



Loan-Based Crowdfunding Regulation

(Licensing & Regulating Loan-Based Crowdfunding Activities)

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PART A (GENERAL PROVISIONS)

1. Short Title & Commencement

The instructions set forth herein are titled the “Loan-Based Crowdfunding Regulation” for 2023 and shall enter into force as of 08 / 10 / 2023.

2. Definitions

For the purpose of this regulation, the following terms are defined as follows, unless the context otherwise suggests:

S. No.	Term	Explanation
1	Accredited Investor	Investors that are financially sophisticated maintain a certain level of net worth or annual income, and that are ascertained to have the ability to make sound financial investments, with an awareness of the risks associated with undertaking such financial investments.
2	Business Finance	Any credit or funding which an Investor provides to a business or Borrower on agreed terms to finance a specific project or any other business purposes.
3	Borrower	An entity that has borrowed or is seeking to borrow funds from Investors, facilitated by a Loan-Based Crowdfunding Platform.
4	Campaign (Also referred to as a Crowdfunding Campaign)	A request for funding made by a Borrower to prospective Investors through a Crowdfunding Platform for a limited period during which Investors can commit investments in return for interest on the amount invested.
5	Campaign Page	A web page developed by the Platform and made available for access to the Platform’s members with respect to a project being undertaken by a Borrower.
6	CDD (Customer Due Diligence)	Identification measures taken by a Loan-Based Crowdfunding Platform Operator such as verifying identity, or establishing if the customer is acting on behalf of another Person, and if the customer is a legal entity, establishing the beneficial owner, etc.
7	Contingency Fund	Funds set aside by a Loan-Based Crowdfunding Platform Operator to address unforeseen financial circumstances that may be faced by a Borrower.
8	Crowdfunding	A method of funding a project or venture by raising money from a large number of Investors through a Campaign via a Crowdfunding Platform.

9	Governor	The Governor of the Qatar Central Bank.
10	Investment Committee	A Committee constituted by the Board of Directors of the Loan-Based Crowdfunding Platform Operator that assesses Crowdfunding Campaigns and approves the information disclosed as part of it.
11	Investor	An Investor or potential Investor that invests in a Crowdfunding Campaign. Investors may either be considered as 'Accredited' or 'Non-Accredited' Investors.
12	Know Your Customer (KYC)	The process of validating and verifying an Investor's identity, level of investment knowledge, and financial profile prior to onboarding them to the Loan-Based Crowdfunding Platform.
13	Loan Agreement	A Loan Agreement between a Borrower and an Investor.
14	Loan-Based Crowdfunding Platform (Also referred to as a Platform)	A digital platform that facilitates the exchange of funds and loan-based relationships between Borrowers and Investors.
15	Loan-Based Crowdfunding Platform Operator (Also referred to as an Operator)	An entity licensed by the QCB to operate a Loan-Based Crowdfunding Platform.
16	Non-Accredited Investor	Investors that do not meet the criteria of an Accredited Investor.
17	Persons	Any natural or legal Persons.
18	QAR	Qatari Riyal.
19	Qatar	The State of Qatar.
20	QCB	The Qatar Central Bank, which has been established as per the QCB Law.
21	QCB Law	The law of the Qatar Central Bank and the Regulation of Financial Institutions No. (13) Of 2012.
22	SME	Companies registered in accordance with the laws of Qatar, where the number of its labor force does not exceed two hundred and fifty employees and its annual turnover does not exceed one hundred million Qatari Riyals.

3. Purpose and Objectives

- 3.1 Set out the licensing procedures for Loan-Based Crowdfunding activities in Qatar.
- 3.2 Regulate the Operators that facilitate the listing of Campaigns by a Borrower on their Platform.
- 3.3 Regulate the activities of Borrowers seeking to raise funding through Platforms.
- 3.4 Institute safeguards to protect the interest of Investors participating in Crowdfunding Campaigns.
- 3.5 Safeguard the financial system against the risks posed by those Platforms.

4. Scope

- 4.1 This regulation applies to any Person providing a Loan-Based Crowdfunding product or service in Qatar. A provider of such services will be hereafter referred to as an “Operator”.
- 4.2 The following activities are not within the scope of this regulation:
 - 4.2.1 Donation-Based or Reward-Based or Equity-Based Crowdfunding activities.
 - 4.2.2 Crowdfunding activities that are not conducted through an electronic Platform.
 - 4.2.3 Crowdfunding activities that are agreed to directly between a fund-raiser and fund providers and that are not facilitated by a Platform.
- 4.3 Only entities that meet the prescribed definition of an SME are permitted to raise funds (i.e., acting as a Borrower of a Crowdfunding Campaign) through a Platform that is licensed in Qatar. Irrespective of whether the commercial registration has been issued by the Ministry of Commerce and Industry (MOCI), the Qatar Financial Centre (QFC), the Qatar Science and Technology Park (QSTP), or any other free zone authority or commercial licensing entity that may be established after the promulgation of this regulation.
- 4.4 The Borrower shall only raise funds through the Platform for the purposes of unsecured business finance.
- 4.5 Only the following types of Investors shall be eligible to participate in a Crowdfunding Campaign:
 - 4.5.1 Individuals; such Investors may either be Accredited or Non-Accredited Investors, as per the criteria set forth in this regulation.
 - 4.5.2 Businesses; such Investors are automatically considered to be Accredited Investors for the purpose of this regulation.

5. Services of a Loan-Based Crowdfunding Platform

- 5.1 An Operator is permitted to provide the following services to a Borrower through its Platform:
 - 5.1.1 Selection, assessment and due diligence and listing of Crowdfunding Campaigns.
 - 5.1.2 Development, establishment and operation of communication channels to facilitate contracting of financing between Investors and Borrowers.
 - 5.1.3 Provision of services and advice in relation to the Campaign being marketed on the Platform, across the areas of information technology, marketing, advertising, and design.
 - 5.1.4 Remote communication channels during the raising of funds and after financing of the Campaign.
 - 5.1.5 Manage release of collected funding to a Borrower in the event of successful closure of a Crowdfunding Campaign.
 - 5.1.6 Conduct ongoing monitoring of Borrowers listed on the Platform to ensure that they are in compliance with this regulation and take appropriate remedial action if any breach is detected.
 - 5.1.7 Manage refunds of collected funding to Investors in the event that the Crowdfunding Campaign is unsuccessful or cancelled.
 - 5.1.8 Generate a report on transaction segregation by product type for AML monitoring.
 - 5.1.9 Any other activity as may be stated by QCB.
- 5.2 An Operator is permitted to provide the following services to an Investor through its Platform:
 - 5.2.1 Share information provided by the Borrower on the details of the Campaign that has been funded.
 - 5.2.2 Conduct analysis of Crowdfunding Campaigns received from Borrowers, including the determination of the level of risk that each Campaign implies for Investors, and any other variable may impact an Investors decision to make an investment. The Campaign, classification and grouping of such information in objective terms, without making personalized recommendations, shall not constitute the provision of financial advice.
 - 5.2.3 Assess the Investor based on information received and determine the accreditation category that they fall into.
 - 5.2.4 Manage the collection of funding through electronic payments from Investors that have committed to invest in any Campaign listed on the Platform.
 - 5.2.5 Any other activity as may be stated by QCB.

6. Prohibited Activities

- 6.1 An Operator is prohibited from carrying out the following activities:
 - 6.1.1 The Platform shall not be used for Real Estate Business and Property Investment Crowdfunding.
 - 6.1.2 The Platform shall not be used for raising deposits as defined under QCB laws.
 - 6.1.3 Receiving or returning funds in though non-electronic payment methods.
 - 6.1.4 Receiving funds on behalf of Investors or Borrowers prior to or after the Campaign period, unless it is related to a specific Crowdfunding Campaign (for Investors) during the associated Campaign period or related to an authorized Borrower for which adequate due diligence has been conducted.
 - 6.1.5 Receiving assets from Borrowers in their own name, either on their own account or on behalf of Investors.
 - 6.1.6 Making personalized recommendations to Investors on Crowdfunding Campaigns.
 - 6.1.7 Granting credits or loans to Investors or Borrowers.
 - 6.1.8 Raising funds beyond the Campaign period.
 - 6.1.9 Underwriting the loan or taking credit risk in the Campaign.
- 6.2 The following Persons are prohibited from setting up a Platform in Qatar:
 - 6.2.1 Entities that are not incorporated in Qatar.
 - 6.2.2 Non-profit organizations.
 - 6.2.3 Individuals (natural persons).
 - 6.2.4 Any other type of Person as specified by QCB.
- 6.3 Individuals and the following types of legal entities are prohibited from raising funds (i.e., acting as a Borrower) through a Platform that is licensed in Qatar:
 - 6.3.1 Publicly listed shareholding companies and their subsidiaries.
 - 6.3.2 Non-profit organizations.
 - 6.3.3 Investment funds.
 - 6.3.4 Banks, and Insurance Companies licensed by QCB or the Qatar Financial Center Regulatory Authority.
 - 6.3.5 An Operator.
 - 6.3.6 Entities that are not incorporated within Qatar.
 - 6.3.7 Non-Bank Financial Institutions (NBFI).

- 6.3.8 Any other type of entity as specified by QCB.
- 6.4 The following individuals are prohibited from investing in a Crowdfunding Campaign:
 - 6.4.1 Staff of a Crowdfunding Platform where the Campaign is listed, including their family members of the first degree.
 - 6.4.2 Individuals that are not residents of Qatar.
 - 6.4.3 Individuals that are less than 21 years of age.
- 6.5 Businesses, where the particular business entity and its related parties as defined under QCB regulations is also the Borrower of a particular Crowdfunding Campaign, are prohibited from investing in a Crowdfunding Campaign.

PART B (REGULATORY REQUIREMENTS)

7. Office

- 7.1 An Operator must maintain its head office or a registered office in Qatar.
- 7.2 An Operator must keep at its permanent place of business or registered office, books of all the Operator's transactions in relation to any service provided by the Operator.
- 7.3 If the Operator is a corporate body, which has a head office outside Qatar, a copy of the license of the corporate body in the jurisdiction of its head office must be submitted to the QCB that has been issued by the concerned foreign regulator, in order to open a branch and carry out loan based Crowdfunding services in Qatar. The QCB may request a certificate of confirmation from the concerned foreign regulator that the Operator is in good regulatory standing and is in compliance with applicable supervisory requirements.
- 7.4 If the Operator is providing any Loan-Based Crowdfunding service outside Qatar, the Operator shall have obtained a license from the country in the jurisdiction of its operations, and it must be subjected to the supervision and control of the concerned foreign regulator(s). The QCB may at its discretion, request a certificate of confirmation that the operator is in good regulatory standing and is in compliance with applicable supervisory requirements with the concerned foreign regulator.

8. Governance

- 8.1 The following legal and governance requirements should be established by Operators:

- 8.1.1 Appoint a Board of Directors (BOD) consisting of at least 3 members.
- 8.1.2 Form an Investment Committee that is responsible for reviewing all Borrowers on boarded to the Platform, in addition to any Campaigns launched.
- 8.1.3 Set an adequate internal control and risk management mechanisms.
- 8.1.4 Dedicate functions for Accounting Operations, Compliance, and AML
- 8.1.5 Establish a technology infrastructure in accordance with the standards set out in this regulation.
- 8.1.6 Employ an adequate number of personnel responsible for documentation, recording of Investors and Crowdfunding Campaigns, and accounting operations.
- 8.1.7 Identify any potential conflicts of interest that could arise between its personnel and its clients (i.e., Borrowers or Investors) or between the clients themselves and designate a written policy including precautions to be taken to prevent such conflict and procedures to be followed if conflict cannot be prevented. Such policies should be approved by the BOD.
- 8.1.8 Appoint the following critical personnel: CEO, Chief Financial Officer (CFO), Chief Risk Officer (CRO), Head of Compliance, Anti-Money Laundering Officer (MLRO), Sharia Advisor (If Islamic products offered) or any other personnel as advised by QCB.
- 8.2 Board of Director (BOD) members, major shareholders (who hold 5% or more of the shares) and key management personnel of the Operator shall be deemed to be a “fit and proper” Person if:
 - 8.2.1 Such Person has a record of fairness and integrity.
 - 8.2.2 Such Person has not been convicted for any offence involving moral turpitude.
 - 8.2.3 Such Person has not been prohibited or debarred from accessing or dealing in any financial system, by any regulatory authority.
 - 8.2.4 Such Person has not been declared insolvent and not discharged.
 - 8.2.5 Such Person is financially sound.
- 8.3 The Operator shall ensure that its directors and Persons responsible for the management of its Loan-Based Crowdfunding services are of good repute and possess appropriate knowledge and experience to provide the services and pose no undue risks to the Operator. A fit and proper criteria form is to be submitted by the Operator for all BOD members and senior personnel.

- 8.4 The Operator shall ensure that the key management personnel responsible for managing the conduct of the Operator are residents in Qatar.
- 8.5 The Operator should demonstrate that in the event that it is involved in managing other business activities that are not related to the activities stipulated in Section 4 and 5, such activities are segregated from the Operator.
- 8.6 The Operator shall ensure that it has a business plan under which appropriate and proportionate systems, resources and procedures will be employed by the institution to operate soundly.
- 8.7 The Operator must establish and update the internal corporate governance arrangements on an ongoing basis and, as a minimum, include the following:
 - 8.7.1 Description of the organizational structure, including all departments, sections, or jobs, details of their duties and responsibilities and the names of their officials.
 - 8.7.2 The policies, procedures and independent controls necessary to ensure the definition and clarification of the roles and responsibilities assigned to the administrative structure, its members and senior management, and every Person who carries out control functions or duties.
 - 8.7.3 Compensation and bonus policies and procedures.
 - 8.7.4 Controls of integrity and transparency of the operational activities of the Operator.
 - 8.7.5 Controls to ensure compliance with applicable laws and regulations.
 - 8.7.6 Controls to ensure fairness in operations, including requirements regarding customer protection.
 - 8.7.7 Adequate internal control mechanisms, including sound administrative, risk management, confidentiality of information, and accounting procedures, which are comprehensive and proportionate to the nature, scale and complexity of services to be provided by the Operator.
 - 8.7.8 Documentation of the minutes of meeting for all meetings held by the BOD of the Operator, in addition to documenting the rationale for key decisions taken by the BOD.
 - 8.7.9 A statement of the security policy, including a detailed risk assessment of the services provided that include risks of fraud and risks exposure to sensitive personal data.
 - 8.7.10 A description of the security controls in general as per the risks identified in the risk assessment exercise, as well as the protection measures for the systems, applications and infrastructure.
 - 8.7.11 General framework of AML/CFT, which includes but not limited to, Anti-Money Laundering/Combating Financing of Terrorism and Financing of Weapons of Mass Destruction

Proliferation guidelines; the applied mechanism for risk-based methodology for Anti-Money Laundering/ Combating of Financing Terrorism and Weapons of Mass Destruction Proliferation; as well as the Bionic systems to be applied for the purposes of controlling and anti-money laundering/ combating financing of terrorism.

- 8.8 If any Operator desires to make any amendments relating to any of the items of Operator's establishment contract or articles of incorporation, it must obtain QCB's prior approval before making these amendments, together with the reasons for the amendment. There shall be no contradictions between the amended items and the QCB Law.
- 8.9 The responsibilities of the Operator's BOD shall include:
 - 8.9.1 Defining the vision and values and providing guidance to implement and achieve the same.
 - 8.9.2 Approving the main objectives and strategic plans.
 - 8.9.3 Determining the most appropriate capital structure.
 - 8.9.4 Approving the annual budgets.
 - 8.9.5 Following up with the Operator's Management to monitor overall performance and to ensure that all assets are efficiently and effectively managed and that the capital is properly utilized.
 - 8.9.6 Overseeing the acquisition and disposal of assets.
 - 8.9.7 Reviewing and approving the organizational and functional structure.
 - 8.9.8 Ensuring compliance with the applicable laws and regulations, accounting standards, and other matters relating to the Operator's business.
 - 8.9.9 Ensuring the fulfillment of the continuing obligations to disclose material information to Shareholders and other related parties.
 - 8.9.10 Ensuring the soundness of financial and accounting procedures, including reporting procedures.
 - 8.9.11 Approving the conflict of interest policy.
 - 8.9.12 Forming Board committees (excluding the Audit Committee and Sharia Committee) with specific competences and approving their charters, appointing their members, and reviewing their performance.
 - 8.9.13 Approving the outsourcing of any function.
 - 8.9.14 Approving the agenda for the shareholders' meetings.

- 8.9.15 Approving the exit plan of the Operator to ensure that the loan portfolio continues to be administered prudently in case of the voluntary or involuntary winding up of its operations.
- 8.9.16 Approving the AML framework.
- 8.10 The responsibilities of the Operator's senior management shall include:
 - 8.10.1 Developing the strategic, operational, and risk management policies of the Operator for approval by the BOD followed by implementation of the same.
 - 8.10.2 Assessing the effectiveness of the internal control framework to address and monitor critical processes and activities to ensure compliance with relevant laws and regulations.
 - 8.10.3 Developing and implementing management information systems that adequately address the Operator's business environment and risk profile.
 - 8.10.4 Establishing procedures to identify, report, assess and correct deviations from key standards, risk tolerances, and controls in a timely manner followed by timely corrective action on any control deficiencies and issues that were reported by the external or internal auditors, and governmental authorities.
 - 8.10.5 Ensuring that appropriate due diligence and risk assessment has been conducted on Borrowers to be listed on the Platform and their respective Campaigns.
 - 8.10.6 Overseeing implementation of suitable measures to ensure that Borrowers are at all times in compliance to the requirements of this regulation and the Operator's policies.
 - 8.10.7 Ensuring that any identified violation is appropriately handled by the Operator.
 - 8.10.8 Overseeing implementation of suitable measures to ensure that Investors are appropriately assessed prior to being offered any Campaign for investment purposes.
 - 8.10.9 Ensuring that all rights of the Investor are protected by the Borrower during the investment.
 - 8.10.10 Implementing the approved AML framework.

9. Capital Requirements

- 9.1 A Minimum capital requirement of QAR 1 Million shall be maintained as initial paid-up capital and on an ongoing basis.

- 9.2 Taking into consideration associated risks and their nature, QCB may increase or decrease the minimum capital requirements based on the prevailing market conditions or if it deems that the Operator's proposed business model or the nature or volume of its activity requires so.
- 9.3 The capital of an Operator shall consist of the following components:
- 9.3.1 Paid-Up Equity Capital: Paid-up capital is the amount of capital the Operator has received from shareholders in exchange for common equity shares.
 - 9.3.2 Preference Shares: Shares that the Operator has issued that have preferential dividend rights to common equity shares and that are convertible to equity.
 - 9.3.3 Reserves: Reserves, including any equity share premium (the difference between the market value and the nominal value of the paid-up equity capital account), and general reserves.
 - 9.3.4 Retained Earnings: Cumulative net profits of the Operator from prior accounting periods. In the case of accumulated losses, the accumulated losses from prior years should be deducted from the capital of the Operator.
 - 9.3.5 Profit or Loss for the Current Period: Net profits of the Operator from the current accounting period. In the case of net losses for the current period, the losses should be deducted from the capital of the Operator.
 - 9.3.6 Intangible Assets: Any intangible assets should be deducted from the capital of the Operator.

10. Performance Guarantee

- 10.1 Every Operator must submit a performance guarantee for an amount not less than 2% of the capital requirement specified in Section 9 from a QCB licensed bank or QAR 200,000, whichever is higher, for the due performance of the obligations of Operator and to guarantee that the Operator adheres to instructions within this regulation. The performance guarantee shall be issued in favor of the QCB.
- 10.2 QCB shall reserve the right to call on the performance guarantee in the event that:
- 10.2.1 The Operator was found to not meet their obligations.
 - 10.2.2 The Operator has been issued a penalty by QCB and has not made payment to QCB within the stipulated timeframe.

11. Segregation of Accounts and Safeguarding of Investor Funds

- 11.1 An Operator should maintain separate accounts in relation to the funds raised from Investors.
- 11.2 An Operator should have mechanisms in place to maintain the correct and relevant records of all Investors' money held.
- 11.3 It shall be the responsibility of the Operator to guarantee that all money received is protected from unauthorized use and is strictly separated from its own accounts.
- 11.4 Funds collected from Investors during the Campaign period should be established and maintained with a QCB-licensed bank in an Escrow account designated for the funds raised in relation to the platform while raising funds for a Borrower, which is segregated from the Operator's proprietary accounts.

12. Fund Raising Limits

12.1 Investment Limits in Loan-Based Crowdfunding

- 12.1.1 Non-Accredited Investors can invest a maximum of QAR 25,000 in a calendar year through a Platform.
- 12.1.2 Higher limits may be prescribed for Accredited Investors by the Operator.
- 12.1.3 At the time of finalizing bids from Investors for any Campaign, the Operator must ensure that there no concentration risks in favor of any single Investor or group of Investors.
- 12.1.4 Fundraising limits should be set on Borrowers on an annual basis and applied across all Platforms with whom the Borrowers have carried out Crowdfunding Campaigns. The funds raised by a Borrower across all Platforms with whom the Borrower has carried out Crowdfunding Campaigns shall not exceed QAR 5 million per year.
- 12.1.5 At any given point of time, a Borrower can only list a specific Campaign on a single Platform.
- 12.1.6 Minimum subscription for any Crowdfunding Campaign should be set at 80% at least.
- 12.1.7 Over subscription of any Crowdfunding Campaign shall not be permitted.

12.2 Principles Regarding Loan-Based Crowdfunding and Use of Fund Proceeds

- 12.2.1 The Campaign period can be mutually agreed to by the Borrower and the Operator.
- 12.2.2 An Operator must ensure that Investors who have committed to providing funding to a particular Borrower may withdraw their commitment, without any penalty and without providing reasons, during

the cooling-off period which should be set at a minimum of 5 business days from the end of the Campaign closure date.

- 12.2.3 The revenues of the funded Campaign shall be used primarily to repay Investors.
- 12.2.4 The funds shall not be used for the repayment of a loan that is not related to the funded Campaign.
- 12.2.5 QCB shall have the right to verify whether the collected funds are used in accordance with the use of proceeds.
- 12.2.6 The Borrower shall report the purposes for which the funds to be collected will be used, and this report shall be published on the Campaign page as of the start date of the Campaign period.
- 12.2.7 In case there are multiple purposes for which a Borrower intends to collect funding, they must list the purposes for which the collected funds will be used as per priority, including the minimum and maximum amount for each.
- 12.2.8 Information on the status of the Borrower and its Campaign and the purposes for which the funds will be used, as of the date when all the funds collected are used, should be announced on the Crowdfunding Campaign page.

13. Rate of Return on Crowdfunding Campaigns

- 13.1 It shall be the responsibility of the Operator to determine the rate of return on any Campaign that is listed for funding on its platform.
- 13.2 The Operator is required to have in place an adequate pricing framework that is supported by appropriate documentation and governance structures for taking any rate of return related decision.
- 13.3 The Operator will consider the following to arrive at the final rate of return on any Campaign that is listed for funding on its platform:
 - 13.3.1 Tenure of the borrowing.
 - 13.3.2 Risk assessment of the borrowing request.
- 13.4 The risk assessment of an any Campaign will be arrived at using the following variables, at a minimum:
 - 13.4.1 Nature of Borrower's business.
 - 13.4.2 Years in operations of Borrower's business.
 - 13.4.3 Historical financial performance of Borrower.

- 13.4.4 Impact of proposed Campaign on financials including projected benefits.
- 13.4.5 Credit history of Borrower.
- 13.4.6 Performance of previous Campaigns by Borrower, if any.
- 13.4.7 Borrower's leadership experience.
- 13.4.8 Overall risk of Borrower's industry.
- 13.5 Post completion of the risk assessment, the Operator may generate a risk rating that can be in the form of grading or numbering which will guide Investors by enabling them to balance the level of risk and return.
- 13.6 The Operator must ensure that the risk rating and rate of return related information are clearly presented on its Platforms for every listed Campaign.
- 13.7 The maximum rate of return that can be offered on any Crowdfunding Campaign shall not be more than 3 times the QCB Average Overnight Interest Rate.

14. Fees Chargeable

- 14.1 The Operator may charge the Borrower:
 - 14.1.1 An administrative fee for listing a Campaign on its Platform.
 - 14.1.2 A financing fee if the Campaign is successful.
 - 14.1.3 Both the administrative and financing fees will be charged as per the schedule of fees published on the Operator's Platform.
 - 14.1.4 The Operator can deduct the financing fees from the loan amount collected before it is transferred to the Borrower.
 - 14.1.5 Fees for administrative services like site visit, bank transfer, marketing Campaigns, etc. Such charges should clearly be disclosed in the published schedule of fees.
 - 14.1.6 Any change to the fees and charges should be communicated in advance to the Borrower.
- 14.2 The Operator may charge the Investor:
 - 14.2.1 A processing fee for investing in a Campaign on its Platform.
 - 14.2.2 A processing fee to the buyer or seller in case of a transfer of a loan or investment.
 - 14.2.3 The processing fee will be charged as per the schedule of fees published on the Platform.

- 14.2.4 Fees for administrative services like bank transfer, etc. Such charges should clearly be disclosed in the published schedule of fees.
- 14.2.5 Any change to the fees and charges should be communicated in advance to the Investor.

15. Management of Defaults

- 15.1 The Operator must put in place an automated system to identify any overdue payment by a Borrower.
- 15.2 In case a Borrower is unable to meet its payment obligations to the Investor, the necessary actions that an Operator may take include, but are not limited to, the following:
 - 15.2.1 Ascertaining the reason(s) why the payment milestone has been missed by the Borrower.
 - 15.2.2 The Borrower is required to regularize the missed payment within 60 calendar days from the original payment date. In this case, the Operator should calculate the additional interest that is due to the Investor and update the Borrower and Investor.
 - 15.2.3 If the Borrower is unable to meet the missed payment milestone within 60 calendar days from the original payment date, the Operator shall classify the Borrower as a “Defaulter”.
 - 15.2.4 In case of the above Section 15.2.3, the Operator must:
 - 15.2.4.1 Immediately stop any ongoing Campaign of the Borrower and initiate refund to Investors of the on-going Campaign within 48 hours with appropriate communication.
 - 15.2.4.2 Cease the release of funds to Borrower for any recently closed Campaign and initiate a refund to Investors within 48 hours with appropriate communication.
 - 15.2.5 A Borrower who has been classified as a “Defaulter” is prohibited from raising funds through a Crowdfunding Campaign on any Platform for a period of 6 months from the date that they have regularized their defaulted obligations.
 - 15.2.6 The Operator must report a defaulting Borrower to the QCB and Qatar Credit Bureau.
 - 15.2.7 The Operator may organize a site visit to the Borrower’s premises to investigate such frequent delays or misses and conduct a meeting with the management of the Borrower.
 - 15.2.8 The Operator may initiate a credit check on the Borrower if deemed necessary.

- 15.2.9 In case partial payment is received from the Borrower, the same should be distributed by the Operator amongst all related Investors in a fair and transparent manner.
- 15.3 The Operator may on its accord, set up a Contingency Fund to compensate Investors who have been affected by missed payments by a Borrower.
- 15.4 In setting up a Contingency Fund, the Operator may ensure the following measures are in place:
 - 15.4.1 Make the Investor aware that the existence of such a Contingency Fund does not constitute a guarantee that the investment is risk-free and there is absolute discretion of refund in case of default by the Borrower.
 - 15.4.2 Put in place adequate policies and procedures to ensure that the Contingency Fund is well managed and can fulfill its objectives.
 - 15.4.3 Put in place clear policies on the considerations that would be taken to decide when the Contingency Fund will be activated and for the disbursement of funds from the Contingency Fund to Investors.
 - 15.4.4 Funds collected from Investors as part of a Campaign or funds received from Borrowers for repayment to Investors cannot be used to fund the Operator's Contingency Fund.
 - 15.4.5 While compensating Investors of any Campaign where payment has been missed by a Borrower, the Operator should ensure that they are fair and transparent in the compensation paid out.
 - 15.4.6 The Operator should clearly disclose the source of money contributed to the Contingency Fund.
 - 15.4.7 If the Contingency Fund is time bound, the duration of the fund should clearly be disclosed by the Operator. In this case, the process of dissolution of the fund upon maturity should also be provided.

16. Transfer of Loan Investments among Investors

- 16.1 An Operator may offer Investors the facility of transferring their existing loan investment to other Investors.
- 16.2 A transfer of loan investments will also result in the transfer of rights and obligations, as per the Loan Agreement, from the existing Investor to the new Investor.
- 16.3 To offer such a facility, the Operator must meet the following criteria:
 - 16.3.1 The loan investment was initiated through the same Platform.
 - 16.3.2 The request for transfer of the loan investment must be initiated only by the Investor who has originally invested in the Campaign.

- 16.3.3 The loan investment can only be transferred to another Investor who has already invested previously in any Campaign hosted on the same Platform.
- 16.3.4 The transfer of the loan investment to the new Investor must be done in full.
- 16.3.5 The transfer of the loan investment can be initiated only after 6 timely repayments have been made by the Borrower.
- 16.3.6 Potential new Investor should have access to all information about the Borrower that was available to the original Investor, the following information should also be made available to them before submission of a transfer request:
 - 16.3.6.1 Original prospectus issued by Borrower.
 - 16.3.6.2 Original payment schedule.
 - 16.3.6.3 Number of payments made by the Borrower.
 - 16.3.6.4 Number of payments delayed or unpaid by the Borrower.
 - 16.3.6.5 Number to payments remaining to be paid by the Borrower.
 - 16.3.6.6 Fees to be paid.
- 16.4 Until the date that the transfer has been concluded, the Operator shall bear the responsibility to settle the repayments payable to the original Investor up to the time of transfer once the amount is received from the Borrower.
- 16.5 The Investment Committee of the Operator may review the transfer of loan investment request and provide a final decision.
- 16.6 If approved, it will be the responsibility of the Operator to ensure the following activities are completed:
 - 16.6.1 Collection of funds (including charges) from the buyer and the seller.
 - 16.6.2 Payment of funds to the seller.
 - 16.6.3 Providing details of new Investor information to the Borrower.
 - 16.6.4 Formalization of Loan Agreement between Borrower & new Investor.
 - 16.6.5 Cancellation of Loan Agreement between Borrower & existing Investor.
- 16.7 It will be the responsibility of the Operator to ensure that the KYC and CDD of the buyer is updated at all times during the course of the Campaign.

17. Crowdfunding Platform Operator Requirements

- 17.1 An Operator, including its shareholders, BOD Members, and senior management must not:
 - 17.1.1 Contribute any proprietary funding in Campaigns promoted through its Platform.
 - 17.1.2 Hold any shares or investments in any form, in any of the Campaigns hosted on its Platform.
 - 17.1.3 Provide any financial assistance or loans to Investors, to invest in a Campaign that is hosted on its Platform.
- 17.2 It shall be the responsibility of the Operator to ensure that all requirements stated in this regulation are met by the Borrower.
- 17.3 All employees of the Operator are required to maintain the confidentiality of clients' data and transactions and must not disclose them to other parties even after the end of service for employees or revocation of license, except in accordance with the laws and instructions of the QCB.
- 17.4 The Operator must conduct, at a minimum, an annual review of the Borrower's financial condition (where a Borrower has completed a successful Campaign over the Platform).
- 17.5 The Operator must approve the policies and procedures related to the Contingency Funds should the Operator decide to set up one and oversee its implementation.
- 17.6 The Operator must ensure that for every transaction concluded on its platform, a Loan Agreement is in place between the Borrower and the Investor that sets out sufficient details of the loan, the terms of repayment and the rights and obligations of both.
 - 17.6.1 The Loan Agreement should be accessible to the Investor on the Platform and sent to the registered email address of the Investor.
 - 17.6.2 The Loan Agreement is required to contain all the appropriate terms and must in particular set out, at minimum, the following information:
 - 17.6.2.1 Name and address of Borrower.
 - 17.6.2.2 Name and address of Investor.
 - 17.6.2.3 Investment amount in words and figures.
 - 17.6.2.4 Execution date of the Loan Agreement.
 - 17.6.2.5 Applicable terms and conditions.
 - 17.6.2.6 Terms of repayment.
 - 17.6.2.7 Rate of interest charged on the loan.

- 17.7 An Operator should adhere to the following operating principles related to Loan-Based Crowdfunding activities:
 - 17.7.1 Interest (or profit, in the case of Sharia-compliant Loan-Based Crowdfunding), term, maturity, and conditions for the payment by the Borrower are determined by the Borrower and the Operator's Investment Committee.
 - 17.7.2 Interest (or profit, in the case of Sharia-compliant Loan-Based Crowdfunding), terms and conditions of payment, and all other rights and obligations regarding the funding taken should be clearly stated in the prospectus.
 - 17.7.3 Funds shall not be collected at a rate lower or higher than the interest or profit rate indicated in the prospectus.
 - 17.7.4 An Operator shall regularly announce on their Platforms the default rates regarding Crowdfunding Campaigns and the interest rates or profit rates applied on borrowings.
- 17.8 An Operator should adhere to the following Operating Principles related to Loan-Based Crowdfunding Campaigns:
 - 17.8.1 The Campaign listing process begins as soon as a Borrower applies to any platform with a request to raise funds.
 - 17.8.2 A new Campaign listing process cannot be started by a Borrower prior to the completion of an existing Campaign listing process by the same Borrower.
 - 17.8.3 The Loan-Based Crowdfunding Platform instantly conveys the funding requests submitted by the Investors to Borrower during the Campaign period.
 - 17.8.4 If the targeted fund amount is collected before the end of the Campaign period, the Campaign period may be concluded early, provided that the right of withdrawal period specified in this regulation expires for all Investors.
 - 17.8.5 If funds are collected over the targeted fund amount during the Campaign period, considering the distribution list determined by the Operator within the framework of the procedures and principles specified between the Borrower, Investor, and Operator, the return of the excess amount to the Investors should be carried out within a maximum period of 15 days from the closure of the Campaign.
- 17.9 An Operator shall ensure that its lead employees associated with the Loan-Based Crowdfunding undergo the relevant training with regard to crowdfunding activities.

- 17.10 For executing any payments for the Investor or Borrower, the Operator shall use payment systems that are approved by QCB.

18. Risk Disclosure Requirements

- 18.1 An Operator must disclose prominently on its Platform the main risks to Investors of using the Platform, including the following:
- 18.1.1 The Investor may risk losing all or partial amounts of their investment or may suffer delays in recovering their investments on time.
 - 18.1.2 Borrowers on the Platform may include new businesses, and as many new businesses fail, an investment with such a Borrower may involve high risks.
 - 18.1.3 The Borrower shall not be able to prepay their loan to the Investor throughout the life of the loan.
 - 18.1.4 If for any reason, the Operator ceases to carry on its business, the Investor may lose their money, incur costs, or experience delays in recovering payment.
- 18.2 As part of the application process, an Operator shall request to obtain an explicit sign off on a consent form from the Investor that they are aware of the risks associated with investing in a Campaign as well as of the risks stipulated in section 19.
- 18.3 An Operator must disclose prominently on its Platform key information about how its service operates, including:
- 18.3.1 Details of how the Platform functions.
 - 18.3.2 Details of how and by whom the Operator is remunerated for the service it provides, including the fees and charges it imposes.
 - 18.3.3 The eligibility criteria for Borrowers that use the Platform.
 - 18.3.4 Clear information demonstrating the rights of the Investor including, but not limited to, withdrawal of funds (partial or full), exit rights, and information rights.
 - 18.3.5 The minimum and maximum value of loans, as applicable, that may be sought by a Borrower using the service.
 - 18.3.6 The eligibility criteria for Investors that use the service.
 - 18.3.7 Any limits on the amounts an Investor may lend using the service, including limits for individual Campaigns and limits that apply over any 12-month period.

- 18.3.8 The timeframe within which an Investor may withdraw a commitment to provide funding before the Campaign closure, and the procedure for exercising such rights.
- 18.3.9 Steps to be taken if a loan sought by a Borrower either fails to meet or exceeds the target requirement.
- 18.3.10 The jurisdictional laws that will govern the Loan Agreement between the Borrower and the Investor.
- 18.3.11 Arrangements and safeguards for Investor assets held or controlled by the Operator, including details of any legal arrangements that may be used to hold Investor assets.
- 18.3.12 Measures that the Operator has instituted to ensure that the platform is not used for money laundering or other unlawful activities.
- 18.3.13 Measures that the Operator has instituted for the security of information technology systems and data protection.
- 18.3.14 Contingency arrangements that the Operator has instituted to ensure the orderly administration of loans if it ceases to carry on its business.
- 18.3.15 Mechanisms that an Operator will follow in the event that the Borrower is unable to meet its payment obligations to the Investor.

19. Due Diligence

- 19.1 An Operator must conduct due diligence on each Borrower prior to allowing it to use its services on the Platform.
- 19.2 The due diligence undertaken must include, at a minimum, taking reasonable steps to validate the following details:
 - 19.2.1 Its identity, including details of its incorporation and business registration.
 - 19.2.2 The identity and place of domicile of each of its directors, officers and controllers.
 - 19.2.3 Its fitness and propriety and that of each of its directors, officers and controllers.
 - 19.2.4 Its financial strength, including reviewing its financial statements.
 - 19.2.5 Its financial history, past performance, and credit history, including validating the creditworthiness of the Borrower with the Qatar Credit Bureau.
 - 19.2.6 Any credentials or expertise that the Borrower claims to possess.
 - 19.2.7 The valuation of the Borrower's business, current borrowing or funding levels (if any), and the sources of any existing borrowing or funding.
 - 19.2.8 Its business plan and proposal.

- 19.2.9 Its commitment and that of its directors, officers, and controllers to the business, including how much capital they have invested and the evaluation of any potential flight risk.
- 19.2.10 That its business is being carried on in accordance with the applicable laws in Qatar.
- 19.3 If the Operator has learned of any material change to the Borrower's circumstances (where a Borrower has completed a successful Campaign on the Platform), it must immediately communicate the same to the Investors of the Campaign.
- 19.4 The Operator shall have policies in place regarding Investor due diligence and identification. The due diligence framework should cover the following areas at a minimum:
 - 19.4.1 Request documents on the Investor's identity. Such documents should include the Passport Copy and Civil ID of the person, or the Commercial Registration and Memorandum or Articles of Association of the business.
 - 19.4.2 Ensure individual Investors are aged 21 years or above.
 - 19.4.3 Receive confirmation that the individual does not have a criminal record or that they were not convicted. With reference to the business, receive confirmation that the entity has complied with relevant applicable regulations.
 - 19.4.4 The Operator, at its discretion, may ascertain the credit history and solvency history of the Investor post their explicit consent.
 - 19.4.5 Ascertain that the Investor has not been blacklisted or received any fines from QCB or other authorities within Qatar.
 - 19.4.6 Undertake an assessment regarding the Investor's knowledge, experience, financial situation, and the Investor's understanding of the risks associated with Loan-Based Crowdfunding.
 - 19.4.7 Ascertain proof of income and net worth of the Investor.
- 19.5 It is the responsibility of the Operator to develop well-articulated procedures to establish and authenticate the identity of Investors and the source of their funds by undertaking an Investor due diligence process (KYC). Such procedures must be set out in writing and strictly adhered to.
- 19.6 It is the responsibility of the Operator to ensure that the KYC and CDD of the Investor is updated at all times during the course of the loan.

20. Qualifying Investors

- 20.1 The Operator shall assess the Investor based on information received and determine the accreditation category that they fall into, as defined in this regulation.
- 20.2 The assessment may be conducted electronically, provided it will not impact the integrity of the process and the ability of the Operator to qualify Investors properly.
- 20.3 The Operator must obtain and maintain Investor risk declarations, as per section 19, prior to allowing Investors to participate in Loan-Based Crowdfunding activity.
- 20.4 The following categories of Investors can participate in a Crowdfunding Campaign:
 - 20.4.1 Accredited Investor: An individual with a net worth over QAR 3,500,000, or who has earned QAR 500,000 annually for the past 3 years and expects to continue to do so. Such individual must also have enough knowledge and experience in financial and business matters to make them capable of evaluating the merits and risks of the prospective investment. Businesses that participate in Crowdfunding Campaigns shall automatically qualify as an Accredited Investor.
 - 20.4.2 Non-Accredited Investor: Any individual that does not meet the requirements of an Accredited Investor.
- 20.5 Prior to accepting any Investment Commitment (including any additional commitments from an existing Investor), an Operator should:
 - 20.5.1 Have a reasonable basis for believing that the Investor satisfies the conditions set out in this regulation to be qualified as an Accredited or Non-Accredited Investor.
 - 20.5.2 Rely on an Investor's representations concerning compliance with the investment limitation requirements, and the amount of the Investor's other investments made, unless the Operator has reason to question the reliability of the representation.
- 20.6 The Operator may offer a Campaign match facility to present a list of Campaigns that match the loan period and risk criteria set by an Investor. However, the Operator shall ensure the following:
 - 20.6.1 The Investor should opt-in to avail this feature.
 - 20.6.2 The Investor should have the ability to modify the loan period and risk criteria at any point.
 - 20.6.3 The Investor should have the ability to opt-out as and when required.

- 20.6.4 The risks associated with this service should be clearly informed to the Investor and signed off on at the time of opt-in.

21. Borrower Requirements

21.1 Marketing

- 21.1.1 The Borrower of a Crowdfunding Campaign that is to be marketed on a Platform shall be required to issue a prospectus for each Campaign.
- 21.1.2 The prospectus must meet specified requirements, such as, the circumstances of the offering, the amount sought to be raised from the offering, and the type of Investors targeted by the offering.
- 21.1.3 A Borrower proposing a Campaign shall submit the relevant information to the Operator, including the following:
- 21.1.3.1 Information that explains key characteristics of the business activities of the Borrower.
 - 21.1.3.2 Information that explains the purpose of the fundraising and the targeted offering amount, offering period, and minimum acceptable percentage of the funds raised of the targeted amount (if any).
 - 21.1.3.3 The audited financial statements of the Borrower for the past three years. Where such audited financial statements are unavailable, the Operator shall have the right to suffice with any financial statements or information approved by the Borrower's BOD.
 - 21.1.3.4 Information relating to the business plan of the Borrower, wherever relevant.
 - 21.1.3.5 Information relating to the Campaign for which the Crowdfunding is being raised.

21.2 Recordkeeping and Examination of Records

- 21.2.1 Every Borrower that has raised funding on a Platform shall maintain records for 15 years and furnish copies and reports thereof, when requested by an Operator.
- 21.2.2 All records held by the Borrower are subject at any time, to an inspection by representatives of the Operator, as may be deemed necessary or appropriate for the protection of the public interest or for

the protection of Investors. The Borrower shall promptly submit to the Operator the copies of such records that are being requested.

- 21.2.3 A Borrower shall continue to comply with the ongoing reporting requirements unless the Borrower liquidates or dissolves its business in accordance with applicable laws and regulations.

21.3 **Annual Report of the Borrower**

- 21.3.1 A Borrower that has initiated a Campaign shall file an annual report, which includes its financial statements with the Operator.

21.4 **Disclosure Requirement**

- 21.4.1 A Borrower proposing to be hosting a Campaign on a Platform shall ensure that all information submitted or disclosed to the Operator is true and accurate and shall be liable if the contrary is established.
- 21.4.2 A Borrower that has successfully completed its fundraising round on the Platform must ensure that there is an effective, transparent, and regular communication with its Investors, including the provision of quarterly updates on the progress of its business and financial position and the utilization of proceeds from its fundraising round.

21.5 **Borrower Disqualification Provisions**

- 21.5.1 Funding registration shall not be available for a Borrower, if the Operator finds that it has:
- 21.5.1.1 Been judicially declared insolvent.
 - 21.5.1.2 Been engaged or is suspected to engage in fraudulent activities.
 - 21.5.1.3 Made any false or misleading representation of material facts in any disclosure concerning the Crowdfunding Campaign.
 - 21.5.1.4 Failed to comply with any requirements that the Operator may impose as a condition for the application of Crowdfunding.
 - 21.5.1.5 Any of its shareholders, directors or controlling Persons, or management have been convicted, by a competent judicial or administrative body, upon a plea of guilty, or otherwise, of an offense involving moral turpitude or fraud, or violations of other laws within Qatar.

22. Advertising for Loan-Based Crowdfunding Campaigns

- 22.1 The Operator shall ensure that the information contained in the promotions and advertisements to be made regarding the Campaign is not incorrect, misleading, unfounded, exaggerated, or incomplete.
- 22.2 The Operator shall ensure that advertisements of any of the terms of a Borrower's offering that direct Investors to the Platform, includes the following information:
 - 22.2.1 A statement that the Borrower is conducting a Crowdfunding Campaign and a link directing the potential Investor to the Platform.
 - 22.2.2 The terms of the offering.
 - 22.2.3 Information about the legal identity and business location of the Borrower, limited to the name of the Borrower, the address, phone number and website of the Borrower, the email address of the Borrower, and a description of the business of the Borrower.
 - 22.2.4 A Borrower, and Persons acting on behalf of the Borrower, may communicate with Investors and potential Investors about the terms of the offering through communication channels provided by the Operator, provided that a Borrower identifies itself as the Borrower in all communications.
 - 22.2.5 Persons acting on behalf of the Borrower shall identify their affiliation with the Borrower in all communications on the Platform.
- 22.3 Operators should not:
 - 22.3.1 Publish reviews that may mislead Investors about any aspect of the Platform or its services.
 - 22.3.2 Use third party reviews that may mislead consumers about some aspect of the Platform or its services as a means of promoting the Platform or its services.

23. Sharia-Compliant Loan-Based Crowdfunding Offering

- 23.1 All Sharia-compliant Loan-Based Crowdfunding funds raised from Investor should be deposited by the Operator into a Sharia-compliant account held with an Islamic bank licensed by the QCB.
- 23.2 Should a Sharia-compliant Campaign be offered through a Platform, the Operator must appoint a Sharia Advisor that should have the following qualifications:

- 23.2.1 Understanding of the different Islamic contracts, products, and services used in Sharia-compliant financing.
- 23.2.2 Understanding of Sharia-compliant product structures.
- 23.2.3 Certification from the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) for the Certified Sharia Advisor and Auditor, or its equivalent.
- 23.3 An appointed Sharia Advisor is expected to undertake the following responsibilities:
 - 23.3.1 Provide advice related to the structure of the Loan-Based Crowdfunding Campaign.
 - 23.3.2 Establish and identify clear characteristics of the product offered.

24. Managing Conflicts of Interest

- 24.1 An Operator is required to establish a framework setting out policies and procedures to effectively manage conflicts of interest including potential conflicts of interest which may arise during the course of the Operator carrying out its functions. Such conflicts are to be managed in a timely manner.
- 24.2 To determine potential conflicts of interest that might affect the financial interests of Borrowers, the Operator will need to appoint a Chief Risk Officer (CRO).
- 24.3 The CRO shall, in observance of the following minimum criteria, assess whether the Operator, or any Person associated with Operator, or any Person in a control function directly or indirectly associated with Operator is exposed to any of the scenarios listed below:
 - 24.3.1 May experience a financial advantage or avoid a financial loss at the expense of the Borrower.
 - 24.3.2 Receives or will receive from a person, other than Borrower, an inducement in relation to a service provided to the Borrower, in the form of money, goods or services, other than a standard commission or fee for that service.
 - 24.3.3 Has a financial or other incentive to favor the investment conditions of a particular Campaign to the Borrower which is not in their best interest.
- 24.4 Where a conflict of interest may arise, priority should be given to the interests of the Borrower, rather than to the interests of Operator.
- 24.5 The Operator shall take all necessary actions to ensure that the actions taken by Operator will be exclusively based on the best interest of the Borrower.

- 24.6 In the performance of their functions, all employees of or Persons related to Operator must ascertain whether there is any conflict of interest and avoid conflicts of interest or withdraw if there are any potential situations that may cause or provoke a conflict of interest.
- 24.7 If a conflict of interest arises, participation in Crowdfunding transactions may be rendered only if the Borrower clearly expresses his/ her consent concerning the provision of Crowdfunding services.
- 24.8 The Operator must take measures to ensure that:
- 24.8.1 The interests of the Operator have no unfair advantage over the Borrower's interests and its actions must be compatible with the Borrower's interests.
- 24.8.2 Personal, financial or other interests of Operator, its employees or other associated Persons have no influence or appear to have no influence on the provision of services to the Borrower.
- 24.8.3 Interests of one Borrower are not preferred over those of other Borrowers.
- 24.9 The Operator shall retain any information that would corroborate the absence of a conflict of interest, as well as documents and other information that may confirm that the Borrower was duly informed about the relevant situation and agreed to the further provision of services by Operator.
- 24.10 In the event of a conflict of interest, the Operator must inform each Borrower explicitly and clearly against a receipt of any conflicts of interest that may have arisen.
- 24.10.1 The Operator must present information to Borrowers in a method that is clearly understandable to them, in order to make an informed decision on any potential ongoing collaboration with the Operator, with respect to which a conflict of interest may arise.
- 24.10.2 In the event where a conflict of interest arises between several Borrowers, the Operator shall coordinate the unwinding of the situation in such a way that no Borrower would benefit preferentially over another Borrower.

25. Customer Protection Measures

- 25.1 The Operator must ensure that the rights and responsibilities of all its stakeholders (e.g., Borrowers and Investors) together with the legal obligations of each party are clearly set out in the relevant contractual documents. Any dispute shall be resolved by reference to the Qatari Law and falls within the jurisdiction of Qatari courts.

- 25.2 The Operator must provide all important terms and conditions for the use of their services in a clear and simple language (in Arabic and English) in an easily accessible manner (including by mail or electronically via e-mail, website, or mobile applications) that is comprehensible to the user while engaging in Crowdfunding activities. Any change to the contract must be notified to its Investors within a period of not less than 15 calendar days from the date of implementing these changes.
- 25.3 The Operator must put in place measures to address customer protection, education, and privacy. The measures should include, but are not limited to, the following:
- 25.3.1 Publishing its client charter, that at a minimum includes the Operator's commitment towards ensuring safe operations, privacy of customer information, reliability and quality of services, transparency of product and services, fees, time frame for execution of various services, as applicable to the licensed activity that the Operator is undertaking.
 - 25.3.2 The legal name, registered address and contact details of the Operator must be displayed clearly on its Platform
- 25.4 An Operator is required to give advance notice to the Borrowers and Investors before terminating or suspending their Platform.

26. Complaint Management Process and Dispute Resolution Procedures

- 26.1 The Operator should have appropriate procedures and systems for the effective handling of customers' complaints. The procedures must be in writing and all its Borrowers and Investors must be informed of them.
- 26.2 Lodging a complaint to the Operator must be easily done and must be free of charge.
- 26.3 The procedures must be designed to ensure that:
- 26.3.1 Every customer complaint is handled fairly, effectively, and promptly.
 - 26.3.2 Recurring systems failures are identified, investigated, and remedied.
 - 26.3.3 The number of unresolved complaints referred to the QCB is minimized.
 - 26.3.4 Each employee responsible for resolving complaints has the authority to resolve complaints or has ready access to an employee who has that authority.
 - 26.3.5 Relevant employees are aware of the procedures, comply with them and receive training periodically to be kept aware of changes in them.

- 26.4 The procedures for customer complaint management and dispute resolution should provide, at a minimum, the following:
- 26.4.1 Ascertaining whether a complaint is within the scope required by this section. Some complaints might be outside the scope of these procedures. For example, a complaint might be frivolous, unrelated to Crowdfunding or on a matter beyond the Operator's control.
 - 26.4.2 Receiving complaints.
 - 26.4.3 Responding to complaints.
 - 26.4.4 Meeting the Operator's own service standards (if any) for complaints received.
 - 26.4.5 Referring complaints to third parties where necessary.
 - 26.4.6 Ensuring that each complaint is appropriately investigated by a Person of sufficient competence who was not directly involved in the act or omission that is the subject of the complaint.
 - 26.4.7 The Person responsible for responding to a complaint should have the authority to settle the complaint (including offering redress, if appropriate) or having ready access to someone who has that authority.
 - 26.4.8 Ensuring that the response to a complaint adequately addresses the complaint.
 - 26.4.9 Informing customers of their right to complain to the QCB and how to do so.
 - 26.4.10 Ensure that the timeline to resolve a complaint should not take more than 5 business days, and in the event that it does, the complainant is notified for reasons of the same and for their right to complain to QCB. In case the Operator needs more time to resolve a complaint, it should inform the complainant of the same, within 5 business days.
 - 26.4.11 If a complaint is upheld, the appropriate redressal mechanism.
 - 26.4.12 If a complaint is not upheld, or redress is not offered, providing reasons for such a decision.
 - 26.4.13 The Operator should provide a copy of the procedures to all relevant staff, so that they can inform Borrowers and Investors.
 - 26.4.14 A simple and easy-to-use guide to the procedures must also be available to all Borrowers and Investors, on request, as and when they want to make a complaint.
 - 26.4.15 An Operator must display the guide referred above in a prominent position on its Platform.

26.5 **Referring Complaints to Third Parties**

- 26.5.1 If an Operator is satisfied on reasonable grounds that a third party might be responsible or partly responsible for an act or omission alleged in a complaint, the Operator may refer all or part of the complaint to the third party.
- 26.5.2 However, the Operator must:
- 26.5.2.1 Make the referral promptly, but no later than 3 business days after the day it became satisfied that the third party might be responsible or partly responsible.
- 26.5.2.2 Make the referral in writing.
- 26.5.2.3 Inform the complainant in writing, in the final response or otherwise, about the referral and give the third party's contact details.
- 26.5.2.4 Unless it is satisfied that the third party is solely responsible for the relevant act or omission, continue to comply with this section in relation to the complaint.
- 26.5.3 Any unresolved dispute involving more than one entity shall be raised to QCB for review and resolution.
- 26.6 **Record-Keeping**
- 26.6.1 An Operator must maintain a record of all customers' complaints for 15 years after the date it receives the complaint. The record of each complaint must include:
- 26.6.1.1 The name of the complainant and whether the complainant was a retail or business customer.
- 26.6.1.2 A summary of the complaint.
- 26.6.1.3 Whether it was resolved or not or is still pending, and whether redress was offered and accepted by the complainant.
- 26.6.1.4 All correspondence about the complaint.

27. Audit

27.1 External Auditors

- 27.1.1 The Operator's appointment of an external auditor should meet the following requirements:

- 1.1.1.1. Article (131) of the QCB Law requires that Operator appoints an external auditor, subject to QCB's prior approval. The Operator must meet the minimum requirements regarding auditors referred to in Articles no. (132), (133), (134) and (148) of the QCB Law.
- 27.1.1.1 The external auditor must be on the approved list established by the Ministry of Commerce and Industry.
- 27.1.1.2 The external auditor should not have any conflicts of interest with the Operator.
- 27.1.1.3 If an external auditor ceases to be an appointed auditor, either due to expiration of the contract or due to the external auditor no longer being approved by the Ministry of Commerce and Industry, the Operator is obligated to appoint another auditor.
- 27.1.2 The Operator must ensure that the appointment of an external auditor includes the following responsibilities:
 - 27.1.2.1 The audit must be conducted on an annual basis for the Operator.
 - 27.1.2.2 That the audit scope, for the year in respect of which the auditor is appointed, includes an audit of the financial statements, or consolidated financial statements of the Operator prepared in accordance with accounting practices approved for use in Qatar, the International Financial Reporting Standards issued by the International Accounting Standards Board, or any other accounting standards deemed acceptable by QCB.
 - 27.1.2.3 The audit should include an evaluation of technology controls within the rm Operator. Furthermore, controls around any automated calculations that could impact the validity of financial statement calculations must be assessed.
 - 27.1.2.4 The audit should include an independent risk assessment, whereby the auditor should develop a detailed understanding of the business to enable them to assess the risk that the financial statements might be misstated, and the risk that the individual elements within the financial statements might be misstated.

- 27.1.2.5 Conducts an audit of the transactions in relation to the Crowdfunding activities provided by the Operator (separately from any audit carried out on activities not related to crowdfunding activities if applicable)

27.2 **Internal Auditors**

- 27.2.1 The Operator may outsource its internal audit activities to a third-party. However, the Operator is not permitted to outsource the internal audit function to the same auditor that has been appointed for conducting the external audit activities.
- 27.2.2 The Operator should use an auditing firm approved by the Ministry of Commerce and Industry for outsourcing any internal audit activities and must comply with the outsourcing requirements when appointing an internal auditor.
- 27.2.3 The internal audit function of the Operator should ensure that the scope of the internal audit is based on the formulation of an annual internal audit plan, that is based on an assessment of the risks inherent to the Operator and the nature of the service conducted.
- 27.2.4 The internal audit plan of the payment must be revisited on an annual basis, based on the outcome of internal audits conducted as per the annual internal audit plan and reviewing the risk assessment conducted in the previous year.

28. **Technology Related Obligations**

- 28.1 The Operator shall adhere to the following obligations when developing and operating an electronic Platform to conduct Loan-Based Crowdfunding activities:
- 28.1.1 Develop standard technological interfaces.
- 28.1.2 Ensure the readiness of technology infrastructure.
- 28.1.3 Ensure the readiness of technology infrastructure of other entities that the Operator will be linked with to enable the flow and exchange of data and information.
- 28.1.4 Establish and document a risk profile and analysis of the Investor which includes technological, operational and security risks and monitor them regularly.

- 28.1.5 Develop and test effective incident response plans on a regular basis for technology and security risks to ensure incident management and business continuity and inform QCB in case of business interruption or security incidents.
- 28.1.6 Enable the logs on all systems to monitor security events that include, but is not limited to user access activity, privilege management and anomalies on systems or applications.
- 28.1.7 Enable logging on all infrastructure and data processing equipment, and applications that are associated with access, transmission, processing, security, and storage of critical information.
- 28.1.8 Access to the logs shall be restricted to prevent modification or deletion, and the integrity of the logs shall be monitored continuously.
- 28.1.9 The Operator shall also ensure that logs containing personal information have the appropriate privacy protection measures in place and shall be in line with the Qatar Personal Data Privacy Law.
- 28.1.10 The Operator must notify relevant authorities and QCB in the event of a cyber-incident or attack.
- 28.1.11 The Operator shall inform QCB immediately about any vulnerabilities that appear or are discovered when conducting crowdfunding activities.

29. Data Confidentiality Obligations

- 29.1 The Operator shall protect and maintain the confidentiality of the Borrower's and Investor's data and shall not disclose such data to other parties or use them for illegal purposes, except as required by relevant laws and instructions. Personal data refers to any information relating to a Person who can be identified directly or indirectly from it, by reference to an identification number or to one or more factors specific to the person's natural, physiological, mental, economic, cultural, or social identity.
- 29.2 The Operator shall take all necessary security measures and procedures to protect the information exchanged with Borrowers and Investors electronically.
- 29.3 While communicating with Borrowers and Investors, the Operator must ensure that communication that is addressed to two or more Borrowers or Investors does not contain any personal data. The Operator must also ensure that no recipient of the communication can identify any other recipient through anything in the communication.

30. Outsourcing

- 30.1 The Operator shall obtain QCB's approval on any outsourcing arrangements or contracts with other parties to provide services related to its business, prior to entering such outsourcing arrangements.
- 30.2 The Operator shall not outsource the following functions, unless prior approval from QCB is taken:
 - 30.2.1 Compliance.
 - 30.2.2 AML/ CFT.
 - 30.2.3 Financial Control.
 - 30.2.4 Core business functions.
- 30.3 It is permissible to outsource the development and maintenance of a Platform to a third party after conducting the necessary due diligence and validating that the third party complies with the requirements laid out in this regulation.
- 30.4 The Operator must not enter an outsourcing arrangement for the management of its Platform or alternative digital delivery channel with a Person that is incorporated in or carries on business in a jurisdiction other than Qatar, or an arrangement that would involve data being transferred by the Operator to, or stored in, a jurisdiction other than Qatar, unless QCB has given the Operator written approval.
- 30.5 The Operator must ensure that the responsibility for the Platform and its operational aspects are appropriately allocated within the Operator (even if the Operator has outsourced the management of the Platform) and that those responsible are adequately resourced to carry out their responsibilities. Operational aspects include:
 - 30.5.1 Posting and reviewing online content.
 - 30.5.2 Monitoring performance and tracking performance indicators.
 - 30.5.3 Measuring data traffic.
 - 30.5.4 Maintenance.
 - 30.5.5 Supervising the Platform's security.
- 30.6 An Operator that outsources any activity to support its operations should ensure regular due diligence on the outsourcing service provider is conducted (for example on its, identity, legal status, activities, financial position, capabilities, reputation), prior to obtaining consent from QCB to outsource such activities.
- 30.7 The Operator should periodically review the suitability and performance of its outsourcing service providers.
- 30.8 The Operator must obtain approval from its BOD to outsource any function and must document it.

- 30.9 The Operator should put in place the appropriate mechanisms to ensure the confidentiality and security of information that the outsourcing service provider may have access to.
- 30.10 The Operator should put in place the appropriate reporting and monitoring mechanisms to ensure that the integrity and quality of work conducted by the outsourcing service provider is maintained.
- 30.11 The external and internal auditors of the Operator must be able to review the financial records and internal controls of the outsourcing service provider. Any weaknesses highlighted during the audit should be well documented and promptly rectified, especially where such weaknesses may affect the integrity of the internal controls of the Operator.
- 30.12 The Operator must also have a contingency plan in case the arrangement with the outsourcing service provider is suddenly terminated. This is to mitigate any significant disruption in the operation of crowdfunding services
- 30.13 The Operator must have a service agreement with the outsourcing service provider. The service agreement should be comprehensive and contain, at a minimum, the following:
 - 30.13.1 Clauses on professional ethics and conduct in performing their duties.
 - 30.13.2 Clauses requiring the third-party provider to comply with all Qatari laws and regulations.
 - 30.13.3 Clauses on complying with information security policies and regulations and notification procedures in the event of a breach.
 - 30.13.4 Exit clauses to ensure data will be wiped out of any of the third-party assets.
 - 30.13.5 Clearly defined roles and responsibilities of the outsourcing service provider.
 - 30.13.6 Robust confidentiality and security procedures and controls.
 - 30.13.7 Sound business continuity management procedures in the event of disruption of services to ensure the recovery and availability of such services.
 - 30.13.8 Clauses that indicate that the Operator has the right to terminate the services of the outsourcing service provider if it fails to comply with the conditions imposed.
 - 30.13.9 The right of QCB and the Operator to audit the outsourcing service provider's accounts.
- 30.14 The Operator shall be responsible as the principal for all acts of omission or commission of their outsourcing service providers

31. Business Records

- 31.1 An Operator shall preserve the following records for at least 15 years:
 - 31.1.1 All records related to an Investor who participates or attempts to participate in a Crowdfunding Campaign.
 - 31.1.2 All Borrower forms and disclosures submitted by Borrowers.
 - 31.1.3 Records of all communications that occur on or through its platform.
 - 31.1.4 All records related to Persons that use communication channels provided by a Crowdfunding Platform to promote a Borrower's Campaign or communicate with potential Investors.
 - 31.1.5 All records required of an Operator to demonstrate compliance with regulators.
 - 31.1.6 All notices provided by the Operator to Borrowers and Investors through the Platform.
 - 31.1.7 Number of transactions.
 - 31.1.8 Total amount raised across all Borrowers, expressed in Qatari Riyals.
 - 31.1.9 All financial records of the Operator.
 - 31.1.10 Complaints received by the Operator, as stipulated in Section 27.
 - 31.1.11 Marketing, sales, and advertising material conducted as part of crowdfunding Campaigns undertaken.
 - 31.1.12 Matters pertaining to the Governance of the Operator, including all relevant minutes of meeting and decisions undertaken by its Board of Directors, Investment Committee, and any other Governance Committee.
- 31.2 Every Operator shall maintain the required records and furnish copies thereof, and submit reports, as and when requested by QCB.
- 31.3 All records held are subject at any time, or from time to time, to an inspection by QCB representatives, as may be deemed necessary or appropriate for the protection of the public interest and/or for the protection of Investors. Every Operator shall promptly submit to QCB the copies of such records that are requested by QCB.

32. Post-Licensing Control & Reporting Requirements

- 32.1 An Operator must organize its accounts according to the recognized accounting standards, and prepare the financial statements comprehensively in a manner that reflects the reality of the economic status while abiding by any further requirements specified by the QCB to this effect.

- 32.2 An Operator must provide the QCB inspectors all the information they require and allow them to have access to all books, accounts, documents and data through online or offline modes.
- 32.3 An Operator must submit the following periodic reports to the QCB:
- 32.3.1 Its annual audited financial statements no later than three months after the end of its financial year.
 - 32.3.2 The Operator is required to submit a quarterly certificate signed by the internal auditor(s) to the QCB certifying that it has been maintaining an adequate balance in the Escrow account. The certificates shall be submitted in a format as prescribed by the QCB from time to time within a fortnight from the end of the quarter to which it pertains.
 - 32.3.3 The Operator is required to submit a semi-annual audit report signed by the external auditor(s) on the operation of the Escrow accounts certifying that the Operator has been maintaining an adequate balance in the Escrow account.
 - 32.3.4 Periodic reports on governance arrangements, and any changes to the composition of the BOD or senior management.
 - 32.3.5 Periodic reports on any material changes to the business and operations of the Operator.
 - 32.3.6 Any civil or criminal prosecution against the Operator must be reported immediately.
 - 32.3.7 For foreign Operators that have been licensed by the QCB to operate in Qatar, must submit to the QCB disclosures related to any winding down of their business in other jurisdictions, regulatory violations or penalties levied on the Operator's activities in other jurisdictions, and any information that could impact the Operator's activities in Qatar.
 - 32.3.8 Any other requirements specified by the QCB at the time of issuing the license or at a later date.
- 32.4 Operators are required to submit a quarterly report (or at any other frequency indicated by QCB) to QCB regarding their activity and performance. The report should describe, among others the below aspects:
- 32.4.1 Summary of the activities rendered (wherever applicable):
 - 32.4.1.1 Number of Individual Investors on boarded.
 - 32.4.1.2 Number of Business Investors on boarded.
 - 32.4.1.3 Number of active customers (by type) who have invested in at least one Campaign since onboarding.

- 32.4.1.4 Number of Campaigns listed with rating and rate of return.
- 32.4.1.5 Number of successful Campaigns, number of Investors (by type), tenors, rating assigned, amounts collected, and amounts refunded.
- 32.4.1.6 Number of unsuccessful Campaigns, number of Investors (by type), tenors, rating assigned, amounts collected, and amounts refunded.
- 32.4.1.7 Number and value of Borrower repayments (On time) processed.
- 32.4.1.8 Number and value of Borrower repayments (Delayed and paid) with ageing.
- 32.4.1.9 Number and value of Borrower repayments (Delayed and unpaid) with ageing.
- 32.4.1.10 Number and value of loan transfer requests listed on platform.
- 32.4.1.11 Number of loans transferred, including number of Investors (by type), a rating assigned, and number of installments transferred.
- 32.4.1.12 Value of Investors (by type) funds lying in e-Wallet of the Loan-Based Crowdfunding Platform Operator with ageing.
- 32.4.1.13 Amount lying in Contingency Fund.
- 32.4.1.14 Amount utilized from Contingency Fund – Affected Campaign details, amount disbursed, and list of customers paid.
- 32.4.1.15 Number of complaints received including response time, status, and action taken.

33. Compliance with Secondary Regulations

- 33.1 Along with this regulation, the Operator shall also comply with the below mentioned secondary regulations, and subsequent amendments, while operating in Qatar:
 - 33.1.1 Know Your Customer (KYC), Anti-Money Laundering (AML), Combating Financing of Terrorism (CFT) and Financing of Weapons of Mass Destruction Proliferation:
 - 33.1.1.1 The provisions of Law no. (20) Of 2019 on Combating Money Laundering and Terrorism Financing.

- 33.1.1.2 The instructions related to AML/CFT issued in May 2020, QCB guidelines; and
- 33.1.1.3 Any other circulations issued by the controllers and law enforcement bodies in Qatar must be implemented by all licensed Operators.
- 33.1.2 In the event that an Operator on boards Borrowers and Investors digitally, they must comply with the e-KYC regulation and Security Principles issued by QCB.
- 33.1.3 An Operator must comply with the provisions of the sector-specific Information & Cyber Security Regulations issued by QCB.
- 33.1.4 An Operator must adhere to the Personal Data Privacy Law (Law No. 13 of 2016) when processing and storing customer data.
- 33.1.5 An Operator must comply with the provisions of the Payment Services Regulation issued by QCB and obtain a license if it offers e-money wallets or any payment services.
- 33.1.6 Regulations or Guidelines that may be issued by QCB, including those relating to emerging technologies.

34. Penalties

- 34.1 QCB shall have the right to impose the penalties stipulated in the QCB Law, in case the Operator violates any of the instructions specified herein.
- 34.2 For the offense of very serious infringements, one or more of the following penalties shall be imposed on the Operator:
 - 34.2.1 Revocation of authorization.
 - 34.2.2 Prohibition of requesting authorization to operate as a Crowdfunding Platform.
 - 34.2.3 Suspension of commercial activity definitively or temporarily and agreement to close the establishment accordingly.
- 34.3 QCB may also impose financial penalties on the Operator depending on the severity of the breach or violation.
- 34.4 If it was substantiated by evidence to QCB that the Operator committed a violation, then QCB may take one of the following actions and penalties:

- 34.4.1 Formal warning shall be issued to the Operator that appropriate measures shall be taken by the Operator to rectify conditions within a period specified by QCB.
- 34.4.2 Suspend the operations of the Operator for a period stipulated by QCB and in case of repeated violations, the period of suspension may be increased. In case of such suspension, the public shall be notified of such by an announcement by the QCB.
- 34.4.3 In case of failure to rectify conditions within the period specified by QCB, the decision to cancel the approval shall be taken, and the Operator's license shall be revoked in line with the provisions indicated in this regulation.
- 34.4.4 Should the license be cancelled, the Operator cannot apply for a new license for a period stipulated by QCB from the date of cancellation of the license.

PART C (LICENSING REQUIREMENTS)

35. Licensing Requirements for Operators

- 35.1 No entity shall engage in, or facilitate the initiation, execution or completion of a Loan-Based Crowdfunding offering except where such entity is licensed by the QCB.
- 35.2 An application form is required to be submitted by any entity that seeks to operate a Platform.
- 35.3 The Operator, after meeting all licensing requirements and prior to obtaining the license, has the obligation to inform the QCB that the following measures have been met:
 - 35.3.1 The Platform used by the Operator is safe, efficient, and reliable, and has been tested and verified in accordance with leading practices prior to going-live with the Platform.
 - 35.3.2 The Operator has sufficient financial, human, and other resources to conduct its operations.
 - 35.3.3 The Operator has instituted adequate measures to ensure the security of information systems, system capacity and resilience, business continuity plan and procedures, risk management measures, data integrity and confidentiality, record keeping.
 - 35.3.4 The Operator has sufficient IT and technical support arrangements.
- 35.4 The Operator is required to meet the minimum capital requirements as specified in Section 9.

- 35.5 The Operator shall be required to become a registered member of the Qatar Credit Bureau for the purpose of reporting funding amounts raised by a Borrower and verifying their creditworthiness prior to registering them on their platform.
- 35.6 The Operator shall report details of all successful fund-raising Campaigns to the Qatar Credit Bureau periodically and include information related to Borrower's profile, commercial registration information, product type, amount borrowed, etc. or any other information as required by Qatar Credit Bureau.
- 35.7 In a scenario where the Operator intends to apply a new business model or emerging technology as part of its core offering or has a unique business model, QCB reserves the right to direct the applicant to go through the sandbox before issuing it a license.
- 35.8 While assessing the licensing application of an Operator, the applicant is required to demonstrate the following to QCB:
- 35.8.1 A strong commitment in driving financial inclusion, including increasing credit access to SME and responsible usage of financial services.
 - 35.8.2 Its ability to comply with the pre-licensing provisions of this regulation and that of the secondary regulations.
 - 35.8.3 Elaboration of the benefits that will accrue to Qatar as a result of the applicant receiving a license.

36. Licensing Application Requirements

- 36.1 The following information must be submitted by the Operator to the QCB:
- 36.1.1 **Licensing Application, Establishment Documents, and Identity Documents**
 - 36.1.1.1 License application form.
 - 36.1.1.2 A copy of the Operator's valid Commercial Registration.
 - 36.1.1.3 A draft copy of the Operator's Memorandum and Articles of Association. The Memorandum and Articles of Association must explicitly provide for undertaking the activities proposed in the license application and must prevent the applicant from undertaking other commercial activities, unless these arise out of its activities or are incidental to those.
 - 36.1.1.4 Valid civil id and passport copies of founding shareholders, CEO and senior management of the Operator.

36.1.2 **Details of the Proposed Operator**

- 36.1.2.1 The proposed Crowdfunding Campaigns to be funded, if the Operator is focused on a specific sector (for example, manufacturing, agriculture, construction, or consumables).
- 36.1.2.2 The Vision and Objectives of the Operator.
- 36.1.2.3 A Business Plan that includes the Operator's expected operating expenses, projected income, revenues and profits for the next 5 years, and:
- i. Projected profitability over the next 5 years; if profitability is not reached in 5-years, please indicate by when the Operator would achieve profitability.
 - ii. Projected volume of Loan-Based Crowdfunding operations over the next 5 years across the target sectors, as applicable.
 - iii. Sources of funds for the Operator.
 - iv. Investor profile and target investor type.
 - v. Demonstration of how the Operator plans to recover its investment and generate income.
 - vi. Resource mobilization plan to meet projected business plans.
 - vii. Business strategy.
 - viii. Product roadmap.
 - ix. Technology implementation roadmap.
 - x. The jurisdiction(s) the Operator has presence in outside Qatar and their business activities.
 - xi. Ownership structure of the Operator.
- 36.1.2.4 Expected benefits to the financial service ecosystem and Qatar from the operationalization of the proposed payment system/services.
- 36.1.2.5 Proposed exit plan in case the Operator, voluntarily or involuntarily, decides to cease carrying out Crowdfunding related activities.

36.1.3 **Details of Incorporators and Organization Structure**

- 36.1.3.1 Information on founding shareholders.
- 36.1.3.2 The nominated CEO of the Operator.

- 36.1.3.3 Detailed profile of all directors and senior management personnel (Name, Age, Nationality, QID, Passport Number, Qualifications, Work Experience, date of joining the BOD, details of involvement in other businesses as a shareholder, CEO, or senior management)
- 36.1.3.4 Details of statutory auditor of the Operator.
- 36.1.3.5 A chart showing the proposed organizational structure (BOD, CEO, departments with reporting lines, as well as staff headcount). This should also include the Sharia Advisor (if Islamic product(s) offered), Investment Committee, Compliance and MLRO.
- 36.1.3.6 The applicant should satisfy QCB that all its key management personnel, founding shareholders, and CEO are fit and proper Persons to hold the office.

36.1.4 **Details of Technological Arrangements**

- 36.1.4.1 Technological arrangements that will be made by the Operator to conduct Crowdfunding activities, including:
 - i. Technology Architecture of the Platform proposed.
 - ii. Infrastructure and Network Architecture that will support the Platform.
 - iii. Details of the setup of the Platform proposed, including evidence of adequate segregation of duties, functionalities to be offered in the platform, and the availability of technology-related controls within the platform.
- 36.1.4.2 Any contracts or agreements related to the technological arrangements.
- 36.1.4.3 Details of the digital Platforms including registered domain name, place of hosting, and the details of the hosting provider.
- 36.1.4.4 A disaster recovery and business continuity plan that includes actions to be taken by the Operator if one or more components of the technological arrangements becomes unavailable or is disrupted. The plan must include corrective measures to ensure business continuity for all core functions, and the mechanism for reporting the same to QCB.
- 36.1.4.5 Cloud security policies and procedures.

36.1.5 **Details of Risk Management Measures**

- 36.1.5.1 An analysis of risks associated with the Crowdfunding activities which will be undertaken and the necessary precautionary measures to mitigate those risks. Risks include but are not

limited to risks of cyber security, business continuity risks, settlement risks, miss-selling risks, reputational risks, fraud risk, credit risk, risk of money laundering and terrorist financing, risk of illegal access to the Platform, and others, as may be appropriate.

36.1.5.2 E-KYC policies and procedures that will be followed by the Operator and details of the customer onboarding process.

36.1.5.3 The proposed client charter clearly stating the fees, charges, timelines for execution of various services, etc. and a description of the customer grievance redressal mechanism.

36.1.5.4 Data classification policy and procedures of the Operator.

36.1.5.5 Information security policy and procedures of the Operator.

36.1.5.6 Core operational procedures of the Operator, including, Borrower onboarding, Borrower due diligence, campaign due diligence, Investor accreditation and onboarding, campaign management, contracting, and others, as may be applicable.

36.1.5.7 Details of the governance arrangements of the Operator, including, at a minimum, the establishment of an Investment Committee that will be responsible for validating new Borrowers onboarded to the Platform, new Campaigns marketed on the Platform, and new Campaigns launched by the Operator.

36.1.5.8 Conflict of interest policy should be approved by the BOD of the Operator.

36.1.6 **Details of Agreements with Other Companies**

36.1.6.1 Details of other companies that the Operator will be associated with in conducting its Loan-Based Crowdfunding activities, including any outsourcing arrangements carried out.

36.1.6.2 Approval from the Company's BOD to outsource any function within the Operator.

36.2 All documentation submitted as part of an application for a license must be in Arabic and English. Any documentation in a language other than Arabic must be accompanied by a certified Arabic translation thereof.

36.3 The Operator shall comply with any other requirements or information disclosures required by QCB.

37. Processing of Applications

37.1 Upon receipt of a completed application for a license, QCB shall provide timelines for review of the application to the applicant.

- 37.2 At any time after receiving an application and before taking a decision, QCB may require the applicant to provide it with further information as it reasonably considers necessary to enable it to take a decision on the application. When it is determined that the application is incomplete, QCB shall notify the applicant of any further requirements or missing documents.
- 37.3 All incomplete or missing documents shall be provided to QCB within 15 days from QCB's notification, otherwise the application shall be cancelled, unless extended by QCB, and the applicant must re-submit a new application for consideration.
- 37.4 As per QCB Law, The QCB shall promulgate the decision to grant the license in the Official Gazette and in two daily newspapers, or any other means that the QCB deems appropriate.
- 37.5 QCB may include in the license issued any additional requirements as it considers appropriate.
- 37.6 The license shall be issued subject to the Operator adhering to the licensing conditions specified by QCB from time to time.
- 37.7 A license issued shall be valid for a period of 1 year from the date of its issue, unless the same is suspended or cancelled pursuant to these regulations.
- 37.8 As per QCB Law, the QCB shall issue a grounded decision rejecting the license application in the event it does not fulfil the conditions provided for. The applicant may appeal against the decision within 15 days from the date of receiving the notification.
- 37.9 In the event that a license has been rejected, the applicant may re-apply for a license after a 6-month cooling period has elapsed from the date of receiving the final rejection decision.
- 37.10 The Operator, upon receiving its license, shall permanently display an accredited copy of the license in a visible area in its place of work in Qatar as per Article (85) of QCB Law. Furthermore, a digital copy of the license should be maintained on all digital channels.
- 37.11 The Operator must initiate business operations within 6 months from the date of issuance of the license. QCB may extend this period for another similar period. In the event of the elapsing of this period without having commenced the licensed services, operations, or activities, the license shall be deemed as null and void.
- 37.12 QCB may at any time appoint an investigating authority to examine the books, records, or activities of the Operator.

- 37.13 QCB may at any point undertake the necessary procedures required to verify that the Operator satisfies QCB's requirements, such as paying office visits, meeting with officers, reviewing its procedures and records in conformity with these regulations.

38. Licensing Fees and Renewal of License

- 38.1 Upon approval of the application, the applicant shall pay QCB a licensing fee of QAR 10,000. For the first year, the licensing fee will be calculated on a pro-rata basis from the date of issuance until December 1.
- 38.2 The license shall be annually renewed upon payment of the annual fees of QAR 10,000 on the 1st of December every year if the Operator continues its operations in accordance with the established QCB laws and regulations.

39. Suspending or Stopping Licensed Activities or Bankruptcy

- 39.1 An Operator must obtain prior permission from QCB if it requires to suspend partially or completely any of its licensed activities or terminate or liquidate its business.
- 39.2 Without prejudice to QCB's powers under other applicable laws and regulations, QCB may revoke or suspend a license in any one of the following circumstances:
- 39.2.1 An Operator has not carried out any Loan-Based Crowdfunding activities in Qatar for a period of at least 12 consecutive months.
 - 39.2.2 An Operator notifies QCB that it intends to cease carrying on with the Loan-Based Crowdfunding activities for which it is licensed.
 - 39.2.3 An Operator no longer meets or is determined to be unlikely to meet any of the requirements of these regulations.
 - 39.2.4 An Operator has filed for bankruptcy in line with the provisions set out in Qatar's Commercial Law No 27 of 2006.
 - 39.2.5 An Operator fails to inform QCB of a change in circumstances which QCB considers to be materially relevant to its compliance with any of the requirements of these Regulations.
 - 39.2.6 An Operator has committed a material breach of a provision of these regulations.
 - 39.2.7 An Operator constitutes a threat to the stability of or trust in the financial services sector in Qatar.

- 39.2.8 The QCB considers that revocation is desirable to protect the interests of consumers or is in the public interest.
- 39.2.9 An Operator notifies QCB about its decision of not renewing its license with QCB while submitting a clear exit plan.
- 39.3 The QCB may issue a decision to revoke or suspend the license for a specified period, in any of the cases stated in this regulation or as per the QCB Law.
- 39.4 The Operator may appeal against the revocation or suspension decision within 30 days from the date of receiving the notification from QCB.
- 39.5 If an Operator decides to voluntarily exit the business, they must inform QCB at least 3 months prior to the closure of the business. In the interim, the Operator must make suitable arrangements with another licensed Operator to take over and run the platform to fulfil all its existing obligations. In case an Operator does not comply with providing the required notice to QCB, QCB reserves the right to hand over the Platform to another existing licensed Operator and to take any other necessary actions it sees fit against the exiting Operator for its non-compliance to the notification requirement.