Chapter Seven

Banks' Relation with QCB
Banks' Relation with QCB

First: Centralizing Banking Credit Risk Reporting

1- All banks must disclose:
   A- \(^{216}\) All banks must disclose, on a monthly basis, data regarding all direct and indirect credit facilities granted to customers or their overdrawn accounts, regardless of the credit value.
   B- \(^{217}\) Other Account Receivables within the Credit Facilities:
      It has been noticed that some banks include the account receivables within other assets due to transactions related to selling one of their assets (such as investments, fixed assets or others) or to any other transactions and these account receivables are not recorded under the credit facilities.
      All banks should include these account receivables within the credit facilities. Accordingly, these account receivables should be subject to QCB’s instructions on credit facilities; the banking risk, credit risk, credit concentrations, credit facilities classification and other related instructions.

2- Each bank should enter the balances of credit facility granted and utilized as well as the value of guarantees issued twice monthly in the following order: The first entry should be in the electronic file of Credit Risk System in accordance with the technical rules as given in annex no. (56) within a deadline of the 8th day of each calendar month. The second entry should be as under the electronic file of the Credit Risk Management in accordance with the instructions attached in circular no. (145/2007) dated 29/7/2007 and under Structure File Document within a deadline of the 10th day of each calendar month. Financial penalty shall be imposed for violations as per Article 216 of QCB Law All the data entered by banks through the new banking credit risk system will be considered the authorized data of QCB by which different ratios and indicators would be computed.
      Banks should ensure the accuracy and soundness of the customers' data before computer entry, taking into consideration the general instructions of the new banking credit risk system which are:
      2/1 Upon applying for assigning new codes for any institution or commercial company, they should consider the following:

\(^{216}\) Refer to circular no. (95/2008) dated 16/7/2008 .
• Determining whether the applicant company is the parent company or branch.
• If the applicant company is the parent company, the name of the company should be identical to its commercial name.
• If the applicant company was a company's branch, the parent company’s name should be mentioned in the commercial name space and the name of the branch should be mentioned in the space for the company's name.
• The company declared name should be identical to the name listed in its commercial register, providing a copy of that valid register to the QCB through the Documents System.

2/2 Upon applying for assignment of new codes for any customer whose information and data are recorded in the bank’s credit risk computer system, banks must review such data and check if it is identical to the customer’s available data. In case of any inconsistent data, the bank must immediately contact the Offsite Supervision Division in the Supervision and Control Department for coordination, and taking the necessary measures to record the customer’s correct data and information in the banking credit risk network system.

2/3 Customers conducting professional activities without commercial registers such as consulting companies, lawyers or auditing offices, schools and sporting clubs, etc. must be disclosed through their commercial license codes issued by the Ministry of Local Affairs and Agriculture, Commercial Licenses Section. QCB must be provided with a copy of such valid license through the Documents System.

2/4 Ministries, and governmental bodies and institutions should be disclosed through code numbers assigned by QCB via the prescribed form in annex no. (58).

2/5 To assign new code for a joint account, the bank must enter the joint account name it holds, then the data of the persons related to that account. Consequently, QCB will assign a code to the account through which the bank will submit a request to the QCB asking for allocating a secret number to the said account.

2/6 Banks may, through the new credit risk system, retrieve reports on the balances of the customers' bank who were granted credit facilities of QR 50.000 or more in order to monitor their balances at the bank and all other banks, and
its customers who were granted credit facilities of QR 50,000 or more to monitor the balances of those customers and their credit groups at the bank and all other banks; and about the credit concentrations for all its members of board of directors, their families, relatives and their related accounts at the bank (national banks); the credit concentrations of the main shareholders and their related accounts at the bank (national banks); the credit concentration of the bank employees and their related accounts at the bank; and finally the credit concentration of the bank’s main customers and their related accounts at the bank. For more details on such reports, please refer to page no. (569) of Part of Periodical Data.

2/7 The Banks should deal with the following accounts, whose details could be recognized through the follow up and monitoring:

- Minors without custody:
  It means the minors accounts declared by the bank without entering any data about those minors' custodians: The bank must complete the information relating to such accounts.

- Adults subject to custody:
  It means the accounts of minors as declared by the bank and have reached the adulthood. The bank must amend the status of these accounts by deleting the custodians’ names from those minors' accounts.

- Expired commercial licenses and registers:
  Each bank should ask its customers, whose commercial registers and licenses have expired, to renew their commercial licenses and registers as soon as possible and to provide the bank with a copy of the renewed register or license. The bank would update the valid dates of those customers' commercial registers in the new banking credit risk system after renewing them, and entering a new copy of the commercial register or license after renewal through the Documents System.

- Rejected secret numbers requests:
  Each bank should follow up their requests that were submitted to QCB and was rejected, in order to deal with the reasons for rejection.

2/8 When some banks provide a global credit line to various credit facilities to the customer [global limit for facilities] then consider the balance used for each
type of facilities as a granted limit, whereas the difference between the granted and used values would be classified under the granted limit in the overdraft.

2/9 Real estate collateral value or the estimated value of the mortgaged building, whichever is lower, would be listed in the mortgage contract in the item for the real estate mortgage value.

2/10 If there are more than one mortgage degree of classification for some buildings which are mortgaged for the bank interest, such kind of mortgage shall be classified under different items of degree. Review the technical instructions regarding facilities and collaterals files in annex no. (56).

3- Banks should enter the facilities granted to their customers, who were registered and assigned codes, in a period that does not exceed the eighth day of each month. A financial fine would be imposed on each bank violating these instructions.

4- Banks should start sending a copy of their customers' commercial registers if they are companies, or their commercial licenses in case of licensed entities through Documents System while submitting the following requests:

- Request for allocating new secret number to a company.
- Request for adding new partner.
- Request for deleting a partner.
- Request for modification of any other data of the company.

None of the mentioned requests would be accepted unless it is supported by a copy of the commercial register or license sent throughout the documents system.

5- To define the nature of the customers' relation with banks they deal with, banks must enter the data related to:

5/1 All members of the board of directors of the bank.
5/2 Board of directors' family members and relatives granted credit facilities by the bank.
5/3 Representatives of companies on the bank's board of directors.
5/4 Family members and relatives of the companies' representatives on the board of directors, granted credit facilities by the bank.
5/5 Main shareholders of the bank.
5/6 Family members of the bank's main shareholders granted credit facilities from the bank.
5/7 Offices of the bank auditors.

5/8 All bank's employees granted credit facilities

These data must be entered through the specified template in the banking risk system in the computer, whereas it would be updated monthly for ensuring its soundness at the end of each month.

6- Personal identification numbers

6/1 The data of all holders of personal identification cards, in the State of Qatar, has been already entered in the banking credit risk system in the computer. Accordingly, all banks must complete, as much as possible, the unavailable data about their customers' personal identification numbers- by searching their names throughout the system prepared for that purpose.

6/2 Data entry of the non-resident customers in Qatar

The banking risk system has been provided with a new mechanism for data entry of the non-resident customers as well as those who do not have the Qatari IDs. Banks should apply to QCB for adding a non-Qatari customers ID to QCB. The QCB will later issue a code number for such customers. Therefore, banks should correspond with QCB through this code number. Therefore, banks should inform all related companies whose partners do not have a Qatari ID in order to apply for adding a non-Qatari ID so that QCB can issue a code number to them and add them to the partners list in their companies so that QCB shall use their code number.

7- Banks should enter the previous data of written off debts, as follows:

- The value of customers all debts that were previously written off within the period from 1/1/1979 to 31/12/2001 if its value equal to QR 50.000 or more.
- The value of customers all debts that were previously written off during years of 2002 and 2003 if its value equals QR 5.000 or more.
- All the customers' indebtedness that are written off or will be written off during 2004 or in the coming years whatever is the value of the written-off debt.

Each bank would submit a request for allocating a secret number to any customer whose debts were previously written off and he did not have a code through the new banking credit risk system, with the exception of the customers who died or

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218 Refer to circular no. (38/2002) dated 1/5/2002 items from 5/1:5/8 to all national banks and Item no. (5/7) and (5/8) for national and foreign banks.

left the country before introduction of the personal identification card system in the State of Qatar. 

As for debts which are written off and that the information of the customers are not available, the available information shall be entered in the bank through a program specifically prepared for this purpose, under the name, unknown accounts, as follows:

- The names of customers, who passed away or departed from the country before introduction of identity system in Qatar, should be included in "Remarks".
- If a bank has written off debts of certain companies and does not keep ID numbers of the company's partners, the identification shall be made through the name of the company, and the names of the partners are included in the "Remarks".
- If a company's debt has written-off and has no available registered data, the value of written-off debts shall be separately entered based on the name of each of partners of the companies, provided that, the borrowing company, in which the partner participated, and also the percentage of their participation, shall be stated in the "Remarks".

Banks must continue implementing the instructions mentioned in page no. (181), and when each bank desires to write off a customer's indebtedness has to inform QCB through notification form (إ ت إ). If QCB has no objection against debt being written-off within a month from the notification date, the bank can go ahead with the procedures for debt writing off.

When the bank writes off this debt or any debt of 100,000 Qatari Riyals or less, the value of the debt and all its related data will be entered through the system.

These instructions are effective from September 2003, and all the required data and information should be entered within a period not exceeding six months.

8- Investigation through Banking Credit Risk System:

Under provisions of article no. (82) of QCB Law and instructions mentioned in page no. (364), any bank or employee of a bank is prohibited from providing customers with any data regarding the value of the facility given to customers or their borrower groups from other banks which said bank obtains through banking risk system. It is also prohibited to inform customers with classification category of their personal accounts or the related accounts, or the value of the provisions calculated. Such data is deemed to be the bank's private matter and may not be disclosed to customers.
9- Assignment of Rights:

Upon reviewing banks periodical data through banking credit risk system, QCB noted that banks did not update most of data relating to the disclosed assignment of rights under in-kind guarantees by discounting the value of said assignment of rights by deducting the collected funds or canceling the value of the assignment of rights that were collected totally. As such, said item is overstated and did not reflect the correct value of the guarantee presented. Therefore, QCB strongly urges banks to update all data related to assignments of rights regularly, which disclosing any related data to their customers through banking credit risk systems.

10- Referring to QCB instruction in pages no. (365), it has been noticed that some banks do not accurately update their customers' data in the credit risk system. Considering the necessity of this system, violating banks shall be subjected to financial penalty as per article (216) of QCB Law.

11- Commercial Registries Program:

Due to the requirement and QCB’s concern to update data on banks' customers (corporate) on regular basis, a new program for commercial registries was created within the credit risk system. The commercial registries program assists banks to update customers' data in their records, and the credit risk system. Banks will remain responsible for obtaining recent copies of the commercial registries. However, QCB emphasizes that all banks should abide by the instructions of the central credit risk system mentioned in pages no. (365) in The “Instructions to Banks”, particularly the regulations relating to forwarding copies of the customers' licenses and commercial registries through document system.

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Part (VII) - Instructions of Supervision and Control

Banks' Relation with QCB

Second: Banks' Correspondence with QCB

1- The Designation Codes for Supervision and Control Department

Kindly note that the following designations had been approved for the Supervision and Control Department:

Banks Supervision

Financial Institutions Supervision

Licenses

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These instructions are effective from December 2006.

2- Regulating Banks' Correspondence with Supervision and Control Department

2/1 All business letters relating to the Supervision and Control Department must be addressed only to the Manager of the Supervision and Control Department, and not to The Governor, and delivered to the archive unit if delivered by hand.

2/2 Some banks send the monthly balance sheets and periodical statements without listing the attachments in detail in the covering letter. Banks should clearly indicate the enclosures attached to the covering letter, separately by topic and in numbers such as:

- The detailed tables of assets statements.
- The calculation form of liquidity ratio
- The calculation form of credit ratio.
- Profit and loss Statement.

3- Organizational Structure of the Supervision and Control Department

The organizational structure of the Supervision and Control Department as approved by H.E. the Governor, is indicated in the annex no. (57), wherein the control is distributed among senior officers in the bank management whose names are mentioned below in order to monitor the banking sector performance and they are:
Assistant Manager – Banks Supervision
Mr\ Hisham Al-Mannai

Assistant Manager - Financial Institutions Supervision
Mr\ Sabit Saed

Licenses
Rashid Al Abdallah

Archive
Wesal Al Baker

All banks should contact and correspond with the above offices as per the institutions under their charge.

4- QCB Inspectors’ Reports
Reports of the QCB inspection results are addressed to the Auditing Committee constituted by the bank’s board of directors, which in turn will be in the charge to reviewing the remarks, violations, and overseeing measures and replying to them. Replies should be submitted to the Supervision and Control Department at QCB. A copy of the report should be sent to the General Manager of the bank, or the CEO.

5- Banks’ Organizational Structure
National Banks
With reference to QCB regulations on administrative risks in page no. (251) and to Corporate Governance in banks and FI’s book; banks should submit their organizational structures approved by their boards. The organizational structure should include; committees affiliated to board, sectors, departments, and divisions. Structures should also contain responsibilities and authorities of committees, sectors, departments and divisions, and the names of the persons in charge within 10 days from the date of issuing these regulations. QCB should be informed upon making any change to these data.

6- QCB Organizational Structure
Refer to annex no. (110)

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Banks' Relation with QCB

Third: License, Registration and Fees - Banks

1- License for Banks

1/1 Banking License Application Forms

In accordance with QCB Law Article no. (80/81/82/ & 83), following forms enclosed to circular no. (180/2007) dated 4/9/2007 shall be used for applying to QCB for obtaining licenses to commence business for banks and their local and outside branches according to the requirement stated in forms in annex no. (25).

- License Application Form - National Bank (Form (A) - Banks), annex no. (25).
- License Application Form - Foreign Bank’s Branch in Qatar - (Form (B) - Banks), annex no. (25).
- License Application Form - Branch inside Qatar – (Form (C) - Banks), annex no. (25).
- License Application Form - National Bank’s Expansion outside Qatar – (Form (D) - Banks), annex no. (25).

1/2 Granting or Rejection of licensing application

- As per Article no.(82) of QCB Law, The Governor shall issue his decision to grant the license within sixty days from the date of fulfillment of all the conditions provided for in this law and the regulations and decisions issued in implementation thereof, according to the public interest requirements and the national economy need.

- As per Article no.(83) QCB Law, The Governor shall issue a grounded decision rejecting the licensing in the event it does not fulfill the conditions provided for. The applicant shall be notified of the issued decision regarding the application’s rejection and the reasons thereof. The notification shall be delivered to the applicant’s residence, or office. Notification may also be made in any means which ensures the knowledge of the decision. Applicant may appeal against the decision before the “Dispute Resolution Committee” established under Article (190) of QCB Law within 15 days from the date of receiving the notification.

1/3 The competent administration (Supervision and Control Dept.) shall promulgate the decision to grant the license in the Official Gazette and in two local newspapers,
one issued in Arabic and the other in English. The licensee (the bank) shall permanently display an accredited copy of the license in a visible area in its place of work in the State as per article (85).

1/4 The QCB may license foreign financial institutions to open branches in the State according to the conditions and controls issued by the Board in accordance with Article (87) of QCB Law.

1/5 In accordance with Article (88) of QCB Law, the financial institution shall commence conducting the licensed services, businesses or activities within six (6) months from the date of issuance of the license. The QCB may extend this period for another similar period.

In the event of the elapse of this period without starting to conduct the licensed services, businesses, or activities, the license shall be deemed as if not issued.

1/6 Amending Licensing conditions
QCB may amend the license conditions upon the request of the financial institution in any of the following cases:
A- Addition of any controlled financial services, operations, or activities to those licensed to be offered.
B- Amending or cancelling one or more condition from the conditions specified in the license.
C- Cancelling any services, operations, or activities licensed to be offered.

The QCB may not amend the licensing conditions pursuant to the provision of the previous paragraph, unless after checking the financial institution’s ability to fulfill its obligations under the amended licensing conditions, as per Article (89) of QCB Law.

1/7 License Renewal:
Banking licenses shall be automatically renewed if the bank continues its operations in accordance with QCB Law.

2- Fees Received by QCB
2/1 In accordance with Article (222, 84) of QCB Law, and banking instructions on licensing rules, the fees received by QCB for licenses and approvals granted for banks shall be paid as shown in the table in annex no. (26) as from 1/1/2008:

2/2 Method of Collecting the Annual Fees:
The annual fees would be collected from banks within the first week of January each year:
- The annual fees would be directly deducted from the clearing accounts maintained at QCB.
- Banks will be notified by telex regarding this deduction.

3- Bank’s Articles of Association and Incorporation

3/1 If any bank desires to make any amendments relating to any of the items of the bank’s establishment contract or articles of incorporation, it must obtain QCB prior approval before moving these amendments, together with the reasons for amendment.

3/2 As some banks may restructure their establishment contracts and articles of incorporation, in accordance with the articles of the commercial companies law no. (5) of year 2002, all banks must ensure to take into account, that while they restructure reconstructing their establishment contracts and articles of incorporation, that there are no contradictions between the amended items and the Articles of QCB Law.

4- **Main Data for Bank’s Registration**

Banks should provide QCB with the main data for registration according to the form attached to annex no. (119) both in softcopy and hardcopy using excel sheet to update banks’ data and for annual renewal of the banking activities license within one month maximum as given in page no. (533) in Part for Periodical Data, in accordance with QCB Law, article no. (86).

Banks should be accurate while filling in the required data, a financial fine shall be imposed on banks providing QCB with incorrect data by virtue of Article (210) of QCB Law. As per article (86) of the law, a register shall be established in the competent administration under the name of “Register of financial institutions licenses” maintaining license applications presented by financial institutions and the procedures taken in that regard, as well as all related data and information or any changes to the status thereof, are registered.

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5- Opening Branches and ATMs

All licenses, granted to open branches, install automatic teller machines (ATM), will be valid for six months from the date of approval. QCB may renew for additional six months period on lapse of the second period and if the licensed business has not commenced yet, the license shall be cancelled in accordance with article no. (88) of QCB Law, and as per mentioned in item 1/5 in page no. (373).

6- Data for Starting Branch Activity and Operating ATMs

Some banks obtain QCB’s approval for opening branches and installing ATM’s according to the article no. (118) of QCB Law. In order to achieve QCB’s objectives, it is recommended that banks to fill in the forms indicted below and forward them to the Supervision and Control Department at QCB while starting the operation at the branch or the ATM.

- Form annex no. (60), regarding commencement of activity at branch (b) - branch (c).
- Form annex no. (61), regarding operationalization of the ATM.

7- Revoke or Cease License

The Governor may issue a decision to revoke or cease the license for a specified period, as the case may be in any of the cases stated in Article (90) Of the Law.
Banks' Relation with QCB

Fourth: Banks' Working Hours and Official Holidays

In accordance with article (163) of QCB Law, and as per QCB instructions mentioned in pages (394-395) of The Instructions to Banks up to Nov. 2011 regarding the above subject, the aforementioned instructions shall be replaced by the following:

A- The weekly holidays for banks operating in the State of Qatar are on Friday and Saturday.

B- Banks' official business hours: Banks official business hours to deal with customers, start at 7:30 a.m. and continue for minimum five and half hours daily from Sunday up to Thursday. Banks may open branches in the afternoon for limited hours provided that QCB’s prior approval is obtained and security and safety conditions are met.

(Branches in commercial centers, hotels, airport, or any other location, may open during unofficial working hours provided that QCB’s prior approval is obtained).

C- Banks may open some branches during Fridays and Saturdays and during the state official holidays to deal with public for certain hours in the morning or in the evening provided that QCB’s prior approval is obtained and security and safety conditions are met.

D- 224Banks will deal with QCB’s departments during the following hours:

- Cash receipt and delivery: from 8:00 a.m. to 1:00 p.m.
- Clearing house: from 11:00 a.m. to 11:30 p.m.
- REPO operations: from 9:00 a.m. to 1:30 p.m.
- 225Money market operations (QMR): 1-deposit from 9:00 a.m. to 10:00 p.m. 2-lending from 9:00 am to 2:00 pm

E- Official business hours of banks during the month of Ramadan: Banks official business hours to deal with customers, start at 8:00 a.m. up to minimum five hours daily from Sunday up to Thursday. Banks may open branches in the afternoon during all days of the week provided that QCB’s prior approval is obtained and security and safety conditions are met. (Branches in commercial centers, hotels, or any other location, item above (B) shall be is applied. Weekly and official holidays item (C) above shall be applied.

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224 Refer to circular no. (111/2012) dated 17/12/2012.
225 Refer to circular no, (116/2012) dated 30/12/2012.
F- Official holidays for banks:

- End of the year closing: One day on the 1st of January of each year.
- National Sports Day:\(^{226}\)
  - Banking Day on the First Sunday each March every year.
  - Eid Al Fitr: 3 days after the end of the 29th of Ramadan.
  - Eid Al Adha: 3 days starting from the 9th of Zul-Hijja.
  - The National Day: One day on the 18th of December of each year.

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\(^{226}\)Refer to circulars no. (3/2012) dated 15/1/2012 and no. (6/2012) dated 17/1/2012.

1- As per the Amiri decree no (80) of year 2011 on the national sports day, according to article (1) of the law, the national sports day shall be celebrated on the Tuesday of the second week of February each year and shall be considered a paid official holiday.

2- With reference to the Amiri decree no. (80) of year 2011 on the national sports day on Tuesday the 14th Feb. 2012, QCB shall organize sports contest for employees of banks, financial institutions, QFMA, and Qatar Exchange. As such the Governor decided to form a committee for this purpose. All banks, financial institutions and concerned parties should nominate select staff to communicate with the committee. Nominated Staff’s names are to be sent to fax no. 44222325 within maximum three days. For inquiries contact Mrs. Hanaa Saeed Mohamed Ali Tel: 44222320
Banks' Relation with QCB

Fifth: Undertaking from the Headquarters

All branches of foreign banks operating in the State of Qatar should provide QCB with an undertaking, similar to the attached form annex no. (59), which must be filled in by their headquarters at the parent country and signed by an authorized signatory on behalf of the general management of the bank in that country. This undertaking must be printed on the bank’s letter head and addressed to the Governor of QCB, while committing to assign a qualified management in order to manage the affairs of branches operating in the State of Qatar.

Article (125) of the QCB Law:
“The QCB may ask branches of foreign financial institutions to submit securities and guarantees which nature and conditions are determined by the QCB, to ensure capital and liquidity adequacy and to cover any losses that these branches might incur in the State.
In case the foreign financial institution’s branch ceased payment or upon liquidation, or its head office ceased payment or upon liquidation, the creditors of the branch located in Qatar shall have the privilege to face other creditors.”
Banks' Relation with QCB

Sixth: Classification of Headquarters and Branches Activities

The bank's Main Office or Branch "A"

The main office of a bank, according to its articles of incorporation, will perform all the banking activities within the framework of laws enforced in Qatar and banking practices such as: accepting deposits, granting credit facilities, opening letters of credits, covering transfers and banking cheques issued by the branches- foreign exchange and investments, utilizing the bank sources of funds, establishing all departments necessary for conduct of banking business, implementing the senior management policy, and issuing guarantees- financial coverage for transfers issued from the branches, and letters of credits for branches customers.

Branch "B"

Branch “B” performs all the banking activities conducted by branch “A” while the main office is responsible for accomplishing all actual transactions by sending the telex, setting the code, providing the necessary coverage to the transactions of letters of credit or banking transfers with correspondents abroad, after the branch receives applications for these activities.

Branch "C"

Branch "C" performs activities that are determined by the QCB, according to bank’s request. These branches may not open deposit accounts or grant credit to customers, and their activities are confined to the purpose prescribed in the license. These branches may perform the following activities:

- Purchase and sale of foreign exchange.
- Dealing in travelers' cheques.
- Accepting banking cheques drawn on customer’s accounts in the bank’s branches or receiving the deposits, provided that there is a computer network linked with the branches in Qatar in order to show the account balance, the depositor’s signature, and through which the drawing and depositing accounting entries are made.
- Branch "C" will be an intermediary between the customer and the bank branches in opening deposits and credit accounts.
The bank management shall regulate the process of delegation of authority necessary for running the bank business, and identify the transaction details, and the delegated officers either in the main office or the branches, and provide QCB with such details.
Banks' Relation with QCB

Seventh: Back Office Activity of Branches of Foreign Banks

Back office (of the branches of foreign banks)

All foreign banks branches operating in the State of Qatar that have moved their back offices' activity outside Qatar, or are desirous to, shall check if it is done in accordance with policy and instructions issued by their general management. Such procedures and regulations must include the following at a minimum:

1- Branches of foreign banks in Qatar must keep all the original contracts, documents, and documentary papers relevant to transactions registered abroad, and they should be readily available to be reviewed and checked at any time by QCB’s inspectors, internal and external auditors and the compliance officer.

2- A daily report on all details of the registered transactions at the branches abroad should be issued and compared with the branch general accounting entries. These should be available to be reviewed by QCB internal and external inspectors.

3- The business transferred to regional work centers should be limited only to the qualitative registration transactions without prejudice to the branches general accounting business.

4- There should be network connection between the branch and its regional center so that the branch or the inspectors can directly access the branch’s recorded transactions at its regional center and retrieve the transactions' positions and details.

5- The branch must maintain all information and details regarding the evaluation of foreign exchange and financial derivatives contracts such as market prices, how to determine the transactions' profits and losses, in addition to all details of the customers' investments.

6- There must be a contingency plan that can be relied on at the occurrence of any problems in the systems at the regional center or in the network system between the branch and the regional center, and QCB should be informed about that plan.
7- Protection policy and safety system should be provided to ensure the privacy of the information in the branch and its database for the users of this information at the regional center. The branch should inform QCB about the policy.

8- Such of the above procedures should not influence the branch compliance with QCB’s instructions or its commitments to provide QCB with all required information and data promptly.

9- All transactions recorded abroad and the conditions of commitments made with the regional center regarding transactions recording should be subjected to external and internal auditing of the bank’s branch at Doha. Also these should be listed as on work schedule of the branch’s compliance officer.

10- Foreign banks branches, that have moved their back offices’ activity outside Qatar, should assign their external auditor to annually review these activities in the light of QCB’s instructions, and to provide QCB with an annual report regarding the evaluation results, enclosed to end of year financial statements that the branch submits to QCB for approval.
Eighth: Security and Safety in Banks and ATMs

A- Security and Safety Instructions

To ensure the safety and soundness of the banking system in the State of Qatar in general and to maintain safety and security, QCB calls on all banks to comply with and adopt the following instructions and advices:

1- QCB emphasizes the necessity of keeping the banknotes, travelers' cheques and other monetary instruments inside safe rooms and in fireproof safe. It also emphasizes the necessity to attach these safe rooms with an alarm device system connected to the police department; installing camera inside and outside the safe room connected to monitor at the bank manager's office and the night guard inside the bank, installing surveillance cameras at the branches and at ATM installations.

2- External pinhole camera installation for banks, branches and ATM machines:
   Banks should install external pinhole cameras at their head offices, branches and ATM installations according to the following standards:
   
   2/1 Camera should be equipped to cover the ATMs surrounding space not less than 70 degree.
   2/2 Camera has to be connected to motion detection device.
   2/3 Camera must not be able to detect the ATM's keyboard area.
   2/4 External lighting of the covered space should not be less than LUX50.
   2/5 Camera sensitivity must be not less than 0.5 LUX.
   
   Banks are required to comply to the above standards as soon as possible.

3- An alarm system must be installed at the treasurers' office and should be connected, if possible, to the police department.

4- Banks must ensure to use protected vehicles for movement of cash, to and from the bank, in coordination with security authorities for necessary protection.

5- There should be two records for the key holders. The first is for the holders of keys for the protected room, treasury custody room and all main entrances of the bank. The second is for the holders of other keys. The keys of the protected room and treasury custody room are to be given to three different persons; one of them is to be the manager or the deputy manager.

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6- Banks must ensure to provide all the equipment and requirements for safety and security that are necessary for firefighting inside the bank, in coordination with the police and fire department.

7- All entrances to the bank must be protected with strong iron bars especially the ground and first floor.

8- All papers and documents relating to the customers and the bank as well as the daily entries documents must be kept inside fire-proof safe, in safe place or inside the protected room which will be under the supervision and control of the bank manager or his deputy.

9- For banks using computers to record their transactions, they must protect their computer system, and ensure to maintain the reports and transaction entries documents retrieved from it as well as on the information storage tapes or CDs as follows:

- Maintaining the main computer set-up of the bank in a safe place, in a continuously operating condition, and setting the administrative and regulatory instructions and measures that are necessary to prevent any unauthorized persons from accessing the computer set-up to make any changes in the recorded data and information.

- Keeping all important documents and papers, relevant to the bank and customers, and the computer CDs and storage tapes which contain the data and information in more than one copy. One copy would be kept at the bank's main office in Qatar, another copy in one of the branches or other banks in Qatar, and the third copy in banks or general departments (for foreign banks) or the branches outside Qatar. Each bank should inform QCB, in detail, the location where they intend to keep the different copies for these data stored files, whether inside or outside Qatar.

- To facilitate the process of keeping more than one copy of the important documents and papers, QCB recommends installing convenient system for photo-copying these documents and papers (such as; microfilm system or any other modern systems) and keeping them daily along with the computer storage tapes and CDs in more than one place as previously indicated, after taking into consideration the safety of these places so that they can protect those films and tapes against fire or damage.
10-For banks, that use the manual system in recording their operations, they must keep important documents and papers, customer's accounts statements and the daily balances, in two copies. The first one should be kept inside the bank in a proper and protected place as previously indicated, and the second would be kept in one of the other banks inside Qatar, which may be informed to QCB.

11- All banks must comply with the related Qatari laws governing the legal duration of keeping documents and papers.

12- All banks must take security measures and precautions necessary to ensure the protection of the telex, fax, telegram keys, the signature records, inventory of banking and travelers' cheques, so as not to be fall into unauthorized persons custody or stolen, especially in case when unusual events occur. All banks should inform QCB with security measures and precautions taken in this respect.

13- QCB recommends each bank to form a security committee consisting of its senior officials to supervise the abovementioned measures, and to ensure the efficiency of all security and safety teams in the bank. Also, the bank should set an action plan, instructions and systems for this committee.

14- All banks must tone up the internal inspection visits to their branches, by the internal auditors of the general management, in order to ensure performance of their work, the soundness of their security measures, and compliance by branches' managers with the general management instructions and all the previously mentioned measures for safety and security.

15- Senior management in banks are recommended by the QCB to make their managers and senior officers as well as those in their branches aware of the manner of dealing with customers under unusual circumstances in order to calm them and to maintain their confidence and tranquility. Also, most of the withdrawal transactions from accounts in the bank, especially the large amounts, should be done under the supervision of the manager or his deputy, and also try to persuade the customers to limit their drawings.

16- Banks should have attendance sheets in which their staff, employees, and the names of those who enter the bank after the official working hours, shall be recorded. However, all banks must take all other measures necessary for ensuring security and safety of the bank as deemed necessary by the management of each bank according to its working circumstances.
17- National banks should arrange proper credit lines with the international banks abroad.

18- Each bank should draw up plans for several alternatives to provide sufficient liquidity against any sudden withdrawals.

19- Coordination with the different security authorities in the State of Qatar should be maintained, such as Ministry of Interior and Civil Defense and others in order to enforce the security and precautionary measures needed for protecting the bank building and assets in case any extraordinary event occur.

20- The IT Department of each bank should set security and safety standards regarding computers, information and operation systems and ATM (Automatic Teller Machines), in addition to setting a contingency plan with the assistance of specialized experts and in coordination with the QCB’s information technology Unit.

21- Providing one or more electric generator in case of emergency.

22- Assigning one of the bank officials as contact person to coordinate between the bank and the QCB in emergency cases, and the bank should provide QCB with the employees name and his available direct telephone numbers.

Each bank should ensure immediate rectification of the shortcomings and gaps and to comply with the security and safety instructions and directions mentioned above.

It also should provide QCB with the measures and plans set in this regard.

23-An early warning Device:

All banks should take the proper measures for connecting all the automatic teller machines (ATM) and branches with the early warning devices in the operation room at the Ministry of Interior, to avoid any thefts.
Banks' Relation with QCB

B- Standards and Specifications of Security Precautions at Banks and ATMs

All banks should abide by the standards and specifications for security precautions at banks and ATMs as follows:

1- IT Room

- IT rooms should be equipped with anti-flooding and moisture detecting device connected to the IT officer to control any probable water leakage and early detection to avoid damaging the bank’s software and hardware.
- Alarm system, surveillance cameras, and access control systems on the IT rooms' doors in branches and Headquarters.

2- Safe Boxes Room

Safe boxes room should be equipped with alarm system with secret code to be known only to the officer for safe boxes, and radar device to monitor individuals in the safe boxes area. Door sensors should be installed and built-in camera inside the safe box as well as camera at the entrance should be connected to the branch monitor. The safe box alarm device must be linked to police Department.

3- Main Branch and Branches

- Surveillance camera (day/night) should be installed to monitor customer waiting hall, and main and back entrances, as well as camera to watch teller counters to monitor customers and tellers. Banks should also install camera to watch the entrance and the surrounding of main branch and other branches.
- The video recording storage capacity should be at least for 120 days.
- Installation of alarm systems, and sensors for glass windows and doors of main and side entrance in branches in addition to (PIR) and manual alarm systems, to be operated by hands and legs, for all tellers in the building, the manager's room, and the monitor room. Such device must be directly connected to the police for emergency cases during and after working hours.
- Connecting Fire alarm systems in banks with police Department and civil defense.
• Installation of door locking systems to control entry into teller counters inside branches and rooms containing important information to prevent access by any unauthorized individuals.

4- ATMs
• Installation of alarm systems at all ATM installations connected to police operations to prevent any attempted robbery and damaging machines.
• Installation of pinhole cameras at ATMs and surveillance cameras for the surrounding area where ATMs are located in such a way that the customer using ATM and the details of his car (number plate and type) can be recorded.
• Frames of customer using the ATM should include his withdrawal data in one recorded frame to be used as evidence in case of any type of fraud.
• Data storage capacity of ATM’s camera should be at least for 120 days (according to circular no. (76/2011) dated 2/10/2011 in page no. (391) recorded frame to enable the bank to keep data till customer’s account become available after 35 to 40 days. The ATM camera should be linked to main branch via network (LAN or WAN) and ATMs official can review the recorded data through network by access to the ATM recordings from their offices.
Banks' Relation with QCB

C- Controls and Standards of Security Precautions

at Banks and ATMs

First: In accordance with QCB Law Article (121), and within the plan of risk mitigation in all banks operating in the State, and to maintain soundness and safety of the banking system in general; QCB urges all banks to comply with the following instructions:

1- Set up central monitoring room linked to all branches and ATMs in a fortified and safe location. An alternative central monitoring room should also be set up in case of any communication disruption or emergency.

2- Update communications network through high speed lines that connects monitoring room to branches and attached with cameras to ensure high quality recording.

3- Install cameras inside the bank premises heading towards main entrances equipped with different types of lenses to watch all incomers.

4- Install cameras to monitor counters and customers movements via Mega pixel digital cameras for a clear and close image.

5- Cameras should be installed only at important bank sites and banks should consult specialized experts and conduct scenarios and tests for all circumstances and probabilities.

6- Install or update external cameras in main office and all branches covering all angles surrounding the bank and its main and rear entrances.

7- Video recording and images storage capacity must be minimum up to one year to be referred upon need.

8- Install high quality cameras inside and outside ATMs enclosures in a suitable way so as to enable recording ATM users clearly and install camera on the ATM if necessary.

9- Install high quality external cameras in unreachable locations inside and around ATM’s room and car service devices enabling to record the car's number and model and the driver. Cameras should be connected to alarm devices in control room and equipped with proper flash lights.

10- Ensure that ATM external camera do not display the ATM’s keypad so as not to disclose the customer card’s PIN.

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228 Refer to circular no. (93/2010) dated 13/12/2010.
229 Refer to circular no. (52/2011) dated 11/7/2011 implementation of items (4) and (7) above is postponed.
Note: refer to circular no. (40/2012) attached in page no. (391) on compliance with law no. (9) of year 2009 regarding monitoring Cameras and surveillance devices.
11- Ensure coordination and connection between cameras fixed on ATMs, and cameras surrounding bank, and the control room of the National Leadership Center (Ministry of Interior).

12- Ensure Compliance with standards and specifications of NAPS and GCCNET.

13- Ensure that the banks power generator is located at a suitable safe area.

14- Bank’s staff should participate in managing and monitoring the central control room along with the outsourced company.

15- Money counting devices should be up to date and periodically maintained as per QCB requirements.

16- Cashier’s alarm device must be at a reachable location.

17- Upon installing any new ATM, it should be able to detect forged and outdated currency notes.

18- All banks must ensure that the cash cassette in the ATMs is tightly closed to prevent any cash changing trails.

As such, all banks are required to rectify any shortfalls and adhere to the above mentioned instructions within a limited period of three months as from the date of issuing these instructions.

Second: Banks shall comply with the following:

Items No. (4) and (7) of circular no (93/2010) shall be postponed and other items in the said circular are implemented.

In case of inquires please contact Mr. Abdel Hady Ahen Head of the financial institutions Inspection Committee (44456371/44456254) (ahena@qcb.gov.qa)

Third: Upgrading Currency Counting Machines

With reference to the above-mentioned subject and circular no. (93/2010) concerning Controls and Standards of Security Precautions at Banks and ATMs, all banks shall comply with the following:

- QCB shall be notified of the supply company, through which banks upgrade or maintain the currency counting machines, to be checked.

In case of any violation, QCB shall impose a financial fine by virtue of article no. (216) of QCB Law.

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230 Excluded from the limited period.
231 Refer to circular no. (52/2011) dated 11/7/2011 implementation of items (4) and (7) is postponed.
232 Refer to circular no. (22/2012) dated 12/3/2012.
Banks' Relation with QCB

D- Security Surveillance Systems

1- With reference to circular no. (52/2011) in 2011 on controls and standards of security precautions at banks and ATMs, all banks should adhere to the following:
   • Install cameras at counters, places where cash is being handled, and areas surrounding bank, and ATMs through minimum 3 mega pixel digital cameras and with shutter speed not less than (20 FPS).
   • Pin-hole cameras at ATMs should be of a minimum one mega pixel, digital, and 15 FPS speed.
   • Using high quality storing unit for storing the recorded materials.
   • Recorded materials stored must cover at least 120 days at minimum to be referred to if needed.
As such banks should fulfill the above requirements within three months maximum as from 2/10/2011.
In case of inquires please contact Mr. Abdel Hady Ahen Head of the financial institutions Inspection Committee (44456371/44456254) (ahena@qcb.gov.qa).

2- With reference to Law no. (9) of year 2011 regulating the usage of monitoring cameras and surveillance devices which allows banks to upgrade the existing buildings within one year period as from the date of issuing the law (20 June 2011), all banks shall comply with the said period considering implementing general and specific specifications for surveillance systems issued by the security system department of the Interior Ministry.
   • With reference to circular no. (د م ص /49/2012) dated 24/5/2012 on regulating monitoring cameras and surveillance devices, and upon request from the concerned bodies at the interior ministry, banks have to provide plan to implement the project of security monitoring system upgrade and provide steps already taken within one week.
   For inquiries contact Mr. Sharaf Abduallah inspection teamwork coordinator tel:44456254 email: abdullas@qcb.gov.qa

233 Refer to circular no. (76/2011) dated 2/10/2011.
234 Refer to circular no. (40/2012) dated 24/5/2012.
235 Refer to no. (73/2012) dated 7/8/2012.
3- **Recorded Materials**

With reference to Law no. (9) of the year 2011 on regulating monitoring cameras and surveillance devices and QCB instructions regarding to safety procedures on page no. (383) and circulars no. (40/2012) and (73/2012), QCB stresses that banks must comply with the law and the aforementioned instructions, particularly those relating to keeping the recorded materials unchanged, and providing the department of security systems at Ministry of Interior with them in accordance with dates and instructions of the department.

Concerned department at the Ministry of Interior and department of public debt and baking affairs at QCB should be provided with names and telephone no’s of related staff members. Strict actions shall be taken by QCB against any bank violates said instructions.

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236 Refer to circular no. (94/2012) dated 17/10/2012.
Banks' Relation with QCB

Ninth: Reporting on Extraordinary Cases to QCB

Members of the board of directors, the general manager/CEO or acting general manager and auditors must ensure that QCB is immediately notified when the bank financial position is adversely affected or upon realizing the following:

- If the auditors have negative views on the financial statements of the bank or its offshore branches or they have reservations.
- If any financial institution, that is linked to the bank through financial transactions, is exposed to a severe crisis.
- If one of the large credit concentration customers of the bank is exposed to financial difficulties.
- If there is a huge reduction in the value of one of its major assets.
- Seizing or setting restrictions on any one of the balances of the banks.
- If there is an important disorder or failure in any one of the operations or information systems.
- If one of the members of board of directors or the senior officers committed legal violations.
- If one of the board of directors members or of the senior officers resigns.
- If there are serious violations to the QCB’s instructions or those of the host supervisory authorities of the offshore branches.
This function is significant and effective to assist banks to achieve sound risk management particularly legal, reputation, and operation risks. All banks are therefore required to introduce the function of compliance officer in accordance with the following:

1- Compliance Officer's Definition
Compliance officer can be a person, unit, or department that carries out the duties in a permanent and independent manner. Compliance officer is responsible for detecting, evaluating, providing advice, monitoring and reporting on risks of the non-compliance with the applicable instructions and standards.

2- Top Management Responsibilities
The board of directors (or the general management of the branches of the foreign banks) should draw special attention to such function by specifying its duties, organizational structure, and relation with other departments and functions in such a manner that it can carry out the assigned duties independently and effectively. The board should provide this function with necessary resources, facilities to report directly to the board of directors, and the executive management, and the required authority to access information through clear policy to be reviewed annually. The internal auditing function should include reviewing compliance officer's activity. The executive department should cooperate with the compliance officer, take the corrective actions and impose penalties upon detecting violations, and send periodical reports to the board on the policy and compliance procedures so as to update them.

3- Compliance Officer's Responsibilities
Compliance function should include the following:

- Detect and evaluate violations connected with banking activities and any new product.
- Provide advice to the management on the applicable laws, regulations, and standards and inform the management on the latest updates daily.
• Issue written instructions to employees on the proper application of laws, regulations, and standards.
• Evaluate the appropriateness of internal procedures directives, and instructions, detect any weakness in policies, and procedure and draft proposals for solutions.
• Carry out regular and comprehensive examination and send periodical reports to the executive management on remarks and violations relating to compliance with necessary corrective actions.
• Send periodical reports to the board or its subsidiary committee on violations and weak points detected, and the corrective actions implemented, in addition to, information about the compliance training program for its staff.
• Act as information center for employees of the bank to reply to any inquiry relating to compliance.
• Strengthen the banks relations with the concerned external bodies particularly QCB’s Supervision and Control Department to respond to inquiries on compliance and regulatory requirements.
• There should be distinction between the authority granted to the compliance officer and that to the legal affairs department for providing advice to the department regarding laws. Banks which have branches and subsidiaries abroad should check that they follow the bank’s compliance policy.

4- Compliance Officers Qualifications

Compliance officer should have proper professional skills to be able to understand the applicable laws, regulations and standards and their influence on the bank’s business. Compliance officer must possess analytic skills and be aware of the applicable laws, regulations, standards, supervisory requirements, and products of financial institutions. He should be upright, honest, unbiased, and have good communication skills.
1- With reference to security and safety instructions circular on page no. (383) and to circular no. (94/2006) dated 29/6/2006 on identifying emergency coordinators, and QCB’s concern in this regard, QCB establishes a high level Emergency Committee in order to support banks and to continuously provide banking services in a safe and stable environment. The committee has decided the following:

1/1 The following guidelines have to be applied:

- Assign place outside the country where the bank's data can be saved on computers to be secure from damage or change and can be retrieved during emergency conditions.
- Establish electronic storage unit on which all bank's operation can be stored and can be swiftly transferred during emergency conditions.
- Train bank's staff on how they should act in emergency cases.
- Locate certain site from which the crisis management can be operationalized (operation room) during emergency cases.

1/2 Force Majeure Cases for example

- Disruption of financial clearing and settlement operations for any reason
- Terrorist attacks targeting damage to financial system infrastructure.
- Fire accidents that damage the bank or any of its branches which requires informing QCB and the government's concerned bodies (electricity and water, Qtel, Ministry of Interior, and civil deference).
- Sudden power outages or telecommunication network damage that result in disruption of the banks work for a period exceeding the working day hours and services cannot be provided on time (coordination with Qtel, ministry of electricity and water, and QCB).

237 Refer to rules mentioned in page no. (102) item 5/3 and 5/4 as per Instructions to banks – November 2011, and amended in item 5/3 page (116).
- Outbreak of epidemics resulting in employees staying at home which affects operations in the bank (coordination with QCB is needed)
- Natural disasters (earthquake, floods, storms)
- Other cases of operational disruption and inability of business continuity.

For assistance, coordination should be made with emergency officers representing services institutions in the state (ministry of Interior, Kahrama, Qtel, and QCB) according to the following list:

<table>
<thead>
<tr>
<th>Institution</th>
<th>Name</th>
<th>Substitute</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ministry of Interior</td>
<td>Captain/ Ali Hassan Ali Mohamed ELqbisy (5526633)</td>
<td>Captain Naser Mesfer Mohamed Al kahtany (5558586)</td>
</tr>
<tr>
<td>Qtel</td>
<td>Eng./ Ahmed Rashed El Sweedy (4400699)</td>
<td>Mr. Mohamed Hashem (4400346)</td>
</tr>
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<td></td>
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<td>Mr. Shahryar Anite (4400108-5816234)</td>
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<td></td>
<td>Mr. Richard Taillor (4400063-5962031)</td>
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<tr>
<td>Kahrama</td>
<td>Eng. Hassan Gomaa Lahdan (449441-5566632)</td>
<td>Mr. Abdul Allah Farag Nasser Allah (4699125-5856602)</td>
</tr>
<tr>
<td>QCB Supervision and Control Dept. (operator:4456456)</td>
<td>Mr. Faisal Saleh Al Mannai</td>
<td>Mr. Khaled Khalifa Alkaaby</td>
</tr>
<tr>
<td>QCB Investment Dept. (operator:4456456)</td>
<td>Mr. Sultan Alfalasy</td>
<td>Mr. Ahmed Alebadly Mr. Abdul Allah Fakhro</td>
</tr>
<tr>
<td>QCB Administrative and financial Affairs Dept. (operator:4456456)</td>
<td>Mr. Ahmed Al Attia Mr. Ali A l-Naimi</td>
<td>Mr. Abdel Latif Al Abdallah Mr. Saleh Al Sadah</td>
</tr>
<tr>
<td>QCB</td>
<td>Mr. Mohamed Alkhulify</td>
<td>Mr. Mohamed Al Mansour</td>
</tr>
</tbody>
</table>
Banks should comply with the aforementioned instructions in public interest.

1/3 Continuity of electricity power supply in banks: 238

The QCB and Kahramaa contingency plans highlight the necessity of providing alternative power supply in case of outage to the main supply. Banks are advised to conduct maintenance services necessary to the main power supply stations and test the standby generators.

Kahramaa should be provided with the following data:

- Names of concerned employees authorized to coordinate with.
- Names and information of contractors to whom the bank outsourced electricity services, to call them in times of emergency.

Such data must be sent to Mr. Hassan Gomaa Almohanady on the following address:
Qatar General Electricity and Water Corporation
Fax: 4671711
Tel: 4561222

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B- Business Continuity Management Guidelines

In accordance with provisions of article No (121) of QCB law, all banks should take the necessary actions to implement the following instructions regarding business continuity principles within the deadline stated at item (third) ; six months as of 23/4/2008. Kindly note the following:

- High-level emergency committee chaired by QCB’s Deputy Governor by the QCB administrative instruction No. 22/2006 attached hereto annex no. (137).
- Mr. Abdallah Al Zainy, the internal audit control director, member of the emergency committee is assigned to coordinate with banks to follow up business continuity management instructions implementation. Mr. Zainy shall be in charge to form, and preside over team work, receive reports and data sent to QCB in accordance with item (third) of the instruction attached hereto.

Instructions to banks on Business Continuity Management Principles:

Introduction:

Business continuity is an ongoing priority of the supervisory authorities. The banking and financial institutions provide varied products, activities, services for customers and for each others, at the domestic and international level. These services are offered through complicated, interrelated, and interdependent operational systems. Accordingly, any operational disruption at one system leads to damage in other systems which are known as (interdependence of varied services providing systems). For example; electricity outage, or communication failure as result of natural disaster or war, or operational disruption which hinders the provision of financial services, products and activities. The most significant is that the financial institutions systems and those of the supervisory authority is liked together which may result in major systematic risks. The daily financial activities such as lending, borrowing, and payment transactions are conducted through electronic clearing and payment and settlement systems provided by the supervisory authority. Moreover monitoring these transactions is conducted via direct electronic linking system between financial institutions and the supervisory authority. Instant coordination between supervisory authority and financial institutions, and between systems staff and the communications company as well should

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be available. Such procedures ensure smooth and easy transactions, and confidence in the banking and financial system to avoid the risk of a major operational disruption.

In this regard and the responsibility of the supervisory authority, the common forum comprising Basel Committee, IOSCO, and IAIS issued guidelines on High-level Principles for Business Continuity. It focuses on the requirements for business continuity, the responsibility of supervisory authorities, the financial and banking institutions.

In light of the above, QCB provides a set of principles guiding banks to establish business continuity management. QCB shall refer to these principles to evaluate the plans, policies, and procedures of business continuity management at each bank. QCB also shall consider the evaluation of the business continuity management a key factor while evaluating banking risks.

1- Definitions

The following terms and definitions shall have the meanings in the guidelines whereas applicable.

1/1 Business Continuity Management (BCM):

Policies, strategies, procedures, used for business continuity at the bank and for business restoration in cases of any sudden disruption aiming at minimizing financial, legal, and operational risks and damages.

1/2 Business Continuity Plan (BCP):

A comprehensive work plan including necessary procedures and regulations to recover the operation after a major disruption should contain the following:

- Methodologies, means and tools the bank apply to act effectively in case of crisis, economic or natural disasters
- Plans and measures to provide necessary security to the bank and its staff members during emergency and during disruption to minimize the disruption period and consequences, and continue to provide the regular products and services to customers.
- Means to save important data and recover them during times of disasters to avoid disruption of operation or losing data during natural disasters or terrorist attacks, or failure in the bank’s systems due to virus attack.
1/3 Disruption Impact Analysis:
Quantitative and qualitative measuring should be implemented. Various scenarios on the probabilities of operational disruption have to be planned. Moreover, likely impact and damage should be analyzed and measured. Banks should determine the likely risk scenario in each division or department in the bank so as to identify the priorities of business recovery. Importance of departments, entities and sectors the bank deals with, have to be considered.

1/4 Business Continuity Management Strategy:
Banks should select alternate methods and sites in the event of any major disruption to recover operations in accordance with time schedule, priorities and disruption impact analysis. The alternative operation sites, data saving locations, numbers of personnel, the necessary equipment, and the required technical support have to be determined. In addition, banks should review the State emergency plans and coordinate with the authorized persons and infrastructure institutions such as (Electricity- Communication- Security- Utilities ... etc)

2- Business Continuity Management Principles
2/1 Principle 1:
Board and senior management responsibility
2/1/1 Board of directors and senior management are collectively responsible for the bank's business continuity.
2/1/2 Business continuity management organizational chart should be set as a part of the bank's organizational chart. Roles, responsibilities, and authority in the business continuity management should be assigned and be an integral part of the overall risk management of the bank.
2/1/3 A bank's senior management is responsible for developing appropriate plans, policies, and procedures for business continuity management, identifying alternatives, priorities, resources, and responsibilities which assist in implementing business continuity plans and minimize disruption effects.
2/1/4 Board of directors monitor the senior management in planning strategies, plans, policies and procedures for business continuity
management, and endorse them. Besides, follow up the development of the said policies in accordance with the latest events and damages.

2/1/5 Senior management should report to the board regularly within maximum period of 6 months on the results of implementing the business continuity management policies, strategies, and procedures and any developments or obstacles to be dealt with based on an efficient, subjective and transparent methodology.

2/1/6 External auditor from an independent consultancy firm should review the business continuity management at least annually and refer periodical auditing reports to the senior management and the board of directors.

2/2 Principle 2:

Operational disruption risks, strategies, plans and policies for business continuity:

Banks should incorporate all types of risks of operational disruption and how it affects their operations with financial participants such as QCB, other financial institutions, and customers. Banks should analyze and evaluate the said risks and identify the means of operation recovery and business continuity by determining the recovery objectives and analyzing disruption effects, abilities to recover operation properly, and the suitable resources to restart operation normally. As such banks should comply with the following:

A- Business continuity management is a part of the banks operational risks. Therefore plans, strategies, policies and procedures should be analyzed and risks to be monitored.

B- Upon determining the business continuity management strategy, banks should take care that the remote alternate site is sufficiently remote from its primary business location and does not depend on the same physical infrastructure components. This minimizes the risk that both could be affected by the same event.

C- Bank should consider whether the alternate site would have sufficient current data and the necessary equipment and systems to recover and maintain critical operations and services for sufficient period of time in
the event that the primary offices are severely damaged or access to the affected area is restricted.

D- Banks, upon drawing business continuity policies and strategies should consider that operations vary in scope and complexity in each bank. Kindly comply with the following:

- Business continuity policies and strategies must be clear, and comprehensive and to be allocated a suitable budget.
- Clear definition of the rules, duties and responsibilities of business continuity
- Business continuity detailed plan that contains duties and activities and assign responsibilities and powers.
- Operational disruption impact analysis and recovery priorities
- Evaluation, development, and maintenance programs for business continuity. Review the recent international regulations, and standards.
- Orientation and training programs for business continuity plan.
- Provide guidance manual for employees and managers on business continuity plan requirements. The alternate sites, duties and responsibilities of business continuity should be identified and how to handle business in the event of a major operational disruption.
- Set crisis management programs in relation to communication and external transactions.
- Coordination with the relevant entities should as QCB, financial institutions, government bodies, and other relevant authorities should be conducted.
- The business continuity plan should address how the bank will provide sufficient staff - in terms of number and expertise - to recover critical operations and services consistent with the recovery objectives, given that the staff members at the primary location are likely to be unavailable.
2/3 Principle 3:
Recovery objectives:
Banks should identify and develop recovery objectives in view of a comprehensive analysis of the operational disruption impact on the financial sector and the banking system. Banks should consider that a disruption of their operation would affect the operations of other financial institutions and may extend to the broader financial system. Accordingly, banks should coordinate with QCB while developing recovery objectives.

2/4 Principle 4:
Domestic communications:
Banks should include in their business continuity plans procedure and protocols for communicating within their organizations and with relevant local parties through signing agreements and Memoranda of understanding. The relevant parties are:
- Bank branches and subsidiaries in Qatar
- Other relevant financial institutions
- Interior ministry
- QCB
- Other governmental agencies and authorities to which bank operations are linked such as electricity services, communications and others
Agreements and memoranda of understanding (MOUs) with the above-mentioned parties should include coordination in implementing the business continuity plan developed by the bank, and the communication channels with these parties in the event of operational disruption and crisis that have prolonged effect.

2/5 Principle 5:
Cross-border communication:
In the event of operational disruption experienced by banks the effect may be extended to the banking and financial operations cross-border such as branches and subsidiaries abroad, as well as other financial institutions outside Qatar with which the bank shares important financial and administrative relations. Accordingly, banks should consider the possibility that the disruption
of operation would affect significant subsidiary or branch operations and other relevant financial institutions. In addition, any disruption of the operations of these institutions abroad may affect the banks operations have to be taken into account. Banks consider that these institutions are regulated by external supervisory authorities. Where this outcome is considered, business continuity plan and strategy should incorporate communication protocols, procedures, and endorse the MOU’s for communicating with these cross-border institutions in the event of a major operational disruption that affect any of the two parties and the relevant responsibilities and duties.

2/6 Principle 6:
Testing:
As an essential component of effective BCM, banks should test their business continuity plans to evaluate their ability to recover operations in the event of a major disruption. Accordingly, banks should comply with the following:

- Testing Business continuity plans and strategies and BCM updating should be conducted periodically at least on a yearly basis.

  - Test relating to the nature, scope and frequency are determined by the criticality of the applications and business functions, the bank's role in broader market operations, and the material changes in the bank's business. In addition, such testing should identify the need to modify the banks responsibilities, systems, software, hardware, personnel and the external environment.

  - Test program should incorporate conducting tests from their alternate sites with the relevant systems, devices, and personnel. In addition, testing is also essential for promoting awareness, familiarity, and understanding among key personnel of their roles and responsibilities in the event of a major operational disruption.

  - Internal audit should assess the effectiveness of the bank's testing program, review test results and report their findings to audit committee.

  - Based on principle 1, external auditing annually undertaken by an independent experienced auditor should include assessment of the
bank’s testing programs effectiveness in the view of the recent international practices and standards.

3- Relation with QCB
Banks should fulfill the above mentioned requirements within six months from the date of issuing these instructions and provide QCB with the following:

- Summary of business continuity strategies and plans, and operations disruption impact analysis.
- Abstract of the organizational chart, policies, authority, and BCM responsibilities.
- Alternate sites selected by the bank whether inside or outside Qatar in the event of any major operational disruption.
- International consultancy firm's report on the bank's BCM evaluation.

From the reports and data provided to QCB, the necessary review and coordination with each bank concerning the related plans and strategies shall be conducted by QCB.

5- Business Continuity’s Tests
With reference to circular no. (62/2008) in page no. (399) on the abovementioned subject, and within QCB’s concern to ensure business continuity at all operating banks; all required tests for systems and programs should be conducted, for both the main and remote sites, to ensure an effective and secure business continuity. Each time banks shall conduct said tests, QCB must be informed in coordination with QCB’s Banking Systems, Payments, and Settlements Department on the following emails: alsulitif@qcb.gov.qa/ahana@qcb.gov.qa.

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240 Circular no(45/2013) dated 11/6/2013
Banks' Relation with QCB

Twelfth: Restricted Activities for Banks

Banks may not practice any activity other than baking activities, particularly the following:

1- Practice commerce or industrial activities, or possess and trade in goods and fixed assets for the bank's account.

2- Purchase and possess properties (lands and buildings) for the bank's account.

The following cases shall be exceptions:

A- Activities practiced in order to grant financing to customers according to certain financing modes such as financing lease, Murabaha, Mudaraba, Musharka, Istesnaa, and other models of Islamic financing.

B- Purchase or possession of properties or fixed assets for use of the banks as workplaces or staff accommodation, according to the applicable ceiling for fixed assets (20% of the bank's capital and reserves).

C- Possession of properties, goods, or fixed assets obtained as repayment of debts or guarantees against facility granted by the bank, provided that the bank must sell the possessed such assets according to QCB's relevant regulations.

D- Direct investment in properties, and other assets for Islamic banks only as per the ceilings and controls mentioned in pages no. (353).

These instructions are effective as from December 2007.