

مكتب المحافظ  
Office of the Governor



مصرف البحرين المركزي  
Central Bank of Bahrain

OG/251/2012  
5 July 2012

**The Chairman**  
All Locally Incorporated Banks  
Manama  
Kingdom of Bahrain

Dear Sir,

**DIRECTIVE**

**Concerning benefits received by Approved Persons from projects and investments**

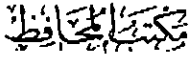
All Approved Persons are reminded that they could be personally liable to the bank or investment firm and its shareholders if they violate their duties of loyalty. These duties include the duty not to take business opportunities of the bank or investment firm for himself but to serve the interests of the institution (rather than himself) in any transactions with a company in which he has a personal interest (see Module HC-2.2 for more detail).

In particular, each Approved Person must make every practicable effort to arrange his personal and business affairs to avoid a conflict of interest with the bank or investment firm he serves in.

In this regard, the Central Bank of Bahrain requires all locally incorporated banks and investment firms not to allow any Approved Persons (as defined by the Glossary of Volumes One and Two of the CBB Rulebook) from the date of this Directive, to take any benefit from any projects or investments which are managed by the concerned licensee or promoted to its customers or potential customers, except such benefit as noted below.

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More specifically, Approved Persons appointed as members of the board of special purpose vehicles or other operating companies set up by the licensee for projects/ investments, may receive board related remuneration in the performance of their fiduciary duties to the investors of the project/ investment, but they must not receive any commission, fees, shares/ consideration in kind or other remuneration or incentives in respect of the performance of the project/investment. Any board-related remuneration received by the Approved Person must accordingly be declared to the Board of the bank or investment firm on an annual basis (see Module IIC-2.4 of Volumes One and Two of the CBB Rulebook).

This Directive is a legally binding instruction given by the CBB pursuant to its powers under the CBB Law and shall be without prejudice to any more onerous duties placed upon CBB licensees by the general law.

Please ensure that all board members, other Approved Persons and the licensees' external auditors are made aware of this Directive. If you require any clarification on the contents of this letter please contact the CBB Director responsible for supervising your bank or investment firm.

Yours sincerely,

Rasheed M. Al-Maraj  
Governor