



EDFIS/C/003/2012  
23<sup>rd</sup> February 2012

**The Compliance Officer**  
All Investment Firm Licensees  
Manama  
Kingdom of Bahrain

Dear Sir,

**CBB Rulebook: Volume 4 (Investment Business)**  
**January 2012 Update**

The January 2012 quarterly update to Volume 4 has now been incorporated in the website version of the Rulebook.<sup>1</sup>

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.

**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 January 2012**

The changes for January 2012 are listed in the attached table. Changes to Module HC are applicable as of 31<sup>st</sup> December 2011.

<sup>1</sup> Volume 4 can be accessed from [www.cbb.gov.bh](http://www.cbb.gov.bh) : from the Home page, select 'CBB Rulebooks' and then 'Volume 4'.

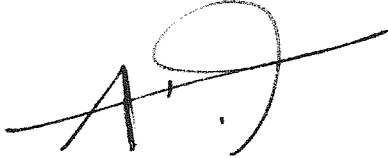
### **Payment of Annual License Fees**

All licensees are reminded that they must comply with the requirements of Section AU-6.2. The due date for the 2012 annual license fees is 30<sup>th</sup> April 2012. When submitting their payment, licensees should complete the Form ALF, included under Volume 4 (Investment Firms)/Part B/Reporting Forms available on the CBB Website which provides detailed instructions on how the payment of fees must be made.

### **Further Information**

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

Yours faithfully,



**Abdul Rahman Al Baker**

*Enclosure: Volume 4 Update Table.*

**CBB Rulebook (Volume Four) – January 2012 Update**

<b>PART A FOLDER</b>		
<b>Module Code</b>	<b>Module Title</b>	<b>Summary of Changes and Printing Instructions</b>
All Modules	N/A	<b>Print off the Table of Contents page for each Module and the Module History Section when changes have been made.</b>
ES	Executive Summary	<p>ES-1.6.1: Deleted reference to reporting accountants to be in line with October 2011 amendment.</p> <p>ES-1.6.3: Deleted reference to Module FC.</p> <p>ES-1.14: Deleted Section on Module GS (Group Supervision)</p> <p>ES-1.18: This Section was deleted as it is included in Chapter BC-3.</p> <p>ES-2.6: New Section added on transitional Rules for Section BC-3 dealing with customer complaints procedures.</p>
AU	Authorisation	<p>AU-1.1.14, AU-1.4.11A and AU-1.4.11B: Guidance in AU-1.1.14 amended and changed to Rule and moved to AU-1.4.11A and additional guidance added as AU-1.4.11B.</p> <p>AU-1.4.19 and AU-1.4.19A: Clarified Rule AU-1.4.19 and added guidance for Category 3 investment firms.</p> <p>AU-1.4.33: Added reference to Volume 5 (Administrators) and amended Rule.</p> <p>AU-2.2.2 and AU-2.2.3: Restructured and amended guidance into two Paragraphs, including one guidance and one Rule.</p> <p>AU-2.3.2: Clarified application of Rule for Category 1 and 2 investment firm licensees.</p> <p>AU-5.5.5: Clarified Rule.</p> <p>AU-6.2.9B: Guidance added to clarify the non application of annual fees for SPVs established for the purpose of setting up a locally domiciled CIU.</p>

Module Code	Module Title	Summary of Changes and Printing Instructions
HC	High-level Controls	<p>HC-B.2.2: Clarified language related to corporate governance.</p> <p>HC-1.2.5 and HC-1.6.3: Clarified that the chairman of the Board may delegate specific duties dealt with in these Paragraphs.</p> <p>HC-1.5.7 and HC-1.5.7A: Clarified rule and guidance on the chairman of the Board.</p> <p>HC-1.10.1: Deleted last sentence.</p> <p>HC-5.5.6: Amended Paragraph.</p> <p>Appendix B: Disclosure to shareholders amended.</p>
AA	Auditors and Accounting Standards	AA-3.3: Deleted Section on Compliance with Financial Crime Rules.
GR	General Requirements	GR-1.3.1: Added reference to reports from the compliance officer.
CA	Capital Adequacy	<p>CA-A.2.3: Corrected typo.</p> <p>CA-2.2.3: Corrected cross reference.</p>
BC	Business Conduct	<p>BC-3.2 and BC-3.3: Minor corrections to correct typos and clarify language.</p> <p>BC-3.3.9: Deleted Paragraph as it repeats what is in Paragraph BC-3.3.7.</p>
CL	Client Assets	CL-1.1.4(a): Amended as client asset protection rules not included in Glossary.
FC	Financial Crime	FC-3.3.5 and FC-3.3.6: Amended to reflect the addition of approved consultancy firm.
TC	Training & Competency	Appendix TC-1: Added core competencies for compliance officer.
BR	CBB Reporting	<p>BR-1.1.8: Clarified application of Rule to Category 1 and Category 2 investment firm licensees.</p> <p>BR-2.3.33: Added notification to be provided to the Financial Institutions Supervision Directorate.</p>

**CBB Rulebook (Volume Four) – January 2012 Update (continued)**

<b>PART B FOLDER</b>
<b>Glossary of Defined Terms</b>
<ul style="list-style-type: none"><li>• Amended appointed expert(s), collective investment undertaking(s) (CIU(s)) and independent director.</li></ul>