

JADE

1 Abstract

This document covers the provided question and answer pairs for the testing of the JADE project.

2 Contents

Q1: Tell me about the 10 principles of business and explain what the text says about it.

A1: The 10 Principles of Business are a general statement of the fundamental obligations of all CBB investment firm licensees and approved persons, having the status of Rules. Principles 1 to 10 apply to activities carried out by licensees, including activities carried out through overseas branches. Principles 1 to 8 also apply to approved persons, in respect of the controlled functions for which they have been approved. Principles 9 and 10 also take into account any activities of other members of the group of which the licensee is a member. The Principles of Business are: Integrity, Conflicts of Interest, Due Skill, Care and Diligence, Confidentiality, Market Conduct, Customer Assets, Customer Interests, Relations with Regulators/Supervisors, Adequate Resources and Management, Systems and Controls.

References:

- Source: ES — Chapter: ES-1 — Section: ES-1.4 — Page: 1

Confidence: High

Related Topics: CBB investment firm licensees, approved persons, controlled functions

Q2: Tell me about auditors appointed by Islamic bank licensees and explain.

A2: Islamic investment firms must adhere to specific additional requirements, which include appointing a Shari'a Supervisory Board. Module AU contains the requirements and conditions for approved persons wishing to undertake a controlled function in an investment firm licensee. The format of the Paragraph reference and Paragraph text indicates their status as either a Rule or Guidance.

References:

- Source: ES — Chapter: ES-1 — Section: ES-1.3 — Page: 1
- Source: UG — Chapter: UG-2 — Section: UG-2.3 — Page: 2

Confidence: High

Related Topics: Approved persons, Shari'a Supervisory Board, Rules and Guidance

Q3: What is the effective date for compliance with professional indemnity coverage for unincorporated brokers licensed before 1 June 2005?

A3: Unincorporated Bahraini insurance brokers licensed prior to 1 June 2005, must meet the professional indemnity coverage requirements by 31 December 2006

References:

- Source: ES — Chapter: ES-2 — Section: ES-2.5 — Page: 1

Confidence: High

Related Topics: Professional Indemnity Coverage

Q4: When did the rules in Module CL become effective for insurance brokers and appointed representatives handling client money?

A4: The requirements of Module CL became effective on July 1, 2012, for all insurance brokers, appointed representatives, and applicable insurance firms.

References:

- Source: Rulebook Volume 3: Insurance — Chapter: Transition Rules, ES-2 — Section: ES-2.6AA2 Module CL — Page: 1

Confidence: High

Related Topics: Client Money, Insurance Brokers, Appointed Representatives, Insurance Firms, Module CL

Q5: What principles does the Insurance Code of Practice cover?

A5: The Insurance Code of Practice covers principles applied throughout the customer relationship, including:

- marketing and promotion
- initial customer information service
- identification of customer requirements
- advice and recommendation
- customer identification before contract
- confirmation of cover and policy documentation
- post-sale service
- claims
- renewal, expiry, and cancellation
- complaints
- information conditions
- fair treatment
- confidentiality and security of customer assets

References:

- Source: Rulebook Volume 3: Insurance — Chapter: ES-1 — Section: ES-1.8 — Page: 1 of 1

Confidence: High

Related Topics: Business Conduct, Takaful and Retakaful requirements

Q6: What is required of insurance firms and brokers regarding risk categories?

A6: Insurance firms and insurance brokers are obligated to identify the range of risks they face and manage them effectively through risk management systems. They must also determine additional relevant risk categories beyond those addressed in Module RM.

References:

- Source: ES — Chapter: ES-1 — Section: Module RM – Risk Management, ES-1.9 — Page: 1 of 1

Confidence: High

Related Topics: Credit risk, Liquidity risk, Market risk, Insurance technical risk, Operational risk, Outsourcing risk, Group risk

Q7: Where should the first annual return (IBR) for insurance brokers be submitted?

A7: The first annual return (IBR) for insurance brokers must be submitted to the CBB.

References:

- Source: ES — Chapter: Transition Rules, ES-2 — Section: ES-2.7 — Page: 1 of 1

Confidence: High

Related Topics: Insurance Firm Return, Group Insurance Firm Return, quarterly return

Q8: Which licensees are required to implement the risk management systems described in Module RM?

A8: Insurance firms and brokers must identify risks and manage them using risk management systems that monitor and control all material risks.

References:

- Source: ES — Chapter: ES-1 — Section: ES-1.9 — Page: 125

Confidence: High

Related Topics: Credit risk, Liquidity risk, Market risk, Insurance technical risk, Operational risk, Outsourcing risk, Group risk

Q9: List all the risk categories specifically addressed in Module RM.

A9: The risk categories are:

- Credit risk
- Liquidity risk
- Market risk
- Insurance technical risk
- Operational risk
- Outsourcing risk
- Group risk

References:

- Source: rulebook.pdf — Chapter: ES-1 — Section: ES-1.9 — Page: 125

Confidence: High

Related Topics: Risk management systems, identification of risk categories, obligations of licensees

Q10: Which international recommendations does Module FC implement for the insurance sector in Bahrain?

A10: Module FC implements the FATF recommendations on money laundering and terrorism financing relevant to the insurance sector in Bahrain.

References:

- Source: Executive Summary — Chapter: ES-1 — Section: ES-1.10 — Page: 1

Confidence: High

Related Topics: Customer ID, Reporting, Staff training, ML officer, Compliance, Record-keeping, Segregation of duties, Non-cooperative countries, Authority contact, Fraud prevention

Q11: What are some of the detailed procedures covered in Module FC to combat financial crime?

A11: Procedures include:

- Customer identification
- Reporting
- Staff awareness/training
- Money laundering reporting officer appointment
- Compliance monitoring
- Record-keeping
- Segregation of duties
- Measures for non-cooperative countries
- Contact with authorities

References:

- Source: ES — Chapter: ES-1 — Section: ES-1.10 — Page: 1 of 1

Confidence: High

Related Topics: Insurance fraud, money laundering, terrorism financing

Q12: What are operators or placement agents of CIUs in Bahrain required to assess before determining investor eligibility?

A12: They must undertake investor profile and suitability assessments.

References:

- Source: Collective Investment Undertakings — Chapter: Introduction — Section: General Requirements — Page: 1

Confidence: High

Related Topics: Offering CIUs, CBB compliance, exempt CIUs

Q13: What if a placement agent fails to provide periodic reports to investors as specified in the offering documents?

A13: They may breach offering terms and must report breaches to the CBB, including investment limit breaches.

References:

- Source: Collective Investment Undertakings — Chapter: Overseas Domiciled Funds — Section: CIU-3.1 — Page: 2 of 2

Confidence: High

Related Topics: Reporting, CIU obligations

Q14: Can a relevant person of a Bahrain-domiciled CIU rely on disclaimers to limit their liability for performance failure?

A14: No, relevant persons of a Bahrain domiciled CIU shall be liable for losses suffered by a CIU participant because of that relevant person's unjustifiable failure to perform its obligations required under the CBB Law or the CBB Rulebook. The CBB does not permit relevant persons to rely on disclaimers (written or otherwise) that have the effect of restricting their liability beyond an amount considered to be reasonable and customary in the fund management industry.

References:

- Source: Collective Investment Undertakings — Chapter: Introduction — Section: CIU-A.3
— Page: 1

Confidence: High

Related Topics: CIU Requirements
