



Name of Proposed Licensee



CENTRAL BANK OF BAHRAIN

**Form 4:
Application for Exemption from the Requirement to be a
licensed exchange or licensed market operator**

Form 4: Application for Exemption from the Requirement to be a licensed exchange or a licensed market operator
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Form 4: INSTRUCTIONS

1. This application is hereby made for exemption from the requirement to be a licensed exchange or a recognized market operator (See Section MAE-1.4).
2. Applicants must submit this Form 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.
3. References to applicant mean the proposed licensee seeking exemption. An applicant may appoint a representative – such as a law firm or professional consultancy – 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.
4. 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.
5. 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.
6. 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.
7. This application must be accompanied by the following:
 - (i) certified true copies of the applicant's Memorandum and Articles of Association, certificate of incorporation or alternate constitutional documents with all subsequent amendments;
 - (ii) certified true copies of the applicant's business rules and listing rules; and
 - (iii) a Bahraini Dinar cheque or Bahraini Dinar bank draft drawn in favour of CBB for the non-refundable application fee, as stated in Paragraph MAE-1.4.4.
8. 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 4: INSTRUCTIONS (Continued)

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

The Director, Capital Markets Supervision Directorate
Central Bank of Bahrain
PO Box 27
Manama
Kingdom of Bahrain

10. Queries may be addressed to the Director, Capital Markets Supervision Directorate, on +973 17 547907 (telephone), +973 17 532957 (fax) and ali@cbb.gov.bh (e-mail).
11. The licensed exchange should provide any additional information considered relevant or material to the various parts of this form.
12. 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.
13. 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 4: DECLARATION

We certify that we have read and understood the provisions of the CBB 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 an exemption is hereby sought without such exemption 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 CBB or any other regulatory authority if any of the above stated information are subsequently found to be false or misleading information. We also confirm that no business of the type for which this exemption is now sought will be carried on by us prior to obtaining such exemption.

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 exemption 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 14 days from the day that the changes come to our attention.

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
_____ Name of applicant (please print name)	_____ Signature of applicant	_____ Date

WHERE THE PROPOSED CONTROLLER IS A LEGAL PERSON:

_____ Director (print name)	_____ Signature of director	_____ Date
_____ Director (print name)	_____ Signature of director	_____ Date



Form 4: Contact Information

Please provide full contact details of person(s) with whom the CBB can communicate regarding this application. At least one of the contact points must be a principal of the applicant.

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 4: Section I – Information on the Applicant

Please complete all fields:

1. Name of applicant:

2. Address, telephone number and facsimile number of the principal place at which the business of the applicant is/is to be* carried out:

3. E-mail address and URL of the applicant's internet web page (if applicable):

4. Registered office (address and country):

5. Form of corporation (e.g. incorporated association/mutually held/demutualised; publicly listed/private held, etc.):

6. Date and place of incorporation:

7. Proposed trading hours of the markets to be operated by the applicant:

8. The applicant's authorized and paid-up capital, including relevant details of shares issued or to be issued (e.g. types, number and issue price):

9. Attach an organization chart showing the key officers and employees of the applicant, and their reporting lines

10. Attach an organization chart showing the applicant and its relationships with its related corporation(s)

11. State the current operations of the applicant within the Kingdom of Bahrain

Form 4: Section I – Information on the Applicant (Continued)

Provide relevant information on the applicant's business plans and operations, including information such as:
1. Detailed information on the securities that will be traded on the applicant's markets
2. The prospective categories of participants (e.g. clearing and trading participant, trading participant, dealing participant, client participant, etc.)
3. The nature of prospective participants or investors who may use, invest in or participate in the securities traded on the markets operated by the applicant in the Kingdom of Bahrain (e.g. institutional, accredited, expert, retail, etc.)
4. Any affiliation between the applicant and the prospective participants, such as common owners, directors or officers
5. The manner in which the different categories of prospective participants and investors would access the applicant's markets
6. The applicant's operations with respect to operating its markets (provide transaction flowcharts or diagrams, where relevant), proposed revenue sources, and projected volumes and value of transactions that would be conducted on the applicant's markets
7. Any other relevant information that may help in processing this application



Form 4: Section I – Information on the Applicant (Continued)

Describe and demonstrate, with supporting documents or information, how the applicant will reasonably ensure that the market it operates is fair, orderly and transparent, on an ongoing basis. Relevant supporting documents or information to be provided could include the applicant's:

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

Form 4: Section I – Information on the Applicant (Continued)

If the applicant or any of its related corporations are operating similar market(s) in any other jurisdiction, provide relevant information, including:

1. The name(s) of such markets;

2. The name(s) of such jurisdictions;

3. The name(s) of any supervisory authority, including any self regulatory organization (SRO), that exercises oversight over the applicant or its related corporations in these jurisdictions;

4. Evidence of the applicant's authorization to operate a market or exemption from the need to be authorised in these jurisdictions, including a copy of any conditions imposed on the applicant's market operations in these jurisdiction(s).



Form 4: Section I – Information on the Applicant (Continued)

Please provide the following information:

1. If applicable, provide the name of any person (other than the applicant) that will be involved in managing or operating material aspects of the applicant's operations on behalf of the applicant. Provide a description of the role and responsibilities of each person to which the applicant has delegated or outsourced its operations.
2. Give an outline of the applicant's plans with regard to the operation and expansion of its business over the next 3 to 5 years. The outline should include financial projections on the resources available to maintain the market facilities.
3. If applicable, provide description(s) of the applicant's business(es), other than the operation of the proposed market.
4. If applicable, provide the name(s) and description(s) of any related corporation to the applicant that is operating in the Kingdom of Bahrain as a bank, merchant bank, finance company, insurer, trust company, designated clearing house, approved holding company, holder of a capital markets services license, or holder of a financial adviser's license.



Form 4: Section I – Information on the Applicant (Continued)

Attach certified true copies of the most recent auditor's report, audited balance sheet, and audited profit and loss account, by whatever name called. In addition, attach a report by the directors of the applicant stating whether, from the date of the most recent auditor's report, audited balance sheet and audited 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. If 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. If there are any contingent liabilities by reason of any guarantees given by the applicant or any of its subsidiaries, or by any other reason; and
5. If there are any changes in reserves or any unusual factors affecting the profit of the applicant and its subsidiaries.

Form 4: Section II – Information on Chief Executive Officer and Directors
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Complete and attach Form 2 “Information on Chief Executive Officer and Directors” for the purpose of completing this Part.



Form 4: Section III – Information on Shareholders and Subsidiaries

Complete and attach Form 3 “Information on Shareholders and Subsidiaries” for the purpose of completing this Part.



Form 4: Section IV – 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.

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



Form 4: Section IV – 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 corporate's related corporations), or any director or chief executive officer of the applicant:		
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
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

Form 4: Section IV – Fit and Proper Criteria (Continued)

<u>Honesty, Integrity and Reputation:</u> Within the past 10 years, has the applicant or any of its individual substantial shareholders, corporate substantial shareholders (including the corporate's related corporations), or any director or chief executive officer of the applicant:		
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
Been engaged in the management of any corporation other than those disclosed in Part III (Information On Chief Executive Officer And Directors) of this application in any jurisdiction(s)?	Yes	No
Carried on business under any name other than the name or names shown in this application in any jurisdiction(s)?	Yes	No



Form 4: Section IV – Fit and Proper Criteria (Continued)

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

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



Form 4: Section IV – 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), or any director or chief executive officer of the applicant:		
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 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 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 or is subject to any other process outside Bahrain that is similar to those referred to in (d) – (h)?	Yes	No

Form 4: Section V – Other Information
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Set out any additional information relevant or material to this application.