



BAHRAIN MONETARY AGENCY

Form 1 (Phase 1): Application for a License (Application for a license to carry out Investment Business in the Kingdom of Bahrain)



Form 1 (Phase 1): Application for a License

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Form 1 (Phase 1): INSTRUCTIONS

1. The application process for investment firm license consists of two parts: Phase 1 and Phase 2. For Phase 1, applicants for a license must submit a duly completed “Form 1 (Phase 1): Application for a License”, under cover of a letter signed by an authorised signatory of the applicant. If BMA is satisfied that the requirements under Phase 1 have been met, and has issued an “in principle” approval for a license, Phase 2 in the application process consists of submitting additional documentation, under cover of a duly completed “Form 1 (Phase 2)”. All the documentation required under Phase 2 must be submitted within six months of the “in principle” approval being issued. These application forms should be completed by referring to Volume 4 (Investment Business) of the BMA Rulebook, in particular Module AU (Authorisation).
2. Complete all sections as fully as possible, attaching supporting documentation and continuation sheets where appropriate. The application should be written in ink in BLOCK CAPITALS or typed.
3. Failure to provide all the required information may result in significant delays in processing. The BMA does not accept responsibility for any loss caused to the applicant by any delay.
4. All documentation provided to the BMA must be in either the Arabic or English languages. Any documentation in a language other than English or Arabic must be accompanied by a certified English or Arabic translation thereof (see Paragraph AU-5.1.9).
5. If any question is not applicable given your particular circumstances, please clearly indicate by marking ‘N/A’, with an explanation as to why it does not apply. Please provide a full explanation for any question that cannot be answered at this stage. Please note that failure to provide the required information may prejudice an application and will cause delay.
6. The **original** completed form, together with supporting documentation, should be submitted to:

The Director, Licensing & Policy Directorate
Bahrain Monetary Agency
PO Box 27
Manama
Kingdom of Bahrain
7. Queries may be addressed to the Director, on +973 17 547605 (telephone), +973 17 537554 (fax) and albassam@bma.gov.bh (e-mail).
8. As part of Phase 1, the BMA will review the application and (within 60 calendar days of all required documentation having been submitted in a form acceptable to the BMA), duly advise the applicant in writing when it has:
 - (a) granted the application, subject to further information to be submitted as part of Phase 2 of the process; or
 - (b) refused the application, stating the grounds on which the application has been refused and the process for appealing against that decision.
9. No person may undertake a regulated investment service within or from the Kingdom of Bahrain unless duly licensed by the BMA (see Paragraph AU-1.1.1).
10. All applicants for investment firm licenses must satisfy the BMA that they meet the minimum criteria for licensing, as contained in Chapter AU-2.
11. Applicants are reminded that it is an offence under the BMA Law 1973 (and any regulations issued thereunder) to provide the BMA any information that is false or misleading in connection with the submission of this application or any related information.



Form 1 (Phase 1): DECLARATION

We certify that we have read and understood the provisions of the BMA Law 1973 (and any regulations issued thereunder). In particular, (i) we are aware that it is an offence under the above law fraudulently or negligently to provide to the Bahrain Monetary Agency (BMA) any information which is false or misleading in connection with an application for a license or otherwise; and (ii) we are aware that it is an offence to carry on the business for which a license is hereby sought without such license being granted.

We certify that the information given in answer to the questions above is complete and accurate to the best of our knowledge and belief and that there are no other facts relevant to this application of which the BMA should be aware. We also confirm that no business of the type for which this license is now sought will be carried on by us prior to obtaining such license.

We undertake to inform the BMA of any changes material to the application that may arise while the BMA is considering the application (see Volume 4 of the BMA Rulebook, Paragraph AU-5.1.10). We further undertake that, in the event that the institution is granted the license which is hereby sought, we will notify the BMA of any material changes to or affecting the completeness or accuracy of, the information provided in Form 1 as soon as possible, but in any event no later than 21 days from the day that the changes come to our attention.

This declaration must be signed by at least two major proposed controllers (with an interest in the future licensee in excess of 10%). In the case of corporate controllers, the declaration must be signed by 2 directors and bear the corporate seal.

WHERE PROPOSED CONTROLLER IS AN INDIVIDUAL:

_____	_____	_____
Name of applicant (please print name)	Signature of applicant	Date
_____	_____	_____
Name of applicant (please print name)	Signature of applicant	Date

WHERE PROPOSED CONTROLLER IS A CORPORATE BODY:

_____	_____	_____
Director (print name)	Signature of director	Date
_____	_____	_____
Director (print name)	Signature of director	Date
_____	_____	_____
Director (print name)	Signature of director	Date
_____	_____	_____
Director (print name)	Signature of director	Date



Form 1 (Phase 1): Contact Information

Please provide full contact details of person(s) with whom the BMA can communicate with, regarding this application.

Name: _____

Title: _____

Capacity¹: _____

Tel: _____

Fax: _____

E-mail: _____

¹ (e.g., professional adviser to the applicant, proposed director of applicant)



Form 1 (Phase 1): Checklist

Document	Attached	
1. If the applicant is an existing registered company, a copy of the applicant's commercial registration (cf. Section II.3)	Yes	No
2. If the applicant is an existing corporate body, a certified copy of a Board resolution, confirming the decision to seek a BMA investment firm license (cf. Section II.4))	Yes	No
3. If the applicant is part of a regulated group or an overseas (branch) applicant, a letter of non-objection to the proposed license application from the applicant's home supervisor (cf. Section II.5)	Yes	No
4. Application for Authorisation for Controller (Form 2) (cf. Section V.1)	Yes	No
5. Application for Approved Person Status (Form 3) for all members of the Board of directors of the proposed licensee (cf. Section VI.1).	Yes	No
6. Proposed organisation chart (cf. Section VI.2)	Yes	No
7. Business Plan (cf. Section VII.3)	Yes	No
8. Copies of the audited financial statements of the applicant's major shareholder and/or group (in the case of a branch applicant, of the head office) for the 3 years immediately prior to the date of application (cf. Section VII.4)	Yes	No



Form 1 (Phase 1): Section I – License Type

Please select applicable license type (please tick appropriate boxes)				
	Bahraini Investment Firm (i.e. Bahraini incorporated company)	Overseas Investment Firm (i.e. branch presence)	Conventional investment firm	Islamic investment firm
<u>Category 1</u> (Refer Section AU-1.1.13)				
<u>Category 2</u> (Refer Section AU-1.1.15)				
<u>Category 3</u> (Refer Section AU-1.1.17)				

N.B. Select either Bahraini Investment Firm or Overseas Investment Firm. Select also whether the firm plans to operate as a conventional investment firm or an Islamic investment firm. (Conventional investment firms may deal in both conventional and Shari'a compliant financial instruments, but cannot hold themselves out as an 'Islamic' investment firm. Islamic investment firms must operate all their operations in accordance with Islamic principles; and may market themselves as being wholly Shari'a compliant. See AU-1.1.23ff.)



Form 1 (Phase 1): Section II – Licensee Details

1. Proposed name of licensee

2. If the applicant is a corporate body, date of incorporation

3. If the applicant is an existing registered company, a copy of the applicant's commercial registration must be attached. (AU-5.1.5 (d), or (e)).

Attached

Yes

No

Not Applicable

4. If the applicant is an existing corporate body, a certified copy of a board resolution of the applicant, confirming its decision to seek a BMA investment firm license must be attached (AU-5.1.5 (f)).

Attached

Yes

No

Not Applicable

5. In the case of an applicant that is part of a regulated group or an overseas (branch), a letter of non-objection to the proposed license application from the applicant's home supervisor, together with a confirmation that the group is in good regulatory standing and is in compliance with applicable supervisory requirements, including those relating to capital adequacy requirements must be attached (AU-5.1.5 (h) or (i)).

Attached

Yes

No

Not Applicable



Form 1 (Phase 1): Section III – Legal Status (commercial registration)

Please select one (tick box)

1. Type of company (refer Section AU-2.1)

- *Category 1 – Investment Firm*

B.S.C

Branch

- *Category 2 – Investment Firm*

B.S.C

Branch

- *Category 3 – Investment Firm*

B.S.C

Branch

W.L.L.



Form 1 (Phase 1): Section IV – Investment Business Activities

1. Please select the regulated investment services that the proposed licensee wishes to undertake (refer Sections AU-1.1. and AU-1.4).

1. Dealing in financial instruments as principal	Yes	No
2. Dealing in financial instruments as agent	Yes	No
3. Arranging deals in financial instruments	Yes	No
4. Managing financial instruments	Yes	No
5. Safeguarding financial instruments (i.e. custodian)	Yes	No
6. Advising on financial instruments	Yes	No
7. Operating a Collective Investment Undertaking	Yes	No



2. Other ancillary activities	Please specify _____
3. Does the applicant wish to establish a branch or subsidiary outside Bahrain? Yes No If yes, please provide details _____ _____ _____ _____	
4. On which date does the applicant wish to start investment business activities in Bahrain? _____	

N.B. Only Category 1 investment firms may deal in financial instruments as principal. Category 3 investment firms are limited to either arranging deals in financial instruments, or advising on financial instruments, or both. Category 2 investment firms may undertake any of the above activities, except that of dealing in financial instruments as principal (refer Section AU-1.1).

If an applicant wishes to establish a branch or subsidiary outside of Bahrain, then it must satisfy BMA that it has the necessary resources (in terms of people, systems and controls, and capital) to support the additional risks involved.



Form 1 (Phase 1): Section V – Controllers (Owners)

<p>1. Please complete the Application for Authorisation for Controller (Form 2) in respect of all controllers (GR-5).</p> <p>List all names (including any previous names) of all beneficial controllers (owners) and ultimate beneficial controllers, (current & proposed) together with the percentage and nature of control (e.g., number and class of shares) (to be) held directly or on their behalf (publicly held corporations need only list those beneficial shareholders owning over 10% of their shares).</p> <p>Name: _____</p> <p>Nature of control: _____</p> <p>Shareholder Other (please specify) _____</p> <p>Percentage of control: _____</p>	<p>Form 2 Attached</p> <p>Yes No</p>
<p>Name: _____</p> <p>Nature of control: _____</p> <p>Shareholder Other (please specify) _____</p> <p>Percentage of control: _____</p>	<p>Yes No</p>
<p>Name: _____</p> <p>Nature of control: _____</p> <p>Shareholder Other (please specify) _____</p> <p>Percentage of control: _____</p>	<p>Yes No</p>
<p>Name: _____</p> <p>Nature of control: _____</p> <p>Shareholder Other (please specify) _____</p> <p>Percentage of control: _____</p>	<p>Yes No</p>
<p>If additional beneficial controllers please complete an additional sheet</p>	



Form 1 (Phase 1): Section VI – Management and Board Details

1. Please complete an Application for Approved Person Status (Form 3) for all members of the Board of directors of the proposed licensee.

Attached

Yes

No

Not Applicable

2. Provide details of the management structure (organisation chart) and proposed staff of the company.

Attached

Yes

No

Not Applicable



Form 1 (Phase 1): Section VII – Financial Resources

1. Detail below the proposed paid in and authorised and share capital or any other form of capital and the method of capitalisation. (Module CA).

2. Detail the origin of source(s) of funds to support the Investment firm licensee.

3. Business Plan (see guidance under Appendix I)

Attached

Yes

No

4. Copies of the audited financial statements of the applicant's major shareholder and/or group, (in the case of a branch applicant, of the head office) for the 3 years immediately prior to the date of application (AU-5.1.5 (k) or (l))

Attached

Yes

No

Not Applicable



Form 1 (Phase 1): Section VIII – Accounts

1. When will the company produce its first set of audited accounts?

Provide justification if year-end is different than 31 December.

Year end _____

If other than 31 December, please provide justification.



Form 1 (Phase 1): Appendix I – Business Plan Requirements (AU-5.1.6)

Business Plan (refer AU-5.1.6)

Attach a business plan that includes, as a minimum, the following:

Background

History of the applicant and its shareholders; the reasons for applying for a license in Bahrain; and a description of the legal entity structure of the group (where relevant).

Operations

A summary of the proposed licensee: its corporate form, organisation structure and range of regulated activities to be undertaken.

A summary of planned accounting, valuation and provisioning policies.

Details of any other business to be undertaken (where relevant).

Financial Projections

Financial projections and all related assumptions, covering at least the first 3 years of operations of the applicant following licensing. These should include, where appropriate:

- Forecast profit and loss account, broken down into its main components;
- Forecast balance sheet, broken down into its main components, and including details of off-balance sheet items and client assets;
- Regulatory capital adequacy calculations, based on the above projections, demonstrating compliance with the BMA's requirements; and
- Stress and scenario testing, showing the impact of different assumptions in terms of asset and revenue growth, profitability and capital adequacy.

Risk Management

An assessment of the risks that the applicant is likely to incur.

An explanation of the applicant's strategy for managing those risks, and a summary of the key risk policies, systems and controls, and limits to be applied.



Market Research

The applicant's strategy and market objectives.

Confirmation that the financial projections are and should be consistent with any market research (which should be identified).

Description of all products and methods of marketing and distribution.

Board of Director and employees

Proposed board and senior management.

A summary of proposed recruitment, remuneration and training policies.