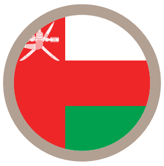
draft foundation rules on their website. The ADGM welcomes observations and comments, by 5 July 2017.

Abu Dhabi: Significant Change to Wills

Abu Dhabi has announced there will be a significant change to wills in the Emirate. The Under Secretary at the Judicial Department, Yousef Al Ibri, has stated that non-Moslem wills will be registered in English, not Arabic. It is stated that the costs will not be more than AED 500 for each will. The scheme is limited to residents in Abu Dhabi who are not Moslem.



Oman

Mansoor Jamal Malik
Managing Partner,
Head of Corporate/Commercial Department

Hussein Azmy
Associate, Islamic Finance

Al Busaidy, Mansoor Jamal and Co.

AL BUSAIDY, MANSOOR JAMAL & CO.
BARRISTERS & LEGAL CONSULTANTS

New Regulation for Insurance and Reinsurance Brokers in Oman

In April, Oman's Capital Market Authority (CMA) issued a new regulation for insurance and reinsurance brokers. In a radical shake-up, which many industry observers consider overdue, the regulation introduces more stringent capital and guarantee requirements. Significant changes have been made to the licensing regime for insurance brokerage and restrictions designed to prevent conflicts of interest. The changes will not come as a surprise to the industry as a draft regulation released in 2015 was widely circulated for stakeholder consultation. Insurance brokers have 12 months to comply with the new rules but the CMA president has the discretion to grant a six-month extension in certain circumstances.

Under the new regulation, the current single brokerage licence, which covered both insurance and reinsurance brokerage, will be replaced by three separate licences: (i) re-insurance brokerage; (ii) insurance brokerage; and (iii) dual brokerage. Applications for the new licences are likely to entail brokerage firms amending their commercial activities registered with the Ministry of Commerce and Industry.

The most significant impact of the new rules for many brokerages will lie in the introduction of a minimum capital of OMR 100 000. This replaces previous minimum capital requirements under the Commercial Companies Law (CCL) and Foreign Capital Investment Law (FCIL). The OMR 100 000 has to be paid in full prior to renewing or applying for one of the new licences. In addition, as part of the licensing procedure, brokerages will be required to deposit bank guarantees with the CMA. These thresholds have been raised from OMR 50 000 to OMR 75 000 for insurance brokers. However, reinsurance brokers and dual brokers face significant increases to OMR 150 000 and OMR 200 000 respectively.

The rules ban the "founders" of brokerage companies from concurrently working for insurance companies, other brokers, or agents in Oman. The percentage of shares a broker may hold in an insurance company has also been reduced from 10% to 5%. The combined effect of the restrictions is to lessen the risk of conflicts of interest arising between the insurance and insurance/reinsurance brokerage markets and curtail the scope for interference by brokers in the conduct of insurance business. Another restriction is a ban on brokers from receiving or claiming any interest generated by the sums deposited in brokerage bank accounts - the account(s) in which the broker keeps customers' money - or from using these funds as security for bank loans or to obtain credit facilities.

All aspects of the regulation will have a significant impact on the brokerage industry in Oman. The majority of Omani and GCC-owned brokerage firms currently registered with the comparatively low capital of OMR 20 000, are likely to struggle to meet the higher capital requirements in particular. However, a draft of the regulation has been in circulation since 2015 with its contents signalling the regulator's determination to strengthen all segments of the insurance services sector in Oman by adopting best international practice to protect customers and eradicate undesirable practices.

CBO Eases Guidelines on SME Financing

The Central Bank of Oman (CBO) has issued revised guidelines on SME financing by banks in the Sultanate. BM Circular 1150, issued in April 2017, now allows banks to count non-funded credit to a maximum of 1% of total credit as part of a 5% SME financing target. The 5% target was first introduced by the CBO in 2013 along with a raft of requirements for the set up of dedicated SME departments in each bank (Circular BM 1108, 2013). The measures were intended to boost lending to the SME sector, identified as a national development priority and the subject of a high level national conference in 2012.

Progress on implementation in the banking sector has been halting however, despite the deadline for implementation being deferred until the end of 2015. In January 2016, the regulator instructed banks to adopt the new definition of SMEs established by the public authority for small and medium sized enterprises, and again underlined the need to ensure that 5% of loan portfolios are dedicated to SMEs.

While expanding the definition of lending to SMEs, the new circular stresses that non-fund based credit is not a substitute for banks' active commitment to SME lending. With the need for robust due diligence on the part of banks to ensure no scope for the dilution or mixing of personal and non-SME business loans in the classification of SME lending. The CBO has also issued a revised format for the monthly return banks are required to submit to the regulator from June 2017 onwards.

In March, the CBO approved an increase in its own capital from OMR 760m to OMR 1bn effective from 1 April 2017.

Real Estate Sector Regulation Takes Effect

Under new regulations introduced by the Ministry of Housing, from 1 June 2017, all real estate brokers must be registered with, and secure a permit from, the Directorate-General of Real Estate Development. Permitting fees (determined by Ministerial Decision 67/2016) are set at OMR 500 for those operating within Muscat Governorate, and OMR 300 outside the capital.

The new regulations are designed to keep check on freelance brokers and improve professionalism, accountability and transparency in the real estate business. The rules also aim to eliminate the potential for speculative dealing, price manipulation, and similar practices that have occurred in recent years. Raising standards and oversight in the sector to boost consumer trust and confidence has assumed more importance in light of Government plans to loosen restrictions on expatriate ownership of real estate in Oman. Siham Al Harthy, Director-General of Real Estate Development recently announced that a draft regulation allowing expatriates to own property outside integrated tourism complexes is currently under consideration. According to Al Harthy, a percentage of certain mixed-use projects will be earmarked for expatriates, and eligibility will not be limited to those with a minimum term of residence in the country.

Qatar

Lama Bakroun
Trainee Lawyer

Michael Earley
Senior Associate

Sultan Al-Abdulla & Partners

سلطان العبدالله ومشاركوه
Sultan Al-Abdulla & Partners

The New Standardised Employment Contract

The Ministry of Administrative Development Labour and Social Affairs has recently introduced a streamlined online format for employment contracts. Previously, employers and employees could agree a bespoke employment contract registered with the relevant authorities as long as it was compliant with Qatar Law No. 14/2004. However, as a result of this development, an employment contract must be completed online using the standardised form. The new online contract permits employers to enter basic information, however there is little room for amendments. The contract data which can be entered manually by the employer, includes contract duration, probation period, salaries and allowances. Additionally, the Ministry has provided a user manual for employers detailing all the necessary steps for the creation of employment contracts.

While this is a positive development to facilitate workflow, and standardise the labour sector in Qatar, there are a number of additional clauses typically included in employment contracts such as restrictive covenants, confidentiality undertakings and indemnifications which do not appear in the standard form contract. Given the limited amount of information included in the online contract format, these and other provisions will have to be set out in a separate addendum. Although these provisions may be enforceable as a private contract between the parties, it is advisable to lodge the addendum with the Ministry to ensure such provisions are captured as part of the larger employment package. The addendum will then be registered with the standardised contract at the Ministry.