

- If the bank purchases investment products for marketing purposes on behalf of customers, it should be in accordance with QCB's instructions. Purchasing investment for the others should be carried out by an independent department separate from the investment department. This separate department should have the authority of taking decisions independent from the bank's investment decisions, particularly to purchase such products for marketing purpose, in such a way that the bank may not keep that part of the product that is not marketed within its own investments to avoid conflict of interests between the bank's investment, investment for others, and any concerned party.
- The bank should not assume any liability resulting from marketing such products for the issuing party, through representative who shall market such products in Qatar whether through common committee, team work representing the issuer, or the representing office at the bank.
- No legal responsibility may be assumed from marketing such products upon the issuer or customers other than the banks normal marketing rule.
- If the products were marketed in the bank's name on behalf of customer, they should be included within the off-balance items under "investment for other activities" in the banks monthly statement submitted to QCB. The bank should disclose such activities and the banks' rule in marketing the products in its balance sheet.

The above-mentioned instructions are effective from February 2007.

2/5 Investment Mutual Funds

2/5/1 Licensing Procedures:

In accordance with law no. (25) of 2002 and its executive regulations on investment mutual funds, banks desiring to apply for a license from QCB to establish investment mutual funds, should adhere to the following procedures:

- While applying to QCB to establish investment funds, banks use the relevant form in annex no. (5), provide all information and attach all documents as required in the application form.

- If the bank was informed that the application was rejected, or that the period specified to review the application has expired without giving the bank a notice, according to article (3) of the executive regulations, the applicant bank for the license may write to QCB during the specified period under article (4) of the executive regulations.

2/5/2 Banks are not allowed to name the investment products offered in Qatar, as investment mutual funds unless it is licensed by QCB according to the provisions of law no. (25) of the year 2002 for investment mutual funds.

2/5/3 Financial Statements of Investment Funds

In accordance with article no. (8) of the law no. (25) for the year 2002 concerning investment funds; article no. (31) Executive regulations of the said law on QCB's supervision on investment funds, and articles no. (26 - 29) of the Executive Regulations on the financial statements of the funds;

Founders and managers of investment funds must comply with the following, regarding issuing and publishing the financial statements and bulletins of the funds:

2/5/3/1 The audited annual financial report

- The audited annual financial reports of the fund should include the following financial data and information at a minimum, according to requirements of the International Accounting and Disclosure Standards:
 - The financial position and explanations of the fund
 - The income statement and explanations
 - Realized rates of return
 - Statement of cash flows
 - Statement of changes in asset value of investment documents' holders
 - Disclosures of the accounting policies and risk management
 - Report of the auditor.
 - Report of the Shariaa supervisory board on the Islamic based funds.
- QCB must be provided with a copy of the audited annual financial report of the fund and the report of the auditor with the auditing

results (Management Letter) within at least one month before the publishing date set in the Executive Regulations (two months of the fiscal year end). The annual financial report may be issued and published if QCB does not furnish any comments during this period.

- The annual financial reports of the fund must be published in at least one local newspaper, unless the funds by-laws states that the statements should be published in more than one newspaper.
- When the fund launches its activities during the fiscal year and in conformity with its by-laws, the first financial period of the fund can be extended for more than twelve months and for a period not exceeding eighteen months, provided that QCB is notified.

2/5/3/2 Periodical statement

- The fund managers should periodically issue at least a quarterly financial statement according to the dates mentioned in the by-laws. The statement should include the financial position, income statement, changes in asset value of investment documents' holders, summary of the fund's activities, realized rates of return, and disclosure of the potential risk, provided that such financial statements have been reviewed by the fund's auditor.
- The investment documents' holders should be notified with the periodical financial statement by one of the disclosure methods defined in the by-laws.
- QCB should be provided with a copy of the periodical statement at least ten days before disclosure.

2/5/3/3 Assessment rates bulletin

- A bulletin of the fund units' assessment rates should be issued according to the dates defined in the by-laws. The bulletin of the subscription to the fund should also be periodically issued within periods not exceeding three months. The bulletin should include the previous unit rate as a minimum and the current rate whether