



# **REPRESENTATIVE OFFICES AUTHORISATION MODULE**



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<b>MODULE</b>	<b>AU: Authorisation</b>
<b>CHAPTER</b>	<b>AU-A: Introduction</b>

## AU-A.1 Purpose

### *Executive Summary*

AU-A.1.1 The Authorisation Module sets out the CBB's approach to licensing representative offices in the Kingdom of Bahrain. It also sets out CBB requirements for approving persons undertaking key function in those licensees.

AU-A.1.2 The person undertaking the function of Representative Office Manager ('Rep Manager') in relation to a representative office licensee requires prior CBB approval. This function is referred to as a 'controlled function'. The controlled function regime supplements the licensing regime by ensuring that this key person responsible of the representative office is fit and proper. This person authorised by the CBB to undertake a controlled function in a representative office licensee is called an approved person.

### *Retaining Authorised Status*

**AU-A.1.3** The requirements set out in Chapters AU-2 and AU-3 represent the minimum conditions that have to be met in each case, both at the point of authorisation and on an on-going basis thereafter, in order for authorised status to be retained.

### *Legal Basis*

**AU-A.1.4** This Module contains the Central Bank of Bahrain ('CBB') Directive, Regulations and Resolutions (as amended from time to time) regarding authorisation under Volume 5 of the CBB Rulebook. It is applicable to all representative offices (as well as to approved persons), and is issued under the powers available to the CBB under Articles 37 to 42, 44 to 48 and 180 of the Central Bank of Bahrain and Financial Institutions Law 2006 ('CBB Law'). Representative office licensees must also comply with Resolution No. 1 of the year 2007 'new license fees system' (as amended from time to time). The Module contains requirements under Resolution No.(16) for the year 2012 including the prohibition of marketing financial services pursuant to Article 42 of the CBB Law. The Module also contains requirements governing the conditions of granting a license for the provision of regulated services as prescribed under Resolution No (43) of 2011 and issued under the powers available to the CBB under Article 44(c). This Module contains the prior approval requirements for approved persons under Resolution No (23) of 2015.

AU-A.1.5 For an explanation of the CBB's rule-making powers and different regulatory instruments, see Section UG-1.1.



<b>MODULE</b>	<b>AU: Authorisation</b>
<b>CHAPTER</b>	<b>AU-A: Introduction</b>

## AU-A.2 Module History

### *Evolution of Module*

AU-A.2.1 This Module was first issued in December 2010, as part of Volume 5 (Specialised licensees). Any material changes that have subsequently been made to this Module are annotated with the calendar quarter date in which the change was made: Chapter UG-3 provides further details on Rulebook maintenance and version control.

AU-A.2.2 A list of recent changes made to this Module is provided below:

Module Ref.	Change Date	Description of Changes
AU-A.1.4	01/2013	Updated legal basis.
AU-1.1	01/2013	References added to requirements under Resolution No.(16) for the year 2012.
AU-4.4.4	01/2013	Corrected cross reference to CBB Law.
AU-5.2	07/2013	Amended due date and collection process for annual license fee.
AU-A.1.4	07/2015	Legal basis updated to reflect Resolution No (43) of 2011 and Resolution No (23) of 2015.
AU-4.2	07/2015	Amended to be in line with Resolution No (23) of 2015 on Prior Approval Requirements for Approved Persons.
AU-3	01/2016	Amended to be in line with Resolution No (23) of 2015 on Prior Approval Requirements for Approved Persons.
AU-4.2	01/2016	Minor amendments to be aligned with other Volumes of the Rulebook.
<b>AU-4.5</b>	<b>07/2017</b>	<b>Added new Section on Publication of the Decision to Grant, Cancel or Amend a License.</b>

### *Superseded Requirements*

AU-A.2.3 This Module supersedes the following provisions contained in circulars or other regulatory instruments:

Document reference	Module Ref.	Document Subject
Standard Conditions and Licensing Criteria for a representative office licensees	AU-2	Scope of license and licensing conditions.
Circular EDFIS/C/011/2007	AU-5	CBB's New License Fees System
Circular BC/11/98 27/7/98	AU-3	Appointment and suitability of Directors and senior managers ("fit and proper").

AU-A.2.4 Further guidance on the implementation and transition to Volume 5 (Specialised Licensees) is given in Module ES (Executive Summary).



<b>MODULE</b>	<b>AU:</b>	<b>Authorisation</b>
<b>CHAPTER</b>	<b>AU-B:</b>	<b>Scope of Application</b>

## AU-B.1 Scope

AU-B.1.1 The Authorisation requirements in Chapter AU-1 are specifically applicable to financial institutions in highly reputable jurisdictions acceptable to the CBB. In addition, those applying for authorisation are also required to comply with the relevant requirements and procedures contained in this Module.

AU-B.1.2 Two types of authorisation are prescribed:

- (a) Any financial institution seeking to operate as a representative office within or from the Kingdom of Bahrain must hold the appropriate CBB license (see AU-1.1); and
- (b) Natural persons wishing to perform a controlled function in a representative office licensee also require prior CBB approval, as an approved person (see AU-1.2).

AU-B.1.3 Because of the general applicability of many of the requirements contained in this Module, they are supported by way of a Regulation (see Section UG-1.1 for an explanation of the CBB's rule-making powers and different regulatory instruments).



<b>MODULE</b>	<b>AU: Authorisation</b>
<b>CHAPTER</b>	<b>AU-B: Scope of Application</b>

## AU-B.2 Licensees and Approved Person

AU-B.2.1 Various requirements in Chapters AU-2 to AU-4 inclusive also apply to persons once they have been authorised by the CBB (whether as licensees or approved person).

AU-B.2.2 Chapter AU-2 applies to representative office licensees (not just applicants), since licensing conditions have to be met on a continuous basis by licensees. Similarly, Chapter AU-3 applies to the approved person on a continuous basis; it also applies to representative office licensees seeking an approved person authorisation. Chapter AU-4 contains requirements applicable to licensees, with respect to their permitted activities, as well as to licensees and approved person, with respect to the amendment or cancellation of their authorised status. Finally, Section AU-5.2 imposes annual fees on licensees.



<b>MODULE</b>	<b>AU: Authorisation</b>
<b>CHAPTER</b>	<b>AU-1: Authorisation Requirements</b>

## AU-1.1 Licensing

### AU-1.1.1

No person may:

- (a) Operate as a representative office within or from the Kingdom of Bahrain unless duly licensed by the CBB;
- (b) Hold themselves out to be licensed by the CBB unless they have as a matter of fact been so licensed; or
- (c) Market any financial services in the Kingdom of Bahrain unless:
  - (i) Allowed to do by the terms of a license issued by the CBB;
  - (ii) The activities come within the terms of an exemption granted by the CBB by way of a Directive; or
  - (iii) Has obtained the express written permission of the CBB to offer financial services.

### AU-1.1.2

For the purposes of Rule AU-1.1.1(a), please refer to Section AU-1.3 for the definition of 'regulated representative office services'. Such activities will be deemed to be undertaken within or from the Kingdom of Bahrain if, for example, the person concerned:

- (a) Uses an address situated in the Kingdom of Bahrain for its correspondence; or
- (b) Directly contacts clients, who are resident within the Kingdom of Bahrain.

### AU-1.1.2A

In accordance with Resolution No.(16) for the year 2012 and for the purpose of Subparagraph AU-1.1.1(c), the word 'market' refers to any promotion, offering, announcement, advertising, broadcast or any other means of communication made for the purpose of inducing recipients to purchase or otherwise acquire financial services in return for monetary payment or some other form of valuable consideration.

### AU-1.1.2B

Persons in breach of Subparagraph AU-1.1.1(c) are considered in breach of Resolution No.(16) for the year 2012 and are subject to penalties under Articles 129 and 161 of the CBB Law (see also Section EN-9.3).

### AU-1.1.3

Financial institutions wishing to be licensed as a representative office to undertake regulated representative office services within or from the Kingdom of Bahrain must apply in writing to the CBB.

### AU-1.1.4

An application for a license must be in the form prescribed by the CBB and must contain, inter alia:

- (a) Form 1 Application for a representative office license; and
- (b) Form 3 Application for Approved Person Status for the controlled function.



<b>MODULE</b>	<b>AU: Authorisation</b>
<b>CHAPTER</b>	<b>AU-1: Authorisation Requirements</b>

## AU-1.1 Licensing (continued)

AU-1.1.5 The CBB will review the application and duly advise the applicant in writing when it has:

- (a) Granted the application without conditions;
- (b) Granted the application subject to conditions specified by the CBB; or
- (c) Refused the application, stating the grounds on which the application has been refused and the process for appealing against that decision.

AU-1.1.6 Detailed rules and guidance regarding information requirements and processes for licenses can be found in Section AU-4.1. As specified in Paragraph AU-4.1.12, the CBB will provide a formal decision on a license application within 60 calendar days of all required documentation having been submitted in a form acceptable to the CBB.

### AU-1.1.7

**All applicants seeking a representative office license must satisfy the CBB that they meet, by the date of authorisation, the minimum criteria for licensing, as contained in Chapter AU-2. Once licensed, licensees must maintain these criteria on an on-going basis.**





<b>MODULE</b>	<b>AU: Authorisation</b>
<b>CHAPTER</b>	<b>AU-1: Authorisation Requirements</b>

## AU-1.1 Licensing (continued)

### *Vetting of a Name*

#### AU-1.1.8

Representative offices must seek prior written approval from the CBB for their corporate name or changes then; the name of the foreign financial institution (Head Office) must only be used by the representative office in conjunction with the description “representative office”. This may include the office sign, letterheads, advertising material and business cards (See also GR-2.1).

### *Suitability*

#### AU-1.1.9

Those seeking authorisation must satisfy the CBB as to their suitability to carry out the regulated representative office services for which they are seeking authorisation.

AU-1.1.10 In assessing applications for a license, the CBB will assess whether an applicant satisfies the licensing conditions (as specified in Chapter AU-2) with respect to the regulated representative office services that the applicant proposes undertaking.

AU-1.1.11 In addition to the licensing conditions specified in Chapter AU-2 the CBB, in considering an application shall also take into consideration the following:

- (a) The reputation and financial standing (including financial standing on a consolidated basis) of the applicant,
- (b) The consolidated supervisory arrangements, if any, for the applicant in any other jurisdiction and the opinion of the relevant supervisory authority therefore,
- (c) The previous 3 years track-record, as a minimum, of the applicant, its owners and management, both as regards probity and in relation to the activities to be undertaken, and
- (d) The suitability of the proposal and the effect on the financial sector in Bahrain of the applicant being granted a license.



<b>MODULE</b>	<b>AU: Authorisation</b>
<b>CHAPTER</b>	<b>AU-1: Authorisation Requirements</b>

## AU-1.2 Approved Person

### *General Requirement*

#### AU-1.2.1

Representative office licensees must appoint a person to undertake the function of representative office manager “Rep Manager”. As mentioned in Paragraph AU-A.1.2, a person wishing to undertake a controlled function in a representative office licensee must be approved by the CBB prior to his/her appointment. Controlled function means in this case the Rep Manager. In the case of representative office licensees, the Rep Manager is considered the approved person.

### *Basis for Approval*

#### AU-1.2.2

Approval under Paragraph AU-1.2.1 is only granted by the CBB, if it is satisfied that the person is fit and proper to hold the particular position in the licensee concerned. ‘Fit and proper’ is determined by the CBB on a case-by-case basis. The definition of ‘fit and proper’ and associated guidance is provided in Sections AU-3.1 and AU-3.2 respectively.

### *Definitions*

#### AU-1.2.3

The representative office manager (or “Rep Manager”) means a person who is responsible for the conduct of the licensee (regardless of actual title). The Rep Manager must be resident in Bahrain.



MODULE	AU: Authorisation
CHAPTER	AU-1: Authorisation Requirements

### AU-1.3 Definition of Regulated Representative Office Services

#### AU-1.3.1

Representative office licensees may undertake the following regulated representative office services:

- (a) Conducting research and surveys for its parent company/head office on local Bahrain economy and international market;
- (b) Liaising with customers on behalf of the head office, parent company or wholly owned subsidiary as approved by the CBB;
- (c) Providing factual information, data and promotional material relating to the head office's products and services to customers; and
- (d) Responding to general inquiries related to the head office.

#### AU-1.3.2

General Prohibitions:

- (a) Representative office licensees may only undertake the regulated representative office services defined in AU-1.3.1 above. Representative office licensees must not undertake any other regulated financial services as set out in Regulation 1 of 2007;
- (b) The representative office must not engage directly or on behalf of the head office in any financial transactions or business activities for profit inside Bahrain, except transactions which are necessary for and incidental to the maintenance of the representative office in Bahrain; and
- (c) Any staff of the representative office must not also be an employee or director with day-to-day responsibilities of any financial institution operating in Bahrain. The representative office must not represent any institution other than its head office or parent company.



MODULE	AU: Authorisation
CHAPTER	AU-2: Licensing Conditions

## AU-2.1 Condition 1: Legal Status

### AU-2.1.1

Representative office licensee must be established in the form of a Representative office in accordance with the Bahrain Commercial Companies Law of 2001.



MODULE	AU: Authorisation
CHAPTER	AU-2: Licensing Conditions

## AU-2.2 Condition 2: Mind and Management

### AU-2.2.1

Representative office licensees must maintain a resident Rep Manager and premises in the Kingdom appropriate to the nature and scale of their permitted activities.



<b>MODULE</b>	<b>AU: Authorisation</b>
<b>CHAPTER</b>	<b>AU-2: Licensing Conditions</b>

### AU-2.3 Condition 3: Controller

#### AU-2.3.1

The head office or parent company is legally responsible for the representative office in Bahrain. The head office or parent company is considered a controller in this case; therefore it must fill in the information related to the head office in the Application Form “Form 1”.

#### AU-2.3.2

In all cases, when judging applications from existing groups, the CBB will have regard to the reputation and financial standing of the group as a whole. Where relevant, the CBB will also take into account the extent and quality of supervision applied to overseas members of the group and take into account any information provided by other supervisors in relation to any member of the group.



<b>MODULE</b>	<b>AU:</b>	<b>Authorisation</b>
<b>CHAPTER</b>	<b>AU-2:</b>	<b>Licensing Conditions</b>

## AU-2.4 Condition 4: Approved Person

**AU-2.4.1** The resident Rep Manager nominated to carry out the controlled function in a representative office licensee must satisfy CBB's approved person's requirements.

AU-2.4.2 The definition of controlled function is contained in AU-1.2.1, whilst AU-3 sets out CBB's approved person requirements. Applications for approved person status must be submitted using the prescribed Form 3 Application for Approved Person Status.



MODULE	AU: Authorisation
CHAPTER	AU-2: Licensing Conditions

## AU-2.5 Condition 5: Financial Resources

**AU-2.5.1** Representative office licensees must maintain a level of financial resources, as agreed with the CBB, adequate for meeting their expenses.

**AU-2.5.2** Representative office licensees must provide written confirmation from their head office that the head office will provide financial support to the representative office sufficient to enable it to meet its obligations as and when they fall due.





MODULE	AU: Authorisation
CHAPTER	AU-2: Licensing Conditions

## AU-2.6 Condition 6: Other Requirements

### *Books and Records*

**AU-2.6.1** Representative office licensees must comply with the minimum record-keeping requirements contained in Module GR and FC.

### *Provision of Information*

**AU-2.6.2** Representative office licensees must act in an open and cooperative manner with the CBB. Representative office licensees must meet the regular reporting requirements contained in Module GR.

### *General Conduct*

**AU-2.6.3** Representative office licensees must conduct their permitted activities in a professional and orderly manner. Representative office licensees must comply with the general standards of business conduct contained in Module PB.

### *License Fees*

**AU-2.6.4** Representative office licensees must comply with Resolution No. 1 for the year 2007 (as amended from time to time), with regards to the license fee requirements applied by the CBB.

AU-2.6.5 License fee requirements are contained in Chapter AU-5.

### *Additional Conditions*

**AU-2.6.6** Representative office licensees must comply with any other specific requirements or restrictions imposed by the CBB on the scope of their license.



MODULE	AU: Authorisation
CHAPTER	AU-3: Approved Person Conditions

## AU-3.1 Condition 1: 'Fit and Proper'

### AU-3.1.1

Licensees seeking an approved person authorisation for an individual, must satisfy the CBB that the individual concerned is 'fit and proper' to undertake the controlled function in question. In the case of representative office licensees, the Rep Manager is considered a controlled function.

### AU-3.1.2

The authorisation requirement for the person nominated to carry out the controlled function is contained in Section AU-1.2. The authorisation process is described in Section AU-4.2.

### AU-3.1.3

Each applicant applying for approved person status and those individuals occupying approved person positions must comply with the following conditions:

- (a) Has not previously been convicted of any felony or crime that relates to his/her honesty and/or integrity unless he/she has subsequently been restored to good standing;
- (b) Has not been the subject of any adverse finding in a civil action by any court or competent jurisdiction, relating to fraud;
- (c) Has not been adjudged bankrupt by a court unless a period of 10 years has passed, during which the person has been able to meet all his/her obligations and has achieved economic accomplishments;
- (d) Has not been disqualified by a court, regulator or other competent body, as a director or as a manager of a corporation;
- (e) Has not failed to satisfy a judgement debt under a court order resulting from a business relationship;
- (f) Must have personal integrity, good conduct and reputation;
- (g) Has appropriate professional and other qualifications for the controlled function in question; and
- (h) Has sufficient experience to perform the duties of the controlled function.



<b>MODULE</b>	<b>AU: Authorisation</b>
<b>CHAPTER</b>	<b>AU-3: Approved Person Conditions</b>

### AU-3.1 Condition 1: 'Fit and Proper' (continued)

AU-3.1.4 In assessing the conditions prescribed in Rule AU-3.1.3, the CBB will take into account the criteria contained in Paragraph AU-3.1.5. The CBB reviews each application on a case-by-case basis, taking into account all relevant circumstances. A person may be considered 'fit and proper' to undertake one type of controlled function but not another, depending on the function's job size and required levels of experience and expertise.

AU-3.1.5 In assessing a person's fitness and propriety, the CBB will also consider previous professional and personal conduct (in Bahrain or elsewhere) including, but not limited to, the following:

- (a) The propriety of a person's conduct, whether or not such conduct resulted in a criminal offence being committed, the contravention of a law or regulation, or the institution of legal or disciplinary proceedings;
- (b) A conviction or finding of guilt in respect of any offence, other than a minor traffic offence, by any court or competent jurisdiction;
- (c) Any adverse finding in a civil action by any court or competent jurisdiction, relating to misfeasance or other misconduct in connection with the formation or management of a corporation or partnership;
- (d) Whether the person, or any body corporate, partnership or unincorporated institution to which the applicant has, or has been associated with as a director, controller, manager or company secretary been the subject of any disciplinary proceeding, investigation or fines by any government authority, regulatory agency or professional body or association;
- (e) The contravention of any financial services legislation;
- (f) Whether the person has ever been refused a license, authorisation, registration or other authority;
- (g) Dismissal or a request to resign from any office or employment;
- (h) Whether the person has been a Director, partner or manager of a corporation or partnership which has gone into liquidation or administration or where one or more partners have been declared bankrupt whilst the person was connected with that partnership;
- (i) The extent to which the person has been truthful and open with supervisors; and
- (j) Whether the person has ever entered into any arrangement with creditors in relation to the inability to pay due debts.

AU-3.1.6 With respect to Paragraph AU-3.1.5, the CBB will take into account the length of time since any such event occurred, as well as the seriousness of the matter in question.



<b>MODULE</b>	<b>AU: Authorisation</b>
<b>CHAPTER</b>	<b>AU-3: Approved Person Conditions</b>

### AU-3.1 Condition 1: 'Fit and Proper' (continued)

**AU-3.1.7** Approved persons undertaking a controlled function must act prudently, and with honesty, integrity, care, skill and due diligence in the performance of their duties. They must avoid conflicts of interest arising whilst undertaking a controlled function.

AU-3.1.8 In determining where there may be a conflict of interest arising, factors that may be considered will include whether:

- (a) A person has breached any fiduciary obligations to the company or terms of employment;
- (b) A person has undertaken actions that would be difficult to defend, when looked at objectively, as being in the interest of the licensee; and
- (c) A person has failed to declare a personal interest that has a material impact in terms of the person's relationship with the licensee.

AU-3.1.9 Further guidance on the process for assessing a person's 'fit and proper' status is given in Module EN (Enforcement): see Chapter EN-8.



<b>MODULE</b>	<b>AU: Authorisation</b>
<b>CHAPTER</b>	<b>AU-3: Approved Persons Conditions</b>

**AU-3.2 [This Section was deleted in January 2016]**

AU-3.2.1 [This Paragraph was deleted in January 2016.]

AU-3.2.2 [This Paragraph was deleted in January 2016.]

AU-3.2.3 [This Paragraph was moved to Paragraph AU-3.1.9 in January 2016.]



<b>MODULE</b>	<b>AU: Authorisation</b>
<b>CHAPTER</b>	<b>AU-4: Information Requirements and Processes</b>

## AU-4.1 Licensing

### *Application Form and Documents*

#### AU-4.1.1

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 marked for the attention of the Director, Licensing and Policy Directorate. The application must be accompanied by the documents listed in Rule AU-4.1.4, unless otherwise directed by the CBB.

#### AU-4.1.2

Articles 44 to 47 of the CBB Law govern the licensing process. This prescribes a single stage process, with the CBB required to take a decision within 60 calendar days of an application being deemed complete (i.e. containing all required information and documents). See below, for further details on the licensing process and time-lines.

#### AU-4.1.3

References to applicant mean the proposed licensee seeking authorisation. An applicant may appoint a representative – such as a law firm or professional consultancy – to prepare and submit the application. However, the applicant retains full responsibility for the accuracy and completeness of the application, and is required to certify the application form accordingly. The CBB also expects to be able to liaise directly with the applicant during the authorisation process, when seeking clarification of any issues.

#### AU-4.1.4

Unless otherwise directed by the CBB, the following documents must be provided in support of a Form 1:

- (a) A duly completed Form 3 (Application for Approved Person status), for the individual proposed to undertake the controlled function (as defined in Rule AU-1.2.1) in the proposed licensee;
- (b) The detailed application information, addressing the matters described in Paragraph AU-4.1.5;
- (c) A copy of the company's current commercial registration or equivalent documentation;
- (d) A certified copy of a Board resolution of the applicant, confirming its decision to seek a CBB representative office license;
- (e) A letter of non-objection to the proposed license application from the applicant's home supervisor, together with confirmation that the group is in good regulatory standing and is in compliance with applicable supervisory requirements, including those relating to capital requirements;
- (f) A copy of the certificate of license issued by the Regulated Authority of the head office/parent company; and
- (g) Copies of the audited financial statements of the applicant (head office) for the three years immediately prior to the date of application.



MODULE	AU:	Authorisation
CHAPTER	AU-4:	Information Requirements and Processes

## AU-4.1 Licensing (continued)

### *Application Form and Documents (continued)*

- AU-4.1.5** The Detailed Application Information submitted in support of an application must explain:
- An outline of the history of the applicant and its shareholders;
  - The reasons for applying for a license, including the applicant's strategy and market objectives;
  - The proposed type of activities to be carried on by the applicant in/from the Kingdom of Bahrain and an indication of the number of personnel to be assigned to the office;
  - The name and position of the officer in the applicant's head office to whom the representative office manager will report and an outline of how the activities of the representative office are to be monitored to ensure that the CBB conditions are met on an on going basis; and
  - Details of ownership of the applicant's head office in financial institutions located in Bahrain and an outline of the nature of the business carried on by those institutions.

**AU-4.1.6** All documentation provided to the CBB as part of an application for a license 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.

**AU-4.1.7** Any material changes or proposed changes to the information provided to the CBB in support of an authorisation application that occurs prior to authorisation must be reported to the CBB.

AU-4.1.8 Failure to inform the CBB of the changes specified in Rule AU-4.1.7 is likely to be viewed as a failure to provide full and open disclosure of information, and thus a failure to meet licensing condition Rule AU-2.7.2.

### *Licensing Process and Timelines*

AU-4.1.9 By law, the 60-day time limit referred to in Paragraph AU-4.1.2 only applies once the application is complete and all required information (which may include any clarifications requested by the CBB) and documents have been provided. This means that all the items specified in Rule AU-4.1.4 have to be provided, before the CBB may issue a license.



<b>MODULE</b>	<b>AU: Authorisation</b>
<b>CHAPTER</b>	<b>AU-4: Information Requirements and Processes</b>

## AU-4.1 Licensing (continued)

### *Licensing Process and Timelines (continued)*

AU-4.1.10 All potential applicants are strongly encouraged to contact the CBB at an early stage to discuss their plans, for guidance on the CBB's license categories and associated requirements. The Licensing & Policy Directorate would normally expect to hold at least one pre-application meeting with an applicant, prior to receiving an application (either in draft or in final).

AU-4.1.11 Potential applicants should initiate pre-application meetings in writing, setting out a short summary of their proposed business and any issues or questions that they may have already identified, once they have a clear business proposition in mind and have undertaken their preliminary research. The CBB can then guide the applicant on the specific areas in the Rulebook that will apply to them and the relevant requirements that they must address in their application.

**AU-4.1.12** At no point should an applicant hold themselves out as having been licensed by the CBB, prior to receiving formal written notification of the fact in accordance with Rule AU-4.1.13 below. Failure to do so may constitute grounds for refusing an application and result in a contravention of Articles 40 and 41 of the CBB Law (which carries a maximum penalty of BD 1 million).

### *Granting or Refusal of License*

**AU-4.1.13** To be granted a license, an applicant must demonstrate compliance with the applicable requirements of the CBB Law and this Module. Should a license be granted, the CBB will notify the applicant in writing of the fact; the CBB will also publish its decision to grant a license in the Official Gazette and in two local newspapers (one published in Arabic, the other in English). The license may be subject to such terms and conditions as the CBB deems necessary for the additional conditions being met.

**AU-4.1.14** The CBB may refuse to grant a license if in its opinion:

- (a) The requirements of the CBB Law or this Module are not met;
- (b) False or misleading information has been provided to the CBB, or information which should have been provided to the CBB has not been so provided; or
- (c) The CBB believes it necessary in order to safeguard the interests of potential customers.





<b>MODULE</b>	<b>AU: Authorisation</b>
<b>CHAPTER</b>	<b>AU-4: Information Requirements and Processes</b>

## AU-4.1 Licensing (continued)

### *Granting or Refusal of License (continued)*

**AU-4.1.15** Where the CBB proposes to refuse an application for a license, it must give the applicant written notice to that effect. Applicants will be given a minimum of 30 calendar days from the date of the written notice to appeal the decision, as per the appeal procedures specified in the notice; these procedures will comply with the provisions contained in Article 46 of the CBB Law.

### *Starting Operations*

**AU-4.1.16** Within 6 months of the license being issued, the new licensee must provide to the CBB (if not previously submitted):

- The registered office address and details of premises to be used to carry out the activities of the proposed licensee;
- The address in the Kingdom of Bahrain where full business records will be kept;
- The licensee's contact details including telephone and fax number, e-mail address and website;
- A copy of the licensee's business card and correspondence material including letterhead, website, email indicating that the licensee is licensed by the CBB;
- A copy of the Ministry of Industry and Commerce commercial registration certificate in Arabic and in English; and
- Any other information as may be specified by the CBB.

**AU-4.1.17** New licensees must start their operations within 6 months of being granted a license by the CBB, failing which the CBB may cancel the license, as per the powers and procedures set out in Article 48 of the CBB Law.

AU-4.1.18 The procedures for amending or cancelling licenses are contained in Sections AU-4.3 and AU-4.4 respectively.



MODULE	AU: Authorisation
CHAPTER	AU-4: Information Requirements and Processes

## AU-4.2 Approved Person

### *Prior Approval Requirements and Process*

#### AU-4.2.1

Representative office licensees must obtain CBB's prior written approval before a person is formally appointed to a controlled function. The request for CBB approval must be made by submitting to the CBB a duly completed Form 3 (Application for Approved Person status) and Curriculum Vitae after verifying that all the information contained in the Form 3, including previous experience, is accurate. Form 3 is available under Volume 5 Part B Authorisation Forms of the CBB Rulebook.

#### AU-4.2.2

When the request for approved person status forms part of a license application, the Form 3 must be marked for the attention of the Director, Licensing and Policy Directorate. When the submission to undertake a controlled function is in relation to an existing licensee, the Form 3 must be marked for the attention of the concerned Supervision Director.

#### AU-4.2.2A

When submitting the Forms 3, licensees must ensure that the Form 3 is:

- (a) Submitted to the CBB with a covering letter signed by an authorised representative of the administrator licensee, seeking approval for the proposed controlled function;
- (b) Submitted in original form;
- (c) Submitted with a certified copy of the applicant's passport, original or certified copies of educational and professional qualification certificates (and translation if not in Arabic or English) and the Curriculum Vitae; and
- (d) Is signed by an authorised representative of the licensee and all pages stamped with the licensee's seal.

AU-4.2.3 [This Paragraph was deleted in July 2015.]



<b>MODULE</b>	<b>AU:</b>	<b>Authorisation</b>
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## AU-4.2 Approved Person (continued)

### *Assessment of Application*

AU-4.2.3A The CBB shall review and assess the application for approved person status to ensure that it satisfies all the conditions required in Paragraph AU-3.1.3 and the criteria outlined in Paragraph AU-3.1.5.

AU-4.2.3B For purposes of Paragraph AU-4.2.3A, licensees should give the CBB a reasonable amount of notice in order for an application to be reviewed. The CBB shall respond within 15 business days from the date of meeting all regulatory requirements, including but not limited to, receiving the application complete with all the required information and documents, as well as verifying references.

AU-4.2.3C The CBB reserves the right to refuse an application for approved person status if it does not satisfy the conditions provided for in Paragraph AU-3.1.3 and the criteria outlined in Paragraph AU-3.1.5. A notice of such refusal is issued by registered mail to the licensee concerned, setting out the basis for the decision.

AU-4.2.4 [This Paragraph was deleted in January 2016.]

### *Appeal Process*

AU-4.2.4A Licensees or the nominated approved persons may, within 30 calendar days of the notification, appeal against the CBB's decision to refuse the application for approved person status. The CBB shall decide on the appeal and notify the licensee of its decision within 30 calendar days from submitting the appeal.

AU-4.2.4B Where notification of the CBB's decision to grant a person approved person status is not issued within 15 business days from the date of meeting all regulatory requirements, including but not limited to, receiving the application complete with all the required information and documents, licensees or the nominated approved persons may appeal to the concerned Executive Director of the CBB provided that the appeal is justified with supporting documents. The CBB shall decide on the appeal and notify the licensee of its decision within 30 calendar days from the date of submitting the appeal.



MODULE	AU:	Authorisation
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## AU-4.2 Approved Person (continued)

### *Notification Requirements and Process*

#### AU-4.2.5

Representative office licensees must immediately notify the CBB when an approved person ceases to hold a controlled function together with an explanation as to the reasons why (see Paragraph AU-4.2.6). In such cases, their approved person status is automatically withdrawn by the CBB.

#### AU-4.2.6

Representative office licensees must promptly notify the CBB in writing when a person undertaking a controlled function will no longer be carrying out that function. If a controlled function falls vacant, the representative office licensee must appoint a permanent replacement (after obtaining CBB approval), within 120 calendar days of the vacancy occurring. Pending the appointment of a permanent replacement, the representative office licensee must make immediate interim arrangements to ensure continuity of the duties and responsibilities of the controlled function affected. These interim arrangements must be approved by the CBB.

#### AU-4.2.7

The explanation given for any such changes should simply identify if the planned move was prompted by any concerns over the person concerned, or is due to a routine staff change, retirement or similar reason.



<b>MODULE</b>	<b>AU: Authorisation</b>
<b>CHAPTER</b>	<b>AU-4: Information Requirements and Processes</b>

## AU-4.3 Amendment of Authorisation

### *Licenses*

#### AU-4.3.1

**Representative office licensees wishing to change their license must obtain the CBB's written approval, before effecting any such change.**

#### AU-4.3.2

Failure to secure the CBB approval prior to effecting such changes is likely to be viewed as a serious breach of a licensee's regulatory obligations, and may constitute a breach of Article 40(a), as well as Article 50(a), of the CBB Law.



<b>MODULE</b>	<b>AU: Authorisation</b>
<b>CHAPTER</b>	<b>AU-4: Information Requirements and Processes</b>

## AU-4.4 Cancellation of Authorisation

### *Cancellation of License*

**AU-4.4.1** Representative office licensees wishing to cancel their license must obtain the CBB's written approval, before ceasing their activities. All such requests must be made in writing to the respective Supervision Director, at the CBB, setting out in full the reasons for the request and how the business is to be wound up.

**AU-4.4.2** Representative office licensees must satisfy the CBB that their head office customers' interests are to be safeguarded during and after the proposed cancellation. The requirements contained in Module GR regarding cessation of business must be satisfied.

AU-4.4.3 Failure to comply with Rule AU-4.4.1 may constitute a breach of Article 50(a) of the CBB Law. The CBB will only approve such a request where it has no outstanding regulatory concerns and any relevant customer interests would not be prejudiced. A voluntary surrender of a license will not be accepted where it is aimed at pre-empting supervisory actions by the CBB. A voluntary surrender will only be allowed to take effect once the licensee, in the opinion of the CBB, has discharged all its regulatory responsibilities to customers.

AU-4.4.4 As provided for under Article 48(c) of the CBB Law, the CBB may itself move to cancel a license, for instance if a licensee fails to satisfy any of its existing license conditions or protecting the legitimate interests of customers or creditors of the licensee requires a cancellation. See also Chapter EN-7, regarding the cancellation or amendment of licenses, including the procedures used in such instances.

### *Cancellation of Approved Person Status*

AU-4.4.5 The CBB may also move to declare someone as not 'fit and proper', in response to significant compliance failures or other improper behaviour by that person: see Chapter EN-8 regarding the cancellation of 'fit and proper' approval.



<b>MODULE</b>	<b>AU: Authorisation</b>
<b>CHAPTER</b>	<b>AU-4: Information Requirements and Processes</b>

#### **AU-4.5 Publication of the Decision to Grant, Cancel or Amend a License**

**AU-4.5.1** In accordance with Articles 47 and 49 of the CBB Law, the CBB must publish its decision to grant, cancel or amend a license in the Official Gazette and in two local newspapers, one in Arabic and the other in English.

**AU-4.5.2** For the purposes of Paragraph AU-4.5.1, the cost of publication must be borne by the Licensee.

**AU-4.5.3** The CBB may also publish its decision on such cancellation or amendment using any other means it considers appropriate, including electronic means.



<b>MODULE</b>	<b>AU: Authorisation</b>
<b>CHAPTER</b>	<b>AU-5: License Fees</b>

## AU-5.1 License Application Fees

**AU-5.1.1** Applicants seeking a representative office license from the CBB must pay a non-refundable license application fee of BD 100 at the time of submitting their formal application to the CBB.

AU-5.1.2 There are no application fees for those seeking approved person status.





<b>MODULE</b>	<b>AU: Authorisation</b>
<b>CHAPTER</b>	<b>AU-5: License Fees</b>

## AU-5.2 Annual License Fees

**AU-5.2.1** Representative office licensees must pay a fixed annual license fee of BD3,000 to the CBB, on 1<sup>st</sup> December of the preceding year for which the fees are due.

**AU-5.2.2** [This Paragraph was deleted in July 2013].

**AU-5.2.3** [This Paragraph was deleted in July 2013].

**AU-5.2.3A** All licensees are subject to direct debit for the payment of the annual fee and must complete and submit to the CBB a Direct Debit Authorisation Form by 15<sup>th</sup> September available under Part B of Volume 5 (Specialised Licensees) CBB Rulebook on the CBB Website.

**AU-5.2.4** For new representative office licensees, their first annual license fee is payable when their license is issued by the CBB. The annual fee due in relation to the first year in which the license has been granted, shall be BD3,000.

AU-5.2.5 Where a license is cancelled (whether at the initiative of the firm or the CBB), no refund is paid for any months remaining in the calendar year in question, should a fee have been paid for that year.

AU-5.2.6 Licensees failing to comply with this Section may be subject to financial penalties for date sensitive requirements as outlined in Section EN-5.3A or may have their licenses withdrawn by the CBB.