qatar
FINANCIAL CENTRE
AUTHORITY

Qatar Financial Centre Authority
Annual Review 2012

FACILITATING SUCCESS

CONTENT

Welcoming Messages 2

H.E. Yousef Hussain Kamal, Chairman
Abdulrahman Ahmad Al-Shaibi, Managing Director and Board Member
Shashank Srivastava, Chief Executive Officer and Board Member

Qatar – A Compelling Economic Story 10

Sustaining Growth
Boosting the Financial Services Industry

The QFC Authority Annual Review 2012 16

The Hub Strategy
Facilitating Success
Major Achievements
Qatar Finance & Business Academy (QFBA) and Qatarlyst
QFC-Licensed Firms

QFC Authority Leadership Profiles 32

Board of Directors
Management Team

Message from the Chairman

H.E. Yousef Hussain Kamal
Chairman

In 2012, Qatar's economy continued to be one of the fastest growing in the world, expanding by an inflation adjusted 6.2% according to the General Secretariat for Development Planning (GSDP). Although the GSDP expects growth to be a more subdued 4.5% in 2013, Qatar's overall economic performance is still an impressive achievement by international standards and is being widely acknowledged.
The World Economic Forum Global Competitiveness Report 2012-2013 ranked Qatar as the 11th most business-friendly country in the world, which is testament to the quality of the country's economic growth. We were also pleased to note that Qatar was the highest-ranking country in the Middle East, gaining three places from the previous year's report.

The State of Qatar will continue to pursue progressive and sustainable diversification strategies that will benefit Qatar's economy and its people. These strategies are based on the Qatar National Vision 2030 and are being implemented through the National Development Strategy 2011-2016. The creation of a vibrant and world-class financial services industry in Qatar is a key aspect of this Vision.

Since 2007 we have come a long way in building a strong and vibrant financial services sector in Qatar. The Qatar Financial Centre (QFC) offers both local and foreign firms one of the most business-friendly environments in the world, a legal system based on English common law, efficient administration and one of the region's most robust regulatory regimes. As a result, to date, leading financial institutions from an international, regional and local stage have chosen to operate from within the QFC.

The fact that a large number of the world's most respected financial services firms have chosen the QFC as their operating platform for serving the country and the wider region speaks for itself. Besides the specific attractions of the QFC, Qatar's political stability and robust economy have added to the case for capturing business opportunities in the State of Qatar and beyond. In addition, during December 2012, The Qatar Central Bank (QCB), the QFC Regulatory Authority (QFCRA) and the Qatar Financial Markets Authority (QFMA) welcomed the enactment of The Law of the Qatar Central Bank and the Regulation of Financial Institutions (Law No. 13 of 2012), which was enacted by H.H. The Emir.

The new Law is an important step in advancing the framework for financial regulation and supervision in the State of Qatar, promoting financial stability and expanding the ambit of regulation and supervision to cover areas requiring new and enhanced financial regulation within the State. It also lays the foundation for increased co-operation between the regulatory and supervisory bodies in Qatar as they develop and apply regulatory and supervisory policy and implement international standards and best practices to deliver the objectives of the Qatar National Vision 2030 and Qatar National Development Strategy 2011-2016.

The QFC Authority is grateful for the tireless efforts and exemplary commitment of its employees and the Board of Directors, past and present. I am also particularly pleased to highlight the appointment of Shashank Srivastava to the role of Chief Executive Officer and Board Member of the QFC Authority. Mr Srivastava has been a leading figure in the QFC Authority over the past six years. Looking forward, I am confident that the QFC Authority will continue to make excellent progress in 2013.

Message from the Managing Director

Abdulrahman Ahmad Al-Shaibi
Managing Director

I am pleased to share that 2012 was another successful year for the QFC Authority. 19 new companies were licensed, bringing the total number of licensed companies to 169 as of December 31, 2012. We are particularly pleased to note that almost half of the firms licensed during 2012 were Qatari businesses. This achievement highlights the fact that Qatari financial services firms now view the QFC as a strong and attractive platform from which they can pursue their international business strategies. This is an encouraging vote of confidence from the local firms towards the QFC's operating environment.

In particular, I would like to highlight two regulatory developments in 2012 with reference to firms seeking to set up in the QFC; the enactment of Special Company Regulations and Single Family Office Regulations. With these regulations, the QFC Authority has further strengthened its environment to offer a state-of-the art business platform for local, regional, and international firms which can count on clear and rigorous regulatory and tax regimes. These regulations are another step forward in the QFC Authority's strategy of offering an attractive environment for a wider variety of firms and businesses to operate in.

In general, favourable economic conditions and unabated Government commitment have further improved the prospects for the development of a vibrant financial services industry in the country. Qatar increasingly offers a wide range of competitive products and services to customers both inside and outside Qatar, and plays an ever bigger role in promoting economic growth and societal progress in our country. Today, the global financial services industry recognises that Qatar is not just a source of capital but is also a centre in its own right from which to manage financial services offerings within the country and the wider region. In addition, Qatar's political stability and robust economy have added to the country's attraction as a safe haven. Qatar and the QFC continue to offer a powerful proposition, with an increasing number of financial services firms from around the world considering Qatar as a preferred location to operate from.

I would also like to mention that, during 2012, the QFC Authority stepped up its role as a think tank advising the Government and assisting in policy formation, for example, with a view to bringing new financial products such as Exchange Traded Funds (ETFs) and Real Estate Investment Trusts (REITs) to Qatar's financial markets. Additionally, in association with the Qatar Finance & Business Academy and with Government support, the QFC Authority launched an important skills and training program, addressing one of the most important needs of the local and international business community in Qatar. This initiative aims to ensure that the financial services industry in Qatar, including firms operating in the QFC, will have access to a broader pool of talented Qatari professionals to meet their growing human resources needs as their businesses expand. Although this initiative is still in its infancy, we expect considerable progress over the next twelve months.

The QFC Authority's success would not have been possible without the dedication of its employees. I would like to thank them for all their endeavours on behalf of the QFC Authority in 2012. I am certain that, with continued focus and ongoing commitment, 2013 will be another outstanding year for the QFC Authority.

Scan To view
the interview by Zawya with Shashank Srivastava,
CEO of QFC Authority

Message from the Chief Executive Officer and Board Member

Shashank Srivastava
Chief Executive Officer and Board Member

In 2012, the Qatar Financial Centre further reinforced its position as a world-class platform for financial services firms. The Qatar Financial Centre was established by the Government of Qatar in 2005 with the mandate of contributing towards the development of a world-class, competitive, modern financial services sector in Qatar, aligned to the Qatar National Vision 2030. The QFC Authority is the commercial and strategic arm of the QFC, and in 2012 we continued to support the development of a vibrant financial services industry in Qatar, serving both the country and the wider region, continuing our focus on further developing the three core business hubs of Asset Management, Reinsurance and Captive Insurance. Our rapid and sustainable economic growth, in conjunction with further enhancements to the QFC's regulatory and operational environment, has positioned Qatar firmly on the global financial services map, earning it the "Best Financial Services Centre in the Middle East" award in 2012 for the second consecutive year from Global Investor magazine. Our position in the Global Financial Centres Index 2012 published by The Z/yen Group also improved, rising three places from 2011.

The QFC Authority licensed a wide range of international, regional and local firms in 2012. They included companies such as Allianz Worldwide Care, Al Rayan Holdings, BoozAllen Hamilton, Daman

Health Insurance, MasterCard, NEXtCARE Lebanon, QIC Capital and Zurich Insurance. In addition, the Qatar Asset Management Company (QAMC), a collaboration between the QFC Authority and the Qatar Investment Authority and Barclays Natural Resource Investments (BNRI), a division of Barclays Bank PLC, announced the formation of a strategic partnership, and under the partnership terms, QAMC will co-invest US$ 250 million in BNRI's current and future portfolio companies. Also, BNRI's decision to open a regional office in Doha will further add to the talent base operating from the QFC. The launch of a new QFC-based asset management firm, Aventicum Capital, a joint venture between Credit Suisse and Qatar Holding, was also announced in 2012. For the QFC Authority, these announcements mark an important milestone in Qatar's strategy of developing an asset management hub and promoting the expansion of Qatar's financial services industry.

As an ongoing part of our growth strategy, we continue to strengthen our cooperation with leading international financial centres. In 2012, the QFC Authority welcomed several high level delegations including Luxembourg for Finance (LFF) responsible for the development of the financial sector in Luxembourg, the Lord Mayor of London and a delegation from the Kenyan Financial Centre.

The promotion of thought leadership is another important aspect of our business development strategy. During 2012, the QFC Authority continued to actively support and endorse a wide range of thought leadership initiatives, including proprietary events and publications, all of which contribute to a greater knowledge and understanding of the regional financial services industry, particularly the QFC and the State of Qatar. These initiatives included the 6th MultaQa Qatar Conference, hosted by the QFC Authority and co-organised with Global Reinsurance magazine. MultaQa has developed into the MENA region's leading risk, insurance & reinsurance event, drawing more than 400 senior insurance and risk management executives and professionals from more than 30 countries. The QFC Authority also supported the inaugural Bloomberg Doha Conference, which was attended by more than 350 asset management professionals from the U.S., Asia, Europe and the Middle East. In terms of management, the QFC Authority continued to strengthen its executive team with the appointment of Mr. David Phipps as Director of Risk and Audit. Our ongoing success and progress would not have been possible without the commitment of the QFC Authority's employees and I would like to take this opportunity to thank them all.

QFC Authority Board of Directors

From Left to Right: Mr. Shashank Srivastava, Chief Executive Officer and Board Member of the QFC Authority, Mr. Rashid Ali Al-Mansoori, CEO and Board Member of the Qatar Exchange, Mr. Jacques Aigrain, Chairman of LCH Clearnet Group, H.E. Sheikh Jassim Bin Abdulaziz Al-Thani, Minister of Business and Trade,

Mr. Bob Wigley, Chairman of hibu plc, Stonehaven Search plc, NetOTC, Captive Minds Communications Group and Expansys plc , H.E. Yousef Hussain Kamal, Minister of Economy & Finance, Dr. Arnab Banerji, Chairman of Collabrium Capital, Mr. Abdulrahman Ahmad Al-Shaibi, Board Member and Managing Director of the QFC Authority, Mr. David Dhanoo, Group Chief Legal Officer and Board Secretary of the QFC Authority

Qatar - A Compelling Economic Story

> Annual growth in Gross Domestic Product (GDP) averaged 11.9% between 2008 and 2012 and although the pace of expansion slowed to 6.2% in 2012, according to the General Secretariat for Development Planning (GSDP), economic growth is still impressive at twice the global average.

Qatar Science & Technology Park (QSTP)

Qatar is committed to be recognized as an international hub for applied research, innovation and entrepreneurship. The Qatar Science & Technology Park (QSTP) was established as a national agency charged with executing applied research and delivering commercialized technologies in four key areas.

Scan To view
the Financial News podcast

Sustaining Growth

The State of Qatar continues to enjoy rapid economic growth. Annual growth in Gross Domestic Product (GDP) averaged 11.9% between 2008 and 2012 and although the pace of expansion slowed to 6.2% in 2012, according to the General Secretariat for Development Planning (GSDP), economic growth is still impressive at twice the global average.

The country's significant hydrocarbon wealth has fuelled this remarkable performance. Qatar has the third largest reserves of natural gas in the world and its oil and gas reserves are estimated to be worth U$16.5 trillion[1]. GSDP figures also show that the hydrocarbon industry contributed 46.8% of national output in 2012. The rapidly growing services sector, which includes financial services, accounted for 32.2%, whilst construction, manufacturing and utilities contributed another 20.3%. The finance, insurance, real estate and business services sector grew at an average rate of 28% between 2004 and 2012, and the financial services sector now employs over 10,000 employees, 23% of which are Qatari Nationals, and over half of these are women[2].

The State of Qatar continues to focus on the long-term diversification of the country's economy as set out in the Qatar National Vision 2030 (QNV 2030), which was established as the blueprint for the country's development. Based on the principles of sustainable economic, social, environmental and human capital development, QNV 2030 defines clear objectives, focusing on the development of a diversified knowledge-based economy with a competitive private sector.

Investment in infrastructure is fundamental to realising the QNV 2030. Qatar's National Development Strategy 2011-16 estimates that around US$225 billion will be invested through to 2016. MEED Projects calculates that projects worth around US$243 billion will have been completed or initiated over the same period. Much of this investment is physical infrastructure to provide for a fast-growing population, estimated to be 1.83 million at the end of 2012[3] and estimated to reach 3 million by 2020. Other infrastructure projects in the pipeline or underway include the Hamad International Airport which is expected to open in 2013, the QR20 billion development of Msheireb in the historical old town of Doha, a railway and metro network, a new port and a brand-new city, Lusail, on the outskirts of Doha. When complete, Lusail will be home to more than 200,000 people.

The decision by FIFA to award Qatar the rights to host the FIFA World Cup in 2022 is further testament to the substantial success of Qatar's development strategy, with expected investment of US$3 billion earmarked to build nine new sports stadia and to renovate another three.

In addition, Qatar has also invested heavily in health, education, sport, science, technology and tourism to further the goals of economic diversification and the creation of a knowledge-based society. Several foreign institutions of higher education have established campuses in Doha and the Qatar Science & Technology Park is home to an increasing number of technology companies and researchers.

1 Source: General Secretariat for Development Planning
2 Source: Qatar Statistics Authority
3 Source: Qatar Statistics Authority

Qatar is investing abroad as well as at home for the future of its citizens. With a substantial current account surplus running at about 20% of GDP and a sovereign wealth fund, the Qatar Investment Authority, which has estimated world-wide assets of US$115billion[4], the country is steadily accumulated high quality assets for the long term.

A broad range of international bodies have recognised the success of Qatar's economic strategy, financial stability and promising future. Among the main international credit rating agencies, Qatar retained Standard & Poor's stable sovereign rating of AA/A-1+ and Moody's stable sovereign rating of AA2. The World Economic Forum Global Competitiveness Report 2012-2013 ranked Qatar as the 11th most competitive and business-friendly country in the world. In the most recent Doing Business Index 2013, published by the World Bank, Qatar was ranked 40th in the world. The same report also ranked Qatar as the second most tax-friendly country in the world.

Real GDP Growth 2012[5]

	2012	2013
Real GDP Growth (%)	6.2	4.5
Nominal GDP Growth (%)	11.2	4.7
Consumer Price Inflation (%)	2.0	2.5
Fiscal Surplus (% of GDP)	7.8	4.8
Current Account Surplus (% of GDP)	22.0	20.6

Share of GDP (%)	2012	2013
Hydrocarbons	46.8	44.2
Industry (Manufacturing, construction, utilities)	20.3	21.3
Services	32.2	33.7

4 Source: SWF Institute
5 Source: General Secretariat for Development Planning

Boosting the Financial Services Industry

The financial services industry in Qatar continues to grow at an impressive pace. There are several broad drivers for this growth: a buoyant economy and the consequent accumulation of wealth; the need to finance enterprise; the government's business-friendly policies; and Qatar's strategic location between the mature economies of the West and the emerging economies of Asia and Africa at a time when the relative influence of these emerging economies is increasing.

The QFC has made a major contribution to the development of Qatar's financial services industry. Set up in 2005 by the Government of Qatar, the QFC has been an integral part of Qatar's financial system. The QFC provides Qatari and foreign firms with a world-class legal, regulatory and tax environment. The QFC Authority's strategy continues to develop core business strengths around asset management, reinsurance and captive insurance. While the QFC Authority particularly encourages firms in these three core sectors to set up within the QFC, firms from other areas of the financial services sector are also welcome.

Since its inception, the QFC Authority has licenced 169 firms as of the end of 2012, with domestic firms increasingly represented in the overall portfolio. The number of domestic firms operating in the QFC has grown, as has the pipeline of firms interested in becoming licensed by the QFC. During 2012, 9 out of 19 firms granted licenses to operate in the QFC were domestic firms. As of 31 December 2012, 35 active licensed firms were domestic, representing 25% of the total of licensed firms. By setting up in the QFC, domestic firms are able to benefit from the increased range of business opportunities that comes with being part of a world-class financial services centre.

As an integral part of Qatar's economy, the QFC Authority continues to take a leading role in advising the Qatari Government on the development of a vibrant financial services industry in Qatar. The QFC Authority also continues to drive thought leadership initiatives, including events and research.

In 2012, the QFC Authority co-hosted the 6th MultaQa Qatar Conference and the inaugural Bloomberg Doha Conference. The annual MultaQa Qatar Conference has established itself as the leading risk and insurance platform in the MENA region, attracting over 400 senior regional and global delegates. In partnership with Bloomberg LINK, in 2012, the QFC Authority launched the Bloomberg Doha Conference bringing together over 300 regional and International delegates from the Asset Management and Banking industry.

The QFC Authority continues to commission significant research to support its business strategy in the areas of asset management, reinsurance and captive insurance, as well as sponsoring thought leadership reports. These include the Asset Management Industry in the GCC, the 1st GCC Insurance Barometer, the 3rd GCC Reinsurance Barometer, the Business Optimism Index for Qatar and the Global Financial Centre Index.

> "Qatar's business friendly climate has been crucial to the QFC's competitiveness and success to date. The QFC has built on this foundation by instituting a strong and progressive legal system rooted in English common law, principles-based regulatory system and an attractive and efficient tax regime. The outcome is clarity and certainty for firms."
>
> Shashank Srivastava,
> CEO and Board Member of the QFC Authority


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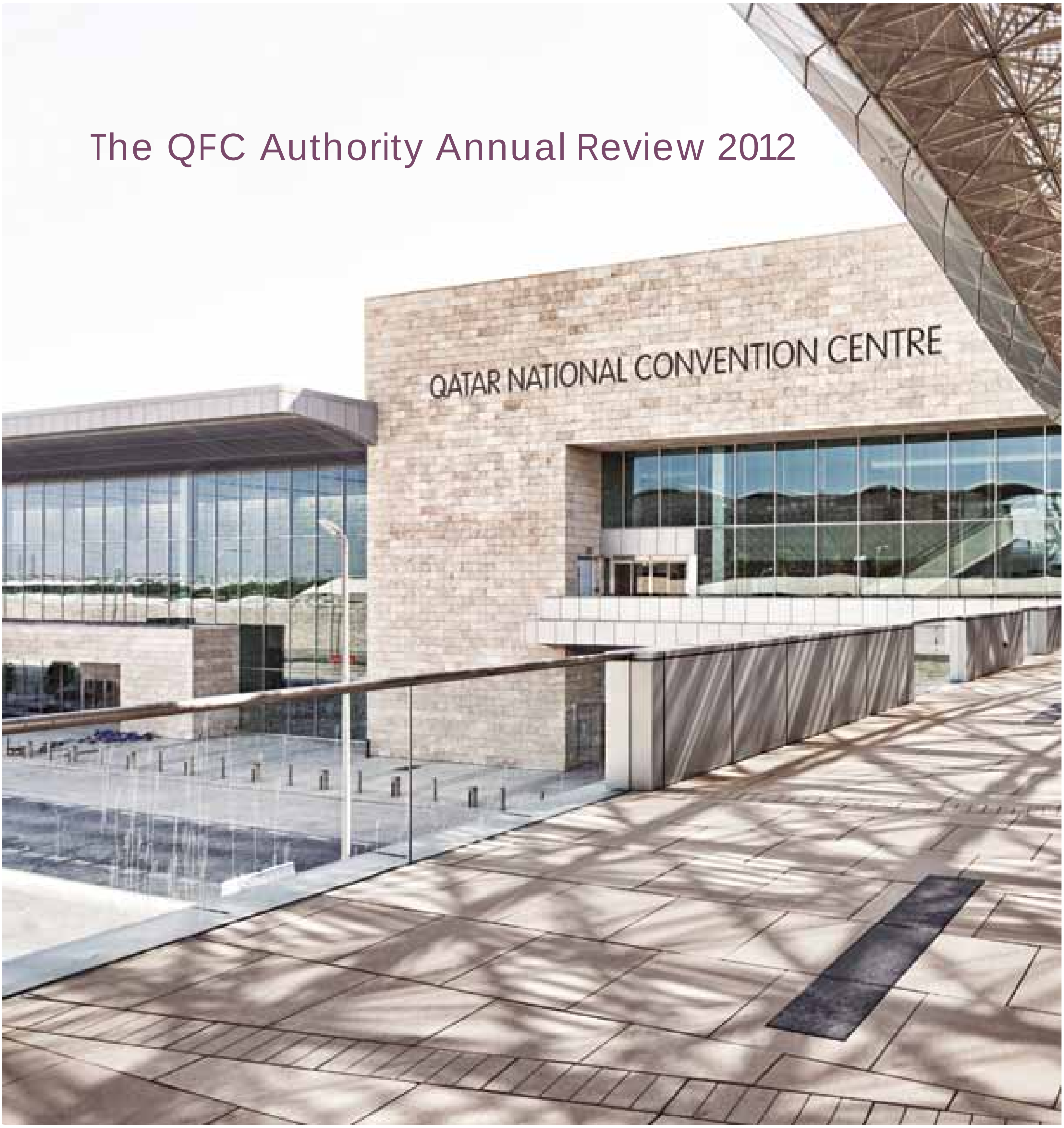
The QFC Authority Annual Review 2012



"The QFC continues to offer a world-class legal, regulatory, tax and business environment that is highly conducive to the development and growth of global, regional and local financial services firms. In addition, Qatar's political stability coupled with its strong economic fundamentals also provides firms with the confidence to invest in both Qatar and in the QFC. It is important to note that Qatar is becoming an investment destination and is not just a capital exporter."

Abdulrahman Ahmad Al-Shaibi,
Managing Director of the QFC Authority.

Qatar National Convention Centre (QNCC)

Qatar's robust growth has facilitated major investment in various fields, including building one of the world's largest and best Convention Centres to attract more international and regional events.

Scan To view
the QFC - Dow Jones interviews on Asset Management

The Hub Strategy

The QFC Authority continues to focus on the execution of a clear strategy to develop core hubs covering asset management, reinsurance and captive insurance.

Asset Management Hub

The asset management industry in the GCC, and Qatar in particular, is poised for significant growth over the coming years. A number of long-term trends are at work, which are creating considerable opportunities for asset management in the GCC. In the case of Qatar, the buoyant economy has combined with a favourable demographic profile and wealth accumulation to create an ideal environment for the asset management industry.

According to the International Monetary Fund, Qatar has one of the highest per capita incomes in the world. Qatar's savings rate is also one of the highest in the world. The Economist Intelligence Unit puts it at 49% compared with an average GCC rate of 37%. Another fundamental characteristic of the region is fast demographic growth. Qatar's population almost quintupled from around 400,000 in 2000 to more than 1.8 million in 2012. Rising institutional wealth is another factor in the growth of the asset management industry in Qatar and the region. According to Global Finance, in 2012, the world's top 36 Sovereign Wealth Funds' (SWFs) combined assets under management totalled almost US$5 trillion, with the Middle Eastern SWFs accounting for 36%. Invesco, an asset manager, calculated that Gulf governments' allocations to those funds rose by 8% in 2012 compared with a 13% increase in 2011. As the insurance industry expands in the region from a relatively low base, it too will add to demand for asset management services. In addition, increased investor sophistication will create new opportunities to deliver a wider range of asset management products and services.

Against this favourable backdrop, a diversified asset management industry has emerged in the GCC in recent years and is showing signs of maturity and consolidation. With approximately 100 asset management firms and well over 400 funds active in the region, and increasing signs of interest by GCC investors in the opportunities the region presents, the range of products and types of asset management is expanding.

Announcement of the formation of a strategic partnership between Barclays Natural Resource Investments (BNRI) and Qatar Asset Management Co for $250mn co-investment in BNRI portfolio companies

For example, governments, including that of Qatar, are looking at Public Private Partnerships (PPPs) as a way of helping to fund the region's heavy infrastructure investment and enabling private sector investors to share more directly in the wealth created by such assets. The QFC Authority is a strong platform from which to participate in PPPs. The QFC Authority also has a seeding programme designed to attract a variety of asset management firms to set up in the QFC and manage their portfolios in Doha. These initiatives are supported by robust legal, regulatory and tax regimes which offer asset managers a world-class operating environment.

Reinsurance Hub

Insurance and reinsurance markets in the Middle East exhibit an extraordinary potential. Direct insurance premiums in 2011 accounted for just 1.3% of the region's GDP (a ratio called insurance penetration), a fifth of the global average. At the same time, GDP per capita, the main determinant of insurance penetration, is above the global average. Qatar is arguably the most striking illustration of this gap: as the world's wealthiest nation, as measured by GDP per capita, the country's insurance penetration amounts to as little as 0.6%. Qatar, therefore, presents a major opportunity for insurers and reinsurers, with current premiums of about US$ 1.2 billion expected to double by 2017[6]. The potential, however, is much bigger; by closing the gap on the world's average insurance penetration, Qatar's insurance market would grow to about US$ 10 billion. The GCC insurance markets would expand from about US$ 15 billion to more than US$ 70 billion.

Qatar's and the wider region's reinsurance markets are poised to benefit disproportionately as this gap narrows. In Qatar, 44% of direct insurance premiums are ceded to reinsurers, compared with an aggregate cession rate of 40% for the GCC region. Engineering and construction insurance exhibits even higher cession rates of up to 90%. Therefore, the rapid growth in insurable corporate assets fuelled by huge public and private infrastructure and industrial investment programmes is the major driver of reinsurance demand in the region. The value of GCC current and planned capital projects over the next seven years is estimated at about US$ 650 billion[7]. Qatar alone is expected to invest up to US$ 200 billion in the run-up to the 2022 FIFA World Cup.

Demand for insurance services in Qatar and the GCC/MENA is also driven by the spread of mandatory health and motor insurance, growing consumer wealth and sophistication, and a deepening life insurance market

due to the increasing availability of Takaful Shariah compliant insurance.
As demand for insurance and reinsurance grows on the back of structural changes as well as a continued outperformance of Qatar's economy, the QFC Authority believes that the outlook for insurance and reinsurance firms is extremely positive, also benefiting from its world-class operating environment.

Captive Insurance Hub

The GCC insurance sector generates annual premiums of more than US$16 billion, almost 50% of which is commercial lines of business from the corporate sector. This represents significant potential for captive insurance.

Captive insurance is a form of corporate self-insurance which involves creating a legal entity to insure the risks of its parent company or group of companies with the aim of reducing the total cost of risks and seeking greater control over their risk profile. The global captive insurance industry today is a multinational business, with almost 6,000 captive insurance firms and an estimated global volume of captive insurance premiums of US$55 billion.

In addition, rapid economic growth and the increase in the size of many companies in the region have led to greater complexity in business and therefore in the associated risks. Infrastructure spending is increasing significantly and transparency and governance requirements are growing.
The combined result is greater demand for more appropriate mechanisms to transfer risk. In turn, this allows more flexibility in the structuring of a company's risk coverage, along with products more suitable to their needs at more attractive rates.

Captive insurance, however, is still in its infancy in the Middle East, with only a small number of firms in the region having set up captive insurers over the last decade. Lack of awareness of alternative risk transfer mechanisms in general and captive insurance in particular, are arguably the biggest single impediment to captive growth. But the QFC rules governing Captives make it an extremely attractive jurisdiction in which to establish captive insurers and for managers of captive insurers to conduct their operations to take advantage of the increasing opportunities in Qatar and the region.

6 Source: Business Monitor International
7 Source: MEED

Since its inception, the QFC Authority has licenced 169 firms as of the end of 2012, with domestic firms increasingly represented in the overall portfolio. The number of domestic firms operating in the QFC has grown, as has the pipeline of firms interested in becoming licensed by the QFC.

Facilitating Success

Several critical factors lie behind the QFC's success in attracting global, regional and local firms to set up within its environment. These factors include:

A Strong Legal and Regulatory Regime:
At the heart of the QFC environment are the world-class legal and regulatory regimes which have evolved over the past seven years. They are fundamental for any financial services firm looking to locate in the QFC because they offer stability, certainty and confidence.

QFC-licensed firms benefit from a robust legal environment based on English common law. This legal environment governs matters such as immigration, employment, data protection, contract law, trust, insolvency, company registration and the formation and conduct of partnerships.

The Qatar International Court and Dispute Resolution Centre (QICDRC) is also an important independent part of the legal environment. The QICDRC provides mechanisms for resolving disputes between QFC firms and their counterparties through the Civil and Commercial Court, whose facilities and procedures follow international best practice exemplified by leading commercial courts around the world, including the Commercial Court in England and Wales. In addition, the court can hear commercial disputes referred to it by litigants outside of the QFC at their discretion and with their mutual consent. The Civil and Commercial Court has an Appellate Division. The QICDRC also encourages and facilitates various forms of Alternative Dispute Resolution (ADR) such as arbitration and mediation, and is aiming to introduce new fast-track specialist dispute resolution procedures for the construction and (re)insurance sectors.

The QFC's regulatory body is the Qatar Financial Centre Regulatory Authority (QFCRA). Modelled closely on other major international financial services centres around the world and adhering to a principles-based compliance regime, the QFCRA is responsible for regulating, authorising and supervising asset management, banking, financial and insurance-related businesses carried out in and from the QFC.

In addition to the well-conceived legal and regulatory system, the QFC also offers individuals and corporate bodies an appeal mechanism. When appropriate, decisions of the QFC Authority, QFCRA and other QFC institutions can be appealed in a fair and transparent manner to the wholly-independent QFC Regulatory Tribunal.

It is part of the QFC's remit to ensure that the legal and regulatory environment is kept up to date and that it evolves in line with global best practice. The QFC Authority consults regularly with the industry's stakeholders so that it can evaluate potential opportunities to strengthen and widen the type of activities that can be conducted at the QFC. Of particular note during 2012 was the introduction of new regulations for Single Family Offices and Special Purpose Companies. The new regulations provide for a more attractive legal, regulatory and business environment for these firms as they expand the range of services that QFC firms can offer and the structures they may adopt. They enable Single Family Offices to establish and manage their affairs more professionally and subject to better governance in the QFC's attractive world-class legal, tax and regulatory environment.

A Competitive Tax Environment:
An important issue for international investment is the tax cost related to the investment. At a time when many international jurisdictions are examining ways of increasing business taxation, the QFC's tax regime is amongst the most favourable in the world, with a tax rate of just 10% on profits that are sourced locally. QFC-licensed firms can repatriate all their profits and operate in any currency. There are no personal, social or capital taxes.

The QFC Authority has consulted widely with financial services firms in the QFC to ensure that the tax regime strikes a fair balance between its fiscal objectives and the needs of financial services firms.

For asset management firms operating in the QFC, this means that registered collective investment funds are exempt from tax for the life of the fund. There are also no withholding taxes on distribution from the funds, regardless of where the recipient is located.

For reinsurance firms, the QFC applies a concessionary zero rate of tax to both underwriting and related investment income. Takaful insurers are able to offset the net surplus or deficit attributable to Takaful business for an accounting period against its chargeable profits for the same period. Likewise, captive insurers can also benefit from a concessionary zero rate of tax.

The QFC Authority also gives firms operating in the QFC a degree of certainty and clarity when it comes to managing their tax affairs by offering advance rulings. This pro-active approach clearly demonstrates that the QFC's tax regime is user-friendly as well as internationally competitive.

The QFC Authority was the proud recipient of the "Best Financial Centre in the Middle East" Award for the second year running. The award was given by Global Investor magazine, a flagship publication of Euromoney Institutional Investor. The award was presented to the CEO of the QFC Authority, Shashank Srivastava at the Middle East Markets Summit at the St Regis Hotel, Doha in October 2012

An Efficient and Business Friendly Environment:
The QFC Authority is also constantly trying to ensure that the operating environment within the QFC is efficient and responsive to the needs of the QFC firms. This is a continuous process, and is in keeping with the objective of creating efficient public institution that is outlined in the social development pillar of the Qatar National Vision 2030.

One of the recent initiatives on this front is the introduction of data-driven IT systems at the QFC Authority itself. This positions business intelligence and data at the centre of the day-to-day activities of the QFC Authority and ensures that internal needs and those of firms operating in the QFC are better met.

The QFC Authority has also taken steps to speed up the time it takes for QFC-licensed firms' employees to get the necessary paperwork in order by introducing "e-immigration" and private medical access for QFC-licensed firms' employees and their families. Taken together, these initiatives contribute to making the QFC a more efficient and less bureaucratic environment to do business.

The substantial efforts the QFC Authority has made in creating this business-friendly and transparent environment were recognised for the second consecutive year by Global Investor magazine, which awarded the QFC the "Best Financial Centre in the Middle East" Award.

Scan To view
the Press Conference announcing Barclays Natural Resource Investments (BNRI) partnership

Major Achievements

During 2012, 19 new companies were licensed by the QFC Authority. Some of these firms included leading international companies such as Allianz Worldwide Care, Booz Allen Hamilton, Daman Health Insurance, MasterCard and Zurich Insurance.

The QFC Authority also licensed a number of domestic firms. Nine out of 19 firms that were issued licences were domestic firms and the pipeline of domestic firms looking to use the QFC as a platform from which to conduct their international business is very encouraging.

Of the 137 active licensed firms in the QFC as of the end of December 2012, 64 were regulated while 73 were non-regulated, typically operating in areas such as legal services, accounting and other professional services.

Strengthening the QFC
Throughout 2012 the QFC Authority was involved in a number of significant local and international initiatives aimed at boosting the QFC's growing presence in the global financial services sector and strengthening its hub strategy.

For example, two significant developments boosted the QFC's growing reputation as the jurisdiction of choice for asset management firms in the Middle East. In order to spearhead the asset management fund seeding initiative, the QFC Authority established Qatar Asset Management Company (QAMC) and has since worked in close collaboration with the Qatar Investment Authority and Qatar Holding to encourage asset management firms to establish and conduct business in and from the QFC. This successfully led to the signing of a strategic partnership and co-investment agreement between QAMC and Barclays Natural Resource Investments (BNRI) in April 2012. In November, it was announced that a new joint venture between Qatar Holding and Credit Suisse was being formed. The new asset management company, Aventicum Capital, will use the QFC as a platform from which to invest in the fast-growing and emerging markets of the Middle East and Turkey.

The QFC Authority continued to foster greater co-operation with other financial services centres around the world during 2012. Previously signed agreements and memoranda of understanding (MoUs) were advanced and strengthened. These include the relationships with UK Trade and Investment and Paris EUROPLACE.

The QFC Authority also held a joint seminar with Luxembourg for Finance, the agency for the promotion and development of Luxembourg's financial sector, to explore the potential for both parties to advance their partnership for financial services. The QFC Authority now has strong relationships with 23 leading financial service centres around the world and it will continue to pursue mutually beneficial agreements and arrangements with these parties.

At the same time, the QFC Authority maintained an active and extensive marketing and public relations programme aimed at influencing opinion- and decision-makers in target geographical markets such as Asia and financial sectors such as asset management, reinsurance and captive insurance. The QFC Authority and senior management representatives featured frequently in the Qatari and regional Arabic and English media and in leading international financial publications such as the Wall Street Journal, the Financial Times and Euromoney.

Promoting Thought Leadership

The QFC Authority continued to support important thought leadership events and research during 2012, a primary objective being to strengthen the attractiveness of the Qatar financial services sector.

In terms of events, one of the highlights of 2012 was the inaugural Bloomberg Doha Conference, organised by Bloomberg LINK in partnership with the QFC Authority. This prestigious event attracted over 350 delegates from the U.S., Europe, Asia and the Middle East. Among the delegates were asset managers, chief investment officers, fund investors, investment bankers, private bankers, representatives of government-owned investment funds and prominent Qatari and regional decision makers. The keynote address was delivered by H.E. Sheikh Abdulla Bin Saoud Al-Thani, Governor of the Qatar Central Bank, Chairman of the Qatar Financial Centre Regulatory Authority and Chairman of the Qatar Financial Markets Authority, who outlined Qatar's progress in achieving the aspirations of the QNV 2030.

Another highlight of the year was the 6th MultaQa Qatar Conference organised by the QFC Authority and Global Reinsurance magazine. This annual event has established itself as the leading risk and insurance platform in the MENA region.

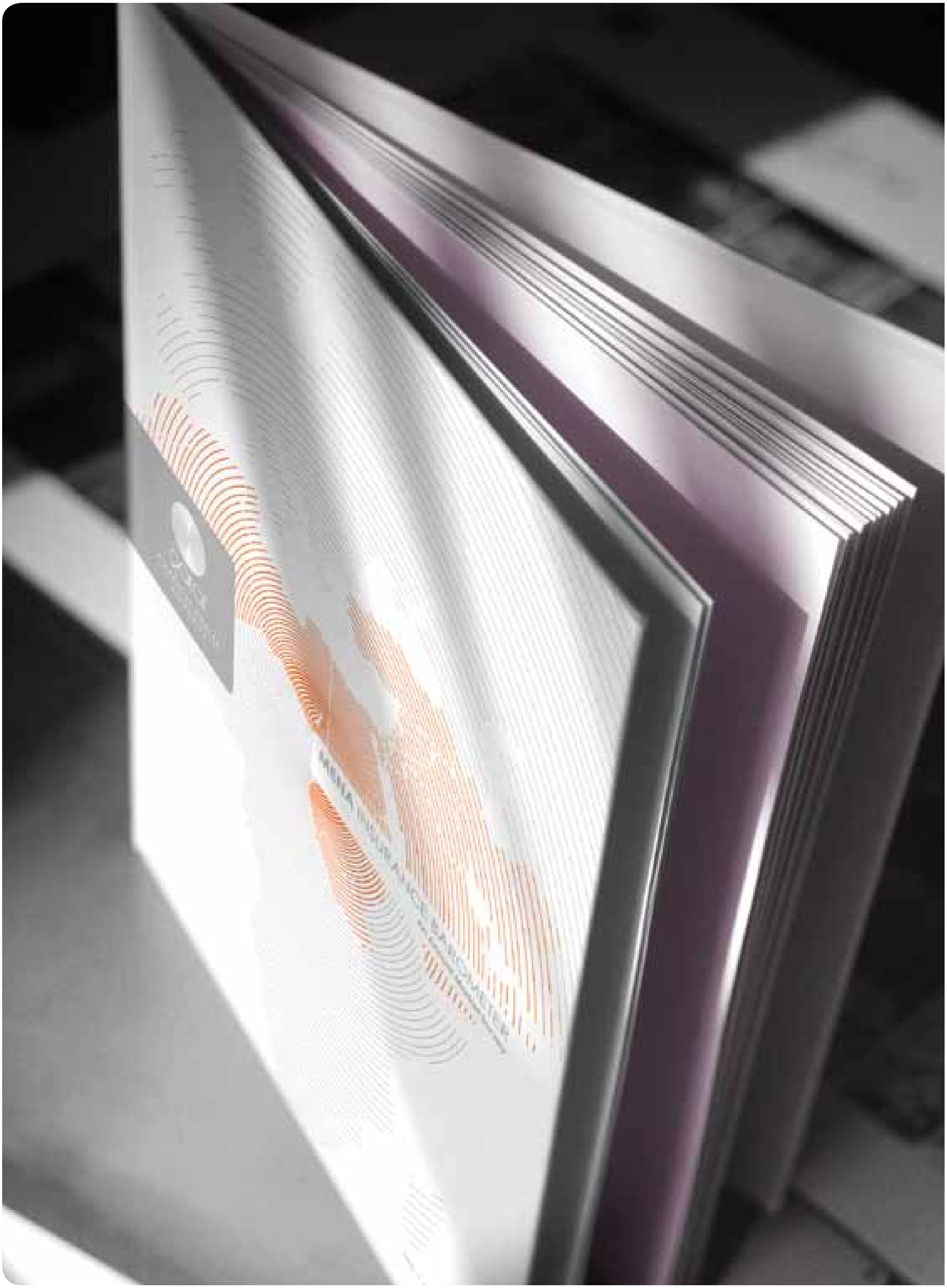
The two-day conference attracted more than 400 senior global and regional insurance and risk management professionals, as well as industry stakeholders from around the world. The conference focused on global and regional insurance and reinsurance market trends in the context of economic and political developments in the Middle East region, including Qatar, and prospects for the world's economy.

Other key events supported by the QFC Authority included:

- Euromoney Qatar Conference, 2012
- International Fiscal Association meeting in Doha
- MEED Qatar Banking Summit
- MENA Investment Management Forum
- Qatar Businessmen Association, Amwal and QFC Authority Networking Event
- QFC Authority and Luxembourg for Finance Seminar
- Reinsurance Rendezvous in Monte Carlo

In terms of research, the QFC Authority continued to endorse, sponsor and support a wide range of thought leadership publications and research which contribute to a greater understanding of the many challenges and opportunities facing the financial services industry globally, and within Qatar and the GCC. These included:

- *Asset Management Industry in the GCC: "Growth Dynamics & Contours of the Next Phase of Evolution":* produced by Markab Advisory
- *Business Optimism Index (Qatar): a quarterly publication* produced by Dun & Bradstreet, examining business confidence in Qatar
- *The FTSE Global Markets MENA Asset Management Survey:* a quarterly publication by FTSE Global Markets
- *The 1st GCC Insurance Barometer*, released at the General Arab Insurance Federation (GAIF) meeting 2012 in Marrakech, the biggest regular insurance gathering in the Arab world
- *The 3rd GCC Reinsurance Barometer:* a comprehensive publication, widely distributed throughout the GCC region and globally. It was launched to the media at the September Monte Carlo Rendezvous, the world's most important reinsurance event
- *The GCC Mutual Fund Survey:* sponsored by the QFC Authority, PwC, Emirates NBD, National Bank of Abu Dhabi and Al Imitiaz Investment Company
- *The Global Financial Centres Index 12:* a bi-annual publication published by Long Finance and sponsored by the QFC Authority and the Z/Yen Group
- The MENA *Funds Directory:* an annual directory produced by Zawya
- *Public Private Partnerships: A Vehicle of Excellence for the Next Wave of Infrastructure Development in the GCC:* produced by Markab Advisory and co-sponsored by the Ministry of Business and Trade
- *Quantum* magazine: a quarterly publication by the QFC Authority
- *Ta'ameen Qatar:* a quarterly newsletter aimed at the Qatari insurance market


MENA INSURANCE BAROMETER

Corporate Social Responsibility

During 2012 the QFC Authority continued to develop its Corporate Social Responsibility (CSR) program around its key principles of shared responsibility, openness, accountability and continuous improvement. In addition, the QFC Authority continuously strives to contribute to the well-being of the community, improve the environment and offer employees an inspiring working environment.

The corporate sponsorship and charitable activities are directed mainly at supporting organisations that reflect the QFC Authority's values and our commitment to the local community. The QFC Authority is a board member, and a sponsor of INJAZ Qatar, a non-profit organisation which prepares and inspires youth to succeed in the global economy and bridges the gap between student needs and those of the business community.

Launched in Qatar in 2007, INJAZ Qatar is part of INJAZ al-Arab, the only organisation in the MENA region which aims to equip students with practical business-related skills as part of the regular education curriculum. INJAZ's activities in Qatar focus on teaching work readiness, entrepreneurship and financial literacy skills to students from grades 8 to 12.

During 2012, the QFC Authority organised a successful Ramadan charity appeal which met with a substantial response by raising a total of QAR 226,746. The money was donated to the four projects assisted by the chosen charity: the Emergency Programme to Help Reduce the Effects of Drought in Mauritania; the Burkina Faso Drought Response; Rations for Schools, which helps to feed school children affected by famine; and Income Generating Activities, which empowers poor and vulnerable members of society to generate income through small business development.

QFC Authority employees team building meeting

Qatar Finance & Business Academy

As part of its strategy to develop a world-class international financial services industry, the QFC Authority established the Qatar Finance & Business Academy (QFBA). The QFBA is an educational centre of excellence that provides innovative, pragmatic and world-leading financial services education for financial services professionals at all levels.

The QFBA is consistent with the Human Development pillar of the Qatar National Vision 2030, which will see the transformation of Qatar into a knowledge-based and knowledge-led economy, and is cited in the Qatar National Development Strategy 2011-16 as a means to expand and strengthen capabilities in the financial sector.

During 2012, the QFBA, together with the QFC Authority began to develop a new initiative to motivate and empower Qatari students and professionals to consider the financial services sector as a career by offering them access to world-class training and educational opportunities. The initiative is expected to be launched in 2013.

The educational and training programmes offered by the QFBA have been designed with best global practice in mind, in collaboration with a number of leading international educational and industry establishments. These include the Toronto Centre, Thomson Reuters, the Chartered Institute for Securities & Investment, the Bath Consultancy Group, the Faculty of Islamic Studies and the International Management & Finance Academy.

In a further example of financial sector educational development, the QFBA and the Hong Kong Institute of Bankers (HKIB) – an independent professional education centre based in Hong Kong – signed a Memorandum of Understanding to support the fast-paced growth of the banking and finance industry in Qatar and the region.

Qatar Insurance Services

Qatar Insurance Services LLC (QIS) is a wholly owned subsidiary of the QFC Authority. QIS also owns Qatarlyst SPC and Qatarlyst Limited (formerly Ri3K Limited), which provides a web-based e-trading service to insurance and reinsurance companies around the world.

With offices in Doha, London and Dubai, Qatarlyst provides buyers, brokers and carriers with a powerful trading platform. It offers all the online processes required from quoting and placing through to the binding of commercial insurance facultative and treaty reinsurance and Retakaful risks.

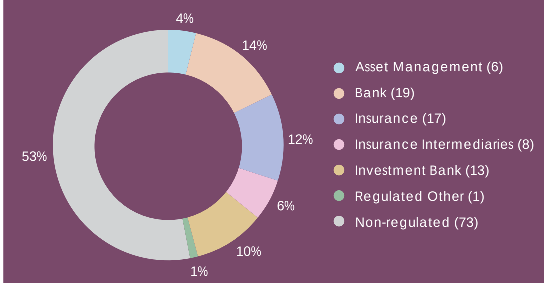
QFC-Licensed Firms

Despite the challenging regional environment and global economic uncertainties, 19 new companies were licensed to operate in the QFC during 2012.

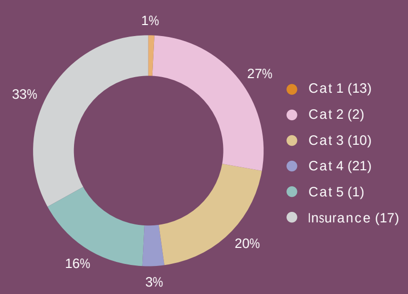
Of the 137 active firms 64 are regulated while the remaining firms operate in areas such as accounting, legal services consulting and other professional services. Of the 19 firms that were licensed in 2012, 9 were domestic companies.

Many of the firms operating in the QFC are leading global organisations in the financial services industry. These include Credit Suisse, Barclays, JP Morgan Chase, Rothschild, Sumitomo Mitsui, UBS, Goldman Sachs, AXA, Allianz and Aon, to name but a few.

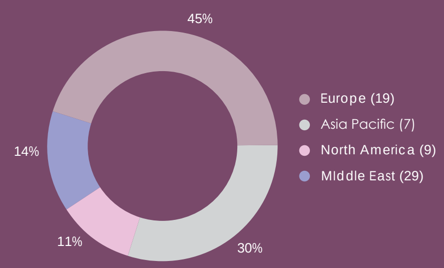
QFC Regulated Active Firms by Type



QFC Regulated Active Firms by Category



QFC Regulated Active Firms by Region

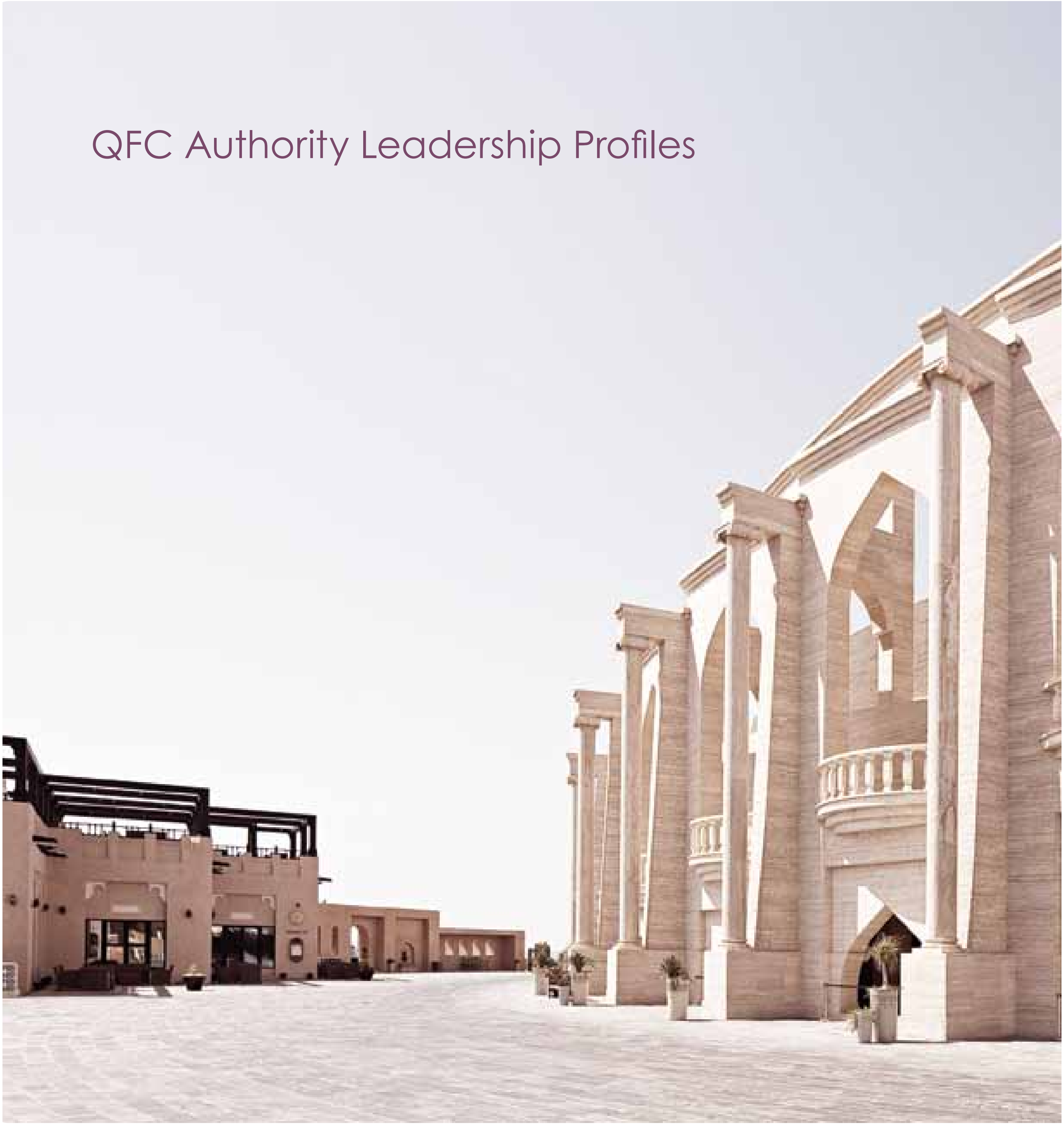


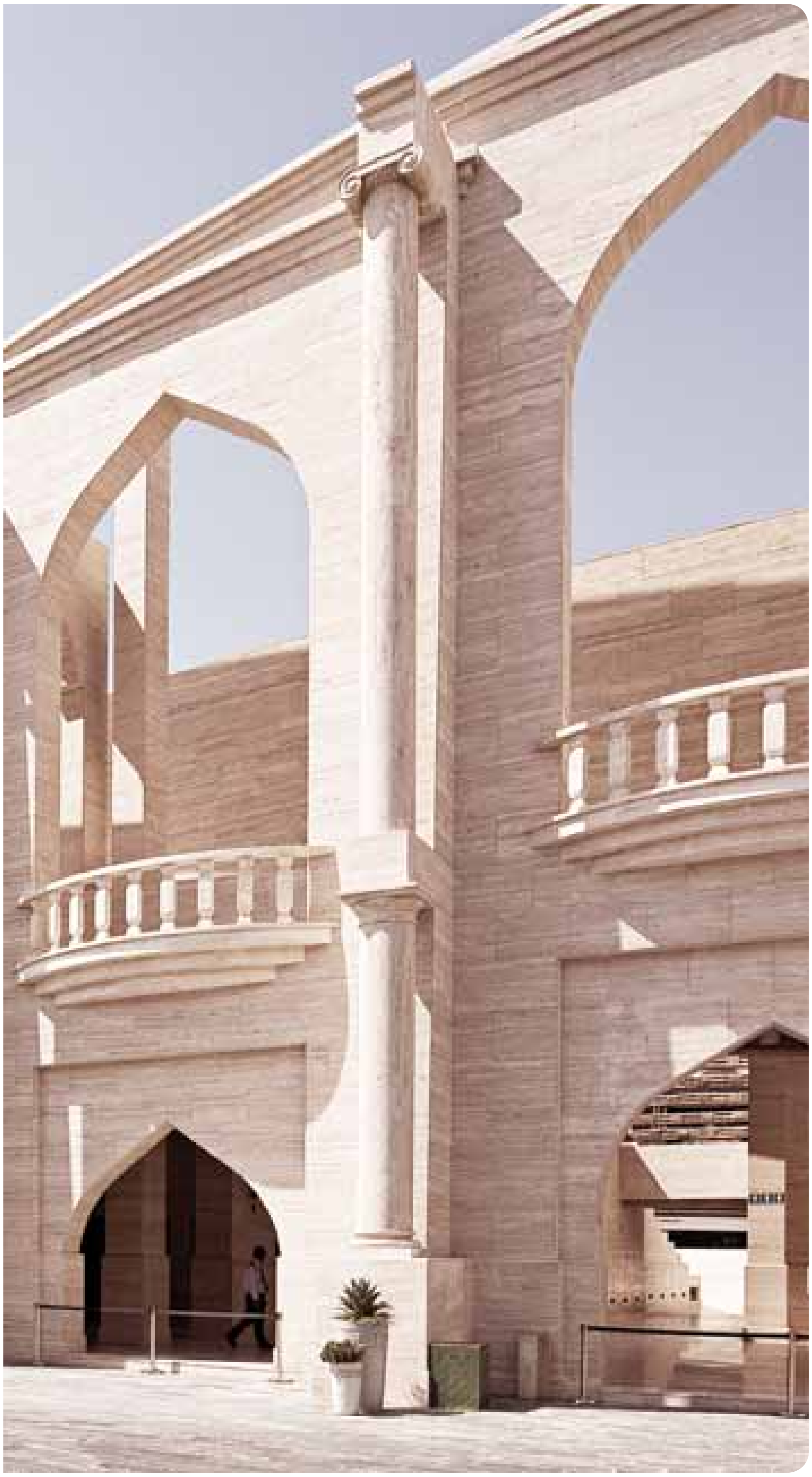
Regulated firms' categories are based on the regulated activities that the firm is authorised to conduct as per the QFC Regulatory Authority Investment and Banking Business Rules 2005 (PIIB) and Insurance Business Rules 2006 (PINS).
Non-regulated companies are the companies which do not conduct financial services supervised by the Regulatory Authority.

Firms Licensed During 2012

Firm Name	Permitted Activities
Allianz Worldwide Care Limited	Regulated Activities
Daman Health Insurance Qatar LLC	Regulated Activities
Zurich Insurance Company Ltd. QFC Branch	Regulated Activities
Robert Half International (Dubai) Ltd. QFC Branch	Professional Services
APCO Worldwide LLC	Professional Services
Booz Allen Hamilton Inc. - QFC Branch	Consultancy Services
Protiviti Member Firm Qatar LLC	Consultancy Services
Pinsent Masons LLP - QFC Branch	Legal Services
Next CARE Lebanon SAL, QFC Branch	Insurance Administration
MasterCard Qatar LLC	Management Offices
52 Champs Elysees Holding LLC	Holding Company
Al-Aryan Holding LLC	Holding Company
DIC Holding LLC	Holding Company
Neo Holding LLC	Holding Company
Qatar Holding USA LLC	Holding Company
QIC Capital LLC	Holding Company
Reitro Holding LLC	Holding Company
Wakran Holding LLC	Holding Company
WoK Holding LLC	Holding Company

QFC Authority Leadership Profiles





Board of Directors

H.E. Yousef Hussain Kamal
Chairman

H.E. Yousef Hussain Kamal has served as Qatar's Minister of Economy & Finance since 1998. He is also Secretary General of the Supreme Council for Economic Affairs & Investment and is Chairman of Qatar National Bank, Qatar Steel, Qatari Diar Company, the Investment Committee for Civil, Military Pension Funds, Qatar Aviation Lease, the State Finance Policy Committee and the Financial Market Development Committee. He is Vice Chairman of Qatar Airways, on the Executive Board of Qatar Foundation and is a Board Member of Sidra Medical and Research Centre, Qatar Investment Authority, the Supreme Committee for Qatar 2022, and the Higher Committee for Development Planning. This story of success covers nearly four decades since H.E. Kamal joined as Section Chief within the Department of Financial Affairs, Ministry of Finance and Petroleum in 1973. After that, he held many key posts in the Ministry such as Director of Financial Affairs in 1988 and Under Secretary of Ministry of Finance, Economy and Commerce in 1993. H.E Kamal holds a B.A in Business Administration from Cairo University and several public financial courses from the International Monetary Fund and different American universities.

H.E. Sheikh Jassim Bin Abdulaziz Al-Thani
Deputy Chairman

H.E. Sheikh Jassim bin Abdulaziz Al-Thani is the Minister of Business and Trade, a position he took up in 2010. He also has non-executive roles as: Chairman of Qatar Foundation International; Qatar Foundation Endowment Fund Executive Committee and Qatar Small and Medium Enterprise Authority; Member of Qatar Foundation Board of Trustees; Chairman of Qatar National Broadband Network Company; Vice Chairman of ictQatar (Supreme Council or Information Communication and Technology); Member of the Executive Committee of Qatar National Bank and a Board Member at Porsche SE. Prior to his current post, he worked at Ras Gas Company Ltd, Commercial and Shipping Group and was then appointed as Chairman of Qatar Ras Gas Marketing Committee where he focused on the international market development strategy of LNG. H.E. Sheikh Jassim bin Abdulaziz Al-Thani holds a Masters in International Affairs, Urban Politics and International Security from Columbia University School of International Affairs, New York, USA and also holds a Bachelor of Sciences in Finance from Suffolk University, Boston, USA.

Abdulrahman Ahmad Al-Shaibi
Board Member and
Managing Director

Mr. Abdulrahman Ahmad Al-Shaibi is Director of Finance for the Qatar Petroleum Group. He is a member of various Executive Committees, responsible for the ambitious expansion plans of Qatar Petroleum (QP) in the LNG sector, petrochemicals and non-energy sector projects such as aluminium and steel. He is also part of a select team responsible for developing a suitable business model for Qatar Petroleum International, the international arm of QP. Qatar Petroleum International is expected to lead the development efforts for various international energy projects and transform QP from only a local player to a global energy player in the years to come. Mr. Al-Shaibi is a member of the State's Finance Policy Committee, and is also a Board member of various other companies including Qatargas, its sister companies and QASCO.

Rashid Ali Al-Mansoori
Board Member

Mr. Rashid Ali Al-Mansoori is currently the CEO and Board member of Qatar Exchange (previously the Doha Securities Market). He also served as a Board member in some other government entities. He was IT Director at Qatar Investment Authority (QIA) where he was responsible for establishing the IT department and setting investment and financial system applications. He also served as IT Director at Qatar Olympics Committee and the Head of Applied Systems at the Ministry of Interior. He previously worked in various financial positions in the refining department of Qatar Petroleum. Mr. Al-Mansoori holds a BSc degree in Computer and Management Sciences (USA 1987). Mr. Al-Mansoori has specialised expertise in the fields of administration, IT and financial services.

QFC Authority Board of Directors

Dr. Arnab Banerji
Board Member

Dr. Arnab Banerji is Chairman of Collabrium Capital, an emerging markets investment house. He is a non-executive director of Kames Capital, which is part of the AEGON group. He has held a number of senior financial positions, including at Nomura Securities, Citibank and Foreign & Colonial where he was the group Chief Investment Officer. He has served on the Morgan Stanley Capital International Advisory Board; the UK's Export Credit Guarantee Advisory Board and was a director of CDC, the emerging markets private equity group. For three years he worked in No 10 Downing Street as the Senior Policy Advisor on Economic Affairs to then-Prime Minister, Tony Blair. Arnab is a graduate of Oxford University and has degrees in Human Physiology and Medicine. He is a member of the University's Medical Sciences Advisory Board.

Bob Wigley
Board Member

Mr. Bob Wigley's current roles include being Chairman of hibu plc, Stonehaven Search plc, NetOTC, Captive Minds Communications Group and Expansys plc. In 2008, he chaired a panel of leading London financial services company CEOs for the incoming Mayor of London, Boris Johnson, producing a major report on how to maintain London's competitiveness in global terms for the decade ahead, and he now sits on the Mayor's Panel of Economic Advisers. Until January 2009, Bob Wigley was Chairman of Merrill Lynch Europe, Middle East and Africa. He has also been a member of the Court of the Bank of England, a member of the Senior Practitioner Committee of the UK Financial Services Authority, and the FSA's nominated representative on the Market Consultative Panel of the Council of European Securities Regulators.

Jacques Aigrain
Board Member

Jacques Aigrain is Chairman of LCH Clearnet Group Ltd. Additionally, Jacques is currently a Supervisory Board Member of Lyondell Bassell NV, Deutsche Lufthansa AG and Swiss International Airlines AG. Jacques was CEO of Swiss Re from 2006 to 2009, having joined the company in 2001 as Head of Financial Services, New York. Prior to this, he spent 20 years with JP Morgan Chase, working in the New York, London and Paris offices where he held a number of senior roles, including Co-Head of Global M&A and Co-Head, Client Management. Jacques is a dual French and Swiss citizen and he holds a PhD in Economics from Sorbonne University, and a MA degree in Economics from the Paris Dauphine University.

Shashank Srivastava
Chief Executive Officer and
Board Member

Mr. Shashank Srivastava joined the QFC Authority in April 2006 and has been instrumental in its set up and growth strategies. Shashank has nearly two decades of global experience in strategy consulting and investment, working with senior management at Board and C suite level in the Financial Services Industry. His career has spanned three continents and includes consulting and solutions experience in a number of start-up businesses. Shashank has a wealth of financial services domain knowledge and functional expertise, and has previously held positions internationally with Dresdner RCM Global Investors, Andersen Consulting, Abraaj Capital and the Dubai International Financial Centre. He has also worked for Swiss Re and Prudential. Shashank earned an MBA from the Manchester Business School, University of Manchester and holds a B. Com Honours from the Shri Ram College of Commerce, University of Delhi, India.

Management Team

Fahad Ismail H.M. Zainal
Chief Administration Officer

Mr. Fahad Ismail H.M. Zainal has joined the QFC Authority in 2011 as Chief Administrative Officer. He has a strong background in administration, human resources and information technology and has held a number of previous leadership and executive positions, both at Qatar Project Management (QPM) 2009-11 and prior to that, at Qatar Petrochemicals (QAPCO) where he worked for more than a decade, overseeing human resources, information technology, procurement and general services. Fahad earned an MBA from the University of Leicester (UK) and Bachelor of Electrical Engineering from Beaumont University (USA). Fahad currently sits on several Advisory Committees for Governmental and Education Institutions.

Ian Anderson
Chief Finance and Tax Officer

Mr. Ian Anderson joined the QFC Authority in August 2006. He is a Fellow of the Institute of Chartered Accountants and is a member of the UK Chartered Institute of Tax. He spent 10 years as a consultant at PriceWaterhouseCoopers before transferring into the airline and leisure travel industry. As Director of Tax and Treasury of MyTravel Group from 1993 up to his current appointment, he was responsible for worldwide tax planning, including cross-border asset financing, leasing and debt financing. Ian has an MBA from the Manchester Business School and a degree in Economics and Law from the University of Durham.

David Dhanoo
Group Chief Legal Officer
and Board Secretary

Mr. David Dhanoo joined the QFC Authority in April 2007. He is a Member of the Honourable Society of Lincoln's Inn and was called to the English Bar in 1988. He has previously worked as an asset finance and banking lawyer with GE Capital and Morgan Grenfell (Deutsche Bank) respectively. Immediately prior to joining the QFC Authority he was General Counsel and Company Secretary of an Allianz Insurance Group company in London where he spent almost thirteen years. David is currently responsible for all QFC Authority Group commercial contracts, legislation and compliance, Companies Registration Office, Employment Standards Office, and board secretariat and governance matters. David obtained his LL.B and LL.M degrees from London University, Queen Mary College and completed his post graduate Bar Vocational Course at the Inns of Court School of Law in London.

David Phipps
Director of Audit and Risk

Mr. David Phipps joined the QFC Authority in August 2012 as Director of Audit and Risk. Prior to joining the QFC Authority, David spent eight years as an Executive Director for Ernst & Young's New Zealand Advisory Services practice specialising in governance, risk management, internal audit and business improvement consulting services. David also has a further 15 years' experience working in the United Kingdom for Hartwell plc, as Head of Risk and Internal Audit, and several accounting services firms. David is responsible for the risk management and internal audit activities within the QFC Authority Group. David is a Certified Internal Auditor and also holds an MSc in Audit Management and Consultancy.

Qatar Financial Centre Authority

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