

Law No. 19 of 1997 amending Certain Provisions Under Decree-Law No. 15 of 1993 Establishing Qatar Central Bank 19 / 1997

Number of Articles: 4

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Articles (1-4)

We, Jassim Bin Hamad Al-Thani, Deputy Emir of State of Qatar,
Having perused the Amended Provisional Constitution, in particular Articles 22, 23, 34 and 51 thereof;
The Commercial Companies Law issued by Law No. 11 of 1981;
Decree-Law No. 11 of 1993 concerning Income Tax;
Decree-Law No. 15 of 1993 establishing Qatar Central Bank;
The proposal of the Minister of Finance, Economy and Commerce;
The draft Law submitted by the Council of Ministers (Cabinet); and
Having consulted the *Shura* Council (Consultative Assembly);
Hereby promulgate the following Law:

Articles

Article 1

The following two texts shall be added at the end of Article 1 of the aforementioned Decree-Law No 15 of 1993:

“Offshore (Foreign Unit) Banks

Banks practicing offshore business may be formed either as joint stock companies having their head offices in the State of Qatar or as branches of Qatari or foreign banks.

Offshore (Foreign Unit) Banks Business

All banking business except receiving deposits, investment management for nationals or residents in the state of Qatar or opening accounts for withdrawal by cheques.”

Article 2

The texts of Articles 39, 43 and 50 of the aforementioned Decree-Law No. 15 of 1993 shall be replaced with following:

“Article 39

1. The Bank shall require banks operating in Qatar to maintain reserve amounts against the deposits they hold. The Bank may also pay interest to such banks against such reserves in accordance with the rates, guidelines and controls prescribed by it. Offshore banks shall be exempted from this provision.
2. The Bank may impose on any bank which fails to maintain the required reserve at the prescribed rates a fine at an annual rate not exceeding three times the discount rate as declared by the Bank according to the provisions of Article 38 of this Law, and such for each amount by which the reserve fell short of the prescribed limit. The ?ne shall be imposed for each day of default.
3. Such ?ne shall be imposed by a decision of the board after hearing the submissions of the contravening bank.”

Article 43

1. No person shall practice banking business or offshore banking business in Qatar, or use the terms “bank”, “banker” or any other expression denoting the practice of banking business or offshore banking business in documents, correspondence, advertisements or otherwise, except those licensed to do so by the Council of Ministers upon a recommendation of the Bank. The licence shall be issued in accordance with the conditions specified by the Bank.
2. The Bank may license Qatari banks to establish branches to practice offshore banking business according to the conditions specified by the Bank. The Bank may, upon the approval of the Council of Ministers, grant a licence to branches of foreign banks to practice offshore banking business in Qatar in accordance with the guidelines and controls prescribed by the Bank.
3. Subject to the provisions of the Commercial Companies Law, all banks and offshore banks shall take the form of joint stock companies and offer their shares for public subscription. Foreign bank branches and foreign offshore banks licensed to operate in Qatar shall be exempted from this provision.

4. Offshore foreign banks and branches of national and foreign banks licensed to practice offshore business shall only be permitted to practice the offshore banking business defined in Article 1 herein. However, the Bank may permit these banks and branches to receive deposits and manage investments of public and private bodies and establishments if the Bank deems this important for the purposes of economic development or to facilitate a specific banking operation. In this case, the provisions of Article 39 of this Law shall apply to the aforementioned banks.

5. Without prejudice to any greater penalty provided by any other law, any person convicted of contravening the provisions of paragraphs (1), (3) and (4) of this Article shall be sentenced to imprisonment for a term not exceeding six months or a fine not exceeding fifty thousand Riyals (QR 50,000), or to both. In all cases the court shall order the closure of the premises where the contravention occurred.

Article 50

1. As a pre-condition for granting licences, the paid-up capital shall not be less than twenty million Riyals (QR 20,000,000) for Qatari banks, while the capital maintained or assigned for business in Qatar shall not be less than ten million Riyals (QR 10,000,000) for a branch of a foreign bank. National branches of offshore banks shall be exempted from this condition. Branches of some foreign offshore banks may also be exempted in accordance with the guidelines and controls prescribed by the Bank.

2. Every bank shall maintain a reserve for its capital and shall transfer from the net profits to such reserves a sum not less than twenty (20) percent annually until the reserve maintained reaches one hundred (100) percent of the paid-up or assigned capital.

3. The Bank shall determine the method of computing the amount and form of the paid-up or assigned capital and the reserve account, and advise the banks thereof."

Article 3

"A new article, numbered 50 (bis), shall be added to provisions of the aforementioned Decree-Law No. 15 of 1993, to read as follows:

"Article 50 (bis)

All offshore banks and the branches of national and foreign banks licensed to practice offshore banking business shall be exempted from income taxes imposed on their net profits

Article 4

All competent authorities, each within their jurisdiction, shall enforce this Law sixty (60) days after its publication in the Official Gazette.