

Part Ten
Penalties and Financial Fines

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Penalties and Financial Fines

Penalties and Financial Fines

1- Chapter 15 of QCB law No.33 of the year 2006 regarding Penalties

According to QCB law No 33 of the year 2006 chapter 15 regarding penalties, any bank violating the following articles of the law shall be penalized:

Article (97)

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

Article (98)

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

Article (99)

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

Article (100)

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

Article (101)

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

Article (102)

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

Article (103)

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

Article (104)

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

Article (105)

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

Article (106)

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

2- Financial Fines

QCB decides to impose uniformed financial fines for all banks violating the approved ratios. The financial fine calculation is based on the number of violation days persists, not on only working days. Such instructions and tables hereof have been amended.

2/1 Capital adequacy for foreign banks' branches

- This ratio is calculated only for foreign banks branches operating in Qatar, whose head offices abroad calculate Basel "I" Capital adequacy ratio not less than 3% and also, foreign banks branches operating in Qatar, whose head offices abroad do not calculate Basel "I" Capital adequacy at minimum limit ranging from 3% to 6%.
- Fines are imposed for each business day in which the required minimum limit for this ratio is violated according to the attached fines table annex no. (129) of page no. (606).

- If a bank violates the minimum limit on any day, the bank must fill in the following attached two forms and submit them to QCB by the eighth day of the month following the violation date:
 - Form of calculation of capital and reserve ratio to total net assets (form no. 1) annex no. (127) of page no. (604).
 - Form of recording the fine of capital and reserve ratio violation to total net assets (form no. 2) annex no. (128) of page no. (605).

2/2 Real Estate Financing:

- The financial fine is imposed for each day of violation for the required maximum limit of the real estate financing ratio, indicated herein, pages no. (127-128) according to the table of fines for the violation of real estate financing ratio annex no. (123) of page no. (598).
- Such ratio is calculated for each day of the month and in case of exceeding the ratio for one day or more, banks must fill in the following two forms and submit them to QCB attached with the monthly balance sheet:
 - (Form no. 2) calculating the real estate financing ratio annex no. (121) of page no. (596).
 - (Form no. 3) recording the fine for the violation of the real estate financing ratio annex no. (122) of page no. (597).
- QCB may request any bank, at any time, to calculate the real estate ratio for all days of a certain month. If unreported violations are detected, QCB will impose the maximum limit of the fine for each day, in accordance with the rules of article (105) of the Qatar Central Bank's law no. (33) of year 2006.

2/3 The ratios of international financing and real estates investments (for Islamic banks)

If the bank violates any of the international financing ratio to the customers' deposits as a maximum limit of 70% and the real estate investment ratio indicated herein pages no. (136) & (153-154) for a day or more, these ratios must be calculated for all

days of violation during that month, and the attached forms annex no. (38) of page no. (481), annex no. (40) of page no. (483), and annex no. (39) of page no. (482), fines tables annexes no. (42&43) of pages no. (485-486) should be filled in. The fine of the ratio violation annex no. (41) of page no. (484) must be recorded. QCB may request any bank to calculate any of these ratios for all the days of a certain month. If unreported violations are detected, QCB will impose the maximum limit of the fine for each day, in accordance with the rules of article (105) of the Qatar Central Bank's law no. (33) of year 2006.

2/4 Liquidity Ratio

- A fine is imposed for each day the bank falls below the minimum limit of the ratio in accordance with the attached table of the fines of liquidity ratio violation annex (29), page no. (472).
- If any bank violates the minimum limit of this ratio in one day or more, the ratio must be calculated for all the days in that month and the two attached forms no. (2) & (3), annexes no. (29) & (30) of pages no. (472-473) must be filled in and submitted to QCB attached with the monthly balance sheet.
- QCB may request any bank, at any time, to calculate this ratio for all days of a certain month. If unreported violations are detected, QCB will impose the maximum limit of the fine for each day, in accordance with the rules of article (105) of the Qatar Central Bank's law no. (33) of year 2006.

2/5 Credit Ratio

- Banks are fined for every day the violation occurs, in according with the attached table of the fines for the violation of the credit ratio annex no. (32) of page no. (475).
- Each bank must calculate the credit ratio, based on the data of its monthly balance sheet. If the ratio exceeds the maximum fixed limit in one day or more, the ratio must be calculated for all the days in that month and the following attached two forms should be filled in and submitted to QCB attached with the monthly balance sheet.

- (Form no. 1) calculating the credit ratio annex no. (33) of page no. (476).
- (Form no. 2) recording the fine of credit ratio violation, annex no. (34) of page no. (477).
- QCB may request any bank, at any time, to calculate this ratio for all the days of a certain month by filling in form no. (1). If unreported violations are detected, QCB will impose the maximum limit of the fine for each day, in accordance with the rules of article 105) of the Qatar Central Bank's law no. (33) of year 2006 and also form no. (2) should be filled in and submitted to QCB within a timely determined period.

2/6 Overdraft to credit facilities ratio

- Banks are fined for every day the violation occurs, in accordance with the table of the fines of the overdraft to total credit facilities ratio violation annex no. (35) page no. (478).
- Each bank must calculate the overdraft to total credit facilities ratio, based on the data of its monthly balance sheet. If the ratio exceeds the maximum fixed limit on one day or more, the ratio must be calculated for all the days in that month and the following attached forms must be filled and submitted to QCB attached with the monthly balance sheet:
 - (Form no. 1) The form of calculating the overdraft to total credit facilities ratio annex no. (36) of page no. (479).
 - (Form no. 2) The form of recording the fine for the violation of the overdraft to total credit facilities ratio annex no. (37) of page no. (480).
- QCB may request any bank, at any time, to fill in form no. (1) for calculating the ratio for all the days of a certain month. If unreported violations are detected, QCB will impose the maximum limit of the fine for each day, in accordance with the rules of article (105) of the Qatar Central Bank's law no. (33) of year 2006 and also form no. (2) should be filled in and submitted to QCB within a timely determined period.

2/7 The Ratio of the assets in foreign currency to the liabilities in foreign currency

- Financial fines are calculated for each day the minimum limit for the ratio is violated, in accordance with the table of the fines for the violation of the ratio of the assets in foreign currency to the liabilities in foreign currency annex no. (46) of page no. (489).
- If any bank falls below the minimum limit for this ratio, the ratio must be calculated, based on the data of the monthly balance sheet of all the days of the month and the attached forms in annex no. (45) of page no. (488) and annex no. (44) of page no. (487) should be filled in and submitted to QCB attached with the monthly data.
 - (Form no. 1) ratio of calculating the assets in foreign currency to the liabilities in foreign currency annex no. (45) of page no. (488).
 - (Form no. 2) recording the fine for the violation of the ratio annex no. (44) of page no. (487).
- If the ratio is less than the fixed minimum limit for any day, and the bank did not provide QCB with the data and the ratio forms, the maximum limit of the fine for each day of the violating days will be calculated annex (46) of page no. (489).

3- Procedures for Repurchases Operations (REPOs)

If a bank defaulted in payment of the amount due for repurchases operation, it will be fined with an interest equal to three times the repurchases (REPOs) price and the amount of this fine shall be recorded in its account at QCB. The public debt securities are withheld till the settlement of the due amount from the repurchases operations. Item no. (2) page no. (31-32).

4- Required Reserve Instrument

- If there is a specific shortage in the balance of any bank, QCB will impose financial fine with an annual price, not exceeds five times of QCB's interest rate. The fine is calculated for the amount of shortfall from the required balance for each day the shortage occurs or continues, and the receipts are recorded as revenue in the QCB's accounts.

- If the bank makes delay in provide QCB with the required data to calculate the obligatory reserve on the determined date, a fine at a minimum limit of QR 5000 will be imposed for every day of delay.

5- Clearing at QCB

If the bank's overdraft exceeds the limit (according to the limit specified by QCB) or the account statement after working hours, a fine of QR 5000 Five Thousand Qatari Riyals for every day clearing shall be imposed.

6- Fines for the Electronic Clearing

If banks do not abide by instructions on clearing operation and procedures of an accurate and immediate completion of clearing cheques, financial fines will be imposed in according to the list attached in annex (130) of page no. (607) of these instructions as from the date indicated in the list.

7- Statistics of Balance of Payments

A QR 1000 (One Thousand Qatari Riyals) fine shall be imposed for each day of delay after the period stated in item (6) of page no. (356-357) of Part Eleven "Periodical Data").

8- Cash Dealing (Repaid Cash deposited at QCB):

In case of detection of any forged repaid cash of a bank, the violated bank will be fined with an amount 10 times of the forged amount. The fine will be minimum (QR 500) for all types of denomination. (as mentioned in item no. (4/2), page no. (59))

9- Banking Systems Instructions- Banking Electronic Instructions:

9/1 Smart Card and EMV Standard Approval

- With regard to the preparatory period for adjusting EMV standard with NAPS mentioned herein page no. (88), item no. (1/1) Part Six, "Banking System", a financial fine of QR 25000 per each week of delay after 31-1-2006 shall be imposed.

9/2 A financial fines shall be imposed on violations mentioned in the banking electronic instructions in page no. (88-93) herein for the following items:

- Item 1/3, page no. (88) a financial fine of QR 25000 shall be imposed for each week of delay after dates mentioned in circular (87/2006).
- Item 1/5, page no. (89) a financial fine of QR 25000 shall be imposed for each week of delay after dates mentioned in circular (56/2007).
- Item 1/6, page no. (89) a financial fine of QR 25000 shall be imposed for each week of delay after dates mentioned in circular (58/2007).
- Item 3/2 in page no. (90) a financial fine of QR 10000 shall be imposed on banks which did not complete the implementation of the service of SMS messages on customers withdraws for each week of delay after dates mentioned in circular (99/2006).
- Item 7, page no. (92) NAPS operational instructions a financial fine of QR 5000 shall be imposed on any transaction violates the instructions mentioned in circular (57/2006).

10- Over Drafted Current Accounts (Islamic Banks)

The financial fine stated in Article (105) of QCB Law No 33 of the year 2006 shall be calculated for each day the any customer's current account is over drafted. Cases mentioned in Item (9) pages no. (125-126) of these instructions shall be excluded.

11- Conditions and Documents of Credit Agreement

If any bank violates item 10, page no. (126-127) third paragraph, a fine will be imposed as prescribed in article 105 of QCB Law No 33 of the year 2006.

12- Financing of subscription in capitals of companies under constructions

A financial fine shall be imposed on banks violating instructions according to article 105 of QCB Law No 33 of the year 2006.

13- Financing Customers trade in securities

The maximum financial fine shall be imposed on banks violating all types of credits granted for purpose of securities trading as mentioned in pages no. (138-141), within the limits stated in article 105 of QCB Law No 33 of the year 2006.

14- Using Personal accounts for commercial purposes (circular 225/2007)

Financial fines and penalties shall be imposed on banks violating instructions in item 8 page no. (230) according to article 105 of QCB Law No 33 of the year 2006.

15- Anti-money Laundering and terrorism financing

Without violating any intensified punishment prescribed by other relevant laws, punishment stated in QCB Law No 33 of the year 2006 regarding the violation of the anti-money laundering and counter-terrorism financing instructions mentioned in pages (300-316), shall be applied as from 31/3/2008.

16-Corporate Governance in Banks and Financial Institutions

If any bank or financial institution does not comply with instructions and continue to violate them, QCB shall, at its discretion, apply article (72) of QCB Law No 33 of the year 2006.

17- Inter-bank Payments System

According to QCB' letter no (N M-166/2007) on 28/3/2007, circular no (16/2007) on 29/1/2007, and circular no (8/2006) on 3/1/2006 regarding developing inter-bank payments system, and upon request of some banks to extend the deadline allowed to complete the new swifts system's test;

QCB decides to extend the limited time to three more weeks.

All contradicting payments will be rejected as from 29/4/2007 and (QR 100) fine shall be imposed for each rejected payment.