

## LAW NO. (25) OF 2002

### INVESTMENT FUNDS

We, Hamad Bin Khalifa Al Thani,

Emir of the State of Qatar

After looking into:

The temporary amended basic law, and particularly articles (23), (34) and (51) thereof,

And the law of Commercial Companies issued by Law No. (11) of 1981, amended by Law No. (9) of 1998,

And the law-decree No. (15) of 1993 pertaining to the establishment of the Qatari Central Bank, amended Law No. (19) of 1997,

And Law-Decree No. (22) of 1993 pertaining to the regulation of the Ministry Of Finance, Economy And Commerce and determining its competencies,

And Law No. (14) of 1995 pertaining to the establishment of the Doha Stock-Market,

And Law No. (13) of 2000 pertaining to regulating the foreign capital investment in the economic activity,

And Emiri order No. (1) of 2002 pertaining to the amendment of the constitution of the Cabinet,

And the suggestion of the Minister of Economy and Commerce,

And the draft of law submitted by the Cabinet,

And after consulting the Supervisory Council,

We resolved the following law:

#### Article (1)

In the applying the provisions of this law, the following words and expressions shall carry the meanings expressed next to each, unless the context requires otherwise:

<b>The Ministry</b>	: Ministry of Economy and Commerce.
<b>The Minister</b>	: Minister of Economy and Commerce.
<b>The Bank</b>	: Qatar Central Bank.
<b>The Market</b>	: Doha Stock Market.
<b>The Fund</b>	: A monetary investment entity acquiring the legal personality and founded pursuant to the provisions of the law.
<b>The bank</b>	: Any of the operating banks in the State.
<b>The Investment Company</b>	: Any financial company authorized by the bank to perform investment works.
<b>The Founder</b>	: The bank or the investment company authorized to found investment Funds.
<b>The Fund Manager</b>	: The natural or artificial person appointed by the founder to manage the Fund.
<b>The Investment Trustee</b>	: The bank undertaking the trusteeship of investment of the Fund assets.
<b>The Investment Units</b>	: The shares constituting the capital of the Fund.
<b>Securities and Financial Instruments</b>	: The shares and bonds of the Qatari joint-stock companies, the bonds and money orders issued by the government or Qatari public organizations and institutions, or any other securities authorized to be circulated; and the other

## **The Private Subscription**

investment instruments within the State of Qatar and abroad; and whatsoever considered as such by virtue of the law or the custom or is defined by the bank to be as such.

: Invitation addressed to a specific category or specific people for subscription to the capital of the Fund.

### **Article (2)**

It is permissible to create Funds to invest and develop financial securities and instruments and funds pursuant to the provisions of this law, the executory rules thereof and the instructions issued by the bank.

It is also permissible to create investment Funds that handle the investment in real estates and development projects domestically and abroad.

### **Article (3)**

The foundation of the Fund that undertakes investments in real estates, funds and stocks abroad is implemented by virtue of an authorization from the bank.

The foundation of the Fund that undertakes investments in the shares of the Qatari joint-stock companies and in the shares enrolled in the stock-market, real estates, and projects within the state of Qatar is implemented by virtue of an authorization issued by the bank, further to the approval of the minister.

### **Article (4)**

The capital of the Fund shall be divided into equal investment units and the liability of the owners of these units shall be limited proportionally to their shares in the capital, and the owners of these units are not allowed to take part in the investment activities in the assets of the Fund.

Every Fund capital unit shall have a nominal value in Qatari Riyals or in any other currency. In all cases, the nominal value of the unit shall be paid off all at once or according to the requirements of the Fund's basic law.

### **Article (5)**

The Funds wishing to register its investment units in the stock market have to obtain the approval of the stock market and the bank according to the prevailing laws and regulations.

After its foundation, the Funds shall be registered in the commercial register at the ministry in a peculiar Funds Register.

The founder may create more than one Fund.

### **Article (6)**

Every Fund shall have a legal personality and a financial estate independent from the founder. The Fund's assets may not be distrained unless in terms of fulfillment of the obligations arising from the investment of its assets.

The founder may appoint a Fund's investment trustee according to the instructions adopted by the bank.

The investment trustee may not be owner of any of the Fund's units.

### **Article (7)**

Every Fund shall have a director who represents the Fund before the judicial authorities and in its



relation with others, and has the right to sign for the Fund. The Fund director may not be a member of the board of directors or an executive director of the founder.

The appointment of the Fund manager shall be subject to the approval of the bank, while it shall be performed through coordination with the market in case of the Funds that undergo registration of their investment units for circulation in the market.

#### Article (8)

Funds floating their investment units for circulation shall be subject to the laws, rules and decisions regulating the market.

In all cases, the accounts and activities of the Funds shall be subject to the surveillance and supervision of the bank and to the bank's instructions.

#### Article (9)

Investment units are floated for public or private underwriting.

Non-Qatari artificial and natural persons may participate in the Funds, while the minister shall determine, by counseling with the Minister of Finance and the Governor of the bank, the percentages of their participation in the Funds that deal with shares, real estates and Qatari projects.

#### Article (10)

Every Fund shall have one or more auditors to be appointed pursuant to the conditions and procedures determined by the bank.

#### Article (11)

The Fund shall terminate for one of the following reasons:

- 1- End of the period determined thereto.
- 2- Termination of the objective for which the Fund was founded.
- 3- Issue of a judicial judgment for the dissolution of the Fund.
- 4- Occurrence of one of the liquidation cases provided by the Fund's basic law.
- 5- Termination of the founder or the declaration of his bankruptcy unless another authority assumes the management of the Fund further to the approval of the bank.

#### Article (12)

Without prejudice to any severer penalty provided by another law, every person founding a Fund without an authorization shall be sentenced to imprisonment for not more than six months and subject to a daily fine of not more than (5000) five thousand Riyals, or to any of these two sanctions. And the violator shall be obliged to liquidate the Fund, return the underwriters' money and bear the expenses of the liquidation.

Every person contravening any other provision of this law shall be sentenced to imprisonment for not more than three months and to a fine of not more than (50,000) fifty thousand Riyals or to any of these two sanctions.

#### Article (13)

The minister shall issue, upon the proposition of the bank and the recommendation of the market, the rules and decision in execution to the provisions of this law, provided that the executory rule is issued within three months from the publication date of this law in the official gazette.

The rule shall specify the conditions and procedures of authorization, the participation and

underwriting in the Fund, the appeals on the decision rejecting the foundation of the Fund, the rights and obligations of the persons managing the Fund, the appointment and dismissal of the auditors, the method of recalling or circulation of the investment units, the underwriting bulletin, the conditions to be fulfilled in both types of underwriting, the rules and provisions and procedures to be adopted upon the liquidation of the Fund and the other procedures in relation with the activities of the Fund.

#### Article (14)

All the competent authorities, each within its competence, shall enforce this law and it shall be effective as from the publication date thereof in the official gazette.

Hamad Bin Khalifa Al Thani  
Emir of the State of Qatar

Issued at the Emiri Diwan on: 15/6/1423 A.H  
Corresponding to: 24/8/2002