



# **CBB REPORTING MODULE**



<b>MODULE</b>	<b>BR (CBB Reporting)</b>
<b>Table of Contents</b>	

		<b>Date Last Changed</b>
<b>BR-A</b>	<b>Introduction</b>	
	BR-A.1 Purpose	07/2007
	BR-A.2 Module History	07/2007
<b>BR-B</b>	<b>Scope of Application</b>	
	BR-B.1 License Categories	07/2007
<b>BR-1</b>	<b>Prudential Reporting</b>	
	BR-1.1 Quarterly Prudential Reporting	07/2007
	BR-1.2 Group Prudential Reporting	07/2007
	BR-1.3 Prudential and Financial Reporting Dates	07/2007
<b>BR-2</b>	<b>Notifications and Approvals</b>	
	BR-2.1 Introduction	07/2007
	BR-2.2 Notification Requirements	07/2007
	BR-2.3 Approval Requirements	07/2007
<b>BR-3</b>	<b>Information Gathering by the CBB</b>	
	BR-3.1 Power to Request Information	07/2007
	BR-3.2 Access to Premises	07/2007
	BR-3.3 Accuracy of Information	07/2007
	BR-3.4 Methods of Information Gathering	07/2007



<b>MODULE</b>	<b>BR: CBB Reporting</b>
<b>CHAPTER</b>	<b>BR-A: Introduction</b>

## BR-A.1 Purpose

### *Executive Summary*

BR-A.1.1 This Module sets out requirements applicable to investment firm licensees regarding reporting to the CBB. These include the provision of financial information to the CBB by way of quarterly prudential returns, as well as notification to the CBB of certain specified events, some of which require prior CBB approval. This Module also outlines the methods used by the CBB in gathering information required in the supervision of investment firm licensees.

BR-A.1.2 The requirements in this Module apply to all categories of investment firm licensees.

### *Legal Basis*

**BR-A.1.3** This Module contains the Central Bank of Bahrain ('CBB') Directive regarding CBB Reporting requirements applicable to investment firm licensees, and is issued under the powers available to the CBB under Article 38 of the Central Bank of Bahrain and Financial Institutions Law 2006 ('CBB Law').

BR-A.1.4 For an explanation of the CBB's rule-making powers and different regulatory instruments, see section UG-1.1.



<b>MODULE</b>	<b>BR: CBB Reporting</b>
<b>CHAPTER</b>	<b>BR-A: Introduction</b>

## **BR-A.2 Module History**

### *Evolution of Module*

BR-A.2.1 This Module was first issued in July 2007, as part of the second phase release of Volume 4's contents. It is dated July 2007. All subsequent changes to this Module are annotated with the end-calendar quarter date in which the change was made: UG-3 provides further details on Rulebook maintenance and version control.

BR-A.2.2 A list of recent changes made to this Module is provided below:

Module Ref.	Change Date	New Version no.	Description of Changes

### *Superseded Requirements*

BR-A.2.3 This Module supersedes the following provisions contained in circulars or other regulatory instruments:

Circular/ other reference	Provision	Subject
Circular No. BC/9/99 dated 6 June 1999	All provisions	Quarterly Information Report (QIR).
Circular No. BC/12/2000 dated 10 October 2000	All provisions	Quarterly Information Report (QIR).

BR-A.2.4 Further guidance on the implementation and transition to Volume 4 (Investment Business) is given in Module ES (Executive Summary).



<b>MODULE</b>	<b>BR: CBB Reporting</b>
<b>CHAPTER</b>	<b>BR-B: Scope of Application</b>

## BR-B.1 License Categories

**BR-B.1.1** The content of this Module – unless otherwise stated – applies to all categories of investment firm licensees authorised in the Kingdom.

BR-B.1.2 The effect of BR-B.1.1 is that this Module, unless otherwise stated, applies in full to all investment firm licensees authorised in Bahrain, whether or not the investment firm licensee is incorporated in Bahrain, or else is incorporated in an overseas territory and operates through a branch in the Kingdom.



MODULE	BR: CBB Reporting
CHAPTER	BR-1: Prudential Reporting

## BR-1.1 Quarterly Prudential Reporting

**BR-1.1.1** All investment firm licensees must prepare and submit to the CBB a Quarterly Prudential Return ('Form QPR').

BR-1.1.2 A copy of Form QPR is contained in Part B of Volume 4 of the CBB Rulebook. As per the reporting instructions for the Form, Category 1 investment firms and Category 2 investment firms are required to complete all sections of the Form. Category 3 investment firms are required to complete only a subset of the sections of the Form, reflecting their more limited range of activities.

**BR-1.1.3** The Quarterly Prudential Return must be submitted to the CBB within 30 calendar days of each quarter end (as defined in Rule BR-1.3.1).

**BR-1.1.4** For each submission, a certified hard copy of the Form, together with an electronic 'soft copy', must be submitted to the CBB.

### *Scope of the Quarterly Prudential Return*

**BR-1.1.5** The Quarterly Prudential Return must be submitted using the prescribed Form QPR, as contained in Part B of Volume 4 (Investment Business), together with the required auditor's report.

**BR-1.1.6** The Quarterly Prudential Return must be completed by every investment firm licensee as follows:

- (a) In the case of an investment firm licensee incorporated in Bahrain, the Quarterly Prudential Return must be completed on a solo or unconsolidated basis, i.e. showing the assets and liabilities of the licensee concerned (including any of its branches), but excluding the assets and liabilities of any of its subsidiaries or associates; and
- (b) In the case of an overseas investment firm licensee, the Quarterly Prudential Return must be completed in respect of the investment business booked by the overseas investment firm licensee in the Bahrain branch only.

### *Valuation of Assets and Liabilities*

**BR-1.1.7** Amounts included within the Quarterly Prudential Return must be determined in accordance with the recognition and measurement principles specified by International Financial Reporting Standards.



MODULE	BR: CBB Reporting
CHAPTER	BR-1: Prudential Reporting

## BR-1.1 Quarterly Prudential Reporting (continued)

### *Auditor's Report*

**BR-1.1.8** The Quarterly Prudential Return of every investment firm licensee must be reviewed by the firm's external auditors, unless otherwise exempted in writing by CBB.

BR-1.1.9 The requirement in Rule BR-1.1.8 aims to ensure accuracy and consistency of the financial data presented in Form QPR. Where auditor reviews reveal no material errors in four successive Form QPRs submitted to the CBB, an exemption from this requirement may be requested. The CBB will normally grant such an exemption, unless it has other supervisory concerns regarding the licensee. However, material reporting errors identified in subsequent Forms QPR may lead to the exemption being withdrawn.

**BR-1.1.10** For the purpose of Rule BR-1.1.8, the time allowed for submission of the Auditor's report is 30 calendar days from the date of submission of the return to the CBB.

### *Preparation and Submission of the Quarterly Prudential Return*

**BR-1.1.11** If the CBB notifies an investment firm licensee that a Form submitted under Rule BR-1.1.1 appears to be inaccurate or incomplete, the investment firm licensee must promptly look into the matter and within 30 calendar days of the CBB notification, correct any inaccuracies or make good any omissions, and submit the amended parts of the Quarterly Prudential Return.

**BR-1.1.12** The hard copy of the Quarterly Prudential Return must be signed by the Chief Executive (or General Manager, as appropriate) of the licensee or a suitably senior official authorised by the Chief Executive to sign on his behalf.

### *Public Disclosure*

BR-1.1.13 Submitted Forms QPR are not public documents and will not be disclosed to third parties by the CBB without the investment firm licensee's consent. However, the CBB may from time to time publish aggregate information derived from such Forms, relating to categories of investment firm licensees or the Bahrain investment business sector as a whole.

BR-1.1.14 Whilst submitted Forms QPR are not public documents, investment firm licensees are not prevented from providing complete copies (including all relevant certifications and reports) to third parties.



MODULE	BR: CBB Reporting
CHAPTER	BR-1: Prudential Reporting

## BR-1.2 Group Prudential Reporting

### *Group Annual Return*

**BR-1.2.1** Investment firm licensees that are part of a group must submit an Annual Group Return (Form AGR).

BR-1.2.2 Group reporting is required in order for the CBB to better assess the financial condition of the group as a whole and the possible impact this may have on the operations of investment firm licensees.

**BR-1.2.3** Forms AGR must be prepared and submitted to the CBB in respect of the ultimate parent undertaking for each financial year, or as otherwise directed by the CBB.

**BR-1.2.4** The financial year for the purposes of Rule BR-1.2.3 must coincide with that of the ultimate parent undertaking. In instances where the financial year end of the parent undertaking is other than 31 December, the investment firm licensee must notify the CBB of the financial year end of the parent undertaking.

**BR-1.2.5** For each submission of a Form AGR, a certified hard copy of the Form, together with an electronic ‘soft copy’, must be submitted to the CBB.

**BR-1.2.6** Form AGR must be submitted to the CBB within 3 months of the ultimate parent undertaking’s financial year end.

**BR-1.2.7** Financial information contained in Form AGR must be extracted from the consolidated financial statements prepared in respect of the group as a whole.

**BR-1.2.8** For the purposes of this Section:

- (a) A group means structures where an investment firm licensee has one or more parent undertakings, or is itself a parent undertaking; and
- (b) The ultimate parent undertaking means the highest parent undertaking of the investment firm licensee that undertakes regulated financial services or, in the case of holding companies, whose holdings are mainly in companies undertaking regulated financial services.

**BR-1.2.9** Paragraphs BR-1.1.11 to BR-1.1.14 inclusive also apply with respect to Forms AGR.





MODULE	BR: CBB Reporting
CHAPTER	BR-1: Prudential Reporting

### BR-1.3 Prudential and Financial Reporting Dates

#### BR-1.3.1

For the purpose of reporting requirements under this Module, the quarter end of an investment firm licensee must be a 3 - month period ending on 31 March, 30 June, 30 September or 31 December.

#### BR-1.3.2

The financial year of an investment firm licensee must be a 12-month period ending on 31 December, except where the firm has obtained the written consent from the CBB for either the period or the period end to be other than 12 months and 31 December respectively. In any event, the financial year can never be less than a 6-month period or greater than an 18-month period.

#### BR-1.3.3

For the purposes of Rule BR-1.3.2, the CBB would usually accept that the financial year end of a branch be the same as that of its head office (i.e. the company of which it is part). The CBB may also consider allowing licensees that are part of an overseas group to have a different year end, where imposing a December year-end would cause significant difficulties. Otherwise, the only time that the CBB would be likely to consider allowing an investment firm licensee to adopt a financial period of other than 12 months would be the year in which it is authorised, or when the company's shareholders have themselves approved a change in the reporting period for the purposes of its financial statements.



<b>MODULE</b>	<b>BR: CBB Reporting</b>
<b>CHAPTER</b>	<b>BR-2: Notifications and Approvals</b>

## BR-2.1 Introduction

**BR-2.1.1** All notifications and approvals required in this Chapter are to be submitted by investment firm licensees in writing.

BR-2.1.2 In this Module, the term 'in writing' includes electronic communication capable of being reproduced in paper form.

**BR-2.1.3** An investment firm licensee must make the notifications and approvals required in Chapter BR-2 immediately it becomes aware, or has information which reasonably suggests, that any of the matters in Chapter BR-2 has occurred, may have occurred or may occur in the near future.

**BR-2.1.4** The requirements imposed on investment firm licensees under this Chapter apply whether the event relates to a matter that has occurred in Bahrain or in any other jurisdiction.

BR-2.1.5 Investment firm licensees are required to provide the CBB with a range of information to enable it to monitor the investment firm licensee's compliance with Volume 4 of the CBB Rulebook. Some of this information is provided through regular reports, whereas others are in response to the occurrence of a particular event (such as a change in name or address). The following lists the commonly occurring reports for which an investment firm licensee will be required to notify the CBB or seek its approval.



MODULE	BR: CBB Reporting
CHAPTER	BR-2: Notifications and Approvals

## BR-2.2 Notification Requirements

### *Matters Having a Serious Supervisory Impact*

#### BR-2.2.1

An investment firm licensee must notify the CBB if any of the following has occurred, may have occurred or may occur in the near future:

- (a) The investment firm licensee failing to satisfy one or more of the Principles of Business referred to in Module PB;
- (b) Any matter which could have a significant adverse impact on the investment firm licensee's reputation;
- (c) Any matter which could affect the investment firm licensee's ability to continue to provide adequate services to its customers and which could result in serious detriment to a customer of the investment firm licensee; or
- (d) Any matter in respect of the investment firm licensee that could result in serious financial consequences to the financial system or to other investment firm licensees.

#### BR-2.2.2

The circumstances that may give rise to any of the events in Paragraph BR-2.2.1 are wide-ranging and the probability of any matter resulting in such an outcome, and the severity of the outcome, may be difficult to determine. However, the CBB expects investment firm licensees to consider properly all potential consequences of events.

#### BR-2.2.3

In determining whether an event that may occur in the near future should be notified to the CBB, an investment firm licensee should consider both the probability of the event happening and the severity of the outcome should it happen. Matters having a supervisory impact could also include matters relating to a parent undertaking or controller that may indirectly have an effect on the investment firm licensee.

### *Breaches of Rules and Other Requirements*

#### BR-2.2.4

An investment firm licensee must notify the CBB of:

- (a) A significant breach of any provision of the Rulebook (including a Principle);
- (b) A breach of any requirement imposed by the relevant law or by regulations or an order made under any relevant law by the CBB; or
- (c) The bringing of a prosecution for, or conviction of, any offence under any relevant law against the investment firm licensee that would prevent the investment firm licensee from meeting the Principles or Business (Module PB) or any of its Directors, officers, approved persons, or appointed representatives from meeting the fit and proper requirements of Module AU.



MODULE	BR: CBB Reporting
CHAPTER	BR-2: Notifications and Approvals

## BR-2.2 Notification Requirements (continued)

### *Legal, Professional, Administrative or other Proceedings Against an Investment firm licensee*

#### BR-2.2.5

An investment firm licensee must notify the CBB immediately of any legal, professional or administrative or other proceedings instituted against the investment firm licensee, controller or a close link including a parent undertaking of the investment firm licensee that is known to the investment firm licensee and is significant in relation to the investment firm licensee's financial resources or its reputation.

### *Fraud, Errors and other Irregularities*

#### BR-2.2.6

An investment firm licensee must notify the CBB immediately if one of the following events arises and the event is significant:

- (a) It becomes aware that an employee may have committed a fraud against one of its customers;
- (b) It becomes aware that a person, whether or not employed by it, is acting with intent to commit fraud against it;
- (c) It identifies irregularities in its accounting or other records, whether or not there is evidence of fraud; or
- (d) It suspects that one of its employees may be guilty of serious misconduct concerning his honesty or integrity and which is connected with the investment firm licensee's regulated or ancillary activities.

### *Meaning of the term "significant"*

#### BR-2.2.7

For the purposes of this chapter, in determining whether a matter is significant, an investment firm licensee should have regard to:

- (a) The size of any monetary loss or potential monetary loss to itself or its customers (either in terms of a single incident or group of similar or related incidents);
- (b) The risk of reputational loss to the investment firm licensee; and
- (c) Whether the incident or a pattern of incidents reflects weaknesses in the investment firm licensee's internal controls.

#### BR-2.2.8

In addition, if the investment firm licensee may have suffered significant financial losses as a result of the incident, or may suffer reputational loss, the CBB will wish to consider this and whether the incident suggests weaknesses in the investment firm licensee's internal controls.



MODULE	BR: CBB Reporting
CHAPTER	BR-2: Notifications and Approvals

## BR-2.2 Notification Requirements (continued)

### *Insolvency, Bankruptcy and Winding Up*

#### BR-2.2.9

Except in instances where the CBB has initiated the following actions, an investment firm licensee must notify the CBB immediately of any of the following events:

- (a) The calling of a meeting to consider a resolution for winding up the investment firm licensee, a controller or close link, including a parent undertaking of the investment firm licensee;
- (b) An application to dissolve the investment firm licensee, a controller or close link, including a parent undertaking of the investment firm licensee or to strike the investment firm licensee off the Register of Investment Business Companies;
- (c) The presentation of a petition for the winding up of the investment firm licensee, a controller or close link, including a parent undertaking of the investment firm licensee;
- (d) The making of any proposals, or the making of, a composition or arrangement with any one or more of the investment firm licensee's creditors, for material amounts of debt;
- (e) An application for the appointment of an administrator or trustee in bankruptcy to the investment firm licensee, a controller or close link, including a parent undertaking of the investment firm licensee;
- (f) The appointment of a receiver to the investment firm licensee, a controller or close link, including a parent undertaking of the investment firm licensee (whether an administrative receiver or a receiver appointed over particular property); or
- (g) An application for an interim order against the investment firm licensee, a controller or close link, including a parent undertaking of the investment firm licensee under the Bankruptcy and Preventative Settlement Act, Decree Law No (11), 1987 or similar legislation in another jurisdiction.

### *Other Supervisors*

#### BR-2.2.10

An investment firm licensee must notify the CBB immediately if it becomes subject to or ceases to be subject to the supervision of any overseas supervisor (including a home supervisor).

#### BR-2.2.11

The supervisory regime and any legislative or foreign provisions to which that investment firm licensee, including its branches, is subject, influence the CBB's approach to the supervision of the investment firm licensee.



MODULE	BR: CBB Reporting
CHAPTER	BR-2: Notifications and Approvals

## BR-2.2 Notification Requirements (continued)

### *Other Notifications*

BR-2.2.12

An investment firm licensee must notify the CBB of the following:

- (a) Removal or resignation of auditors (ref. AA-1.2.1);
- (b) Change in audit partner (ref. AA-1.3.2);
- (c) Termination of employment of approved persons, including particulars of reasons for the termination and arrangements with regard to replacement; and
- (d) Significant conflicts of interest.

BR-2.2.13

An investment firm licensee must notify the CBB of a change in the address of its registered office (or its head office in the case of a branch of an overseas investment firm licensee).

BR-2.2.14

Where an investment firm licensee, including an overseas investment firm licensee, proposes to enter into a merger, the CBB would ordinarily expect to be notified in the context of the controller notification requirements set out in Module GR.

### *New or Additional Premises*

BR-2.2.15

An investment firm licensee must notify the CBB of its intention to carry on its business from new or additional premises in Bahrain. This requirement applies whether or not the premises are to be used for the purposes of transacting business with customers, administration of the business or as the head office in Bahrain of the investment firm licensee.

BR-2.2.16

Investment firm licensees are not required to notify the CBB of premises where business on behalf of the investment firm licensee is carried out by appointed representatives of the investment firm licensee. However, the CBB expects the investment firm licensee to maintain a record of all such premises and to be able to produce that record should it be requested by the CBB.



MODULE	BR: CBB Reporting
CHAPTER	BR-2: Notifications and Approvals

## BR-2.3 Approval Requirements

### *Change in Name*

- BR-2.3.1** In accordance with Paragraph GR-2.1.1, an investment firm licensee must seek prior written approval from the CBB and give reasonable advance notice of a change in:
- (a) The investment firm licensee's name (which is the registered name if the investment firm licensee is a body corporate); or
  - (b) Any business name under which the investment firm licensee carries on a regulated activity or ancillary activity from an establishment in Bahrain.

**BR-2.3.2** The request under Paragraph BR-2.3.1 must include the details of the proposed new name and the date on which the investment firm licensee intends to implement the change of name.

### *Change of Address*

**BR-2.3.3** An investment firm licensee must seek approval from the CBB and give reasonable advance notice of a change in the address of the investment firm licensee's principal place of business in Bahrain.

**BR-2.3.4** The request under Paragraph BR-2.3.3 must include the details of the proposed new address and the date on which the investment firm licensee intends to implement the change of address.

### *Change in Legal Status*

**BR-2.3.5** An investment firm licensee must seek CBB approval and give reasonable advance notice of a change in its legal status that may, in any way, affect its relationship with or limit its liability to its customers.

### *Client Asset Transfers*

**BR-2.3.6** In accordance with Chapter GR-4, investment firm licensees must seek prior written approval from the CBB before transferring client assets to a third party, in circumstances other than when acting on instruction from the client concerned.



MODULE	BR: CBB Reporting
CHAPTER	BR-2: Notifications and Approvals

### BR-2.3 Approval Requirements (continued)

#### *Controller and Close Links*

##### BR-2.3.7

In accordance with Section GR-5.1, investment firm licensees must seek CBB approval and give reasonable advance notice of any of the following events concerning the investment firm licensee:

- (a) A person acquiring control or ceasing to have control;
- (b) An existing controller acquiring an additional type of control (such as ownership or significant influence) or ceasing to have a type of control;
- (c) An existing controller increasing the percentage of shares or voting power beyond 10%, 20% or 50%; and
- (d) An existing controller becoming or ceasing to be a parent undertaking.

##### BR-2.3.8

Every investment firm licensee authorised in Bahrain is required to submit an annual report on its controllers, as per Paragraph GR-5.1.8, and close links as set out in Paragraph GR-6.1.3.

#### *Carrying out Business in Another Jurisdiction*

##### BR-2.3.9

An investment firm licensee must seek CBB approval and give three months' notice of its intention to undertake investment business activities in a jurisdiction other than Bahrain or, in the case of an overseas investment firm, a jurisdiction other than Bahrain, where that business is to be booked in the Bahrain branch, prior to commencing that business and where the effect of commencing that business may have a significant impact on:

- (a) The investment firm licensee's business in Bahrain; or
- (b) The capital resources of the investment firm licensee.

##### BR-2.3.10

Rule BR-2.3.9 applies whether or not the investment firm licensee is required to be regulated locally in the jurisdiction where it proposes to undertake the investment business.

##### BR-2.3.11

The CBB will use this information to consider whether or not it should refuse its approval or impose additional requirements on the licensee.





MODULE	BR: CBB Reporting
CHAPTER	BR-2: Notifications and Approvals

### BR-2.3 Approval Requirements (continued)

#### *Mergers, Acquisitions, Disposals and Establishment of New Subsidiaries*

#### BR-2.3.12

A Bahraini investment firm licensee incorporated in Bahrain must seek CBB approval and give reasonable advance notice of its intention to enter into a:

- (a) Merger with another undertaking; or
- (b) Proposed acquisition, disposal or establishment of a new subsidiary undertaking.

#### BR-2.3.13

Bahraini investment firm licensees will also need to consider the implications of a merger, acquisition, disposal or establishment of a new subsidiary undertaking in the context of the controllers and close links rules set out in Module GR.

#### BR-2.3.14

An overseas investment firm licensee, whilst not having to give advance notice of a proposed merger with another undertaking, a proposed acquisition, disposal or establishment of a new subsidiary undertaking under Rule BR-2.3.17, will still need to consider the implications of such transactions in the context of the controllers and close links rules set out in Module GR.

#### BR-2.3.15

An investment firm licensee must seek prior approval from the CBB for any share option schemes it proposes to offer to its Directors or employees.

#### *Other Prior Approvals Required*

#### BR-2.3.16

An investment firm licensee must seek prior approval from the CBB for the following:

- (a) Outsourcing of their internal audit function (ref. HC-2.3.3 and RM-7.4) and other material functions (RM-7.1);
- (b) Appointment or re-appointment of external auditors (ref. AU-2.7.1 and AA-1.1.1);
- (c) Appointment of persons undertaking a controlled function in an investment firm licensee (ref. AU-1.2.3);
- (d) Any material changes or proposed changes to the information provided to the CBB in support of an authorisation application that occurs after authorisation has been granted; and
- (e) Investment firm licensees must, in particular, seek prior CBB approval before undertaking new activities (ref. AU-5.4.1).



MODULE	BR: CBB Reporting
CHAPTER	BR-3: Information Gathering by the CBB

## BR-3.1 Power to Request Information

**BR-3.1.1** Investment firm licensees must provide all information that the CBB may reasonably request in order to discharge its regulatory obligations.

### *Information Requested on Behalf of other Supervisors*

BR-3.1.2 The CBB may ask an investment firm licensees to provide it with information at the request of or on behalf of other supervisors to enable them to discharge their functions properly. Those supervisors may include overseas supervisors or government agencies in Bahrain. The CBB may also, without notifying an investment firm licensee, pass on to those supervisors or agencies information that it already has in its possession.



MODULE	BR: CBB Reporting
CHAPTER	BR-3: Information Gathering by the CBB

## BR-3.2 Access to Premises

**BR-3.2.1** An investment business licensee must permit representatives of the CBB, or persons appointed for the purpose by the CBB to have access, with or without notice, during reasonable business hours to any of its business premises in relation to the discharge of the CBB's functions under the relevant law.

**BR-3.2.2** An investment business licensee must take reasonable steps to ensure that its agents, providers under outsourcing arrangements and appointed representatives permit such access to their business premises, to the CBB.

**BR-3.2.3** An investment business licensee must take reasonable steps to ensure that each of its providers under material outsourcing arrangements deals in an open and cooperative way with the CBB in the discharge of its functions in relation to the investment business licensee.

BR-3.2.4 The cooperation that investment firm licensees are expected to procure from such providers is similar to that expected of investment firm licensees themselves.



MODULE	BR: CBB Reporting
CHAPTER	BR-3: Information Gathering by the CBB

### BR-3.3 Accuracy of Information

**BR-3.3.1** Investment firm licensee must take reasonable steps to ensure that all information they give the CBB is:

- (a) Factually accurate or, in the case of estimates and judgements, fairly and properly based after appropriate enquiries have been made by the investment firm licensee; and
- (b) Complete, in that it should include anything of which the CBB would reasonably expect notice.

**BR-3.3.2** If an investment firm licensee becomes aware, or has information that reasonably suggests that it has or may have provided the CBB with information that was or may have been false, misleading, incomplete or inaccurate, or has or may have changed in a material way, it must notify the CBB immediately. The notification must include:

- (a) Details of the information which is or may be false, misleading, incomplete or inaccurate, or has or may have changed;
- (b) An explanation why such information was or may have been provided; and
- (c) The correct information.

**BR-3.3.3** If the information in Paragraph BR-3.3.2 cannot be submitted with the notification (because it is not immediately available), it must instead be submitted as soon as possible afterwards.

<b>MODULE</b>	<b>BR: CBB Reporting</b>
<b>CHAPTER</b>	<b>BR-3: Information Gathering by the CBB</b>

## BR-3.4 Methods of Information Gathering

BR-3.4.1 The CBB uses various methods of information gathering on its own initiative which require the cooperation of investment firm licensees:

- (a) Representatives of the CBB may make onsite visits at the premises of the investment firm licensee. These visits may be made on a regular basis, on a sample basis, for special purposes such as theme visits (looking at a particular issue across a range of investment firm licensees), or when the CBB has a particular reason for visiting an investment firm licensee;
- (b) Appointees of the CBB may also make onsite visits at the premises of the investment firm licensee. Appointees of the CBB may include persons who are not CBB staff, but who have been appointed to undertake particular monitoring activities for the CBB, such as in the case of Appointed Experts (refer to Chapter EN-2).
- (c) The CBB may request the investment firm licensee to attend meetings at the CBB's premises or elsewhere;
- (d) The CBB may seek information or request documents by telephone, at meetings or in writing, including electronic communication;
- (e) The CBB may require investment firm licensees to submit various documents or notifications, as per Chapter BR-2, in the ordinary course of their business such as financial reports or on the happening of a particular event in relation to the investment firm licensee such as a change in control.

BR-3.4.2 When seeking meetings with an investment firm licensee or access to the licensee's premises, the CBB or the CBB appointee needs to have access to an investment firm licensee's documents and personnel. Such requests will be made during reasonable business hours and with proper notice. There may be instances where the CBB may seek access to the licensee's premises without prior notice. While such visits are not customary, the prospect of unannounced visits is intended to encourage investment firm licensees to comply at all times with the requirements and standards imposed by the CBB as per legislation and Volume 4 of the CBB Rulebook.

BR-3.4.3 The CBB considers that an investment firm licensee should:

- (a) Make itself readily available for meetings with representatives or appointees of the CBB;
- (b) Give representatives or appointees of the CBB reasonable access to any records, files, tapes or computer systems, which are within the investment firm licensee's possession or control, and provide any facilities which the representatives or appointees may reasonably request;
- (c) Produce to representatives or appointees of the CBB specified documents, files, tapes, computer data or other material in the investment firm licensee's possession or control as reasonably requested;



<b>MODULE</b>	<b>BR: CBB Reporting</b>
<b>CHAPTER</b>	<b>BR-3: Information Gathering by the CBB</b>

### **BR-3.4 Methods of Information Gathering (continued)**

- BR-3.4.3
- (d) Print information in the investment firm licensee's possession or control which is held on computer or on microfilm or otherwise convert it into a readily legible document or any other record which the CBB may reasonably request;
  - (e) Permit representatives or appointees of the CBB to copy documents of other material on the premises of the investment firm licensee at the investment firm licensee's expense and to remove copies and hold them elsewhere, or provide any copies, as reasonably requested; and
  - (f) Answer truthfully, fully and promptly all questions which representatives or appointees of the CBB reasonably put to it.

- BR-3.4.4
- The CBB considers that an investment firm licensee should take reasonable steps to ensure that the following persons act in the manner set out in Paragraph BR-3.4.3:
- (a) Its employees and appointed representatives; and
  - (b) Any other members of its group, and their employees and appointed representatives.

- BR-3.4.5
- In gathering information to fulfill its supervisory duties, the CBB acts in a professional manner and with due regard to maintaining confidential information obtained during the course of its information gathering activities.