



Name of Proposed Licensee



CENTRAL BANK OF BAHRAIN

**Form 1:
Application for a Business License as a Clearing House or
Central Depository**



**Form 1: Application for a Business License as a Clearing House or Central
Depository**

Table of Contents

	Date Last Changed
Instructions	3/2009
Declaration	3/2009
Contact Information	3/2009
Section I	3/2009
License Type	
Section II	3/2009
Information on the Applicant	
Section III	3/2009
Information on Chief Executive Officer and Directors	
Section IV	3/2009
Information on Group Structure (where applicable)	
Section V	3/2009
Fit and Proper Criteria	
Section VI	3/2009
Other Information	
Section VII	3/2009
Register of Interests in Securities	



Form 1: INSTRUCTIONS

1. Details of the application process for a clearing house or central depository license are to be found in Section CSD-1.1, Volume 6 of the CBB Rulebook.
2. Applicants for a license must submit a duly completed 'Form 1: Application for a Business License as a Clearing House or Central Depository', under cover of a letter signed by an authorised signatory of the applicant. Various supporting documentation – specified in the Form – must also be appended to the application; these include a non-refundable application fee as stipulated by the CBB.
3. Applicants must state on the form whether they are applying for a license as a clearing house, including the function of a central depository, or as either a clearing house or central depository.
4. References to an applicant mean the proposed licensee seeking authorisation. An applicant may appoint a representative – such as a law firm or a professional consultancy firm – to prepare and submit the application. However, the applicant retains full responsibility for the accuracy and completeness of the application, and is required to certify the application form accordingly. The CBB also expects to be able to liaise directly with the applicant during the authorisation process, when seeking clarification of any issues.
5. Complete all sections as fully as possible, attaching supporting documents and continuation sheets where appropriate. Attach annex(es) signed by the signatories, if there is insufficient space for your answers. The application should be written in black ink in BLOCK CAPITALS or typed.
6. Failure to provide all the required information may result in significant delays in processing the application. The CBB does not accept responsibility for any loss caused to the applicant by any such delay.
7. Place a tick (✓) in the relevant boxes where appropriate. Where there is an asterisk (*), delete whichever is inapplicable. If any question is not applicable given your particular circumstances, please clearly indicate by marking 'N/A', with an explanation as to why it does not apply. Please provide a full explanation for any question that cannot be answered at this stage. Please note that failure to provide the required information may prejudice an application and may cause delay.
8. This application must be accompanied by the following:
 - (i) certified true copies of the applicant's Memorandum and Articles of Association, certificate of incorporation and any constitution documents with all subsequent amendments;
 - (ii) certified true copies of the applicant's business rules; and
 - (iii) a Bahraini Dinar cheque or Bahraini Dinar bank draft drawn in favour of CBB for the non-refundable application fee.
9. All documentation provided to the CBB must be in either the Arabic or English languages. Any documentation in a language other than English or Arabic must be accompanied by a certified English or Arabic translation thereof.



Form 1: INSTRUCTIONS (Continued)

10. The **original** completed form, together with supporting documentation, should be submitted to:

The Director, Capital Markets Supervision Directorate
Central Bank of Bahrain
P.O. Box 27
Manama
Kingdom of Bahrain

11. Queries may be addressed to the Director, Capital Markets Supervision Directorate, on (+973) 17547909/17547907 (telephone), (+973) 17532957 (fax) and ali@cbb.gov.bh (e-mail).
12. The CBB will review the application and, within 60 days of the application having been declared complete by the CBB, advise the applicant in writing whether it has:
- (i) Granted the application; or
 - (ii) Refused the application, stating the grounds on which the application has been refused and the process for appealing against that decision.
13. In order for a license to be granted, applicants must have provided all the required information, as specified in Chapter 1, and demonstrated their ability to comply with the general obligations specified in the Module.
14. Applicants are reminded that no person in the Kingdom of Bahrain may hold himself out as a licensed clearing house or a licensed central depository, unless duly licensed by the CBB.
15. If there are any changes in the information furnished in the application prior to the completion of the review of this application, the Central Bank of Bahrain (CBB) should be notified immediately.
16. Finally, applicants are also reminded that providing to the CBB any information which is false or misleading in connection with the submission of this application or any related information may result in the refusal of the application or, if discovered later, the subsequent cancellation of any license issued.



Form 1: DECLARATION

We certify that we have read and understood the provisions of the Central Bank of Bahrain and Financial Institutions Law 2006 (and any regulations issued thereunder). In particular, (i) we are aware that it is an offence under the above law fraudulently or negligently to provide to the Central Bank of Bahrain (CBB) any information which is false or misleading in connection with an application for a license or otherwise; and (ii) we are aware that it is an offence to carry on the business for which a license is hereby sought without such license being granted.

We certify that the information given in answer to the questions above is complete and accurate to the best of our knowledge and belief and that there are no other facts relevant to this application of which the CBB should be aware. We are also aware that we may be subject to civil and/or criminal liability or such action that may be taken by the CBB or any other regulatory authority if any of the above stated information is subsequently found to be false or misleading information. We also confirm that no business of the type for which this license is now sought will be carried on by us prior to obtaining such license.

We undertake to inform the CBB of any changes material to the application that may arise while the CBB is considering the application. We further undertake that in the event that the institution is granted the license which is hereby sought, we will notify the CBB of any material changes to or affecting the completeness or accuracy of, the information provided in this form as soon as possible, but in any event no later than that required in the Module.

The above declaration must be signed by at least two major proposed controllers (with an interest in the future licensee in excess of 10%). In the case of controllers that are legal persons, the declaration must be signed by 2 directors and bear the corporate seal.

WHERE THE PROPOSED CONTROLLER IS A NATURAL PERSON:

_____ Name of applicant (please print name)	_____ Signature of applicant	_____ Date
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_____ Name of applicant (please print name)	_____ Signature of applicant	_____ Date
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WHERE THE PROPOSED CONTROLLER IS A LEGAL PERSON:

_____ Director (print name)	_____ Signature of director	_____ Date
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_____ Director (print name)	_____ Signature of director	_____ Date
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Form 1: Contact Information

Please provide full contact details of person(s) with whom the CBB can communicate regarding this application. Where a professional adviser is given as a contact point, a principal of the applicant must also be given as a contact point.

Contact Point 1

Name: _____

Title: _____

Capacity¹: _____

Tel: _____

Fax: _____

E-mail: _____

Contact Point 2 (if applicable)

Name: _____

Title: _____

Capacity¹: _____

Tel: _____

Fax: _____

E-mail: _____

¹ (e.g.: professional adviser to the applicant, proposed director of applicant.)



Form 1: Section II – Information on the Applicant

Please provide the following information:

1. Address and telephone number(s) of the principal place at which the business of the applicant is/is to be* carried on:
2. Date and place of incorporation of the applicant:
3. E-mail address and URL of the applicant's internet web page, where applicable:
4. Address of the registered office of the applicant:
5. Provide names, addresses and previous experience of promoters and directors.
6. Provide details of senior management and key officers, including names, addresses, relevant experience, qualifications, etc.).
7. Attach documentary evidence indicating that a stock exchange, if any, is a shareholder of the clearing house or central depository.
8. Attach documentation with regards to the shareholding structure of the clearing house or central depository
9. Provide evidence of any contractual arrangement as deemed necessary for the professional execution of the business of the clearing house or central depository, such as MOU's between the clearing house and central depository and MOU's with stock exchanges.
10. Provide evidence to whether an initial contribution has been made by the clearing house towards a clearing and settlement fund.
11. Provide the authorised and paid-up capital of the applicant, including relevant details of shares issued or to be issued (eg. type, number and issue price).



Form 1: Section II – Information on the Applicant (Continued)

Provide relevant information about the applicant's business plans and operations:

1. Indicate the regulated activity(s) for which the applicant proposes to conduct:
 Dealing in securities
 Providing custodial services for securities
 Clearing and settlement of securities
2. The principal business carried out or proposed to be carried out by the applicant, including the manner in which and type of customers with whom the applicant proposes to conduct business with respect to each regulated activity applied for.
3. Give an outline of the plans of the applicant with regard to the expansion of its business in Bahrain and in the region over the next 3 to 5 years.
4. Provide 3 year financial projections.
5. Provide an organisation chart showing all directors and key officers of the applicant, their reporting lines and the organisational hierarchy.
6. Disclose the governance structure of the clearing house or central depository and the role of committees.
7. Provide details of key internal control procedures to satisfy the CBB that the applicant will be able to comply on an on-going basis with the requirements of the CBB Rulebook and that the applicant has adequate means of supervising its employees and representatives.
8. Where the applicant is not or will not be a member company of a securities exchange or futures exchange, state whether or not there are or will be in force, arrangements covering any failure by it to account for money or investment, or fraud, including:
 - (a) Name, description and address of the person who is to make good the liability in the event of such failure or fraud;
 - (b) Terms and conditions upon which payments are to be made;
 - (c) Circumstances in which the right to any such payment would be excluded or modified;
 - (d) Limit, if any, on the amount of any such payment and how any such limit is calculated; and
 - (e) Any provisions for ensuring that the person whom the payment was intended to benefit would have a right thereto as against the creditors generally.
9. Highlight potential areas of conflicts of interest and explain in detail how such conflicts will be resolved or mitigated.
10. Any other relevant information which may help in processing this application.



Form 1: Section II – Information on the Applicant (Continued)

Describe and demonstrate, with supporting documents or information, how the applicant will:

1. Satisfy each of the general obligations applicable to licensed exchanges or licensed market operators, as the case may be, as set forth in Module CSD of Volume 6 of the CBB Rulebook.
2. Comply with the requirements of the Central Bank of Bahrain and Financial Institutions Law 2006.
3. Maintain internal controls and manage the risks associated with the operation.
4. Have adequate means of supervising its officers, employees and participants.
5. Have adequate means to deal with any conflicts of interest that may arise.
6. Demonstrate financial soundness and sufficient balance sheet and working capital strength to carry out settlement of securities business to the degree of risk that it might need to absorb under the circumstances of its type and volume of activity.

Note:

Relevant supporting documents or information to be provided should include the applicant's:

1. Business rules.
2. Systems and procedures governing entry, execution, reporting, clearance, and settlement of transactions effected through the applicant's market facilities.
3. Information on key officers and employees (including names, addresses, relevant experience, qualifications, etc.).
4. Measures to inform investors of the peculiar risks arising from its market operations, including risk disclosure statements, if any, relating to its market operations.
5. Risk management systems, including procedures relating to internal audit, internal controls, security, and the granting of credit.
6. Business continuity plan and system capacity planning procedures.
7. Human resources policies and procedures, including information on the staffing levels of key functions (such as market control, market surveillance, compliance, member regulation, etc.).



Form 1: Section II – Information on the Applicant (Continued)

Attach the most recent audited balance-sheet and profit and loss account certified by a director or the secretary of the applicant to be a true copy of the most recent audited balance sheet and profit and loss account of the applicant, together with a report by the directors of the applicant verifying as to whether, during the period from the date of certification of the most recent audited balance sheet and profit and loss account to a date not earlier than 14 days before the date of the application:

1. The business of the applicant has, in their opinion, been satisfactorily maintained.
2. There has, in their opinion, arisen any circumstance adversely affecting the applicant's operation or the value of its assets.
3. The current assets appear in the books at values which are believed to be realisable in the ordinary course of business.
4. There are any contingent liabilities by reason of any guarantees given by the applicant or any of its subsidiaries, or by any other reason.
5. There are, since the previous annual report, any changes in published reserves or any unusual factors affecting the profit of the applicant and its subsidiaries.



Form 1: Section III – Information on Directors and Shareholders

Please provide the following information:

1. Furnish a list of all directors of the applicant, and state whether they are executive or non-executive appointments.
2. Provide details of the chief executive officer and each director of the applicant including personal details, education and professional qualifications, employment history, details of directorships and shareholdings, and a fit and proper examination.
3. Provide details of the shareholders of the applicant including the name of each shareholder, percentage of shareholdings, and date of acquisition.



Form 1: Section IV – Information on Group Structure (where applicable)

Please provide the following information on the applicant's parent corporation:

1. Name of the parent corporation:
2. Date and place of incorporation:
3. Address and telephone number of the principal place at which the business of the parent corporation is carried on:
4. Provide a brief history of the parent corporation, including any major acquisitions of, mergers or amalgamations with, other corporations and include any former name(s) of the applicant and its parent corporation.
5. Describe the group structure of the parent corporation, giving the percentage equity interests held in the principal operating corporations in the group and the country of incorporation of these corporations.
6. Provide details of business activities of the parent corporation and principal operating corporations, including areas of specialisation:
7. Provide a list of names of the chairman and other members of the board of directors of the parent corporation.
8. Provide a list of names and addresses of shareholders holding 10% or more of the total number of voting shares in the parent corporation and state the percentage shareholding interest of each of such shareholders, grouping together related shareholders, where possible – culminate.
9. Provide name(s) of the exchange(s) on which shares are listed, if the shares of the parent corporation are listed.
10. Give a complete listing of the exchange membership(s), including the type(s) of membership, held by the parent corporation.
11. Furnish a certified copy of the most recent 3 years' audited balance-sheets and profit and loss accounts of the parent corporation, including consolidated accounts, together with the directors' report.



Form 1: Section V – Fit and Proper Criteria

If the answer to any of the following questions is in the affirmative, attach annexes and supporting documents, where appropriate, to provide all relevant particulars. If there is any doubt with respect to any part of this section, please provide all relevant information to demonstrate that the applicant and its shareholders are considered to be fit and proper persons.

Honesty, Integrity and Reputation: Within the past 10 years, has the applicant or any of its shareholders, whether the shareholder is an individual or a corporation (including the corporation's related corporations):

Been licensed, registered or approved under any law in any jurisdiction which requires licensing, registration or approval in relation to any regulated activity?	Yes	No
Been licensed, registered, or otherwise authorised by any law to carry on any trade, business (including sole proprietorships and partnerships) or profession (including accountancy, engineering, law and architecture) in any jurisdiction?	Yes	No
Been a shareholder of any corporation which holds membership of any class or description of any operator of a market or clearing facility in any jurisdiction?	Yes	No
Carried on business under any name other than the name stated in this application in any jurisdiction?	Yes	No
Been refused the right or restricted in its or his right to carry on any trade, business or profession for which a specific license, registration or other authorisation is required by law in any jurisdiction?	Yes	No
Been issued a prohibition order under any Law or Directive administered by the CBB, whether in the Kingdom of Bahrain or elsewhere, or has been prohibited from operating in any jurisdiction by any financial services regulatory authority?	Yes	No
Been censured, disciplined, suspended or refused membership or registration by the CBB, whether in the Kingdom of Bahrain or elsewhere, any other regulatory authority, an operator of a market or clearing facility, any professional body or government agency, whether in Bahrain or elsewhere?	Yes	No
Been the subject of any complaint made reasonably and in good faith relating to activities regulated by the CBB, whether in the Kingdom of Bahrain or elsewhere, or under any law in any jurisdiction?	Yes	No



Form 1: Section V – Fit and Proper Criteria (Continued)

Honesty, Integrity and Reputation: Within the past 10 years, has the applicant or any of its shareholders, whether the shareholder is an individual or a corporation (including the corporation's related corporations):

Been the subject of any proceedings of a disciplinary or criminal nature or been notified of any potential proceedings or of any investigation which might lead to those proceedings, under any law in any jurisdiction?	Yes	No
Been convicted of any offence, served any term of imprisonment or is being subject to any pending proceedings which may lead to a conviction of any offence, under any law in any jurisdiction?	Yes	No
Had any civil penalty enforcement action taken against it or him by the CBB, whether in the Kingdom of Bahrain or elsewhere, or any other regulatory authority under any law in any jurisdiction?	Yes	No
Contravened or abetted another person in breach of any laws or regulations, business rules or codes of conduct, whether in Bahrain or elsewhere?	Yes	No
Been the subject of any investigations or disciplinary proceedings or been issued a warning or reprimand by the CBB, any other regulatory authority, an operator of a market or clearing facility, any professional body or government agency, whether in Bahrain or elsewhere?	Yes	No
Been refused a fidelity or surety bond, whether in Bahrain or elsewhere?	Yes	No
Been or is a director, partner, substantial shareholder or concerned in the management of a business that has been censured, disciplined, prosecuted or convicted of a criminal offence, or been the subject of any disciplinary or criminal investigation or proceeding, whether in Bahrain or elsewhere, in relation to any matter that took place while he was a director, partner, substantial shareholder or concerned in the management of the business?	Yes	No



Form 1: Section V – Fit and Proper Criteria (Continued)

Honesty, Integrity and Reputation: Within the past 10 years, has the applicant or any of its individual substantial shareholders, corporate substantial shareholders (including the corporation's related corporations), or any director or chief executive officer of the applicant:

Been or is a director, partner, substantial shareholder or concerned in the management of a business that has been suspended or refused membership or registration by the CBB, any other regulatory authority, operator of a market or clearing facility, any professional body or government agency, whether in Bahrain or elsewhere?	Yes	No
Been a director, partner, substantial shareholder or concerned in the management of a business that has gone into insolvency, liquidation or administration during the period when, or within a period of one year after, he was a director, partner, substantial shareholder or concerned in the management of the business, whether in Bahrain or elsewhere?	Yes	No
Been dismissed or asked to resign, from office, employment, a position of trust, or a fiduciary appointment or similar position, whether in Bahrain or elsewhere?	Yes	No
Been or is subject to disciplinary proceedings by his current or former employer(s), whether in Bahrain or elsewhere?	Yes	No
Been disqualified from acting as a director or disqualified from acting in any managerial capacity, whether in Bahrain or elsewhere?	Yes	No
Been an officer found liable for an offence committed by a body corporate as a result of the offence having proved to have been committed with the consent or connivance of, or neglect attributable to, the officer, whether in Bahrain or elsewhere?	Yes	No



Form 1: Section V – Fit and Proper Criteria (Continued)

Honesty, Integrity and Reputation: Has the applicant or any of its shareholders, whether the shareholder is an individual or a corporation (including the corporation's related corporations):

Had any judgment (in particular, that associated with a finding of fraud, misrepresentation, or dishonesty) entered against it or him in any civil proceedings or is a party to any pending proceedings which may lead to such a judgment, under any law in any jurisdiction?	Yes	No
Accepted civil liability for fraud, misrepresentation or dishonesty under any law in any jurisdiction?	Yes	No
Encountered a situation where any promoter or director has been convicted of fraud or breach of trust?	Yes	No
Encountered a situation where any promoter or director has been a defaulter of any commercial bank, or financial institution, or non-banking financial institution, or has suspended payment or has compounded with his creditors?	Yes	No
Encountered an incident where any director has been adjudicated as insolvent?	Yes	No
Any director, officer or employee of the company acted as a sponsor, director, chief executive officer or a defaulting co-operative finance society or finance company?	Yes	No
Any officer or employee of the clearing house been a defaulter of any commercial bank or financial institution, including non-banking financial institutions, or suspended payment or compounded with its creditors?	Yes	No



Form 1: Section V – Fit and Proper Criteria (Continued)

Financial Soundness: Within the past 10 years, has the applicant or any of its substantial shareholders, whether the shareholder is an individual or a corporation (including the shareholders' related corporations):

Been or is unable to fulfill any of its or his financial obligations, whether in Bahrain or elsewhere?	Yes	No
Entered into a compromise or scheme of arrangement with its or his creditors, or made an assignment for the benefit of its or his creditors, being a compromise, scheme of arrangement or assignment that is still in operation, whether in Bahrain or elsewhere?	Yes	No
Been or is subject to a judgment debt which is unsatisfied, either in whole or in part, whether in Bahrain or elsewhere?	Yes	No
Been or is the subject of a bankruptcy petition, whether in Bahrain or elsewhere?	Yes	No
Been adjudicated a bankrupt and the bankruptcy is undischarged, whether in Bahrain or elsewhere?	Yes	No
Been or is the subject of a winding up petition, whether in Bahrain or elsewhere?	Yes	No
Been dissolved or is in the course of being wound-up, whether in Bahrain or elsewhere?	Yes	No
Been or is a corporation that has a receiver, receiver and manager, judicial manager, or such other person having the powers and duties of a receiver, receiver and manager, or judicial manager, has been appointed in relation to, or in respect of any property of, the corporation, whether in Bahrain or elsewhere?	Yes	No
Been or is subject to any other process outside Bahrain that is similar to those referred to in (d) – (h)?	Yes	No



Form 1: Section VI – Other Information

Please provide the following information:

1. State, where available, the ranking of the applicant; its shareholder(s); its related corporation(s); and the related corporation(s) of the shareholder(s) of the applicant, in the securities exchanges, futures exchanges, overseas securities exchanges or overseas futures exchanges of which they hold membership of any class or description, in terms of business volume, particularly in those lines of business the applicant intends to carry on in Bahrain. If the ranking is not available, give an indication of the level of activity of the operations of the abovementioned persons.
2. Set out any additional information that is relevant or material to this application



Form 1: Section VII – Register of Interests in Securities

State the place at which the register of interests in securities is to be kept, or if the register is in electronic form, the place at which full access to the register may be gained, where applicable:

- At principal place of business
- At a place of business where the applicant intends to engage in a regulated activity specified in Section II