

Central Bank of Bahrain

**Resolution No. (..) for the year XX
In respect of issuing a Regulation on the Procedure for Processing
Applications by Investment Firms for transferring their business in
the Kingdom of Bahrain**

The Governor of the Central Bank of Bahrain:

Having regard to the Central Bank of Bahrain and Financial Institutions Law promulgated by Legislative Decree No. 64 of the year 2006 ('CBB Law'), particularly Articles (66) and (67) thereof,

And to the Resolution No. (1) for the year 2007 in respect of Regulated Services, and its amendments, and based on the presentation of the Executive Director of Financial Institutions at the Central Bank of Bahrain, has resolved the following:

Article 1

The provisions of the attached Regulation shall be enacted with respect to the Procedure for Processing Applications by Investment Firms for transferring their business in the Kingdom of Bahrain.

Article 2

The CBB Directorates shall implement this Resolution and its Regulation, which shall come into effect the next day after the day it is published in the Official Gazette.

The Governor of the Central Bank of Bahrain

Rasheed Mohammed Al Maraj

Issued on:

Corresponding to:

Regulation on the Procedure for Processing Applications by Investment Firms for transferring their business in the Kingdom of Bahrain

Article (1)

Definitions

In implementing the provisions of this Regulation, the following terms and expressions shall have the meanings assigned thereto unless the context otherwise requires:

CBB: The Central Bank of Bahrain.

The Governor: Governor of the Central Bank of Bahrain.

The Law: The Central Bank and Financial Institutions Law ("CBB Law") promulgated by Law No. (64) of 2006.

Investment Firm: Any Investment Firm operating in the Kingdom and licensed by the CBB.

Regulated Services: all the activities regulated by the CBB in accordance with Resolution No. (1) for the year 2007 and amendments thereto on the services that are under the supervision of the CBB.

The Business of the Investment Firm: any business provided by the investment firm which represents in whole or in part any of the Regulated Services.

Transferor: any investment firm wishing to transfer any portion of its investment business in accordance with the provisions of this Regulation.

Transferee: any person licensed to provide the transferred investment business activities.

Article 2

A transferor may not transfer any Business of the Investment Firm to the transferee unless it has obtained the prior written approval of the CBB in accordance with this Regulation.

The Procedure for transferring Investment Firms business shall not apply in the following cases:

- 1- Where the transferor is merely transferring its assets and/or liabilities but not its Regulated Services.

- 2- Where the total of the Business of the Investment Firm to be transferred represents less than 5% of total assets or liabilities of the Transferor or the aggregate does not include any of the Regulated Services.

(2) where the aggregate of the Business of the Investment Firm to be transferred accounted for less than 5% of the transferor's total assets or liabilities as recorded in the unconsolidated financial position/Balance Sheet of its previous financial quarter provided that the CBB is notified one month prior to the transfer. Where the Transferee's CBB-issued license does not authorize it to carry out the Transferred business in the Kingdom, the Transferee shall obtain the prior written approval of the CBB.

Article 3 - Application Procedure

The transferor shall fill out an application form for the transfer of the Business of the Investment Firm and shall submit the same, accompanied by such supporting documents, as the CBB may prescribe, to the Executive Director of Financial Institutions Supervision at the CBB.

Article 4 - Preliminary Assessment of the Request for Transfer

The CBB shall conduct a preliminary assessment of an application for transfer for the purposes of ascertaining the eligibility for transfer of the proposed Business of the Investment Firm.

Article 5 - Publication of the Transfer Application

Where the preliminary assessment of the application request is satisfactory, the CBB shall publish the proposed transfer in the Official Gazette as well as in two local daily newspapers in Arabic and English Languages. The publication shall include an invitation to the concerned parties to submit objections to the CBB within a period not exceeding three months as of the date of publication. All publication costs shall be for the account of the Transferor.

Article 6 - Decision on the Application

On the expiry of the period specified in Article 5 hereof, the CBB shall consider the application for transfer together with all supporting documents and other particulars as the CBB may have demanded, taking into account any objections that have been made as well as the terms and conditions specified in Article 67 (b) of the CBB Law. In making its decision pursuant to this Article, the CBB may make its approval for the transfer subject to such terms and conditions as it deems appropriate.

Article 7 - Communicating the Final Decision

The CBB shall communicate its final decision on the application to the applicant within five working days of the expiry of the period for submitting objections to the CBB.

Article 8 - Publication of the Final Decision

The CBB shall publish its decision on the application of transfer of the business of the investment firm in the Official Gazette as well as in two local daily newspapers in Arabic and English languages. The decision shall be effective from the date specified therein. All publication costs shall be for the account of the applicant for transfer.