



CMS/C/010/20  
30<sup>th</sup> March 2020

**Chief Executive Officers/General Managers**  
SRO Members  
Manama  
Kingdom of Bahrain

Dear Sir/Madam,

**Market Intermediaries Responsibility Amid COVID-19**

The recent global spread of Coronavirus (COVID-19) has weighed on the markets, effecting it with each unprecedented development. The current situation dictates that Capital Markets Institutions take responsibility in implementing precautionary measures and safeguarding the market functionality as a fair and transparent market. Therefore, the Central Bank of Bahrain ("CBB") would like to guide all market intermediaries to be mindful of the following responsibilities towards the market amid COVID-19:

- **Disclaiming Current Market Risks:**

The evolving situation is leading to an increase in volatility and risk levels in the capital markets, which is affecting both the trading activity and investors. Accordingly, the market intermediaries are responsible to ensure these risks are being disclaimed to the investors/clients in a form deemed suitable and practical. Market intermediaries are instructed to communicate disclaimers to investors through their electronic or traditional channels with the aim of educating and informing investors on the current risks in the markets and the rapid developments leading to higher volatility.

- **Monitor and Report Fraudulent and Suspicious Activity:**

The unusual involvement and dramatic news outbreak with regard to COVID-19 creates opportunities for fraudulent actors and scammers to inject inaccurate information into the market. Being at the front-line of the market trading activity, market intermediaries are responsible to monitor and report attempts of fraudulent acts, investment scams attempts, market abuse and manipulation attempts and other suspicious activity to the Self-Regulatory Organisation ("SRO") and/or the CBB, as governed by the related regulations and requirements.

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- **Strengthen Communication Lines:**

The CBB emphasizes the importance of maintaining strong communication lines with all market institutions and expects market intermediaries to do the same during these unique circumstances. All market intermediaries are advised to ensure that communication lines with the SRO, market participants and the CBB are strengthened. This is of vital importance in order for market intermediaries to communicate with the SRO and the CBB any updates in relation to material market developments, disruptions, urgencies and follow-up recommendations to ensure market functionality.

To this end, the CBB would like to affirm its support to all market intermediaries in these onerous circumstances and the CBB shall continue to extend communication to all licensees to take the necessary measures to protect the markets and investors.

**Yours sincerely,**



**Abeer Al Saad,**

Director, Capital Markets Supervision Directorate