



**ADMINISTRATORS
CAPITAL ADEQUACY AND
LIQUIDITY
MODULE**



MODULE	CA: Capital Adequacy and Liquidity
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MODULE	CA: Capital Adequacy and Liquidity
CHAPTER	CA-A: Introduction

CA-A.1 Purpose

Executive Summary

CA-A.1.1 This Module lays down requirements that apply to all administrators licensees, with respect to the minimum level of capital and liquidity they must maintain.

CA-A.1.2 Principle 9 of the Principles of Business requires that licensees maintain adequate human, financial and other resources, sufficient to run their business in an orderly manner (see Section PB-1.1.9).

Legal Basis

CA-A.1.3 This Module contains the Central Bank of Bahrain ('CBB') Directive (as amended from time to time) relating to the capital adequacy and liquidity requirements of administrators licensees, and is issued under the powers available to the CBB under Article 38 of the Central Bank of Bahrain and Financial Institutions Law 2006 ('CBB Law').

CA-A.1.4 For an explanation of the CBB's rule-making powers and different regulatory instruments, see Section UG-1.1.



MODULE	CA: Capital Adequacy and Liquidity
CHAPTER	CA-A: Introduction

CA-A.2 Module History

Evolution of Module

CA-A.2.1 This Module was first issued in May 2011 by the CBB. Any material changes that have subsequently been made to this Module are annotated with the calendar quarter date in which the change was made: Chapter UG-3 provides further details on Rulebook maintenance and version control.

CA-A.2.2 A list of recent changes made to this Module is provided below:

Module Ref.	Change Date	Description of Changes



MODULE	CA: Capital Adequacy and Liquidity
CHAPTER	CA-B: Scope of Application

CA-B.1 Scope of Application

CA-B.1.1

The content of this Module applies to all administrators licensees authorised in the Kingdom of Bahrain, thereafter referred to in this Module as licensees.



MODULE	CA:	Capital Adequacy and Liquidity
CHAPTER	CA-1:	Capital Adequacy and Liquidity Requirements

CA-1.1 General Requirements

Obligation to Maintain Adequate Capital and Liquidity

CA-1.1.1 In accordance with Principle of Business 9 (Section PB-1.1.9), licensees must maintain adequate human, financial and other resources sufficient to run their business in an orderly manner.

CA-1.1.2 In addition to the minimum capital and liquidity requirements specified in Section CA-1.2, the CBB may, at its discretion, require licensees to hold additional capital and/or liquidity, should this be necessary **i**n the CBB's view.

CA-1.1.3 Licensees are required to maintain, at all times, the minimum capital and liquidity requirements specified in Section CA-1.2.

CA-1.1.4 No funds may be withdrawn by shareholders from the licensee without the necessary prior written approval of the CBB.

CA-1.1.5 In the event that a licensee fails to meet any of the requirements specified in this Module, it must, on becoming aware that it has breached these requirements, immediately notify the CBB in writing. Unless otherwise directed, the licensee must in addition submit to the CBB, within 30 calendar days of its notification, a plan demonstrating how it will achieve compliance with these requirements.

CA-1.1.6 Should a licensee fail to comply with the requirements of this Module, the CBB may impose enforcement measures, as described in Module EN.



MODULE	CA: Capital Adequacy and Liquidity
CHAPTER	CA-1: Capital Adequacy and Liquidity Requirements

CA-1.2 Minimum Capital and Liquidity Requirements

Key Requirements

CA-1.2.1 Licensees must ensure that, at all times, their minimum capital and liquidity meet the requirements stipulated in this Section.

Capital Requirements

CA-1.2.2 For those licensees whose regulated administration services are those outlined for fund administrators in Paragraph AU-1.1.11, the minimum paid up capital is BD 40,000.

CA-1.2.3 For those licensees whose regulated administration services are those outlined for registrars in Paragraph AU-1.1.12, the minimum paid up capital is BD 20,000.

CA-1.2.4 A licensee's liabilities should not exceed threefold the total of:

- Paid up capital;
- Statutory reserve;
- General reserves; and
- Retained Earnings.

Liquidity Requirements

CA-1.2.5 A licensee's whose regulated administration services are those outlined for fund administrators in Paragraph AU-1.1.11, must hold net liquid assets in a form acceptable to the CBB. The net liquid assets must be the greater of:

- BD40,000; and
- Six months of estimated total expenses.

CA-1.2.6 A licensee's whose regulated administration services are those outlined for registrars in Paragraph AU-1.1.12, must hold net liquid assets in a form acceptable to the CBB. The net liquid assets must be the greater of:

- BD20,000; and
- Six months of estimated total expenses.

CA-1.2.7 The liquid assets referred to in Rules CA-1.2.5 and CA-1.2.6 must be free of encumbrances, pledges or liens.

CA-1.2.8 Net liquid assets referred to in Rules CA-1.2.5 and CA-1.2.6 comprise of cash, cash equivalents, and placements or deposits maturing within 30 days less any liabilities due within 30 days.