



EDFIS/C/021/2012
16th October 2012

The Compliance Officer
All Investment Firm Licensees
Manama
Kingdom of Bahrain

Dear Sir,

CBB Rulebook: Volume 4 (Investment Business)
October 2012 Update

The October 2012 quarterly update to Volume 4 has now been incorporated in the website version of the Rulebook.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 4, however minor, are highlighted. The searchable version of the Rulebook, in addition, allows users to list changes and compare different versions of the Rulebook.

¹ Volume 4 can be accessed from www.cbb.gov.bh : from the Home page, select 'CBB Rulebooks' and then 'Volume 4'.

Part A Modules

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.

Changes for October 2012

The changes for October 2012 are listed in the attached table.

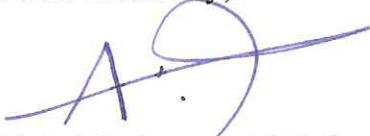
Module EN

Module EN includes a new Section EN-5.3A on financial penalties for date sensitive requirements. The financial penalties in relation to date sensitive compliance issues have been standardised to a daily amount for each requirements that is late. These penalties will be enforced for any past due requirements after 1st January 2013, without prior notice being issued to the licensee. All licensees should therefore be fully familiar with all date sensitive requirements included in Volume 4 and should ensure that they meet these requirements at all times. The compliance officer is required to ensure that all senior managers are fully aware of such enforcement actions.

Further Information

Should you have any queries regarding these updates, you may contact the Director of Financial Institutions Supervision Directorate on 17547968 or the CBB Rulebook team at (rulebook@cbb.gov.bh).

Yours faithfully,



Abdul Rahman Al Baker

Enclosure: Volume 4 Update Table.

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PART A FOLDER		
Module Code	Module Title	Summary of Changes and Printing Instructions
All Modules	N/A	Print off the Table of Contents page for each Module and the Module History Section when changes have been made.
UG	User's Guide	UG-1.2.1, UG-1.2.7, UG-2.1.2, UG-2.1.3 and UG-2.2.2: Various minor amendments.
AU	Authorisation	AU-1.4.2 and AU-5.5.4A: Corrected cross reference. AU-1.1.25, AU-1.2.13, AU-1.4.11, AU-1.4.11A, AU-1.4.15, AU-1.4.17, AU-1.4.18, AU-1.4.28, AU-1.4.29, AU-1.4.41 and AU-1.4.45: The term 'underwrite/underwriting' has now been defined and included in the Glossary under Part B of Volume 4. AU-1.4.15: Clarified Rule dealing with providing credit. AU-1.4.52: Reference updated to reflect the issuance of Volume 7 (CIU).
HC	High-level Controls	HC-7.2.5 and HC-10.7.6: Clarified guidance on election of board members. Appendix A: Included reference to compliance under Committee Duties and responsibilities.
CA	Capital Adequacy	CA-1.2.9A: Clarified Rule.
RM	Risk Management	RM-7.4.5: Corrected typo.
BR	CBB Reporting	BR-2.3.32: Reference updated to reflect the issuance of Volume 7 (CIU).
EN	Enforcement	EN-B.4.5 and EN-4.1.1: Corrected typo. EN-5.1.1: Amended guidance. EN-5.3A: Added new Section on financial penalties for date sensitive requirements.

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PART B FOLDER			
Glossary of Defined Terms			
Added definition for underwrite/underwriting.			
CBB Authorisation Forms			
Form 3	Application Approved Person Status	for	Clarified details of controlled functions for director positions.
CBB Reporting Forms			
Form ALF	Annual License Fee Form		Reference added in instructions to late payment penalties.