

Qatar: Innovation and reform



QATAR

By Amjad Hussain

Qatar Islamic Bank (QIB)'s 'Aamaly' program — Aamaly meaning 'my business' in Arabic — is a program developed by QIB that offers a variety of services to SMEs in Qatar, including guidance and advice, financial services, an SME-dedicated banking center, 24-hour banking, flexible lending and financing options, as well as other services and benefits.

In addition to the Aamaly initiative, QIB is a contributor to Qatar Development Bank's Al-Dhameen program, which is a guarantee program that encourages banks to provide financing to start-ups and SMEs to assist them in launching or expanding their businesses.

Barwa Bank has been rebranded as 'Dukhan Bank' effective from October 2020. Dukhan is a city in the west of

Qatar where the first major oil reserve was discovered. This was a discovery which, according to Dukhan Bank, "laid the foundations for Qatar's economic and social growth for over eight decades", and is the inspiration behind the new brand.

The rebranding announcement comes nearly one year after the completion of the merger between Barwa Bank and the International Bank of Qatar and it reflects the bank's vision of shifting toward service and product innovation.

The Council of Ministers of Qatar has issued Decision Number 28 of 2020 (the Decision) determining the areas in which foreigners may own and benefit from real estate in Qatar, subject to the terms, conditions and controls of the Decision.

The Ministry of Justice of Qatar, in collaboration with the Ministry of

Interior, has introduced a new system that allows foreign investors to obtain residency permits for themselves and their families in Qatar for the duration of their ownership of real estate, subject to the terms of the Decision.

The Decision aims to promote foreign investment in real estate, to develop the real estate sector and to diversify the economy of Qatar. As a result, we also expect to see a rise in real estate financing activity within local Qatari Islamic banks.

This development follows a number of reforms introduced in Qatar over the last few months, notably the issuance of the executive regulations of the foreign investment law, the PPP law and labor reforms. ☺

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SEC of Sri Lanka introduces REIT framework



SRI LANKA

By Shazuli Raheem

The Securities and Exchange Commission of Sri Lanka (SEC) has finally succeeded in introducing a REIT framework, after it and along with other stakeholders had contemplated this need for some time. The REIT framework and proposed initiatives will provide the general public of Sri Lanka with guidelines on making investments, thereby benefiting from any property-related income and value appreciation.

REITs have now been introduced to the Sri Lankan capital market approximately 23 years after corporate bonds were introduced back in 1997.

While drawing up the REIT framework, special consideration was given to the local environment in which REITs are expected to operate, ensuring that they are best suited to the local market.

The rules introduced by the SEC is an extension of the current Unit Trust Code and the new rules which came into effect from the 31st July 2020 in the form

of an Extraordinary Gazette notification by the SEC of Sections 53 and 13 of the Securities and Exchange Commission of Sri Lanka Act, No.36 of 1987.

These rules, which are comprehensive, will govern the setting up of and conduct of a Sri Lankan REIT. Specific provisions have been included for the verification of title and valuation of property that will form part of the assets of the REIT.

Among the requirements under this framework is the mandatory distribution of approximately 90% of income to unitholders, which is currently not a requirement for any of the listed entities.

Further, due to the availability of the tax pass-through mechanism to unit trusts, REITs could also benefit as a viable business concept for Sri Lanka that will open new horizons for entrepreneurs to take the real estate industry to greater heights.

According to the SEC, REITs are only allowed as listed REITs on the Colombo Stock Exchange, ensuring transparency

and the distribution of ownership among the people of Sri Lanka.

The property-backed alternative investment platform will not only benefit investors who otherwise will not be able to invest in real estate due to spiraling property prices but also benefit entrepreneurs who are keen to make inroads into real estate investments, as well as be an active contributor to the real estate industry.

In addition to other benefits, investors will also have the added comfort of investor protection due to REITs being regulated by the SEC, which maintains high regulatory standards.

The introduction of REITs is seen as a crucial capital market initiative which is envisaged to benefit the country as a whole by being a catalyst for foreign investment, planned urbanization, employment generation, optimization of land usage and such. ☺

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