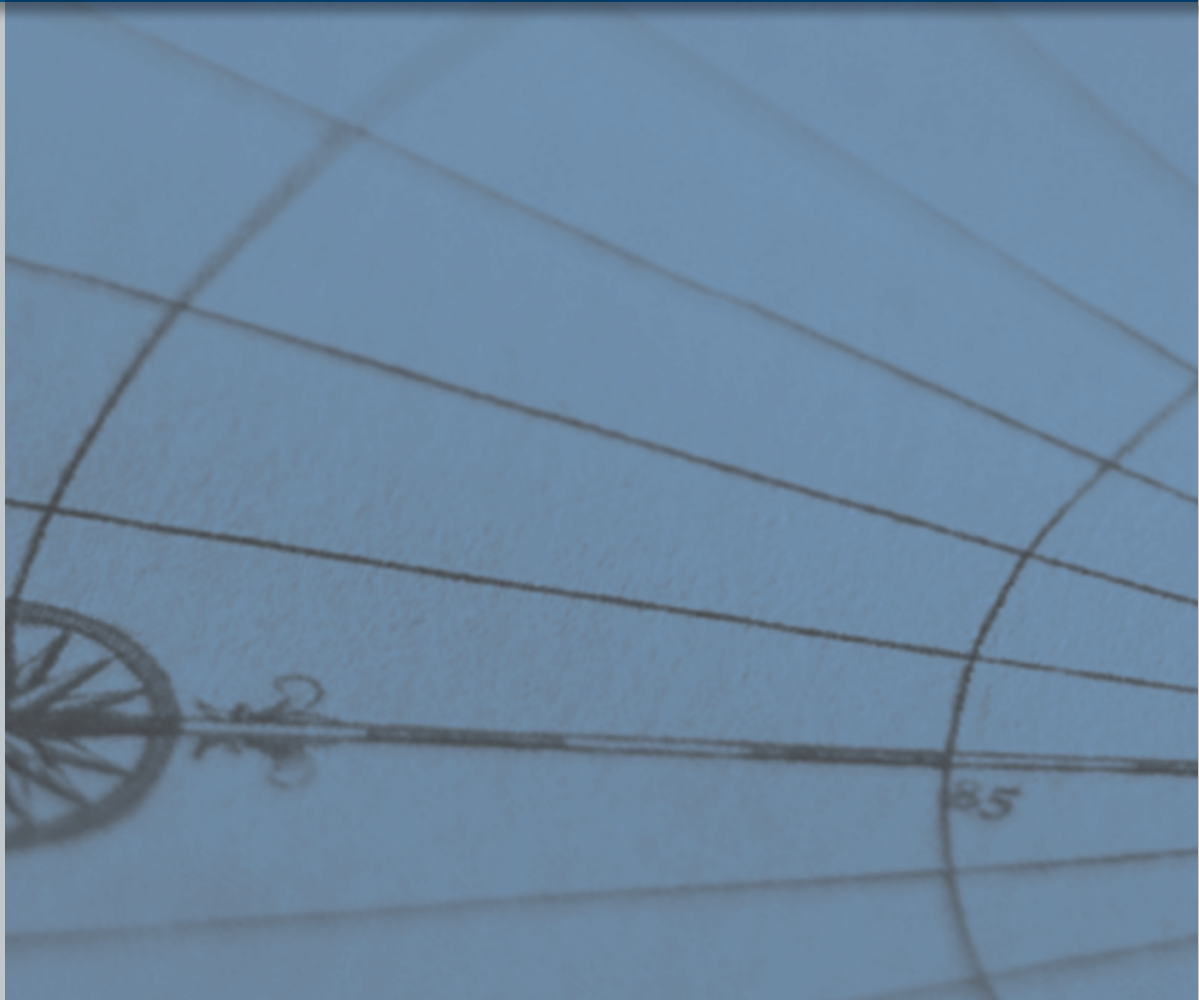


Doing Business in Qatar

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This guide provides an overview of the principal legal factors for foreign investors considering doing business in Qatar.

Please note that this guide is for general guidance only and is not intended to be an exhaustive review of the laws of the State of Qatar. This guide does not contain definitive legal advice and specific legal advice should always be obtained. Latham & Watkins LLP does not accept any responsibility for any loss, howsoever caused, sustained by any person using this guide.

A. INTRODUCTION

(i) The Economy of Qatar and Country Background

Qatar is one of the most prosperous countries in the world and has the fastest growing economy in the Gulf Cooperation Council (the “GCC”). Qatar’s compounded annual GDP growth rate was 26 percent between 2004 to 2008. This growth in the economy has been driven by an expansion in the production of oil, liquefied natural gas (“LNG”) and condensates, coupled with increases in hydrocarbon prices, with the oil and gas sector constituting 43 percent of Qatar’s total nominal GDP in Q1 2009.

Qatar Petroleum (“QP”), which is wholly owned by the State and the State’s primary source of revenue, is responsible for all phases of the oil and gas industry in Qatar. Qatar is estimated to be the twentieth largest global oil producer and is now the leading LNG producing country in the world. Via its flagship Qatargas and RasGas LNG projects, Qatar has developed its LNG business through strategic partnerships with a number of the world’s leading oil and gas companies, including ConocoPhillips, ExxonMobil, Shell and TOTAL.

In recent years, Qatar has used its budget surpluses to diversify the economy through increased spending on infrastructure, social programs, healthcare and education. Qatar’s economic growth has also enabled it to diversify its economy through domestic and international investment into different classes of assets. In 2005, the State established the Qatar Investment Authority (“QIA”) to propose and implement investments for Qatar’s growing financial reserves, both domestically and abroad.

As of December 2009, the estimated population of Qatar was approximately 1,700,000, which represents an approximate 16 percent increase from the beginning of 2008. According to Qatar’s last official census, which was conducted in 2004, approximately 75 percent of the country’s population was comprised of non-Qatari nationals. Since the last official census, the overall population of Qatar has more than doubled, although there has been a disproportionate increase in the number of non-Qatari nationals, principally expatriate workers from South and South-East Asia.

Qatar shares a land and maritime border with the Kingdom of Saudi Arabia and maritime boundaries with the Kingdom of Bahrain, the United Arab Emirates and Iran. In addition to the capital city, Doha, Qatar’s key industrial cities are Ras Laffan City (located north of Doha) and Mesaieed Industrial City (located south of Doha).

(ii) Government and Legal System

Qatar gained full independence in 1971 and has been ruled since June 1995 by the Emir His Highness Sheikh Hamad bin Khalifa Al-Thani. The hereditary successor to the Emir is the Emir’s fourth son, the Heir Apparent His Highness Sheikh Tamim bin Hamad bin Khalifa Al-Thani.

The permanent Qatar Constitution came into effect in 2005, replacing the Constitution that had been created shortly after independence. The Constitution separates powers between the executive branch, which is comprised of the Emir with assistance from his cabinet (the “**Council of Ministers**”), the legislature (the “**Advisory Council**”) and the judiciary. The Constitution guarantees all residents of Qatar equality before the law, regardless of their origin, language, religion or gender. The Constitution assures personal freedom and privacy, guarantees freedom of expression, association and the media, and prohibits any amendment to individual rights and public liberties (except for the purposes of granting additional rights and guarantees).

The Constitution also guarantees the full independence of Qatar’s judiciary, which has a supreme council (the “**Supreme Council**”) to oversee the proper functioning of Qatari courts and their related agencies. The judiciary in Qatar was originally established in 1972 as an independent body and divided into a civil and commercial court system, as well as a Sharia court system that administered Islamic law. Certain 2003 laws unified the civil and commercial courts and the Sharia court into a single judicial body. Qatari courts determine civil and commercial disputes in accordance with legislation. If no legislation is available with respect to a particular matter, Qatari civil and commercial courts will look to Sharia law.

The Qatari court system is based on a centralised and hierarchical civil-law model. Qatari courts are made of preliminary courts, an appeal court, a Court of Cassation, and the Supreme Constitutional Court. Decisions of preliminary courts may be appealed to the appeal court on points of fact and law, while decisions of the appeal court may be appealed to the Court of Cassation on points of law only. The Supreme Constitutional Court presides only on certain issues of law such as the legitimacy of laws and regulations under the Constitution. Its rulings, decisions and interpretations are final and binding on State authorities. The chief of the Court of Cassation is appointed by an Emiri decree, while all other judges are appointed by Emiri decree upon the recommendation of the Supreme Council.

Following the establishment of the Qatar Financial Centre (the “**QFC**”) in 2005, the QFC Law No. (7) of 2005 established a legal and regulatory regime to govern the QFC that is generally parallel to and separate from the Qatari legal system (except for Qatari criminal law). The QFC has its own rules and regulations applicable to, among others, financial services companies, and which cover such topics as anti-money laundering, contracts and insolvency. Despite the existence of these QFC laws and regulations, Qatari civil law continues to apply in the QFC except when it is explicitly excluded or conflicts with QFC laws and regulations.

In accordance with the rules and regulations of the QFC, the Qatar Financial Centre Regulatory Authority (“**QFCRA**”) regulates, licenses and supervises banking, financial and insurance related businesses carried on, in or from the QFC in accordance with legislative principles of an international standard, modelled closely on those used in London and other major financial centers. In addition, the QFC Civil and Commercial Court deals with matters arising under the QFC Law, and the QFC Tribunal hears claims contesting decisions of the QFCRA or the QFC Civil and Commercial Court. The QFC courts only have jurisdiction over companies licensed by the QFC.

B. ESTABLISHING A LEGAL PRESENCE IN QATAR

To conduct business in Qatar on a regular basis, foreign investors are required to establish a legal presence within Qatar through one of the following means:

- incorporating a local entity under the Commercial Companies Law (Law No. (5) of 2002) (the “**Companies Law**”);
- incorporating or registering with the QFC;
- obtaining a license for a branch or representative office;

- incorporating or registering in the Qatar Science and Technology Park (“QSTP”); or
- entering into a commercial agency relationship.

Further details of each of these means are set out in Sections 2.1 to 2.5 below and a matrix providing a summary of the main characteristics of these different means is set out in **Schedule 1**.

(i) Incorporating a Local Entity Under the Commercial Companies Law

All entities incorporated in Qatar (other than the companies incorporated under QFC Law, as described in Section 2.2 below), must be established under the Companies Law. The Foreign Investment Law No. (13) of 2000 (the “**Foreign Investment Law**”) places two main restrictions on foreign investors who wish to establish under the Companies Law: limitations on i) the percentage of foreign ownership and ii) the types of business in which the foreigners can invest.¹

- **Percentage of ownership:** Article 2(1) of the Foreign Investment Law restricts foreign ownership to a maximum of 49 percent of a company’s capital. However, Article 2(2) provides that foreign investors can own up to 100 percent of the capital if:
 - a. the entity operates in the agriculture, industry, healthcare, education, tourism, exploitation and development of natural resources, and energy or mining sectors; and
 - b. the project contributes to Qatar’s development plans.²

Although the Minister of Business and Trade is officially responsible for giving authorization under Article 2(2), the determination of the percentage of foreign ownership is generally left to the Minister covering the relevant sector. For example, if the investment is in the energy or mining sectors, the Minister of Energy and Industry will determine the percentage of foreign ownership.

Foreign companies wishing to invest in sectors not specifically mentioned in Article 2(2) can be permitted 100 percent ownership on a case-by-case basis, upon approval by the Minister of Business and Trade.

- **Types of business:** foreign investment in banking and insurance is only permitted on a case-by-case basis, upon approval by the Council of Ministers, and foreign investment in commercial agencies and trading in real estate is not permitted.³

As a general requirement, entities that wish to be locally incorporated must obtain a Commercial Registration from the Ministry of Economy and Commerce and, after incorporation, a municipal and signage license from the appropriate Qatar Municipality. In addition, certain entities require authorization from the relevant Ministry or Governmental body with jurisdiction over the type of business activities to be conducted.

The Companies Law provides for the following eight types of legal entity:

- Limited liability company;
- General partnership;
- Simple limited partnership;
- Limited partnership with shares;
- Unincorporated joint venture;
- Joint stock company (public or private);
- Single-person company; and
- Holding company.

Schedule 2 summarizes the key differences between these entities.

Foreign investors opt most of the time for the limited liability company (“**LLC**”⁴) because it requires a relatively small amount of capital and it can be established reasonably quickly.⁵ However, LLCs are not appropriate for all types of businesses as, pursuant to the Companies Law, LLCs cannot undertake banking, insurance or investment of monies for third parties (as principal or agent). Furthermore, LLCs may not offer their shares for public subscription.

Notwithstanding the 49 percent foreign ownership cap, foreign investors may, at the discretion of the Ministry of Business and Trade, preserve significant control over an LLC by including protective provisions in its operating agreements. Such provisions could, for example, confer on the foreign investor the power to appoint all general managers and directors, the right to more than 49 percent of the company’s profits and the right to retain ownership of any trade name.

Foreign investors who wish to engage in engineering activities, including engineering consultancy, are governed by Law No. 19 of 2005 (“**Engineering Law**”). Under this law, foreign engineering firms are permitted to register 100 percent foreign-owned firms in Qatar. There are, however, strict registration requirements. If a foreign firm cannot meet these requirements, the Engineering Law states that foreign investors can open a local engineering firm which must be a joint venture with a Qatari partner, with a maximum of 49 percent foreign ownership. The registration requirements for both types of engineering firm are regulated by the Urban Planning and Development Authority (“**UPDA**”).

(ii) Incorporating or Registering With the Qatar Financial Centre

The QFC was established in 2005 by the Qatar Financial Centre Law with the objective of attracting international financial service providers. Unlike other financial centers in the Middle East, the QFC has no physical boundaries and QFC-registered financial providers can conduct business internationally and throughout Qatar. QFC-registered firms can locate anywhere in Qatar, subject to approval of the desired location. Much of Doha is, however, already authorized as a “QFC zone” and the authorization process is generally straightforward.

The capital of firms licensed under the QFC can be fully owned by foreign entities. Full repatriation of profits and capital is expressly permitted for all types of QFC entities.

Entities wishing to operate from the QFC must be engaged in specific QFC-permitted activities and must also be licensed and, in some cases, authorized by QFC authorities. A more detailed description of the permitted activities and the licensing and authorization process is set out below:

(a) Permitted Activities for QFC Entities

Only entities performing certain limited activities are allowed to operate in the QFC. Permitted activities fall into two broad categories:

- **regulated activities:** undertaken by financial firms (such as investment and retail banks, insurance companies, funds and wealth management firms, brokerage offices, and securities operations) for which pre-authorization by the QFCRA is required; and
- **non-regulated activities:** in support of financial firms (such as services provided by accounting, audit and law firms) for which no QFCRA authorization is required.

(b) Licensing and Authorization Process in QFC

An entity engaged in a permitted activity can establish a legal presence in the QFC by incorporating a company or partnership, or by registering a branch of a non-QFC entity. Such incorporation or registration must be undertaken through the QFC Companies Registration Office. The QFC allows for various types of legal entities including limited

liability companies, protected cell companies, both general and limited partnerships (including branches of a non-QFC partnership), and the transfer of incorporation to the QFC. A comparison of these different entities is set out in **Schedule 3**.

All QFC entities must be licensed by the Qatar Financial Centre Authority (“**QFCA**”).⁶

In addition, all entities engaged in the above-listed regulated activities must be authorized by the QFCRA.⁷ Entities seeking such authorization will also be required to appoint individuals to perform certain key functions, including senior executive, actuarial and anti-money laundering reporting functions.⁸

The main details of all QFC-licensed entities are made public on the QFC website.

(iii) Obtaining a License for a Branch or Representative Office

Under Article 3 of the Foreign Investment Law, a foreign company can open a branch in Qatar in the event that the company is awarded a specific contract involving a project that contributes to public service or interest. In this situation, the Minister of Business and Trade can license the foreign company to conduct business in Qatar, for the specific purpose of completing the contract. The license to operate the branch office expires once the contract is completed.

A foreign company can open a representative office by filing an application at the Ministry of Business and Trade. A representative office cannot conduct financial transactions related to the company’s commercial activities in Qatar and its activities are limited to marketing and administrative functions.

(iv) Incorporating or Registering in Qatar Science and Technology Park

The QSTP is, for the time being, the only free zone in Qatar.⁹ The capital of companies registered in the QSTP can be entirely owned by foreign investors and such QSTP companies are allowed to trade directly in Qatar without a local agent. Other free zone benefits include the fact that QSTP-licensed entities are not taxed and can import goods and services free of any Qatari added tax or customs duties. In addition, the rents for QSTP premises are highly subsidized.

In order to incorporate or register in QSTP, the majority of an entity’s activities must contribute to the advancement of technology. Projects that collaborate with Qatar’s universities and research institutes are particularly encouraged. Permitted activities usually include a mixture of technology, development and commercial trading, with the scope of the tenant’s commercial (and non-commercial) activities defined in its QSTP license. Over twenty companies are currently listed as operating in QSTP, including Chevron, Cisco, Microsoft, Rolls-Royce and Tata.¹⁰

In order to establish a company in QSTP, applicants must submit a description of their business and research plans to the QSTP, which will assess whether it fits the technology-based criteria. The QSTP will typically require applicants to demonstrate that the majority of their activities, determined by the amount invested, will be dedicated to research and development. Once QSTP approval has been received, the applicant must either apply to incorporate or to register as a branch office. All applicants must then apply for a license, which requires providing information such as proof of financial and technical proficiency, and they must also complete a lease agreement. Annual financial and activity reports must be submitted to the QSTP.

Three types of licenses are issued by the QSTP:

- **standard license:** issued to businesses that incorporate in the free zone as a QSTP LLC or register as a branch office. The QSTP LLCs must have at least two shareholders and a minimum capital of QR 200,000. These incorporated or registered businesses are entitled to all free zone benefits.

- **restricted license:** issued to various types of individuals and entities that do not qualify for the standard license. This license only provides limited free zone benefits, as designated by QSTP management.
- **service license:** issued to entities providing services to QSTP tenants. This license does not provide any of the free zone benefits.

(v) Entering into a Commercial Agency Relationship

If a foreign entity wishes to sell goods in Qatar but does not wish to maintain a physical presence in the country, it may enter into a commercial agency relationship with a wholly Qatari-owned entity or a Qatari individual. A commercial agency contract should specify the products covered by the agreement, the territory of the distribution and the duration of the relationship.

If the commercial agent registers the contract in the Commercial Agents Register of the Ministry of Economy and Commerce, the commercial agent will obtain various protections afforded by the Commercial Agencies Law No. (8) of 2002, such as:

- **exclusivity:** registered commercial agents have the exclusive right to import the goods that are the subject matter of the agency;
- **commission:** registered commercial agents are entitled to receive commission on the sales they make within the designated territory, even if the sales are not a result of the activities of the agent. The commission rate is approved by the Minister of Business and Trade (up to 5 percent); and
- **termination:** the principal may only terminate a registered commercial agency agreement before its stated expiry date for justifiable cause. Where an agency contract does not specify a time limit, termination can only occur following mutual agreement of both parties. Furthermore, the agent can claim compensation if the principal does not renew the agency agreement at the fixed expiry date, and if the agent believes he is being denied the benefits of his activities.

C. GENERAL LEGAL CONSIDERATIONS

In addition to the legal requirements outlined above, other general considerations are relevant to foreign investors who wish to do business in Qatar. Some of the main considerations are outlined below:

(i) Doing Business with the Public Sector

The Central Tenders Committee (the “**CTC**”) of the Ministry of Economy and Finance processes the majority of public sector tenders in Qatar. In addition, some Government entities, such as the Ministry of Energy and Industry, Qatar Petroleum and the Public Works Authority, have internal tender committees.

Bids presented by entities that are not registered in the Commercial Register at the Ministry of Economy and Finance and with the Qatar Chamber of Commerce and Industry (the “**Chamber of Commerce**”) can be discarded by the CTC.

Preferential treatment is given to bids that include a high percentage of local content.

(ii) Import Regulations

Qatar is a member of the World Trade Organization and a party to various regional free trade agreements, most notably within the GCC.

As a result of its participation in the GCC Customs Union, Qatar has been applying the GCC Common External Tariff Law No. (41) of 2002 that implements the GCC unified customs tariff in Qatar, imposing a 5 percent tariff on the C.I.F. invoice value of most imported products. The GCC unified customs tariff has allowed exemptions for approximately 400 goods, including certain basic food products. Tobacco and manufactured tobacco substitutes are subject to a customs duty of at least 100 percent. The QSTP free zone does not impose import duties.

Qatar is a member of the Greater Arab Free Trade Area (“GAFTA”) pursuant to which Qatar eliminated customs duties on certain products from GAFTA member states.

Entities wishing to import goods into Qatar must generally be registered in the Importers’ Register and must be approved by the Chamber of Commerce. Projects funded by the Qatar Development Bank or designated by the Ministry of Energy and Industry (generally those in the construction, oil, gas, water and electricity sectors) can be granted a customs duty waiver for the import of machinery, raw materials and industrial equipment.

(iii) Foreign Exchange Controls & Anti-Money Laundering

Qatar does not generally have any foreign exchange controls or restrictions on the remittance of funds. Foreigner investors are free to transfer profits and capital related to their investments, and proceeds resulting from the settlement of investment disputes, both into and out of the country.

Law No. (28) of 2002 on Anti-Money Laundering criminalizes money laundering and imposes sanctions against individuals and institutions committing this crime. This law also establishes a National Anti-Money Laundering Committee to implement the legislation and to promote anti-money laundering efforts. Law No. (3) of 2004 on Combating Terrorism also contains provisions that criminalize money-laundering. These laws, however, remain largely untested within courts.

Both the QFC and the Qatar Exchange (“QE”) have their own anti-money laundering regulations. Relevant Qatari criminal laws relating to this subject continue to apply both within the QFC and the QE.

(iv) Taxation

Profits of business establishments owned in full by Qatari individuals are not taxed. Income tax in Qatar applies only to businesses and is essentially a form of corporate tax. Tax in Qatar is governed by Law Decree No. (11) of 1993 on Income Tax (the “**1993 Tax Law**”). Under the 1993 Tax Law, tax is charged on profits and income arising out of a taxable entity’s activity in Qatar for each taxable year (commencing on January 1 and ending on December 31). Under the 1993 Tax Law, taxable income amounting in any taxable year to a figure in excess of QR 100,000 is exempt from tax. Taxable income amounting in any taxable year in excess of QR 100,000 is taxed at progressive rates (varying from 10 percent to 35 percent). The top rate of 35 percent applies to taxable income in excess of QR 5,000,001. Exemptions from tax on corporate profits may be granted either under the 1993 Tax Law or by the Emir by way of a law-decree or law.

A new corporate income tax law is currently under consideration. This would replace the current tax bracket system with a flat tax of 10 percent. It appears that this flat tax rate could come into force on January 1, 2010,

Qatar is also participating in the GCC-wide discussions regarding the introduction of a value added tax throughout the GCC by 2012. Additionally, Law No. (13) of 2008 provides that 2.5 percent of the net annual profits of public corporations listed on the QE are to be collected by the Government and dedicated to the support of social, sporting, cultural and charitable activities.

To date, there has been no tax applied to QFC business. The QFC plans, however, to institute a tax rate of 10 percent on local source business profits from January 1, 2010. This tax will not apply retroactively.

Qatar does not levy withholding taxes on payments of dividends, interest or royalties to non-Qatari recipients. Qatar has entered into a number of tax treaties for the avoidance of double taxation and is currently expanding this network through the agreement of additional treaties with various States.

There are no personal taxes, social insurance or other statutory deductions from salaries and wages paid in Qatar.

(v) Real Property

Over the last few years, the laws regulating the ownership and lease of real estate have become more liberal, allowing greater opportunity for foreign investors. Different laws apply to: i) foreign (non-GCC) individuals; ii) GCC citizens; and iii) non-Qatari companies.

- **Foreign individuals not from the GCC:** allowed, according to Law No. (17) of 2004 Regulating Ownership and Usufruct of Real Estate and Residential Units by Non-Qataris ("**Foreign Ownership of Real Estate Law**"), to invest and own real estate in three designated areas: The Pearl-Qatar, West Bay Lagoon and the Al Khor Resort Project. Non-Qatari individuals can also obtain usufruct rights for 99 years in certain industrial areas designated by the Council of Ministers and in residential areas under terms set by the Council of Ministers.
- **GCC citizens:** permitted the same rights as other foreign individuals but are given additional privileges. GCC citizens are permitted to own up to three residential real estate assets, although the maximum size of these assets cannot exceed 3000 square metres. GCC citizens can also own real property and residential units in investment areas designated by the Council of Ministers. Three investment areas have currently been declared: Lusail, Al Khuraj and Thaayleb Mountain.
- **Non-Qatari companies:** not allowed to invest or trade in real estate. However, entities that are not 100 percent Qatari-owned can lease real estate for investment projects for up to 50 years.

(vi) Immigration

As a country with a very high percentage of expatriates (around 80 percent of total population), Qatar is generally accommodating to legal immigrants and visitors. Visas are available for business and tourist visits, transit and residency and, in the majority of cases, an attorney is not required to handle the processing of visas. Visitors from approximately 30 countries can obtain visit visas upon arrival in Qatar for approximately 100 riyals.

For an employee of a company doing business outside the QFC, the company must register his or her employment contract with the Ministry of Interior before a residency visa can be issued. Each company is permitted a certain quota of residency visas. Employees with residency visas who earn above a threshold salary may sponsor family members for residency visas. Residency visas are valid for up to three years. Employees cannot work for anyone other than their sponsor and sponsorship cannot be transferred until the employee has worked for their original sponsor for at least two years.

QFC has its own immigration laws and all such arrangements are handled by the QFC. Employees of QFC companies who have residency visas can sponsor family members for residency visas.

Residency visas can also be obtained, according to Law No. (2) of 2006, by foreigners who own interests and property under the Foreign Investment Law and the Foreign Ownership of Real Estate Law.

(vii) Employment Law

Employment in Qatar is generally governed by Labor Law No. (14) of 2004, which imposes certain minimum standards on working hours, vacation and public holidays, safety standards, workers' committees, collective agreements and termination of employment. Employees excluded from the application of the Labor Law include employees of Ministries and public institutions, including the armed forces and police. Also excluded are workers at sea, domestic workers, casual workers and working members of the employer's family.

QFC has its own employment regulations (Regulation No. 10 of 2006) and consequently employees of companies registered with, or incorporated under, QFC laws are subject to these specific employment regulations.

The Government has a strategic goal to increase the proportion of Qataris in both the public and the private sectors. This policy, known as "Qatarization," is effected by giving preference in employment to suitably qualified Qataris. The Government's aim is to increase the proportion of Qataris in the manufacturing sector to 50 percent by 2020. Non-Qatari workers will only receive work permits if they have a residency permit and there is no suitably qualified Qatari worker available to carry out the work.

(viii) Intellectual Property

Over the last few years, Qatar has taken steps to strengthen its protection of intellectual property ("IP") rights. Trademark and Copyright laws were introduced in 2002 and a new Patent Law was passed in 2006. Qatar is a member of some worldwide conventions on intellectual property (e.g. TRIPS and a few World Intellectual Property Organization conventions) but is not a signatory to the Patent Cooperation Treaty or the Madrid Convention.

The Ministry of Economy and Finance is responsible for enforcing IP laws and regulations. Specific offices, such as the Trademarks Office, the Office for the Protection of Copyright and Neighboring Rights, and the Patents and Innovation Section, have been established within this Ministry.

(a) Patents

Patents are protected by Decree-Law No. (30) of 2006 on Patents Law which provides patent protection for 20 years. Although the law states that the Ministry of Business and Trade will establish a Qatari patent registration office, this office has not yet been established. A GCC patent can be obtained by registering at the Patent Office in Riyadh, Saudi Arabia.

(b) Copyrights

Copyrights are protected by Law No. (7) of 2002 on the Protection of Copyright and Neighboring Rights (the "**Copyright Law**") which gives protection for 50 years after an author's death, or after the first date of publication for anonymous or collective works. The law also applies to works protected by international agreements, or by an international court to which Qatar is a party.

Owners of copyrights can register them with the Office of Protection of Copyright and Neighboring Rights, located at the Ministry of Economy and Finance. Failure to register with this office does not, however, affect the protection of the copyright. Individuals who infringe the Copyright Law may be subject to fines and imprisonment.

(c) Trademarks

Trademarks are protected by Law No. (9) of 2002 on Trademarks, Commercial Indications, Trade Names, Geographical Indications and Industrial Designs (the “**Trademarks Law**”). Once registered, trademarks are valid for 10 years and can be renewed indefinitely. If a trademark has not been used for five consecutive years, it may be cancelled. Foreign applicants have the same rights as Qataris under this law, provided that they are nationals of a state that grants Qatar reciprocal treatment. Individuals who infringe the Trademarks Law may be subject to fines and imprisonment.

In December 2006, the GCC Supreme Council approved a Unified Trademarks Law to harmonize the protection of trademark rights throughout the GCC. Qatar has issued domestic legislation to give effect to this GCC law (Law No. (18) of 2007 promulgating the GCC Trademarks Law), but implementing regulations still need to be drafted.

(d) Trade Secrets and Data Protection

Trade secrets are protected under Law No. (5) of 2005 on the Protection of Secrets of Trade (the “**Trade Secrets Law**”). Foreign applicants have the same rights as Qataris under this law, provided that they are nationals of a state that grants Qatar reciprocal treatment.

There is no specific legislation in Qatar on data protection and privacy. However, the QFC has issued data protection regulations, similar to the European data protection regime, that apply to QFC entities. Certain protections are provided to non-QFC entities in laws such as the Qatar Central Bank Law No. (33) of 2006 or the Qatar Penal Code, but these provisions are limited in nature.

(ix) Governing Law & Dispute Resolution

(a) Governing Law

Qatar’s legal system has been significantly revised over the last decade to conform to international best practices and standards. However, laws and cases in Qatar are not always readily available, particularly in English translation. As a result, foreigners entering into a contract with a party located in Qatar often select English law (or, less frequently, US law) as the governing law.

(b) Dispute Resolution

A large number of parties doing business in Qatar (both foreign and locally based) select binding arbitration as the method of dispute resolution. There are two possible centers of arbitration in Qatar: the Qatar International Center for Arbitration (“**QICA**”) in the Chamber of Commerce and Industry, and the QFC Tribunal. Many parties, however, choose Europe or North America as the arbitral seat.

The QICA applies the laws contained in the Civil and Commercial Procedure Code (Law No. (13) of 1990). The QFC applies specific QFC arbitration regulations. The majority of foreign entities doing business in Qatar choose a well-established body of arbitral rules such as the LCIA, ICC or UNCITRAL rules.

(c) Enforcement of Foreign Judgments and Arbitral Awards

Qatari courts will enforce foreign judgments to the extent that there is reciprocity between the two jurisdictions. In March 2003, Qatar acceded to and implemented the principles of the United Nations New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards (the “**New York Convention**”). Consequently, Qatar enforces foreign arbitral decisions concluded in states that are party to the New York Convention, in accordance with the Convention.

Summary of the Different Means for Establishing a Legal Presence in Qatar

Means	Main Characteristics
<p>Incorporating a Limited Liability Company (under the Companies Law)</p>	<ul style="list-style-type: none"> • Relatively small amount of capital required to establish and quick process for establishment. • Separate legal entity from its foreign owner. • At least 51 percent of the company's shares generally has to be owned by Qatari nationals, although protective measures can be included in the LLC's operating agreements that allow foreign investors to maintain significant control.¹¹ • Cannot engage in banking, insurance or investment for third parties. • Fully taxable unless granted a special exemption. • Qatarization laws apply. • Note: The Engineering Law applies a stricter registration regime to foreign firms.
<p>Registering with the Qatar Financial Centre</p>	<ul style="list-style-type: none"> • 100 percent foreign ownership permitted. • Common-law legal and regulatory regime familiar to many international businesses. • Full repatriation of profits and capital expressly permitted, for all types of QFC entities. • Exempt from Qatarization laws. • Sponsorship process for expatriate employees is streamlined through QFC. • Can locate anywhere in Qatar. • Limited to companies engaged in and directly supporting the financial sector. • The application process entails a detailed review by the QFC and some companies may be declined. • In certain areas, such as anti-money laundering, the QFC does not replace the underlying Qatari law but imposes an additional layer of regulation. • 10 percent tax rate on local business profits.
<p>Opening a Branch Office</p>	<ul style="list-style-type: none"> • Limited to projects deemed by the Ministry of Business and Trade to facilitate the performance of a public service or utility. • Only entitled to perform the specific contract for which it is registered, and registration valid only for duration of contract. • Fully taxable unless granted a special exemption. • Not a separate legal entity from the foreign owner. • Qatarization laws apply.
<p>Opening a Representative Office</p>	<ul style="list-style-type: none"> • Can only handle marketing and administrative functions on behalf of a foreign parent. • Not a separate legal entity from the foreign owner.
<p>Setting up a Free Zone Entity in Qatar Science and Technology Park</p>	<ul style="list-style-type: none"> • 100 percent foreign ownership permitted. • Geographical proximity to entities carrying out similar activities, and co-location with international universities at Doha's Education City. • No corporate tax. • Full repatriation of profits and capital expressly permitted for all QSTP entities. • Reduced rents for QSTP premises. • QSTP assists in commercializing any product produced by a QSTP entity. • QSTP entities must be technology-based and can only perform those activities specified in their license. • QSTP requires an actual physical presence in the free zone. • Qatarization laws apply.
<p>Commercial Agency Relationship</p>	<ul style="list-style-type: none"> • Does not require establishment of a physical or legal presence in Qatar. • Third party handles all aspects of the foreign business in Qatar. • Once a commercial agency relationship is established, it can be difficult for the principal to change its formal legal status within Qatar. • If a commercial agency contract is registered with the Ministry of Business and Trade, the agent has considerable protection under Qatari law. Such protections include: <ul style="list-style-type: none"> • exclusivity: registered commercial agents have the exclusive right to import the goods that are the subject matter of the agency; • commission: registered commercial agents are entitled to receive commission on the sales they make as well as on sales made in Qatar by the principal or any other party, at an amount determined by the Minister of Economy and Commerce (but not exceeding 5 percent of the value of commodities and goods imported for trade); and • termination: the principal may only terminate a registered commercial agent before its stated expiry date for justifiable cause. Where an agency contract does not specify a time limit, termination can only occur following mutual agreement of both parties. Further, the agent can claim compensation if the principal does not renew the agency agreement at the fixed expiry date.

Companies Law Entities								
Type of Entity	Limited Liability Company ¹²	General Partnership	Simple Limited Partnership ¹³	Limited Partnership with Shares	Unincorporated Joint Venture ¹⁴	Joint Stock Company (Public or Private) ¹⁵	Single-Person Company	Holding Company ¹⁶
Minimum Ownership % for Qatari nationals, unless given exemption by the Minister of Business and Trade	51%	51%	51%	51%	51% of capital must be contributed by the local partner	75% ¹⁷	100%	Depends on entity formed
Liability	Limited	Joint and several	General partners have joint and several liability Limited partners have limited liability	General partners have joint and several liability Limited partners have limited liability	The allocation of liability between joint venturers is set forth in the company Memorandum. Given that the Unincorporated Joint Venture is not a separate legal entity, third parties only have a right of action against individual venturers	Limited	Limited	Depends on entity formed
Number of Founding Members/ Partners	2 to 50	At least 2	At least 2	At least 1 general partner At least 4 limited partners	At least 2	At least 5	One person only	Depends on entity formed
Minimum Capital Requirement	Sufficient to accomplish the company's objectives, and not less than QR 200,000	No requirement	No requirement	QR 1,000,000	No requirement	Sufficient to accomplish the company's objectives, and not less than: Public Joint Stock Company: QR 10,000,000 ¹⁸ Private Joint Stock Company: QR 2,000,000	QR 200,000	QR 10,000,00

QFC Entities				
Type of Entity	Limited Liability Company	Protected Cell Company ¹⁹	General Partnership	Limited Partnership
Liability	Limited	Limited	Joint and several	General partners have joint and several liability Limited partners have limited liability
Number of Founding Members/ Partners	At least 1	At least 1	At least 2	At least 1 general partner and at least 1 limited partner
Minimum Capital Requirement	<p>The minimum capital requirement for QFC entities is determined according to the activities they are conducting, and not according to the type of entity established:</p> <p><i>Minimum Capital Requirement for Regulated Activities:</i></p> <p>Category 1 (including deposit taking and providing credit facilities) US\$ 10 million</p> <p>Category 2 (including dealing in investments as principal) US\$ 2 million</p> <p>Category 3 (including dealing in investments as agent and operating a collective investment fund) US\$ 500,000</p> <p>Category 2 or 3 that provide custodial services to collective investment funds (other than private placement funds) US\$ 10 million</p> <p>Category 4 (including operating a collective investment fund if restricted to providing fund administration) ... US\$ 250,000</p> <p>Category 5 (Islamic financial institutions) US\$ 10 million</p> <p><i>Minimum Capital Requirement for Non-Regulated Activities:</i></p> <p>There are no minimum capital requirements for entities engaged in non-regulated activities, although QFC solvency tests are required during the first year of operation.</p>			

ENDNOTES

- 1 These restrictions do not apply to companies established under Article 68 of the Companies Law. Article 68 provides a mechanism for Government and Government-backed entities to establish a company that is not subject to the provisions of the Companies Law or the Foreign Investment Law. In addition, a foreign company operating in Qatar under a Qatari Government concession to extract, exploit or manage natural resources is exempt from the Foreign Investment Law and is governed by a specific “special agreement” or concession contract.
- 2 Article 2(2) provides that preference will be given to projects that maximize the use of domestic raw materials and strengthen the Qatari economy by, for example, advancing technology and providing new products to the market.
- 3 As discussed in Section C(v), Law No. (17) of 2004 allows foreigner individuals to own real estate (in freehold) in three designated areas: The Pearl-Qatar, West Bay Lagoon and Al Khor Resort Project.
- 4 The LLC is also commonly referred to as a “with limited liability” (“WLL”) company.
- 5 Pursuant to the Companies Law, the amount of capital required to incorporate an LLC must be “sufficient to realize the company’s objectives” and not less than QR 200,000.
- 6 If applicants intend to undertake non-regulated activities, then they must apply for a license from the QFCA by submitting QFC Form Q01. This form asks for general information regarding the identity of the entity and its proposed business activities, as well as background information on the individuals who will perform functions within the proposed entity. Applicants who wish to undertake regulated activities must complete QFC Form Q02 (“**Application for Authorization to Conduct Regulated Activities**”). The information provided on this form (including a general description of the firm, a description of the proposed business, details of the firm’s compliance arrangements, financial information about the firm and details regarding anti-money laundering systems and business continuity plans) will also be used for the licensing process. Entities that wish to perform regulated activities do not, therefore, need to submit an additional form for licensing.
- 7 Regulated financial services are licensed by the QFCRA according to five categories. “Category 1” financial institutions are able, amongst other things, to make various types of loans and accept deposits in any currency, but at present are not allowed to conduct retail banking services. Financial institutions authorized by the QFCRA as “Category 2,” “Category 3” or “Category 4” are respectively permitted to undertake more limited categories of activity. “Category 5” is a specific category for firms wishing to undertake Islamic Finance.
- 8 Applicants applying for authorization must ensure that the individuals who will act as their Approved Individuals submit Regulatory Authority Form Q03 (“**Application for Approved Individuals**”).
- 9 There are plans to open three other free zones in Qatar, although no definite dates have been set. One potential zone would be located near the future Doha International Airport and would contain light industries, financial services and legal, trade and engineering consultancies. The second zone would cater to manufacturing and transport companies and would be located in the industrial area of Doha. The third zone, for petrochemical and other downstream-related businesses, would be situated near Mesaieed Industrial City.
- 10 The “technology-advancing” projects undertaken by these companies vary in focus and scope. For example, Microsoft is undertaking collaborative research into national education, developing a new “Office 4. Kids” software suite and conducting training courses for the Qatari community. Rolls-Royce is supplying aero engines for Qatar Airways and industrial engines for the Dolphin Project, piping natural gas from Qatar to the United Arab Emirates, and designing testing and maintenance facilities for its Trent gas turbine engines.
- 11 As discussed in Section B(i), non-Qataris are permitted to apply to the Minister of Business and Trade to receive an exemption allowing up to 100 percent foreign ownership of companies involved in the following specified industries: agriculture, industry, health, education, tourism, development and utilization of natural resources, energy and mining.
- 12 The company name is frequently followed by the letters “WLL” which stands for “with limited liability.” This is the preferred form of entity for foreigners wishing to do business in Qatar outside

the QFC, primarily because of the relatively small capital requirements and the speed with which it can be established.

- 13 These two entities resemble the entities in French law called the “société en commandite simple” and the “société en commandite par actions.” Under French law, the société en commandite simple must have a minimum of two partners, including one general partner (commandite) and one limited partner (commanditaire). The société en commandite par actions must have a minimum of four partners, including one general partner and three limited partners. In both entities, the general partners are jointly and severally liable for the company’s debts, whereas the limited partners are only liable for the company’s debts in proportion to their financial contribution to the entity. The close resemblance between the French and Qatari entities is no accident: French civil law provided the basis for the Egyptian Civil Code which, in turn, was the legal template for many Middle Eastern jurisdictions, including Qatar.
- 14 The Unincorporated Joint Venture is not a real entity vis-à-vis third parties and does not need to be registered.
- 15 Also known in Qatar as a “Qatari Shareholding Company” (“**QSC**”). Qatar has encouraged certain high-profile projects to be undertaken via a public joint stock company in order to allow the issue of shares to the public. The description in this chart assumes the company is not an Article 68 company (see endnote 1).
- 16 The holding company can control a limited-liability company, a joint stock company or a single-person company. It is not, strictly speaking, a separate entity and is subject to the rules of the type of entity that it controls. It cannot own capital in a general partnership, a simple limited partnership or a limited partnership with shares.
- 17 Foreigners are restricted to owning a maximum of 25 percent of the share capital of companies listed on the Qatar Exchange, which may be increased with approval from the Council of Ministers (typically up to 49 percent foreign ownership).
- 18 The capital of the company must be divided into shares of equal nominal value of at least QR 10 each, unless the Ministry of Economy and Finance permits a lower amount.
- 19 Protected cell companies are single legal entities that allow for legal segregation and protection of assets and liabilities by dividing them into separate “cells.”

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