



مملكة البحرين  
Kingdom of Bahrain

مؤسسة نقد البحرين  
BAHRAIN MONETARY AGENCY

المدير التنفيذي لرقابة المؤسسات المالية  
Executive Director of Financial Institutions Supervision

EDFIS/C/07/2006

8 May 2006

**The General Manager**

All investment advisors/brokers, investment advisers/consultants,  
Broking Firms and BSE brokers (not separately licensed as a bank).

Dear Sir,

**BMA Rulebook: Publication of Volume 4 (Investment Business)**

As already communicated to each of the above firms, by way of a detailed letter, the first release of Volume 4 of the BMA Rulebook was published on 30 April 2006.

This general communication – which will be published alongside Volume 4 on the BMA website – provides important information on how Volume 4 is to be accessed and used by the investment business sector: **please disseminate this information within your organisation and take the actions required set out below.**

**Accessing Volume 4**

The Rulebook is available on the BMA website<sup>1</sup>. Hard copies will also be printed, and both licensees and registered persons will in due course be contacted when these are ready for collection at the BMA; we expect this to be in early June. The Rulebook is also available on a CD-ROM format. The website version of the Rulebook acts as the definitive text, in case of any discrepancies.

Each investment business licensee and registered person will be allocated two free hard copies (and/or CD-ROMs) of Volume 4. Further hard copies and CD-ROM versions of the Volume may also be purchased, using the order form which can be downloaded from the Rulebook section of the BMA website.

**Using the Rulebook**

A User's Guide, which can be found at the start of Volume 4 (Module UG), provides detailed guidance on how to use the Rulebook. I would make just the following brief comments in this letter:

<sup>1</sup> The website address is [www.bma.gov.bh](http://www.bma.gov.bh). From the Home Page, select 'Regulations & Supervision'/'Rulebook'/'Volume4'.



1. Volume 4 will eventually replace all the individual circulars applicable to investment firm licensees, which have been issued over many years. The Module History Section at the start of each Module lists – where applicable – those circulars that will be superseded by the Module in question. **Until such time as those Modules come into force (see point 2 below), licensees must continue to comply with these existing circulars.**

The BMA may of course continue to issue non-supervisory circulars on an occasional basis, for instance to communicate information of general interest or request feedback from licensees.

2. Module ES (Executive Summary) provides an overview of each Module issued as well as their implementation dates. For those licensed prior to 30 April 2006, most Modules contained in this April release take effect on 1 July 2006; three Modules (CA, BC and CL) take effect on 1 January 2007. From those dates, investment firm licensees should start using the applicable Modules in Volume 4 as their reference for the BMA's regulatory requirements.

Additional transitions or 'grandfathering' arrangements may be agreed on an individual basis with licensees. These issues will be dealt with by your normal supervisory point of contact at the BMA.

3. The Rulebook will be updated quarterly by way of the BMA website. Amendments or additions will be posted on the website after each end-calendar quarter (i.e. in early January, April, July and October). The first update of Volume 4 will therefore take place in early July 2006.

An e-mail summarising any significant changes will be sent to licensees every quarter. **Please notify the BMA of an email address (preferably that of your Compliance Officer) to which these notifications may be sent. When the hard copies of the Rulebook are received from the printer and available for pick up at the BMA, the person collecting your complimentary copy of Volume 4 will be asked to provide this contact e-mail address.**

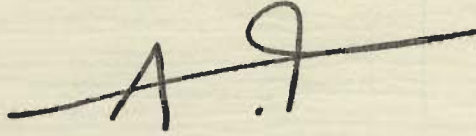
Detailed guidance on how the Rulebook is updated is contained in the attachment to this letter.

4. Remaining Modules – not included in this April release – will be finalised in consultation with investment firm licensees during the coming months. The aim is to include these in Volume 4 as part of the January 2007 updates. Additional transitional arrangements will apply to these Modules, to allow adequate preparation for their implementation.

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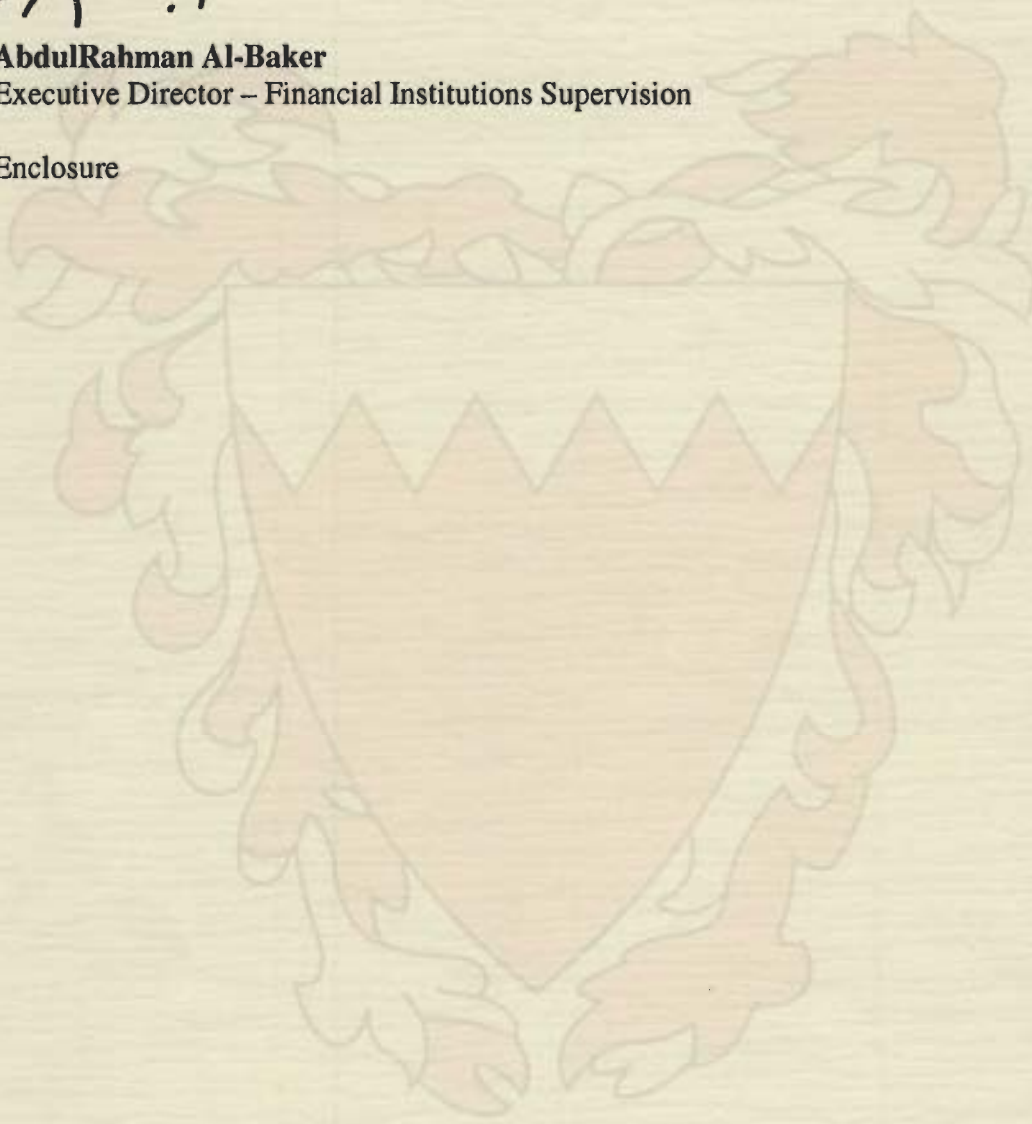
The BMA hopes that the Rulebook will significantly enhance the transparency and accessibility of its regulations, and will prove a positive contribution to licensees operating in the Kingdom of Bahrain. Any general comments or feedback would be welcomed; these should be sent by e-mail to [Rulebook@bma.gov.bh](mailto:Rulebook@bma.gov.bh).

Yours faithfully,



**AbdulRahman Al-Baker**  
Executive Director – Financial Institutions Supervision

Enclosure





## BMA RULEBOOK STRUCTURE AND MAINTENANCE

*This summary guidance is an attachment to letter EDFIS/C/07/2006 of 8 May 2006, regarding the publication of Volume 4 of the BMA Rulebook. It should be communicated to a licensee's Compliance Officer, and other relevant officials. Further details can be found in Module UG (User's Guide), contained in Volume 4.*

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### *Rulebook structure*

1. Each Volume of the Rulebook is divided into two Parts, a Part A and a Part B. Part A contains the regulations, comprising Modules arranged in groups according to their subject matter. Part B contains supporting material, namely a Glossary of Definitions, BMA authorisation and reporting forms.
2. Each Module in a Volume is referenced using a two-letter code that is usually a contraction or abbreviation of its title (e.g. "FC", for "Financial Crime"). These codes are used for cross-referencing within the text.
3. Each Module consists of Chapters, categorised into two types:
  - (i) A standard introductory chapter (referenced with a letter: e.g. FC-A); and
  - (ii) Chapters containing the regulations themselves (referenced with a number: e.g. FC-1, FC-2, etc.)
4. Chapters are further sub-divided into Sections (numbered consecutively after the Chapter number: e.g. FC-1.1, FC-1.2 etc). In turn, Sections are sub-divided into Paragraphs (numbered consecutively after the Chapter and Section numbers: e.g. FC-1.1.1, FC-1.1.2 etc.). Where appropriate, headings may also be used within a Section: sub-section headings are italicised and unnumbered.
5. Page numbering starts afresh for each Section. When regulations are updated, only the relevant Section needs to be reissued.

### *Version control*

6. The contents page for each Module, and each Section in a Module, is given its own separate issue date. The issue date is included at the bottom right hand side of each page. In addition, the contents page lists the current issue date for each Section in that Module, as part of the table of contents. The contents page thus acts as a summary checklist of the current version in force for each Section.
8. The issue date is a month and year: e.g. April 2006. As explained below, the Rulebook is updated in the month following each end-calendar quarter, i.e. in early April, July, October and January. Rulebook pages are dated accordingly (e.g. "April 2006").



### *Quarterly Updates*

9. The BMA Rulebook is updated on a quarterly cycle, in the month following each end-calendar quarter: i.e., in January, April, July and October.
10. Contents pages of each Module are always reissued after the end of every calendar quarter, with a fresh issue date, whereas Sections are reissued only where there is a change to their contents. Thus, hard copy users of the Rulebook can always check that they have the latest contents page for each Module, by checking its issue date. From the table of contents, users can then check whether they have the current issue date for each Section of that Module.
11. As a hypothetical example, the following contents page for a Module is dated October 2006. A Compliance Officer therefore knows that this is the latest contents page until the start of January 2007. From this contents page, he can see the current issue date for each Section in this Module. In this example, most Sections remain unchanged since first being issued (April 2006). However, two Sections (UG-A.1 and UG-1.3) have subsequently been changed, since they are dated July 2006.

		Current Issue Date
<b>UG-A:</b>	<b>Introduction</b>	
	UG-A.1 Purpose	04/2006
	UG-A.2 Module History	07/2006
<b>UG-1:</b>	<b>Rulebook Status and Application</b>	
	UG-1.1 Legal Basis	04/2006
	UG-1.2 Status of Provisions	04/2006
	UG-1.3 Application	07/2006
	UG-1.4 Effective Date	04/2006
<b>UG-2:</b>	<b>Rulebook Structure and Format</b>	
	UG-2.1 Rulebook Structure	04/2006
	UG-2.2 Volume Structure	04/2006
	UG-2.3 Format and Page Layout	04/2006
<b>UG-3:</b>	<b>Rulebook Maintenance and Access</b>	
	UG-3.1 Rulebook Maintenance	04/2006
	UG-3.2 Rulebook Access	04/2006

### *E-mail notifications*

12. After each end-calendar quarter, when the website version of the Rulebook is updated, a standard e-mail is sent by BMA to each licensee's designated point of contact, providing:
  - (i) A very brief "headline" summary of changes or additions (if any) to the regulations in the Volume of the Rulebook concerned;
  - (ii) Where (i) applies, for each Module affected, a list of the new/amended Sections concerned, with instructions as to which updated Section pages should be printed off from the website version and incorporated into the licensee's hard copy folders; and
  - (iii) Regardless of whether (i) and (ii) apply, a reminder that the contents page of each Module has been updated and should be printed off from the website version and incorporated into the licensee's hard copy folders.

### *Queries*

13. General enquiries regarding the administration of the Rulebook should be addressed to the Rulebook Section, in the BMA's Licensing & Policy Directorate. They should be contacted by e-mail, on [Rulebook@bma.gov.bh](mailto:Rulebook@bma.gov.bh). Enquiries regarding interpretation of policy should be addressed by licensees to their regular supervisory contact, as before.