



EDFIS/C/016/2013
10th April 2013

The CEO/General Manager
All Listed Companies
Self-Regulatory Organisations (SRO)
SRO Members
Legal Firms
Auditing Firms
Manama
Kingdom of Bahrain

Dear Sir,

CBB Rulebook, Volume 6 (Capital Markets):
April 2013 Quarterly Update

This letter summarises the changes being made to Volume 6 (Capital Markets) of the CBB Rulebook. These changes will shortly be posted on the CBB website, at which point they will have immediate effect.¹

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 6, however minor, are highlighted. The searchable version of the Rulebook, in addition, allows users to list changes and compare different versions of the Rulebook.

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.

¹ Volume 6 can be accessed from www.cbb.gov.bh : from the Home page, select 'CBB Rulebooks' and then 'Volume 6'.

Changes for April 2013

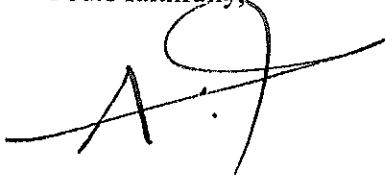
The changes for April 2013 are listed in the attached table.

Any changes are communicated to Rulebook users as well as posted on the CBB website.

Further information

Should you have any queries regarding these updates, you may contact the CBB Rulebook team at (rulebook@cbb.gov.bh) or the Director of the Capital Markets Supervision (CMS) Directorate, Mr. Ali Salman Thamer (on 17547909, or via email at: ali@cbb.gov.bh).

Yours faithfully,



Abdul Rahman Al Baker

Enclosure: April 2013 quarterly update table

CBB Rulebook (Volume 6) – April 2013 Quarterly Update

Summary of Changes and Printing Instructions for Hard Copy Users

N.B. All changes to the previous text of the items listed below are highlighted in colour in the PDF versions of Volume 6 posted on the CBB website, to aid users. The searchable version of the Rulebook also allows users to list changes and to compare different versions of the Rulebook.

| PART A FOLDER | | |
|----------------------|-------------------------------------|---|
| Module Code | Module Title | Summary of Changes |
| UG | User's Guide | <p>UG-A.1 and UG-2.1: Various amendments to update evolution of CBB Rulebook.</p> <p>UG-1.1.3: Updated reference to membership rules of exchanges.</p> <p>UG-3.2 and Annex: Amended as CCB Rulebook only now available on CBB Website.</p> |
| MAE | Markets and Exchanges | <p>MAE-1.1.4 to MAE-1.1.6: References added to requirements under Resolution No.(16) for the year 2012.</p> <p>MAE-1.2.4: Updated name change for Form 3.</p> <p>MAE-1.9.1 and MAE-1.9.1A: Provided details of annual fee due to the CBB.</p> <p>MAE-2.4.3 and MAE-2.4.4: Added reference to report institutional information (IIS) to the CBB.</p> <p>MAE-5.3.12: Added reference to Form 3: Application for Approved Person Status.</p> <p>MAE-5.3: Expanded the scope of this Section to include all approved persons occupying controlled functions and the various related Rules and Guidance.</p> |
| CSD | Clearing, Settlement and Depository | <p>CSD-1.1.1A to CSD-1.1.1C: References added to requirements under Resolution No.(16) for the year 2012.</p> <p>CSD-1.2.3: Updated name change for Form 3.</p> <p>CSD-1.4.1 and CSD-1.4.1A: Provided details of annual fee due to the CBB.</p> <p>CSD-3.1.9A and CSD-3.1.9B: Added reference to report institutional information (IIS) to the CBB.</p> <p>CSD-5.3.12: Added reference to Form 3: Application for Approved Person Status.</p> <p>CSD-5.3: Expanded the scope of this Section to include all approved persons occupying controlled functions and the various related Rules and Guidance.</p> |

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| MIR | Market Intermediaries and Representatives | <p>MIR-B.2: Amended and added definitions.</p> <p>MIR-2.1.1: Clarified licensing requirements.</p> <p>MIR-2.1.2: Clarified Subparagraph (d).</p> <p>MIR-2.1.4A to MIR-2.1.4C: References added to requirements under Resolution No.(16) for the year 2012.</p> <p>MIR-2.1.5: Removed reference to conventional banks as Islamic banks are also covered since reference is made to Volumes 1 and 2.</p> <p>MIR-2.2.4: Deleted dealers and exempt members from licensing categories.</p> <p>MIR-2.2.4A: Included external and proprietary membership conditions.</p> <p>MIR-2.2.5: Deleted reference to 'dealer' as discount brokers are not able to trade through dealers.</p> <p>MIR-2.2.7: Deleted licensing conditions of dealers.</p> <p>MIR-2.2.8A and MIR-2.2.8B: Included specific external membership requirements.</p> <p>MIR-2.2.8C: Included the proprietary membership requirements.</p> <p>MIR-2.2.9: Clarified general status of clearing member.</p> <p>MIR-2.2.11: Updated name change to Form 3.</p> <p>MIR-2.2.11A and MIR-2.2.11B: New criteria for external members. CBB to retain market conduct supervision powers.</p> <p>MIR-2.2.12: Included specific reference to licensing.</p> <p>MIR-2.2.12A: Included general requirements for licensing as requirements for authorisation by the exchange.</p> <p>MIR-2.2.12B: Included provision for licensing amendment.</p> <p>MIR-2.3 and MIR-2.4: Sections deleted as exempted member has been deleted as a licensing category.</p> <p>MIR-2.8.1 and MIR-2.8.1A: Provided details of annual fees due to the CBB.</p> <p>MIR-2.10.1: Included specific Rules for place of business.</p> <p>MIR-3.1.6 to MIR-3.1.8: Moved reference from Section MIR-4.17 on compliance officer and added reporting from compliance officer to the CBB.</p> <p>MIR-3.2.2: Added new residency requirements.</p> <p>MIR-3.4.2: Added reference to Form 3: Application for Approved Person Status.</p> <p>MIR-4.7.7: Included market maker agreement content.</p> |
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| | | <p>MIR-4.7.7A: Included criteria to be a market maker.</p> <p>MIR-4.9.3 and MIR-4.9.4: Added reference to report institutional information (IIS) to the CBB.</p> <p>MIR-4.12.4(i): Added regulatory disclosure as exception from maintaining confidentiality.</p> <p>MIR-4.17: Section deleted and requirements moved to Paragraph MIR-3.1.6 and MIR-3.1.7.</p> |
| TMA | Takeovers, Mergers & Acquisitions | <p>TMA-3.1.4: Guidance Paragraph deleted on mandatory offer limit.</p> |
| HC | High-Level Controls (Corporate Governance) | <p>HC-2.2.1 and HC-2.4.1: Clarified scope of application for Rules.</p> <p>HC-7.4.5: Clarified Guidance on election of board members.</p> <p>Appendices A, B and C: Clarified requirement for written report on performance evaluation for various Board committees.</p> |

CBB Rulebook (Volume 6) – April 2013 Quarterly Update

| PART B FOLDER | | |
|--|--|---|
| Reference | Summary of Changes | |
| Glossary of Defined Terms | | |
| Amended definition for discount broker. Added definitions for external trading member, market maker and proprietary trading member. | | |
| Authorisation Forms | | |
| MAE Forms | | |
| Form 1 | Application for Approval as a Licensed Exchange or Licensed Market Operator | Updated instructions and Section III Information on Approved Persons |
| Form 2 | Information on Shareholders and Subsidiaries | Renumbered Form 2 (formerly known as Form 3) |
| Form 3 | Application for Approved Person Status | Renumbered and updated form and changed its name (formerly known as Form 2) |
| MIR Forms | | |
| Form 1 | Application for Approval as a Licensed Member | Updated form to reflect new reference name to Form 3 |
| Form 2 | Information on Shareholders and Subsidiaries | Updated form to be in line with other Volumes of the CBB Rulebook. |
| Form 3 | Application for Approved Person Status | Updated form and changed its name |
| CSD Forms | | |
| Form 1 | Application for a Business License as a Clearing House or Central Depository | Updated instructions and Section III Information on Approved Persons |
| Form 3 | Application for Approved Person Status | Updated form and changed its name |
| Form 4 | Information on Shareholders and Subsidiaries | Updated form to be in line with other Volumes of the CBB Rulebook. |