



EDBS/KH/3/2013
3rd January 2013

**All Islamic Banks
All Auditing Firms
All Law Firms
Manama
Kingdom of Bahrain**

Dear Sir,

Re: Restricted Investment Accounts

Subsequent to the issuance of Rulebook Volume 7 (Collective Investment Undertakings) all Islamic bank licensees are now subject to new requirements regarding the issuance of restricted Shari'a profit sharing investment accounts (RIAs) from the date of this circular. These new requirements will be included in the next update to Volume 2 of the CBB Rulebook. The new requirements are shown below:

1. Except for accounts referred to in paragraph 3 below, banks are no longer allowed to issue or open new profit sharing investment arrangements in the form of "restricted investment accounts" where the bank acts as mudarib or trustee. Any new Restricted Shari'a profit sharing investment relationships may only be opened in the form of units or shares in a Collective Investment Undertaking and will be subject to the rules and guidance contained in Volume 7.
2. All existing Restricted Shari'a profit sharing investment accounts may continue to be kept open, however banks may not accept any new funds into such accounts.
3. Banks will be allowed to open RIAs for investments initiated by the investor at his own discretion (i.e. unilateral arrangements to hold or manage assets at the discretion of the customer) , including short term investments in the interbank market. This permission is applicable to an investor on an individual basis but not to a group of investors.

Licensees are required to comply with these requirements immediately.

Yours faithfully,


Khalid Hamad