The QICDRC: The Emerging Centre for Islamic Finance Disputes

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Introduction

Something is happening in Doha. Qatar's Islamic finance sector has grown to QR 694 billion in assets.[1] Sukuk issuance has surged by 230 per cent over the past four years. The first tokenised sukuk and digital takaful platforms have moved from concept to deployment. The regulatory framework mandates AAOIFI compliance across every category. And sitting at the centre of this ecosystem — an English-language common law court with a bench that includes some of the most experienced financial law judges in the world.

The Qatar International Court and Dispute Resolution Centre is quietly becoming the most compelling forum for Islamic finance disputes. Not because it has declared itself to be so, but because the architecture around it — constitutional, regulatory, institutional — makes it so. This article examines why.

A Sector That Has Outgrown Its Infrastructure

Global Islamic finance assets reached USD 5.98 trillion in 2024, with projections indicating the industry could reach USD 9.7 trillion by 2029.[2] Qatar sits sixth globally, but the raw ranking understates the significance. Islamic banking assets of QR 586 billion represent 29 per cent of Qatar's total banking system. Islamic deposits account for 34 per cent. Growth has been sustained — a compound annual growth rate of 6.8 per cent since 2020, consistently outpacing conventional banking at 4.5 per cent.

Two institutions, Qatar Islamic Bank and Masraf Al Rayan, rank among the top ten Islamic banks globally by asset size and together hold approximately 68 per cent of Qatar's Islamic banking assets.[3] This is a concentrated, high-value market. Qatar's Third Financial Sector Strategic Plan, launched in 2023, integrates Islamic finance across all four pillars — banking, insurance, capital markets, and digital finance — as a cross-cutting theme rather than a standalone vertical. International partnerships with Malaysia's Labuan IBFC and Turkey's TKBB

[1] Qatar Financial Centre and London Stock Exchange Group, *Qatar Islamic Finance Report 2025: Expanding Horizons* (May 2025).
[2] S&P Global Ratings, *Islamic Finance Development Report 2025*; Standard Chartered, *Global Islamic Finance Report 2025* (May 2025).
[3] Bait Al Mashura Finance Consultations, *8th Annual Report on Islamic Finance in the State of Qatar* (2024).

position Qatar within a hub triad for Islamic finance development across the MENA region.

The dispute resolution infrastructure has not kept pace. Islamic finance disputes have historically been scattered across forums — London, where the courts have sometimes struggled with the interface between English law and Shariah principles; local courts, where proceedings are conducted in Arabic, and the common law expertise that international financial institutions expect is not always available; or arbitral tribunals, where the jurisprudence remains largely confidential and unreported. What has been missing is a specialist common law court operating within the ecosystem that generates the disputes. That is what the QICDRC provides.

The Dispute Pipeline

The question is not whether disputes will arise from Qatar's Islamic finance sector. It is when, and over what.

Sukuk are the most obvious source. Total sukuk issuance by Qatari entities surged from QR 9.2 billion in 2020 to QR 30.4 billion in 2024. In 2024 alone, Islamic banks issued QR 9.5 billion in sukuk — a 300 per cent year-on-year increase — while Qatar Central Bank issued QR 16.9 billion.[4] Sukuk are inherently complex instruments that involve asset ownership, trust arrangements, Shariah-compliance certification, and cross-border investor bases. The *Dana Gas* litigation — in which a USD 700 million sukuk was challenged on Shariah compliance grounds — illustrated the scale and complexity of disputes that arise when these instruments are tested.[5] Qatar's sukuk pipeline is now large enough, and growing fast enough, to generate its own body of disputes.

Credit concentration is a second driver. The credit-deposit ratio in Islamic banking stands at 118 per cent. Private sector credit dominates — 78 per cent of Islamic banking credit flows to the domestic private sector — with particularly rapid growth in real estate (16 per cent in 2024) and general trade (23 per cent).[6] Historically, rapid sectoral credit concentration followed by correction is how banking disputes are resolved.

FinTech and tokenisation represent a third, newer category — and potentially the most complex. Islamic FinTech transaction volumes tripled from QR 3.1 billion to QR 10 billion between 2020 and 2024, projected to reach QR 16.1 billion by 2028. Qatar ranked eighth globally in the 2024 Global Islamic FinTech Index.[7]

The QFC's Digital Assets Framework, enacted on 1 September 2024, established

[4] QFC and LSEG, *Qatar Islamic Finance Report 2025* (n 1). Sukuk issuance by Islamic banks and QCB: Bait Al Mashura (n 3).
[5] Dana Gas PJSC v Dana Gas Sukuk Ltd [2017] EWHC 2928 (Comm); [2018] EWHC 332 (Comm).
[6] QFC and LSEG, *Qatar Islamic Finance Report 2025* (n 1).
[7] Global Islamic FinTech Report 2024, cited in QFC and LSEG, *Qatar Islamic Finance Report 2025* (n 1).

the legal and regulatory foundation for digital assets within the QFC, including processes for tokenisation, the legal recognition of property rights in tokens and their underlying assets, custody arrangements, and transfer and exchange.[8] The framework also provides for the legal recognition of smart contracts. It is deliberately tech-neutral — allowing companies to choose how they meet cybersecurity and compliance standards rather than prescribing specific technological solutions — and principle-based, covering token issuance, validation, registration, and custody. Cryptocurrencies, stablecoins, and other currency substitutes are expressly excluded; the framework focuses on the tokenisation of real-world assets, including shares, bonds, sukuk, commodities, and real estate.

The QFC Digital Assets Lab, established alongside the framework, has attracted over 20 companies seeking regulatory approval. Its published use cases include tokenised bond and sukuk issuance, private company share tokenisation, and real estate tokenisation. Yousuf Mohamed Al-Jaida, the QFC Authority's chief executive, confirmed in October 2025 that Qatar has operational tokenised sukuk and digital takaful platforms that are improving settlement speed and risk-sharing in real time,[9] alongside a proof of concept for a blockchain-based digital receipt system for Shariah-compliant asset-backed finance developed through a consortium of Al Rayan Bank, Blade Labs, and Hashgraph.[10] A further use case being explored is Green Sukuk, where tokenised assets are linked to environmentally sustainable projects — aligning Islamic ethical investment principles with the global push for sustainable finance.

The dispute potential here is layered. Tokenised sukuk raises novel questions about the legal characterisation of fractional ownership, the enforceability of smart contract terms, the application of Shariah compliance certification to algorithmically executed transactions, and the cross-border recognition of tokenised property rights. Digital takaful platforms introduce questions about automated risk-sharing mechanisms and the treatment of participant surplus pools in a decentralised environment. When these disputes arise — and the pace of innovation makes it a question of when, not whether — they will require a forum capable of engaging with distributed ledger technology, Islamic finance principles, and the jurisdiction-specific regulatory framework under which the instruments were issued. That combination points to the QICDRC.

Merger conversions add a further dimension. The Al Rayan-Al Khalij merger in 2021 converted conventional banking assets into Islamic banking assets. Conversion exercises generate disagreements over the Shariah compliance of converted instruments, the novation of legacy contracts, and the treatment of pre-existing conventional obligations within a Shariah-compliant framework.

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[8] QFC Digital Assets Framework 2024, enacted 1 September 2024. QFC Digital Assets Regulations 2024 (QFC Regulation No. 20).
[9] Yousuf Mohamed Al-Jaida, Chief Executive Officer, QFC Authority, remarks at the QFC Islamic Finance Forum (May 2025).
[10] QFC Authority, Digital Assets Lab published use cases (2024–2025).

Takaful is growing rapidly. Gross written contributions rose to USD 1.9 billion in 2024, with market share nearly doubling from 6 per cent to 11 per cent between 2020 and 2024.[11] The adoption of AAOIFI Financial Accounting Standard 43 introduces new recognition and measurement requirements that will generate implementation disputes across the sector.

And underpinning all of this: **AAOIFI Standard 62**, which proposes a fundamental shift in sukuk classification from asset-based to asset-backed structures. When that standard takes effect in a jurisdiction where AAOIFI compliance is mandatory, the transition will touch every sukuk instrument in the market.

Why Qatar — and Why The QICDRC

Three features of Qatar's legal and regulatory architecture converge on the QICDRC.

First, AAOIFI compliance is mandatory. Qatar requires compliance with AAOIFI standards across all four categories — Shariah, accounting, auditing, and governance — as a regulatory obligation. The QFC Regulatory Authority's Islamic Banking Business Prudential Rules, substantially amended in 2024, cover capital adequacy for Shariah-compliant financing instruments, profit-sharing investment accounts, sukuk exposures, and counterparty credit risk for Shariah-compliant hedging.[12] The QFC prohibits Islamic banking windows; all Islamic banking must be conducted through fully-fledged Islamic institutions. Academic research has found that Qatari Islamic banks achieve higher levels of AAOIFI compliance than institutions in Bahrain — AAOIFI's own home jurisdiction.[13]

The practical consequence is a unified dispute landscape. When new AAOIFI standards take effect, they apply across the entire sector simultaneously. The disputes they generate will be framed by a single, identifiable set of standards, and the case law that the QICDRC develops in interpreting those standards will have precedential value for every Islamic financial institution in the jurisdiction.

Second, the constitutional foundation is unique. Article 1 of Qatar's Permanent Constitution designates Shariah as the principal source of legislation.[14] This is not symbolic. The governing law tensions that have complicated Islamic finance litigation elsewhere — exemplified by the English Court of Appeal's reasoning in *Shamil Bank of Bahrain v Beximco Pharmaceuticals* [2004] EWCA Civ 19, where the court held that a general reference to Shariah principles could not operate as a choice of governing law under the Rome Convention and was too imprecise to

[11] QFC and LSEG, *Qatar Islamic Finance Report 2025* (n 1).
[12] QFC Regulatory Authority, Islamic Banking Business Prudential Rules (IBANK), as amended 2024. The rules align with IFSB standards and implement Basel III requirements for Shariah-compliant instruments.
[13] See e.g. comparative studies of AAOIFI disclosure compliance in murabaha and mudaraba reporting across GCC jurisdictions, summarised in QFC and LSEG, *Qatar Islamic Finance Report 2025* (n 1).
[14] Permanent Constitution of the State of Qatar (2004), Article 1.

effect incorporation as contractual terms[15] — are structurally mitigated in a jurisdiction where Shariah is constitutionally embedded. A court operating within Qatar's framework does not need to grapple with whether Shariah can function as governing law; the constitution answers that question.

Qatar's decentralised Shariah governance — individual institutions maintain their own Shariah supervisory boards rather than deferring to a central authority — means that when counterparties rely on different Shariah board rulings, disputes over compliance become disputes over interpretive authority. Resolving those questions requires both commercial law expertise and institutional familiarity with how Shariah governance operates in Qatar.

Third, the bench has the expertise. The QICDRC's panel includes Sir William Blair, a former Judge of the London Commercial Court, Professor of Financial Law and Ethics at Queen Mary University of London, and chair of the Bank of England's Enforcement Decision Making Committee, who previously served as Chairman of the QFC Regulatory Tribunal — giving him direct familiarity with the QFC's Islamic banking prudential framework.[16] Ali Malek KC, one of the leading silks at the Commercial Bar of England and Wales, brings expertise in international arbitration, banking, and finance. Dr Hassan Al Sayed, Associate Professor of Law at Qatar University, who was instrumental in the separation of the College of Law from the College of Shariah and Islamic Studies, bridges Qatari law, Shariah studies, and common law methodology. The court is presided over by Lord Thomas of Cwmgiedd, the former Lord Chief Justice of England and Wales. These are not general commercial judges hearing Islamic finance disputes as a subcategory of their wider caseload; they are specialists in financial law and the legal systems that govern the instruments.

How the Jurisdiction Works

Practitioners drafting dispute resolution clauses for Islamic finance contracts should understand two routes into the QICDRC.

For litigation, Article 8(3)(c) of the QFC Law gives the court jurisdiction over civil and commercial disputes where at least one party is established within the QFC, or the dispute arises from QFC-connected transactions.[17] With over 1,300 companies registered in the QFC and growing — driven by the Digital Assets Framework, Islamic FinTech licensing, and the Free Zones extension under QFC Law No. 14/2021 and No. 15/2021 — the pool of entities falling naturally within the court's jurisdiction is expanding. The Appellate Division's decision in *University of Cambridge v The Holding WLL* [2025] QIC (A) 6, delivered by Lord Thomas, Sir William Blair, and Dr Hassan Al Sayed, confirmed that the court's

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[15] Shamil Bank of Bahrain EC v Beximco Pharmaceuticals Ltd [2004] EWCA Civ 19, [2004] 1 WLR 1784.

[16] QICDRC, Judicial Profiles, available at www.qicdrc.gov.qa. Sir William Blair served as Chairman of the QFC Regulatory Tribunal from 2006 to 2011.

[17] QFC Law No. 7 of 2005, Article 8(3)(c). Free Zones extension: QFC Law No. 14/2021 and No. 15/2021.

litigation jurisdiction is defined by primary legislation.[18] The decision means the court will not accept jurisdiction by agreement alone where no QFC connection exists — a constraint, but one that provides the jurisdictional certainty that commercial parties require and that demonstrates the court's willingness to apply principled limits to its own reach.

For arbitration, the route is broader still — and it is here that the QICDRC's significance for Islamic finance disputes becomes most apparent. Under the Qatar Arbitration Law (Law No. 2 of 2017), parties to any arbitration seated in Qatar may designate the QICDRC as the "Competent Court" to supervise proceedings, regardless of whether any party is a QFC entity.[19] This was affirmed in the *C v D* Note on Ruling and the decision in *D v E*, and confirmed most recently in *L v M* [2025] QIC (F) 67, where Justice Fritz Brand provided the fullest analysis to date of how this jurisdiction operates in practice.[20]

The parties in *L v M* were both operating entities in Qatar outside the QFC. Their contract contained an arbitration clause referring disputes to arbitration under the LCIA Rules, with the seat stated as the QICDRC in the QFC. One party commenced proceedings in the local courts, which were ultimately overturned for lack of jurisdiction, and an application was then made to the QFC Court for the appointment of an arbitrator. The question was whether the court could properly act when neither party was a QFC entity. Justice Fritz Brand held that it could. The critical reasoning was that the Arbitration Law — which is primary legislation — expressly permits parties to designate the QFC Court as the competent court for arbitration. Where non-QFC parties exercise that option, it extends to the QFC Arbitration Regulations regardless of their QFC status. The court construed the arbitration clause purposively: although the QICDRC is not itself a legal seat of arbitration, it is inextricably tied to the QFC, and the clause was read as selecting the QFC as the seat, with the QFC Arbitration Regulations governing it. The court accordingly directed the Registrar to appoint a sole arbitrator under Article 14 of the QFC Arbitration Regulations.

The significance of this line of authority for Islamic finance practitioners is considerable. It means that any Islamic finance contract — whether between Qatari institutions, between a Qatari institution and a foreign counterparty, or between two foreign entities with a Qatar nexus — can be structured to bring arbitration supervision within the QICDRC's jurisdiction, provided the clause is properly drafted. The supervisory functions available include interim measures, arbitrator appointments, challenges to arbitrators, and the setting aside and enforcement of awards — all conducted in English, under common law principles, by judges with specialist financial law expertise.

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[18] *University of Cambridge v The Holding WLL* [2025] QIC (A) 6 (Appellate Division, 29 April 2025, Lord Thomas, Sir William Blair, Dr Hassan Al Sayed).

[19] Qatar Arbitration Law (Law No. 2 of 2017 Promulgating the Civil and Commercial Arbitration Law).

[20] *L v M* [2025] QIC (F) 67 (Justice Fritz Brand). See also *C v D*, Note on Ruling (17 March 2021); *D v E* [2021] QIC (F) 3.

The QICDRC publishes a model arbitration clause on its website that serves as a drafting template. The recent case law emphasises the importance of precision: the seat, the administering institution, the applicable rules, and the Competent Court should be clearly identified as separate elements. Imprecise drafting may survive purposive construction — as it did in *L v M* — but at the cost of avoidable delay and expense. For Islamic finance contracts, where the underlying instruments already carry layers of structural complexity, clear drafting of the dispute resolution clause is not merely good practice; it is essential.[21]

A note on enforcement. The QICDRC is an onshore court within Qatar's judicial system, and its judgments are enforceable through the local execution courts. Awards from arbitrations supervised by the QICDRC are enforceable under Qatar's Arbitration Law, which is modelled on the UNCITRAL Model Law, and Qatar is a signatory to the New York Convention.[22] For cross-border enforcement — an inevitable feature of Islamic finance disputes involving international investor bases — this framework provides a recognised pathway. However, practitioners should be alive to the practical interface between the QFC Court's orders and the local enforcement machinery.

Conclusion

Qatar has built an Islamic finance ecosystem of genuine scale — constitutionally grounded, rigorously regulated, and growing at pace. The QICDRC, operating at the centre of that ecosystem, is developing the judicial expertise, the case law, and the procedural infrastructure to become the leading forum for the disputes that this growth will inevitably generate.

The practitioners who recognise this now — and position themselves accordingly — will be best placed to serve their clients as the market matures.

About Us

33 Chancery Lane is a specialist set of barristers with a leading reputation in financial wrongdoing, asset recovery, and commercial disputes. Members are called to the QFC, the DIFC, and ADGM, and have acted in disputes before the QFC Civil and Commercial Court as well as in DIFC Court proceedings involving Gulf banking and financial services disputes. The set's international arbitration experience covers the ICC, LCIA, HKIAC, ICSID, and UNCITRAL, across seats including the Middle East.

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[21] For an earlier analysis of the QFC's potential as a hub for Islamic finance arbitration, see I Bantekas, 'The Qatar Financial Centre Court and How It Can Attract Islamic Finance Arbitration' (2021) Transnational Dispute Management. The development of the arbitration supervisory jurisdiction since that article was published has substantially vindicated the thesis.

[22] Qatar acceded to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards (New York, 1958) on 30 December 2002. The Arbitration Law (Law No. 2 of 2017) is modelled on the UNCITRAL Model Law on International Commercial Arbitration (1985, as amended 2006).

The disputes that Qatar's Islamic finance sector will generate sit squarely within the set's core practice: banking and finance litigation, civil fraud and asset recovery, multi-jurisdictional enforcement, and complex regulatory work. Members have particular expertise in crypto and digital assets — including blockchain technology, smart contracts, and FinTech — which is directly relevant as tokenised sukuk and digital takaful platforms move from pilot to production. The set operates across criminal, civil, and international law, a combination that reflects the reality of financial disputes in the Gulf, where regulatory enforcement, commercial claims, and cross-border asset recovery frequently arise from the same underlying facts.

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