Name of Proposed Licensee

CENTRAL BANK OF BAHRAIN

Form 1:
Application for a License

(Application for a license to carry out regulated investment services in the Kingdom of Bahrain)

This Form was last updated in July 2018

Form 1: Application for a License

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Form 1: INSTRUCTIONS

1. The application process for an investment firm license consists of a single stage process: full details are to be found in Section AU-5.1, Volume 4 of the CBB Rulebook.

2. Applicants for a license must submit a duly completed 'Form 1: Application for a License', under cover of a letter signed by an authorised signatory of the applicant. Various supporting documentation – specified in the Form – must also be appended to the application; these include a non-refundable application fee of BD 100 (refer to Section AU-6.1).

3. Complete all sections as fully as possible, attaching supporting documents and continuation sheets where appropriate. The application should be written in black ink in BLOCK CAPITALS or typed.

4. Failure to provide all the required information may result in significant delays in processing the application. The CBB does not accept responsibility for any loss caused to the applicant by any such delay.

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 may cause delay.

6. All documentation provided to the CBB 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 Rule AU-5.1.9).

7. The **original** completed form, together with supporting documentation, should be submitted to:

   The Director, Licensing Directorate
   Central Bank of Bahrain
   PO Box 27
   Manama
   Kingdom of Bahrain

8. Queries may be addressed to the Director, Licensing Directorate, on +973 17 547605 (telephone), +973 17 537554 (fax) and licensing@cbb.gov.bh (e-mail).

9. The CBB will review the application and, within 60 calendar days of the application having been declared complete by the CBB, advise the applicant in writing whether it has:
   (a) Granted the application; or
   (b) Refused the application, stating the grounds on which the application has been refused and the process for appealing against that decision.

10. In order for a license to be granted, applicants must have provided all the required information, as specified in Section AU-5.1, and demonstrated their ability to comply with the minimum licensing conditions specified in Chapter AU-2, of Volume 4 of the CBB Rulebook.

11. Applicants are reminded that no person may undertake a regulated investment service within or from the Kingdom of Bahrain unless duly licensed by the CBB (see Rule AU-1.1.1).

12. Finally, applicants are also reminded that providing to the CBB any information which is false or misleading in connection with the submission of this application or any related information may result in the refusal of the application or, if discovered later, the subsequent cancellation of any license issued.

Form 1: DECLARATION

We certify that we have read and understood the provisions of the Central Bank of Bahrain and Financial Institutions Law (Decree No. 64 of 2006) ('CBB Law'), and Volume 4 of the CBB Rulebook. We are aware that providing to the Central Bank of Bahrain ('CBB') any information which is false or misleading in connection with the submission of this application or any related information may result in the refusal of the application or, if discovered later, the subsequent cancellation of any license issued.

We certify that the information submitted in support of this application 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 CBB should be aware. We also confirm that no regulated investment service(s) will be carried on by us prior to obtaining a license.

We undertake to inform the CBB of any changes material to the application that may arise while the CBB is considering the application (see Volume 4 of the CBB Rulebook, Rule 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 CBB of anything affecting the material completeness or accuracy of the information provided in this application as soon as possible, but in any event no later than 15 calendar days from the time the changes come to our attention.

The above 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 controllers that are legal persons, the declaration must be signed by 2 directors and bear the corporate seal.

WHERE THE PROPOSED CONTROLLER IS A NATURAL PERSON:

______________________________ ______________________________ __________

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

______________________________ ______________________________ __________

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

WHERE THE PROPOSED CONTROLLER IS A LEGAL PERSON:

______________________________ ______________________________ __________

Director (print name) Signature of director Date

______________________________ ______________________________ __________

Director (print name) Signature of director Date

Form 1: Contact Information

Please provide full contact details of person(s) with whom the CBB can communicate regarding this application. Please refer also to Paragraph AU-5.1.3: where a professional adviser is given as a contact point, a principal of the applicant must also be given as a contact point.

<u>Contact Point 1</u>

Name: ______________________________________

Title: ______________________________________

Capacity[1]: ________________________________

Tel: ______________________________________

Fax: ______________________________________

E-mail: ______________________________________

<u>Contact Point 2 (if applicable)</u>

Name: ______________________________________

Title: ______________________________________

Capacity[1]: ________________________________

Tel: ______________________________________

Fax: ______________________________________

E-mail: ______________________________________

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

Form 1: Checklist

Please refer to Section AU-5.1, and to Rule AU-5.1.5 in particular. Please also refer to Section AU-6.1 regarding the application fee.

Item	Attached? (please tick as appropriate)
1. Copy of wire transfer (payable to CBB) for application fee. Please contact the Licensing Directorate for CBB account details for wire transfer purposes.	Yes____No_____
2. Duly completed Form 2 (Application for Authorisation of Controller), for each controller of the proposed licensee (Refer to Section V).	Yes____No_____
3. Duly completed Form 3 (Application for Approved Person status), for each individual identified to undertake a controlled function in the proposed licensee (Refer to Section VI).	Yes____No_____
4. The business plan for the proposed licensee (Refer to Section VII and Appendix I).	Yes____No_____
5. Where the applicant is an overseas companies, a copy of the company's commercial registration (or equivalent).	Yes____No_____n/a_____
6. Where the applicant is a Bahraini company, a copy of its commercial registration certificate.	Yes____No_____n/a_____
7. A certified copy of a Board resolution of the applicant, confirming its decision to seek a license.	Yes____No_____
8. Details of the applicant's close links (as defined in Chapter GR-6), e.g. a detailed group structure chart, if any.	Yes____No_____n/a_____
9. In the case of applicants that are part of a regulated group, a letter of non-objection to the license application, from the applicant's lead supervisor, and confirmation that it is in good regulatory standing and in compliance with applicable supervisory requirements.	Yes____No_____n/a_____
10. In the case of branch applicants, a letter of non-objection to the proposed license application from the applicant's home supervisor, together with confirmation that the applicant is in good regulatory standing and the company concerned is in compliance with applicable supervisory requirements.	Yes____No_____n/a_____
11. In the case of branch applicants, copies of the audited financial statement of the applicant (head office) for the 3 years preceding the application (Refer to Section VIII).	Yes____No_____n/a_____

Form 1: Checklist (continued)

Please refer to Section AU-5.1, and to Rule AU-5.1.5 in particular.

Item	Attached? (please tick as appropriate)
12. In the case of applicants that are part of a group, copies of the audited financial statements of the applicant's group, for the 3 years preceding the application (Refer to Section VIII)	Yes____No_____n/a_____
13. In the case of applicants not falling under either (11) or (12) above, copies of the audited financial statements of the applicant's major shareholder, for the 3 years preceding the application, where they are a legal person (Refer to Section VIII)	Yes____No_____n/a_____
14. In the case of applicants seeking to raise part of their capital through a private placement, a draft of the relevant private placement memorandum, together with a formal, independent legal opinion confirming that the memorandum complies with all applicable capital markets laws and regulations	Yes____No_____n/a_____
15. A copy of the applicant's memorandum and articles of association (in draft form for applicants creating a new company)	Yes____No_____
16. [This paragraph deleted in January 2008].	Yes____No_____n/a_____
17. [This paragraph deleted in January 2008].	Yes____No_____n/a_____

Form 1: Section I – License Type

Select either Bahraini Investment Firm or Overseas Investment Firm. Select also whether the applicant 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-1.1.23 and following.)

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**
Category 1 (Refer Section AU-1.1.13)				
Category 2 (Refer Section AU-1.1.15)				
Category 3 (Refer Section AU-1.1.17)				

Form 1: Section II – Licensee Details

Please complete all fields
1. Name of proposed licensee:
2. Date of incorporation:
3. Home regulator (branch applicants only) – name and contact details:
4. If applicant is part of a group, lead regulator – name and contact details:

Form 1: Section III – Legal Status

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: Section IV – Regulated Investment Services

Please select the regulated investment services that the proposed licensee wishes to undertake (refer to Sections AU-1.1. and AU-1.4, Volume 4 of the CBB Rulebook)		
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. a custodian)	Yes	No
6. Advising on financial instruments	Yes	No
7. Operating a Collective Investment Undertaking (i.e. an operator)	Yes	No

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.

Form 1: Section IV – Regulated Investment Services

(continued)

Please complete all fields	
2. Other ancillary activities (Please describe: use a continuation sheet if necessary, and provide further details in the business plan.)	
3. Does the applicant wish to establish a branch or subsidiary outside Bahrain? YesNo If yes, please provide details:	
4. On which date does the applicant wish to start investment business activities in Bahrain?	

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

Form 1: Section V – Controllers

List all names (including any previous names used) of all controllers (current and/or proposed) together with the percentage and nature of control (e.g., number and class of shares (to be) held, directly or on their behalf. Refer to Chapter GR-5, Volume 4 of the CBB Rulebook, for definitions of controller. Please also remember to include a completed Form 2 for each controller (refer to Checklist Section of this Form).	Form 2 Attached
Name:____ Nature of control: _________________________________ Shareholder Other (please specify) ___________ Percentage of control: __________	Yes No
Name:____ Nature of control: ________________________________ Shareholder Other (please specify) ___________ Percentage of control: __________	Yes No
Name:____ Nature of control: ________________________________ Shareholder Other (please specify) ___________ Percentage of control: __________	Yes No
Name:____ Nature of control: _________________________________ Shareholder Other (please specify) ___________ Percentage of control: __________	Yes No
If there are additional controllers please use a continuation sheet	

Form 1: Section VI – Management and Board Details

Please complete all fields. Please also remember to include a completed Form 3 for each controlled function, and to provide details of Board and management as part of the business plan (refer to Checklist and Appendix, as well as to Section AU-1.2 in Volume 4, CBB Rulebook).
1. Names of all (proposed) Directors of the applicant:
2. Name of proposed chief executive / general manager of the applicant:
3. Names of proposed Heads of function of the applicant:
4. Name(s) of proposed Compliance Officer / MLRO:
5. Names of proposed members of Sharia Supervisory Board (where applicable):
6. Names of any proposed Financial Instruments Trader(s), and investment consultant/adviser(s):

Form 1: Section VII – Financial Resources

Please complete all fields. Please remember to include detailed financial projections as part of the business plan (refer to Checklist and Appendix)
1. Detail below the proposed paid in and authorised share capital of the applicant, together with any form of capital and method of capitalisation. (refer to Module CA, and use a continuation sheet if necessary):
2. Detail the origin of the source(s) of funds used to capitalise the applicant (use a continuation sheet if necessary):
3. If part of the capital is to be raised through a private placement, please detail (i) who the likely investors will be; (ii) how many will be approached and in what manner; (iii) what is the likely distribution of capital following the placement; and (iv) what fees, commission or other expenses will be charged to investors. Please also include a draft copy of the private placement memorandum (refer to Checklist), and use a continuation sheet if necessary.

Form 1: Section VIII – Accounts

Please complete all fields. Please also remember to include required copies of previous years' audited financial statements (refer to Checklist).
1. When would the applicant, if licensed, produce its first set of audited accounts?
2. What financial year-end would the applicant, if licensed, operate to?
3. If the year-end specified in answer to (2) above is not 31 December, please provide a justification (use a continuation sheet if necessary):
4. Please specify the applicant's external auditors (actual or to be appointed – specify which):

Form 1: Appendix I – Business Plan Requirements

Business Plan Outline

Rule AU-5.1.5(c) requires a comprehensive business plan to be submitted as part of an application for a license. This document constitutes a key part of the application, since it represents one of the principal means by which the quality of an applicant – and hence its ability to meet the CBB's licensing conditions – can be assessed.

This Appendix provides additional Guidance to the required contents of a business plan, as specified in Rule AU-5.1.6. The following points should be regarded as non-exhaustive: if additional areas of information are relevant to a particular application, then they should also be included.

Background
A short history of the applicant, its shareholders and (where relevant) its group;

The reasons for applying for a license in Bahrain; together with a description of the legal entity structure of the group (where relevant), a brief summary of its key business lines and centres, and the location of its mind and management.

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 CBB's requirements; and
- Stress and scenario testing, showing the impact of different assumptions in terms of asset and revenue growth, profitability and capital adequacy.

Form 1: Appendix I – Business Plan Requirements (continued)

Business Plan Outline (continued)

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.

An organisation chart, showing all key functions, reporting lines and managerial positions.

A summary of proposed recruitment, remuneration and training policies.