



مملكة البحرين  
Kingdom of Bahrain

مؤسسة نقد البحرين  
BAHRAIN MONETARY AGENCY

المدير التنفيذي لرقابة المؤسسات المالية  
Executive Director of Financial Institutions Supervision

EDFIS/C/11/2006

6 July 2006

**The General Manager**  
All Category 1, 2 and 3  
investment firm licensees

Dear Sir,

**BMA Rulebook, Volume 4 (Investment Business):**  
**First Quarterly Update**

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

This cover letter highlights the changes introduced this quarter: your firm is required to familiarise itself with these changes and take any necessary action.

**July 2006 Changes**

The following minor changes have been made in this quarterly update:

**(1) Module AU**

(i) The activity of 'acting as a financial service trust provider' has been deleted from the list of regulated investment service, following approval by Parliament of the new trust law. A separate stand alone regulation implementing the law will be issued once the new law is formally enacted. Investment firm licensees that currently act as a financial trust service provider may continue undertaking this activity.

(ii) A minor drafting clarification has been made to the definition of trading as principal.

(iii) The above amendments also require equivalent minor changes to be made to the Glossary and one of the Authorisation Forms (Form 1 / Phase 1).

<sup>1</sup> Volume 4 can be accessed, as usual, from [www.bma.gov.bh](http://www.bma.gov.bh)  
(Home > Regulation & Supervision > Rulebook > Volume 4.

## (2) Module FC

- (i) The contact details for the Compliance Directorate have been updated (Paragraph FC-4.3.1).

Further details on all the above changes can be found in the attached table.

## Hard Copy Users

Recipients who wish to update any hard copy versions they may have made of Volume 4 should access the BMA website and print off the relevant pages from the updated PDF versions of Volume 4, for insertion into their folder. The table attached to this letter lists which pages to print off.

By way of a reminder, the contents page for each Module contained in Part A of Volume 4 is given a fresh date each quarter, at the bottom right hand corner of the page: these contents pages therefore now show their current issue date, i.e. July 2006.

These contents pages also list the current issue date for every Section of a Module. Where a Section has been modified as part of this update, then its current issue date will also have been changed to July 2006. The contents pages therefore act as a summary checklist for hard-copy Rulebook users.

The current contents of the Part B folder may be verified by checking the website version of Part B: the version history of each Part B document details any changes. Most such changes occur only as a result of changes to a Part A Module.

Professionally printed versions of Volume 4, including folders and dividers, are currently being produced and should be available for distribution to licensees around the end of July.

## Implementation Deadlines

Also by way of a reminder, investment firm licensees should note that the 1 July 2006 implementation deadline for Volume 4 has passed: as from 1 July, all investment firms that were licensed prior to 30 April 2006, now have to comply with the requirements contained in Volume 4, with the exception of Modules CA, BC and CL (which must be complied with from 1 January 2007 onwards).

Investment firm licensees that have been licensed since 30 April 2006, are required to comply with the requirements in Volume 4 from the date of their license. Further information on implementation is given in Chapter ES-2 of the Executive Summary Module.

**Finalising the Rest of Volume 4**

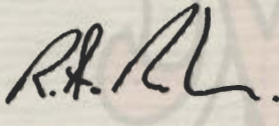
As previously communicated, remaining Volume 4 Modules will be finalised in the coming months, in two more consultation exercises. The first of these - covering Modules HC, RM and BR – will be issued later in July.

**Further information**

Should you have any queries regarding these updates, you may contact the BMA Rulebook team (at [rulebook@bma.gov.bh](mailto:rulebook@bma.gov.bh)), or else please speak to your normal supervisory contact.

Information on accessing and using the BMA Rulebook was also communicated in a letter dated 8 May 2006 (reference: EDFIS/C/07/2006), a copy of which can also be found in the Volume 4 section of the BMA website.

Yours faithfully,

pp. 

**AbdulRahman Al-Baker**  
Executive Director – Financial Institutions Supervision

Enclosure

## BMA Rulebook (Volume 4) – July 2006 Quarterly Update

### Summary of Changes and Printing Instructions for Hard Copy Users

<b>PART A FOLDER</b>		
<b>Module Code</b>	<b>Module Title</b>	<b>Summary of Changes and Printing Instructions</b>
Contents Page for each Module		Updated, to show their current issue date in the bottom right hand corner (i.e. <u>July 2006</u> ); the current issue date of any Section that has been modified in this update will also have been changed to <u>July 2006</u> . <b>Print off each Module contents page.</b>
AU	Authorisation Module	Deletion of 'acting as a trust services provider' as a regulated activity (impacts AU-A.1, AU-A.2, AU-1.1 and AU-1.4). Clarification of the definition of trading as principal (AU-1.4.14). <b>Print off (in addition to the contents page), page 1 of AU-A.1; page 1 of AU-A.2; page 2 of AU-1.1; page 2 of AU-1.4; and page 7 of AU-1.4.</b>
FC	Financial Crime Module	Updating of the contact details for the Compliance Directorate at the BMA (impacts FC-A.2 and FC-A.2 and FC-4.3). <b>Print off (in addition to the contents pages), page 1 of FC-A.2 and page 1 of FC-4.3.</b>
<b>PART B FOLDER</b>		
<b>Reference</b>	<b>Summary of Changes and Printing Instructions</b>	
Glossary of Defined Terms	Updated to reflect deletion of 'acting as a trust service provider' (see above). <b>Print off Glossary History and Page 19.</b>	
Form 1 (Phase 1)	Updated to reflect deletion of 'acting as a trust service provider' (see above). <b>Print off Table of Contents and page 1 of Section IV of the Phase 1 Form.</b>	