



EDFIS/C/022/07  
12 July 2007

**The General Manager**  
All Volume 1, 2 and 4 Licensees  
Manama  
Kingdom of Bahrain

Dear Sir,

**CBB Rulebook, Volume 6 (Capital Markets):**  
**July 2007 Quarterly Update**

This letter summarises the changes being made to Volume 6 (Capital Markets) of the CBB Rulebook, limited essentially at this stage to rules on collective investment undertakings. These changes will shortly be posted on the CBB website, at which point they will have immediate effect.<sup>1</sup>

**Recipients impacted by the CBB's collective investment undertaking rules, because of the nature of their business, are required to note these changes and comply with them where appropriate.**

**Background**

As you may recall, new Collective Investment Undertaking rules and associated documents, collectively representing the first release of material forming part of Volume 6 (Capital Markets) of the CBB Rulebook, were issued recently.

As with other CBB Rulebook Volumes, any subsequent changes to Volume 6 – if required – are made only on a regular quarterly cycle, to facilitate planning by users of the material (the dates being January, April, July and October).

Any changes (or the fact that no changes are being made for that particular quarter) are communicated to Rulebook users by e-mail, as well as posted on the CBB website.

<sup>1</sup> Volume 6 can be accessed at [www.cbb.gov.bh](http://www.cbb.gov.bh)  
(Home > Regulatory Functions > Laws & Regulations).

It is the CBB's intention to minimise the volume of changes as much as possible. However, a few changes are being made this quarter, in response to requests for clarification / comments from the market regarding Module CIU. These changes are described below.

### **July 2007 Changes**

The following changes have been made in this quarterly update:

#### **(1) Module CIU**

(i) Sub-paragraph CIU-5.1.2(b) has been amended, to clarify that the prohibition on administrators and custodians being participants in a CIU would not be expected to apply in the case of overseas domiciled CIUs, where their home regulation allows such participation;

(ii) The definition of expert and accredited investors who are individuals has been slightly amended, to focus on financial assets available for investment (the same as for companies etc), instead of 'minimum net worth' (difficult to establish). This impacts Rules CIU-B.5.6 and CIU-B.5.10, as well as related Paragraphs CIU-2.1.4, CIU-3.1.4, and CIU-4.2.5.

(iii) Rule CIU-7.1.3 has been expanded to clarify that, for funds approved by CBB prior to 1 June 2007, they must submit their first quarterly statistical return for the quarter period ending 30 June 2007;

(iii) Finally, errors in Rules CIU-4.2.7 and CIU-4.2.10 were corrected.

#### **(2) Glossary**

The definition of 'administrator(s)' was slightly amended and expanded, to clarify the range of activities they may undertake.

Further details on the above can be found in the attached table.

### **Hard Copy Users**

Recipients who wish to update any hard copy versions they may have made of Volume 6 should access the CBB website and print off the relevant pages from the updated PDF versions of Volume 6, for insertion into their folder. The table attached to this letter specifies which pages to print off.

By way of a reminder, the contents page for each CBB Rulebook Module contains the current issue date for each Section in that particular Module (listed under the 'Date Last Changed' column). Where a Section has been modified as part of this update, then its current issue date will also have been changed to July 2007. The contents pages therefore act as a summary checklist for hard-copy Rulebook users.

The current contents of the Part B folder may be verified by checking the table of contents for Part B, which also lists the applicable date for each Part B item (under the 'Date Last Changed' column).

Late this year, once further Volume 6 content has been released, professionally printed versions of Volume 6, including folders and dividers, will be produced and made available to users, as has been done for other Rulebook Volumes.

### **Further information**

Should you have any queries regarding these updates, you may contact the CBB Rulebook team (at [rulebook@cbb.gov.bh](mailto:rulebook@cbb.gov.bh)), if the query relates to administrative matters regarding the Rulebook; or else please speak to the Financial Institutions Supervision Directorate, regarding policy matters to do with Collective Investment Undertakings (on 17- 547 968).

Yours faithfully,



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

Enclosure: July 2007 quarterly update table

## CBB Rulebook (Volume 6) – July 2007 Quarterly Update

### Summary of Changes and Printing Instructions for Hard Copy Users

*N.B. All changes to the previous text of the items listed below are highlighted in colour in the PDF versions of Volume 6 posted on the CBB website, to aid users. The searchable version of the Rulebook also allows users to list changes and to compare different versions of the Rulebook.*

<b>PART A FOLDER</b>		
<b>Module Code</b>	<b>Module Title</b>	<b>Summary of Changes and Printing Instructions</b>
<p><b>Print off Part A Table of Contents</b> (new version date issued and 'date last changed' entry for Module CIU updated to reflect changes below).</p>		
CIU	Collective Investment Undertakings Module	<ul style="list-style-type: none"> <li>• CIU-B.5.6 and CIU-B.5.10: the definition of expert and accredited investors who are individuals has been slightly amended, to focus on financial assets available for investment (the same as for companies etc), instead of 'minimum net worth' (more difficult to establish).</li> <li>• Related Paragraphs CIU-2.1.4, CIU-3.1.4, and CIU-4.2.5 have also been amended to reflect the above change.</li> <li>• CIU-4.2.7: Rule corrected to refer to expert CIU (not exempt), and to Section CIU-1.11 (not CIU-1.12).</li> <li>• CIU-4.2.10: Rule corrected to refer to retail CIU (instead of expert CIU), and to expert CIU (instead of exempt CIU).</li> <li>• CIU-5.1.2(b): sub-Paragraph amended, to clarify that the prohibition on administrators and custodians being participants in a CIU would not be expected to apply in the case of overseas domiciled CIUs, where their home regulation allows such participation.</li> <li>• CIU-7.1.3: Rule expanded to make explicit the requirement that the first quarterly statistical return, for funds approved by CBB prior to 1 June 2007, must be submitted with respect to the quarter ending 30 June 2007.</li> </ul> <p><b>Print off (in addition to the Module CIU contents page): Sections CIU-A.2 (Module History), CIU-B.5 (Categories of CIUs); CIU-2.1 (Rule Variations); CIU-3.1 (Exemption Conditions); CIU-4.2 (Requirements); CIU-5.2 (Requirements for Operators); and CIU-7.1 (Implementation by Existing CIUs).</b></p>

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<b>PART B FOLDER</b>	
<b>Reference</b>	<b>Summary of Changes and Printing Instructions</b>
<b>Print off Part B Table of Contents</b> (new version date issued and 'date last changed' entry for Glossary updated to reflect changes below).	
Glossary of Defined Terms	Changed as follows: <ul style="list-style-type: none"><li>• The definition of 'administrator(s)' was expanded to clarify the range of activities that they may undertake.</li></ul> <b>Print off Glossary History and Glossary Page 1 of 9</b> (i.e. the page containing the term 'administrator(s)').