



EDFIS/C/020/2010
17th August 2010

The Compliance Officer
All Investment Firm Licensees
Manama
Kingdom of Bahrain

Dear Sir,

CBB Rulebook: Volume 4 (Investment Business)
July 2010 Update

The July 2010 quarterly update to Volume 4 has now been incorporated in the website version of the Rulebook.¹

This letter highlights changes introduced this quarter. Licensees are required to note any policy changes. In addition, recipients who wish to update their hard copy folders should access the Central Bank of Bahrain ('CBB') website and print off the relevant pages for insertion into their folder.

All changes are highlighted in colour in the PDF versions of the Modules included on the CBB's website. All changes to the text of the previous version of Volume 4, however minor, are highlighted. The searchable version of the Rulebook, in addition, allows users to list changes and compare different versions of the Rulebook.

¹ Volume 4 can be accessed from www.cbb.gov.bh : from the Home page, select 'CBB Rulebooks' and then 'Volume 4'.

Part A Modules

Contents Pages and Module History

The contents page for each Module shows the date each section was last changed and provides a good reference tool to keep track of the latest updates along with the Module History.

Changes for July 2010

The changes for July 2010 are listed in the attached table.

Users should note that the July 2010 update includes a new Module TC (Training and Competency) being issued as a follow up to the consultation process and the application of these requirements over the last few years.

Further Information

Should you have any queries regarding these updates, you may contact the CBB Rulebook team at (rulebook@cbb.gov.bh), or the Director of Financial Institutions Supervision Directorate on 17547968.

Yours faithfully,



Abdul Rahman Al Baker
Executive Director – Financial Institutions Supervision

Enclosure: Volume 4 Update Table.

CBB Rulebook (Volume Four) – July 2010 Update

PART A FOLDER		
Module Code	Module Title	Summary of Changes and Printing Instructions
All Modules	N/A	Print off the Table of Contents page for each Module and the Module History Section when changes have been made.
ES	Executive Summary	ES-1.1, ES-1.3, ES-1.5.3, ES-1.6.1, ES-1.7, ES-1.15-3, ES-2.2.7, ES-2.3.2: Updated and corrected typos. ES-1.13: Updated to reflect the issuance of Module TC. ES-2.5: New section added to reflect transition rules for Module TC.
AU	Authorisation	AU-B.1.3, AU-2.5.2 and AU-2.7.2: Paragraphs deleted. AU-B.2 and AU-5.5.5: Amended heading. AU-1.2.9 and AU-5.5.1: Added cross reference.. AU-1.4.33 and AU-1.4.37: Paragraphs changed from Guidance to Rules and amended to clarify definition of safeguarding financial instruments. AU-1.4.42 and AU-1.4.43: New Rule added to clarify definition of advising on financial instruments. AU-1.4.49, AU-1.4.50, AU-1.4.51 and AU-5.5.5: Amended cross reference. AU-1.2.9, AU-1.4.49, AU-1.4.50, AU-1.4.51, AU-2.3.5, AU-5.1.6, AU-5.1.12A, AU-5.1.12B, AU-5.1.12D and AU-6.1.1: Paragraphs amended. AU-5.1.5A: Paragraph amended and changed to Rule. AU-5.1.12K: Paragraph added to require confirmation that capital has been paid in before the final approval for a license. AU-5.1.13: Updated to include new requirements to be submitted within six months of the license being issued. AU-6.2: Updated to include CBB's annual license fee requirements.
HC	High-level Controls	HC-2.1: Updated to include requirements for Chief Executive/ General Manager/ Managing Director.
AA	Auditors and Accounting Standards	AA-5: New Chapter added regarding Reporting Accountants.

CBB Rulebook (Volume Four) – July 2010 Update (continued)

PART A FOLDER		
Module Code	Module Title	Summary of Changes and Printing Instructions
GR	General Requirements	GR-1: Updated and amended to include cross reference and new paragraph regarding books and records. GR-2.2: New section added regarding publication of documents by the licensee. GR-3.1.1: Updated to include requirement for dividends.
BC	Business Conduct	BC-2.8.6: Paragraph amended. BC-2.9.1 and BC-2.9.2: Updated to include requirements regarding complaints. BC-2.11.1: Updated to be in line with Article 117 of the CBB Law.
RM	Risk Management	RM-1.1.10, RM-1.1.11 and RM-1.1.13: Updated and amended to include requirements for the risk management function. RM-7.1.7: New rule added regarding outsourcing core business functions or activities to third parties.
FC	Financial Crime	FC-1.1.11: Cross reference added. FC-1.2.1, FC-1.2.3, FC-1.2.5, FC-1.9, FC-3.1, FC-3.2.1, FC-3.3.7, FC-4.2.3 and FC-4.3.1: Paragraphs amended. FC-1.6 and FC-1.7: New sections added regarding enhanced CDD for charities, clubs and societies and “pooled funds”. FC-3.3: Heading amended.
TC	Training and Competency	New Module issued.
BR	CBB Reporting	BR-1.4.6: New Rule added to clarify requirements for listed companies. BR-2.2.1 and BR-3.4.3: Paragraphs amended. BR-2.3.13: Amended cross reference. BR-2.3.29: Added cross reference.
EN	Enforcement	EN-A.1.2: Removed reference to registered administrators.

CBB Rulebook (Volume Four) – July 2010 Update (continued)

PART B FOLDER		
Glossary of Defined Terms		
<ul style="list-style-type: none">• New definitions included: appointed expert, listed company, reporting accountant, and trilateral meeting.		
CBB Authorisation Forms		
Form 2	Application for Authorisation of Controller	Amended Declaration and Contact Information.