





EDFIS/217/2009 5th November 2009

The Chairman/CEO/General Manager,

All Listed Companies,
All Licensees,
Legal Firms,
Auditing Firms,
Manama,
Kingdom of Bahrain.

Dear Sir,

Subject: Market Surveillance, Investigation and Enforcement Rules

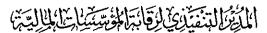
Following the consultation which concluded on 15th August 2009, the CBB is now issuing its new Market Surveillance, Investigation and Enforcement rules in final form. The new rules take effect on 1st December 2009.

The new rules are contained in a single document, called the Market Surveillance, Investigation and Enforcement Module (Module MIE). This document forms part of the Capital Market Rulebook Volume 6.

Basically, Module MIE provides a comprehensive framework for the detection, investigation and enforcement of market abuse and market manipulation. The Module applies to any conduct or behaviour occurring within and/or outside Bahrain in respect of securities offered, listed or issued in Bahrain.

As market manipulation, misleading conduct, insider trading and fraudulent or deceptive conduct may distort the price discovery system and distort prices and thereby unfairly disadvantage investors, the CBB seeks to maintain investor confidence through this Module, which clearly lays down the mechanisms and proceedings relating to detection and investigation of breaches of laws, rules and regulations and the appropriate interim and final enforcement actions.

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Executive Director of Financial Institutions Supervision

The purpose of such measures is to encourage high standards of compliance by all those involved in the capital market, thus reducing risk in the Kingdom's financial sector in general and the capital market in particular.

The new MIE rules benefited from the wide range of industry comments received during the consultation process, and the CBB looks forward to working with you in implementing these rules. I believe they provide us with a good basis for supporting further growth of the capital markets in Bahrain.

Should you have any queries in respect of any matter referred to herein, please do not hesitate to contact the Director of the Capital Markets Supervision (CMS) Directorate, Mr. Ali Salman Thamer, on Tel: 17547909.

Yours faithfully,

Abdul Rahman Al Baker