in recognition of the fact that these funds are designed for investors who can assess and bear a more significant degree of risk, the requirements are more flexible. Investors in an exempt professional investor fund can self-certify that they are eligible, based on sufficient financial resources and adequate knowledge, experience and qualifications.
  
15. Our rules provide for a wide range of fund structures and fund types, including but not limited to:
  - a. umbrella funds;
  - b. Shari'a-compliant funds (Islamic funds);
  - c. private equity funds;
  - d. venture capital funds
  - e. real estate investment trusts (REITs)
  - f. money market funds; and

g. feeder funds and funds of funds.

The following table highlights some key features of QFC funds:

	Investors	Fund vehicle	Rules Applying	Open or Closed-ended	Key Entities	Key features
Qualified Investor fund	Only qualified investors	Any	COLL CIPR <sup>1</sup>	Open-ended	Operator Independent entity	<ul style="list-style-type: none"> <li>No prescriptive requirements on spreads and concentration limits</li> <li>Borrowing allowed up to 100% of the fund's property by value</li> </ul>
Standard professional investor fund	Professional investors	Any	PROF CIPR	Open or Closed-ended	Fund manager Custodian	<ul style="list-style-type: none"> <li>No prescriptive requirements on spreads, concentrations or leverage</li> <li>Fund manager can be authorised in the State of Qatar</li> </ul>
Exempt professional investor fund	Professional investors	Any	PROF Limited Application of CIPR	Open or Closed-ended	Fund manager Custodian	<ul style="list-style-type: none"> <li>No prescriptive requirements on spreads, concentrations, or leverage</li> <li>Minimum investment of QAR 400,000</li> <li>Modified minimum Capital requirement of QAR 250,000</li> </ul>

<sup>1</sup> [Customer and Investor Protection Rules 2019 \(CIPR\) | Rulebook](#)

						<ul style="list-style-type: none"> <li>• Professional investors can self-certify</li> <li>• Fund manager can be authorised in the State of Qatar</li> <li>• Fund investors not eligible for the Customer Dispute Resolution Scheme.<sup>2</sup></li> </ul>
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## Operating a QFC Fund

16. QFC funds are established and operated by firms authorised in the QFC to 'operate a collective investment fund'. State fund managers meeting the PROF requirements may also operate professional investor funds. Before an application for registration of a QFC fund can be considered, the Regulatory Authority must be satisfied with the operator of the proposed fund. The Regulatory Authority considers the operator to be the mind and management behind the fund's establishment and the entity that determines the legal form, investment policy and locations where the fund will be sold. The operator will also, as applicable, select and appoint the administrator, custodian, investment manager and distributor of the Fund.
17. All funds registered under COLL must appoint a firm (the independent entity) licensed to provide custodial services. The independent entity is responsible for providing custody of the fund's property and overseeing that the operator is managing the fund in accordance with the requirements of COLL, the constitutional document, and the latest filed prospectus.
18. Under COLL, both the operator and the independent entity may outsource their regulatory functions (in most cases not to each other), subject to the outsourcing arrangements being governed by an appropriate outsourcing agreement. However, an operator may outsource certain fund administration services to the fund's independent entity (for these services, refer to the section on 'Other activities').

<sup>2</sup> [Customer Dispute Resolution Scheme Rules 2019 \(CDRS\) | Rulebook](#)

19. Funds registered under PROF do not require the appointment of an independent entity but require the fund manager/operator to safeguard the fund's property and to provide an appropriate level of protection for participants. The Regulatory Authority would expect that, in most cases, this would be satisfied by the fund property being held by an independent custodian.
20. Operators in the QFC are also required to hold applicable minimum levels of capital as determined under the relevant rulebook, i.e., the Banking Business Prudential Rules 2014 ("BANK"), the Islamic Banking Business Prudential Rules 2015 ("IBANK") or the Investment Management and Advisory Rules 2014 ("INMA"), as well as a range of other requirements that generally apply to all firms authorised in the QFC, such as those relating to anti-money laundering obligations, systems and controls, and key personnel.

### **Operating a non-QFC fund**

21. Firms may seek authorisation from the Regulatory Authority to operate non-QFC funds. Non-QFC funds largely fall outside the scope of COLL and PROF and firms seeking authorisation to operate a non-QFC fund should contact the Regulatory Authority prior to making any application.

### **Marketing and selling units in a fund**

22. The QFC offers a unique and flexible opportunity to market and sell units in funds in the Qatari market and beyond. This flexibility is supported by conduct of business requirements that are risk-based and aligned with global standards. These requirements are in the Customer and Investor Protection Rules 2019 ("CIPR") and are tailored to the different needs of customers based on their classification.

### **Other activities**

23. Aside from operating a fund, providing custodial services and marketing and selling funds, firms may also seek authorisation to conduct a range of other activities in the QFC relating to asset management for both QFC and non-QFC funds. Of particular interest are the activities of providing administrative services for funds and managing investments for funds.
24. Providing administrative services covers a range of activities, including:
- a. processing dealing instructions, including effecting issues, redemptions, and stock transfers, and arranging settlements;
  - b. portfolio accounting;



- c. valuing assets and performing net asset value and net asset value per unit calculations;
- d. unit pricing;
- e. dividend calculation and distribution;
- f. keeping the register of unit holders and unit holder registration details;
- g. performing any regulatory requirements, e.g., anti-money laundering or combating terrorist financing;
- h. undertaking transaction monitoring and reconciliation functions;
- i. producing financial statements; and
- j. communicating with and providing information to the participants, the fund, the operator, the independent entity, the Regulatory Authority, and other persons concerning the Fund.

25. Managing investments for funds covers a range of activities, including advising on investments, arranging deals in investments, and managing investments. The specific requirements for firms who advise, arrange, and manage investments are located in INMA and CIPR.

26. To be authorised to conduct these activities in the QFC, a firm would also be required to hold minimum levels of capital as determined under the relevant rulebook, BANK, IBANK or INMA, as well as a range of other requirements that generally apply to all firms authorised in the QFC, such as those relating to anti-money laundering obligations<sup>3</sup>, systems and controls<sup>4</sup>, and key personnel<sup>5</sup>.

## Fee structure

27. The table below highlights the fees applicable to operators and funds.

Type of fee	Fee amount (USD)
Firm authorisation application fee	\$ 10,000
Operator annual fee	\$ 10,000 + \$ 500 per approved individual
Fund registration application fee	\$ 2,000
Registered Fund annual fee (per fund)	\$ 2,000
Umbrella Fund and sub-funds (authorisation and annual)	\$ 2,000 – \$10,000
Application fee for approval of individuals	\$ 500 per individual

<sup>3</sup> [Anti-Money Laundering and Combating the Financing of Terrorism Rules 2019 \(AML/CFTR\) | Rulebook](#)

<sup>4</sup> [Governance and Controlled Functions Rules 2020 \(CTRL\) | Rulebook](#)

<sup>5</sup> [Individuals \(Assessment, Training and Competency\) Rules 2014 \(INDI\) | Rulebook](#)

## The application process

28. All firms must be established under the CRO, licensed in the QFC by the QFCA, and authorised by the Regulatory Authority to carry out any regulated activity in the QFC. Firms seeking to establish QFC funds must also apply to register the fund.
29. The level of detail required by the Regulatory Authority for an application for authorisation or registration of a fund will depend on the nature of the proposed activity.
30. As regards the process for the registration of a fund, a streamlined application process is being developed, which requires a single submission addressing the incorporation under the CRO, licensing from the QFCA, and registration of the fund under PROF or COLL by the Regulatory Authority.
31. Prospective applicants ("applicants") or existing authorised firms wishing to conduct non-QFC collective investment fund activities should complete Form Q02 'Application for Regulated Activities Authorisation' or Form Q13 'Application by an Authorised Firm to Vary the Scope or Withdraw its Authorisation'.
32. Applicants or existing authorised firms wishing to apply for authorisation to conduct regulated activities (including operating a fund) should complete Form Q02 or Form Q13.
33. These forms will require applicants to provide, amongst other things:
  - a. general information about the firm;
  - b. a description of the proposed business;
  - c. details of the firm's compliance arrangements;
  - d. information on the firm's IT systems;
  - e. financial information about the firm;
  - f. details regarding the firm's anti-money laundering systems and business continuity plans; and
  - g. outsourcing arrangements, if planned or proposed.
34. Applicants or existing authorised firms wishing to apply to register a fund in the QFC should complete either Form Q18A, to register a fund under COLL, or Form Q18B, to register a fund under PROF. The relevant form should be completed by the proposed operator of the fund. All forms can be found on the Regulatory Authority website at <https://www.qfcra.com/e-submission/>.

35. Forms Q02, Q18A and Q18B enable the Regulatory Authority to develop a greater understanding of the operator and its proposals and require applicants to provide details on, amongst other things:
- the operator's experience, expertise, and track record;
  - the operator's ownership and control structure;
  - financial information about the firm, including its track record for assets under management and base capital; and
  - a description of the proposed fund, its structure, and objectives.
36. Applicants or existing authorised firms wishing to conduct fund activities (other than operating a fund under COLL or PROF) should also complete Form Q02 or Form Q13.

### **Applying for approval of approved individuals of an authorised firm**

37. Applicants seeking authorisation will be required to appoint individuals to perform certain key functions on its behalf ("controlled functions"). Individuals carrying out controlled functions must be approved by the Regulatory Authority as approved individuals. The controlled functions are defined in the Individuals (Assessment, Training and Competency) Rules 2014 ("INDI"), available on the Regulatory Authority website at [www.qfcra.com](http://www.qfcra.com).
38. Applicants applying for authorisation must ensure that individuals who will act as their approved individuals, complete, and submit to the Regulatory Authority Form Q03, "Application for Approved Individuals", which is available to download from the Regulatory Authority website [www.qfcra.com](http://www.qfcra.com).
39. This form will require individuals to provide information about their:
- contact details;
  - employment history;
  - qualifications; and
  - past financial and disciplinary history.

## Pre-application meetings

### Authorised firms

40. Existing authorised firms should contact their Regulatory Authority Supervision contact to discuss their proposals.

### Applicants

41. The Regulatory Authority would expect to hold a pre-application meeting to discuss an applicant's proposed regulated activities and to answer any questions regarding the authorisation process. The QFCA would additionally wish to discuss the applicant's proposed business before application and answer any questions that the applicant might have, concerning the QFC framework.
42. Prospective applicants may contact the QFCA at +974 4496 7777 or [fso@qfc.qa](mailto:fso@qfc.qa) and the Regulatory Authority Authorisation Team at +974 4495 6888 or [rs@qfcra.com](mailto:rs@qfcra.com).