Second: Monetary Policy Instruments

1- Qatar Money Market Rates (QMR)

1/1 This instrument shall be applied as from January 2006, according to the following controls:

A- QCB shall declare two interest rates; one for depositing and the other for lending, using computers through the QCB-connect network.

B- QCB Rate changes according to maturities ranging from one night to thirty days.

C- QCB shall determine, for each bank, a ceiling for total depositing and another one for total lending.

D- QMR Lending shall be conducted during the daily working hours from 9:00 am till 2:00 pm.

E- The one-night operations shall be renewed automatically (rolled over) unless the bank determines another maturity.

F- All overnight operations of multiple-day maturities shall be transferred into one-night operations at maturity unless the bank determines another maturity.

G- If the due date of the QMR balance falls on an official holiday, it shall be extended to the next working day with the same interest rate.

H- Interests or returns on the deposited or borrowed funds shall be recorded in the clearing account of the bank at the first of next Gregorian month.

I- QMR shall be amended as QMR depositing shall be conducted during the daily working hours from 9.00 am till 10.00 am as from Sunday 3/10/2010. Any QMR depositing conducted after that time shall not be considered. However, QMR lending shall be conducted at the time mentioned in item no. (D).

1/2 QMR Operations

The instructions on the limits on QMR operations shall be applied as QMR deposits and

4 Refer to circular no. (4/2011) dated 10/1/2011. This circular has been amended according to letter of Researches and Monetary Policies no. (ب س ن/145/2011) dated 21/12/2011 submitted to Deputy Governor.
CDs shall not exceed 100% of the required reserve calculated monthly and approved by QCB. Accordingly, the interest will not be paid for the excess.

These instructions are effective from 17/1/2011.

2- Management of Public Debt Securities Repos

- Banks shall have the right to conduct Repo operations through Public Debt, Banking Affairs and Issuance Department in accordance with the ceilings identified by QCB; however, QCB shall have the right to accept or reject the Repo. For more information, the bank can contact head of Public Debt from 9:00 am. to 1:30 pm. as of 21 May 2007 on the following numbers: 44456427, 44456428, and Fax: 44430215.

- QCB shall declare the Repo rate through computers with QCB-connect network.

- The period of the Repo shall be from two weeks to one month.

- The operations shall be conducted during the daily working hours, from 9:00 am. to 1:30 pm.

- The operation period shall be extended to the next working day with the same interest rate of Repo, if it ends on an official holiday.

- The bank shall pay to QCB the contracted amount of the Repo, plus the interest or return, on the due date.

- Repos shall neither be renewed nor extended.

- QCB shall hold the public debt securities and other securities owned by the bank as a guarantee until it fulfills its obligations.

- The Repo shall not be conducted if the operation period ends after the due date of the public debt securities.

- The due amount of the Repo shall be recorded in the clearing account at QCB, if the bank delays in paying off the due amount of the Repo. Thus, the bank would be fined with an interest or return rate equivalent to triple of the Repo rate. Additionally, the public debt securities shall be held till the due amount of the Repo is paid off.

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5 Refer to item no. (3) in page no. (547).
3- Required Reserve Ratio

- Banks are committed to hold the required reserve at QCB, which is equivalent to 4.75% of their total deposits due from the banks, as of 15/4/2008. This percentage shall be calculated on basis of the average daily total deposits' balances during the period from the 16th of each month to the 12th of the following month.

- The amount of the required reserve approved by QCB shall come into effect from the 15th of each month to the 14th of the following month.

- Banks shall evaluate the deposits in foreign currencies by converting to Qatari Riyal according to the exchange rate of the last working day of each month.

- Neither interest nor return shall be paid on the required reserve balance.

- Banks shall be committed to provide the Public Debt, Banking Affairs and Issuance Department at QCB, on the 13th of each month, with Statement no. (2) in annex no. (1), signed by a senior officer at the bank, containing the daily balances of total and average deposits for the period mentioned in item no. (3) page no. (44).

- The Public Debt, Banking Affairs and Issuance Department shall ask for the due amount that each bank should hold as a required reserve in thousands of riyals (rounding up fractions) in accordance with the statement sent by the bank in the determined percentage. The bank should be notified on the 14th of each month.

- If any bank's balance somehow falls short, QCB shall impose a financial fine with a maximum of the QCB's interest rate quintuplet. The fine shall be calculated upon the amount of deficit in the required balance for every day that the deficit occurs or continues. The proceeds shall be recorded as revenues in the QCB's accounts as mentioned in Part Eleven, Sanctions and Financial Penalties, in page no. (547).

- If a bank delays in providing the QCB with the data necessary to calculate the required reserve on time, the bank would be fined with a maximum of QR 5000 for each day of delay, as mentioned Part Eleven, Sanctions and Financial Penalties, in page no. (548).

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- With reference to circular no. (4/2012) concerning submitting the data on the required reserve through the Portal and upon the successful testing period as per the bank’s management evaluation, it is decided that the electronic form for submitting the required reserve data shall be applied. On the 13th day of each month, all banks shall accordingly submit the data through the Portal and send a letter, signed by a senior official, to the Public Debt, Banking Affairs and Issuance Department mentioning the amount of the required reserve.

These instructions are effective from July 2012.

4- Issuing Certificates of Deposit

With reference to articles no. (59 and 60) of the Law of the QCB and the Regulation of Financial Institutions (Law no. (13) of 2012) concerning monetary policy and open-market operations, please find attached the decision no. (22/2008) concerning terms and conditions of issuing QCB’s certificates of deposit.

These instructions shall come into force from the date of issuance (13 August 2008).

**Decision no. (22/2008)**

**Terms and Conditions of Issuing QCB’s Certificates of Deposit**

In pursuance of articles no. (59 and 60) of the Law of the QCB and the Regulation of Financial Institutions (Law no. (13) of 2012) concerning monetary policy and open-market operations, we have decided the following:

**Article (1)**

**Definitions**

In the application of the provisions of this decree, unless the context otherwise requires, the following words and phrases shall have the meanings hereby assigned to them:

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7 Refer to circular no. (52/2012) dated 1/7/2012 (to all banks) and circular no. (4/2012) dated 17/1/2012 (to all banks), which is on testing for 3 months as from February 2012 and evaluation will subsequently be conducted.


9 It was previously Law no. (33) of the year 2006.
Certificates of Deposit

Certificates of deposit issued by Qatar Central Bank (QCB) certifying that an amount of money has been deposited by a QCB-licensed bank at a fixed or variable interest rate for a specific period. At the maturity date, a certificate bearer receives the deposit principal and accumulated accrued interests.

QCB
Qatar Central Bank

Department
Department of Public Debt, Banking Affairs and Issuance at QCB

Issuance
Certificates of deposit issued by QCB to banks

Interest
Interest rate computed as a percentage ratio of nominal value. The interest rate is paid by QCB at the maturity date.

Base of Interest Calculating
Actual days divided by 360

Nominal Value
The apparent value shown on the face of a certificate of deposit without any interest or fees.

Optional Early Payment
QCB buys and cancels certificates of deposit whose owner desires to sell to QCB before the maturity date.

Working Days
Starting from Sunday to Thursday, except for official holidays decided by QCB.
Trading Date
Date when certificates of deposit are sold.

Settlement Date
Date when certificates of deposit are settled (i.e. paid and delivered).

Maturity Date
Due date when the nominal value is paid to the certificate bearer.

Fiduciary
QCB being entrusted to hold certificates of deposit on behalf of banks.

Ownership
Ownership documented in QCB records.

Secondary Market
Market where certificates of deposit are dealt with after issuance date up to the maturity date.

Article (2)
Issuance and Time Table
2/1 Certificates of deposit shall be issued to banks licensed by QCB on date determined by QCB from 9:00 am till 12:00 pm in Qatar local time.

2/2 Banks wishing to purchase certificates of deposit shall send SWIFT messages using "QCB-connect" via Department of Public Debt, Banking Affairs and Issuance.

Article (3)
Maturity
Certificates of deposit shall be issued for the following maturities:
1- One week
2- One month
3- Three months  
4- Six months  
5- Nine months  
6- Twelve months  

Article (4)  
**Interest**  
Certificates of deposit shall be issued on basis of a fixed or variable interest rate.

Article (5)  
**Certificate's Formatting, Par Value and Issuance Denomination**  
Certificates of deposit shall be issued to the bearer and sold at its nominal value QR 1,000,000 at a minimum.

Article (6)  
**Payment Settlements**  
6/1 QCB shall deduct value of certificates of deposit allocated for each bank from the clearing accounts as of the issuance date. Every bank shall be informed of the value of certificates of deposit allocated to it.

6/2 Transactions of trading in certificates of deposit shall be conducted in the secondary market.

6/3 QCB shall pay value of certificates of deposit, on the maturity date, that equals to the nominal value plus the accrued interest.

Article (7)  
**Optional Early Sale of Certificates of Deposit**  
Banks wishing to sell certificates of deposit to QCB before the maturity date shall contact the Department to determine prices for certificates of deposit according to their maturities and interest rates minus a margin percentage determined in agreement with the Department. The accumulated interest for the past period shall be added to revenues gained from sale of certificates of deposit.
Article (8)
Fiduciary Accounts
QCB shall provide fiduciary accounts without return for purpose of holding certificates of deposit. The Department shall keep and update the related accounting records according to transactions conducted in the secondary market.

Article (9)
Conditions for Trading in Certificates of Deposit
Banks licensed by QCB may resell certificates of deposit to other banks licensed by QCB. Banks conducting trading transactions should then inform, on the settlement date, the Department of all information related to trading using SWIFT messages before 12:00 pm in Qatar local timing. SWIFT messages should include instructions of payment and delivery/receipt.

Article (10)
Applicable Law
Qatari laws shall be applied to all affairs related to conflicts or disputes that may arise as a result from or related to certificates of deposit.

Article (11)
Subscription and Allocation
Tuesday shall be the subscription and allocation day for the certificates of deposit.

Article (12)
Banks that are not licensed by QCB and other companies may participate in the primary markets for purchasing certificates of deposit after obtaining approval of QCB’s Superior Management.

Article (13)
QCB may collect fees on applications for statements of accounts, SWIFT messages, etc. The concerned department shall define the mentioned fees.
Article (14)

Amendments

QCB may solely make amendments to this decision. Amendments, that are notified to banks, shall come into force and be binding as of notification date.

Article (15)

Transfer of Certificates of Deposit into Treasury Bills

QCB may, when necessary, transfer certificates of deposit issued in coordination with, and with approval of, Ministry of Finance into government treasury bills with the same conditions and values after a formal notification.

Article (16)

The concerned department at QCB shall issue general regulations on issuing certificates of deposit. These regulations shall be attached with, and form an integral part of, this decision.

Article (17)

Decision Explanation

QCB Governor shall be the sole reference in the interpreting or clarifying the provisions of this decree.

Article (18)

This decision shall be notified, in Arabic, to all banks operating in Qatar and licensed by QCB.

Article (19)

Effectiveness Date and Scope of Application

This decision shall come into force as of issuance date and any provisions contradictory to the provisions of this decree shall be null and void.
**General Regulations**

1- **Sale and purchase price to develop the secondary market:** banks shall publicize the sale and purchase price for certificates of deposit on their own websites.

2- **Settlement:** Sale and purchase transactions of certificates of deposit shall be settled through QCB records according to financing against payment. The settlement shall be conducted within the same day (T+O).

3- QCB shall not prepare any reports on the sale and purchase transactions of certificates of deposit, except for large exchange transactions. QCB shall thus issue a report on the total circulating amount and average interest rate on a daily basis.

4- QCB shall not interfere in the secondary market for certificates of deposit. However, QCB would accept certificates of deposit as a guarantee, if QCB requests applications submitted by banks for obtaining credit facilities (loans) to meet the market requirements.

5- QCB shall not allow banks to use credit facilities obtained from QCB for purpose of financing the purchase of certificates of deposit.

6- QCB has the right to accept or reject any application without showing any reasons.

7- Subscriber should submit only one tender.

8- QCB shall not be responsible for any SWIFT messages of incorrect data and of delayed delivery.

9- Department of Public Debt, Banking Affairs and Issuance shall conduct and supervise transactions of subscription in the primary market.