



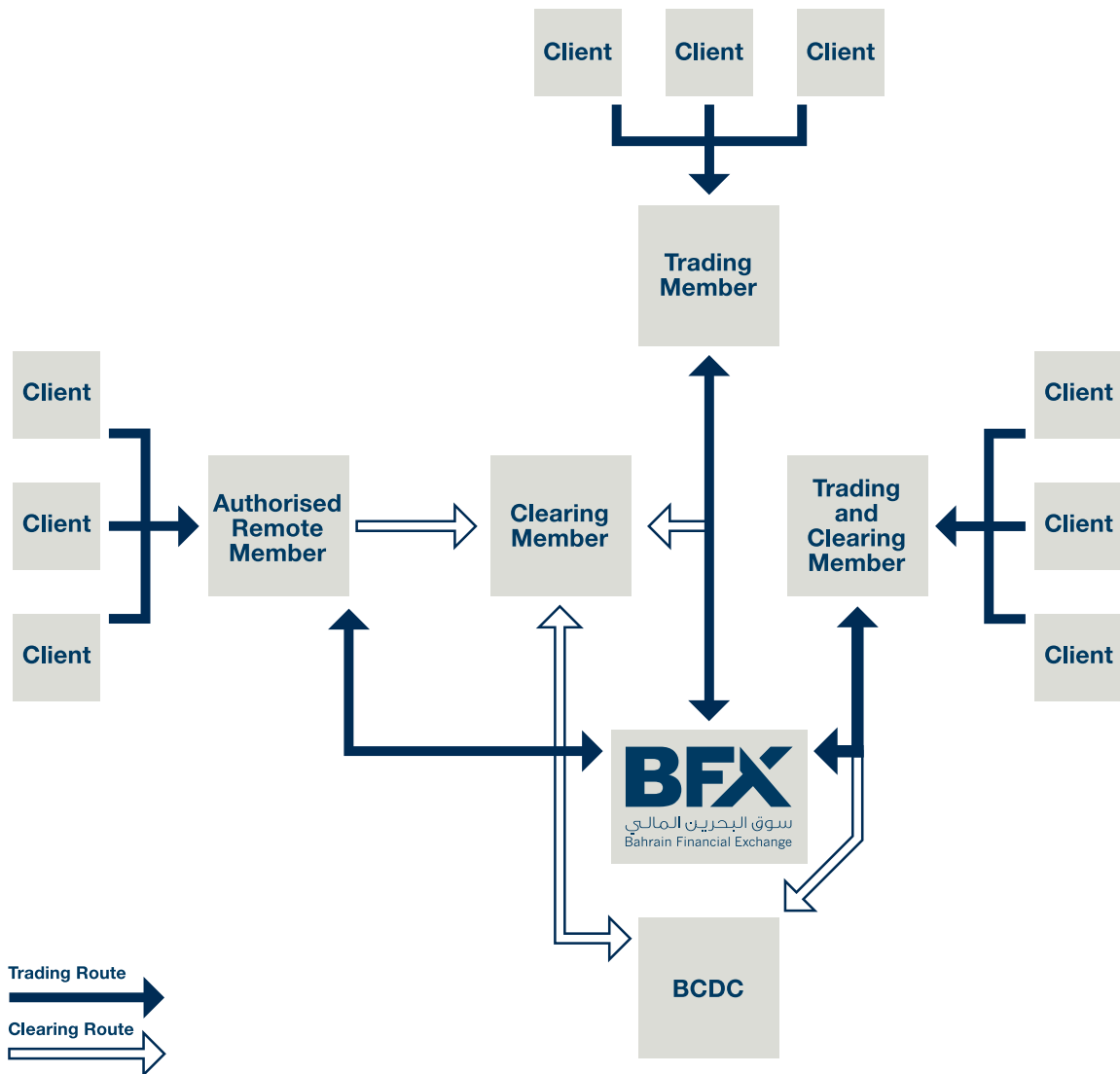
Application for membership:  
Derivatives segment

Multi-Asset  
trading  
one market

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## Market Structure

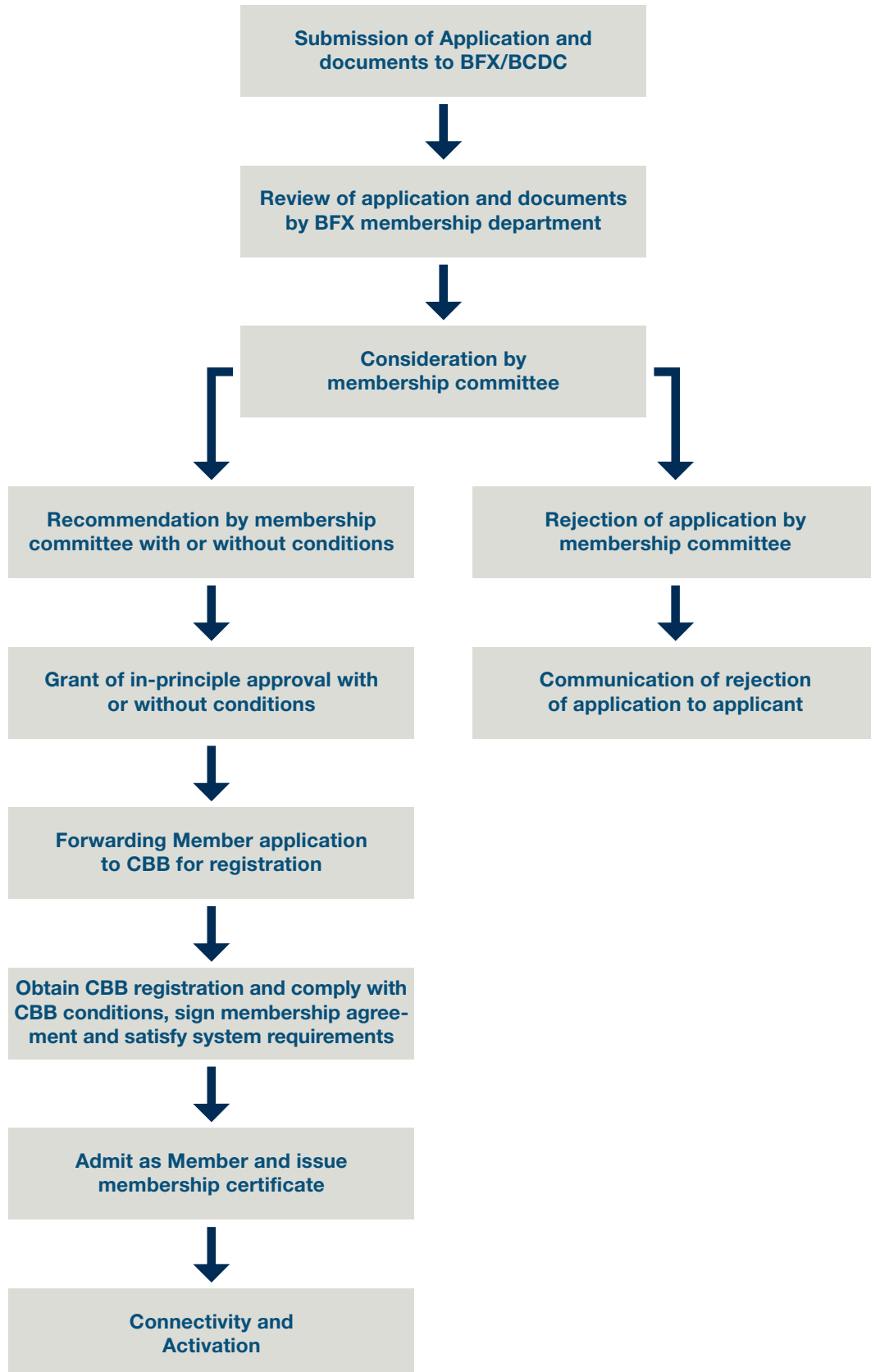
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# Membership admission process



# Pre-admission criteria for processing Membership applications

The BFX/BCDC will review;



1. that the application is complete in all respects; that the required documents have been attached; the non-refundable application processing fee and the membership fee have been forwarded (the membership fee will be en-cashed after admission as a member).
2. that the Memorandum of association or constitutional documents permit the applicant to undertake the proposed businesses on the BFX/BCDC.
3. that the applicant (and its controllers) is subject to regulation by its Home regulator which is a member of the International Organisation of Securities Commissions (IOSCO), if already engaged in regulated financial services.
4. that the business plan is feasible from the point of view of the size of the current and proposed activities and financial position.
5. that the applicant complies with the minimum net worth requirements stipulated by the BFX/BCDC.
6. that the applicant will be able to meet the systems and internal controls, risk management and compliance requirements of the BFX/BCDC.
7. that there is no materially adverse disciplinary history against the applicant, its directors and related entities.

The BFX/BCDC may consider any other factor pertinent to a particular application. The BFX/BCDC will analyse such information and discuss with the applicant before deciding on the application.

# Guidance notes

'Applicant' means the entity proposing to become a member of Bahrain Financial Exchange (BFX) and/or BFX Clearing and Depository Corporation (BCDC).

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1. The application and supporting documents should be submitted in two (2) sets.
  2. Method of certification:
    - a. If the applicant is already incorporated, two authorised signatories should affix initials on all pages (of application and supporting documents) and full signatures at the appropriate places. The official stamp should be affixed in the relevant boxes.
    - b. If the applicant is yet to be incorporated, two authorised signatories of the controllers should affix initials on all pages (of application and supporting documents) and full signatures at the appropriate places. The official stamp of the controller should be affixed in the relevant boxes. Applicant will need to supply additional details when the proposed entity has been incorporated.
  3. For the sake of easy reference and convenience, BFX/BCDC use the same application forms specified by the CBB in its Rulebook Module, Market Intermediaries and Representatives Module ([http://cbb.complinet.com/cbb/microsite/cbb\\_rulebook.html](http://cbb.complinet.com/cbb/microsite/cbb_rulebook.html)). Whether or not you need a license from the CBB, you should submit these forms. To check if you are exempt from a CBB License please see the above Rulebook.
  4. In relation to this application 'related entities' of the applicant shall mean 'the controllers' and 'subsidiaries' if any of the applicant.
  5. A 'controller' means a person who alone or together with his associates is able to exercise control over the management of the applicant. 'Control' means the right to appoint majority of the directors of the applicant or to control the management or policy decisions of the applicant, exercisable by a person or persons acting individually or in concert, directly or indirectly including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner. An associate of another person means in respect of individuals a direct family member and in the case of a company means the substantial shareholder or controller whose directives the person is bound to follow and includes an entity in which the substantial shareholder or controller has 20% or more of the votes of that company.
- 

## Contact us

For guidance on completing the application form or any enquiries regarding membership please call the membership department on +973 16 511 511 or email [membership@bfx.bh](mailto:membership@bfx.bh)

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# List of documents for membership application

S. No.	Document	Please tick
1.	Application letter	
2.	Board Resolution	
3.	Declaration and undertaking	
4.	Non-refundable application processing fee – Bank draft/bank transfer for USD .....	
5.	Membership fee USD ..... (to be en-cashed after admission)	
6.	CBB Application	
6.1	Form 1	
6.2	Form 2	
6.3	Form 3	
6.4	Annexures to application	
7.	Additional information to membership application	
7.1	Copies of documents regarding memberships in exchanges/markets/ regulatory authorisations	
7.2	Copies of latest audited financial statements of applicant and related entities	
7.3	Net worth certificate in Format 1	
7.4	Bank reference letter	

# Details of fees

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## **DETAILS OF NON-REFUNDABLE PROCESSING FEES:**

Payment in the form of cheque/bank draft/bank transfer

Payment no.:

Payment date:

Bank:

Amount:

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## **DETAILS OF MEMBERSHIP FEES:**

Payment in the form of cheque/bank draft/bank transfer

Payment no.:

Payment date:

Bank:

Amount:

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### **Note :**

For direct bank transfer, the amount should be paid to BFX/BCDC account number.

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# Additional information to Membership application

## 1. Current Activities

Information in this section is required for the applicant and its related entities\*. Please attach copies of all documents evidencing details provided.

### 1.1 Details of regulated activities

Name of the entity:

.....

Registered since:

.....

Activities:

.....

Countries/jurisdictions:

.....

Name of Regulator:

.....

Authorisation/licensing details:

.....

Name of the entity:

.....

Registered since:

.....

Activities:

.....

Countries/jurisdictions:

.....

Name of Regulator:

.....

Authorisation/licensing details:

.....

Name of the entity:

.....

Registered since:

.....

Activities:

.....

Countries/jurisdictions:

.....

Name of Regulator:

.....

Authorisation/licensing details:

.....

### 1.2 Details of membership of other Exchanges/Markets/Clearing houses

Name of the entity:

.....

Registered since:

.....

Membership capacity:

.....

Name of Exchange/Market/Clearing house:

.....

Membership details:

.....

Name of the entity:

.....

Registered since:

.....

Membership capacity:

.....

Name of Exchange/Market/Clearing house:

.....

Membership details:

.....

\* Refer to Guidance Notes

Name of the entity:

Registered since:

Membership capacity:

Name of Exchange/Market/Clearing house:

Membership details:

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The BFX/BCDC or the CBB may contact the regulator to provide confirmation of the following:

- i. jurisdiction over the market activities of the above entities
- ii. disciplinary history
- iii. non-opposition to the membership application and,
- iv. readiness to share information with BFX/BCDC/CBB and offer cooperation.

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### 1.3 Registration with bodies other than Regulator and SROs

Name of the entity:

Registered since:

Activities:

Name of registering body:

Registration details:

---

Name of the entity:

Registered since:

Activities:

Name of registering body:

Registration details:

---

Name of the entity:

Registered since:

Activities:

Name of registering body:

Registration details:

---

### 1.4 Listing on Exchanges

Name of the entity listed:

Listed since:

Types of securities:

Name of Exchange/market:

Ticker code:

Name of the entity listed:

Listed since:

Types of securities:

Name of Exchange/market:

Ticker code:

Name of the entity listed:

Listed since:

Types of securities:

Name of Exchange/market:

Ticker code:

## 2. Financial information

2.1 Attach the latest audited financial statements of the applicant and related entities.

2.2 State the details of origin of sources of funds used to capitalise the applicant:

2.3 Furnish a Net-worth certificate in attached Format 1.

2.4 What will be the financial year of the applicant (if there are no current financial statements)?

### 2.5 Details of External Auditors (current or to be appointed)

Please state the details of your Auditors:

Name of Auditors:

#### Contact information

Address:

Postal Code:

Phone No.:

State/Country:

Fax No.:

Contact Name:

Email:

Auditors for the period (state last 3 financial years):

Name of Auditors:

#### Contact information

Address:

Postal Code:

Phone No.:

State/Country:

Fax No.:

Contact Name:

Email:

Auditors for the period (state last 3 financial years):

Name of Auditors:

#### Contact information

Address:

Postal Code:

Phone No.:

State/Country:

Fax No.:

Contact Name:

Email:

Auditors for the period (state last 3 financial years):

Please note that if you need to be licensed by the CBB, the external auditors needs to be pre-approved by the CBB.

## 2.6 Banking relationships

Please state your current banking relationships (top 2 banks by activity);

Bank Name:

### Contact information

Address:

Postal Code:

Phone No.:

State/Country:

Fax No.:

Contact Name:

Email:

Operational since:

Nature of account and account number:

Bank Name:

### Contact information

Address:

Postal Code:

Phone No.:

State/Country:

Fax No.:

Contact Name:

Email:

Operational since:

Nature of account and account number:

**2.6.1** Please provide written references from all the banks listed above as to the conduct of each account.

### 3. Shareholding and Control

3.1 Share Holding Pattern of the applicant as at \_\_\_\_\_ (Date)

#### 3.1.1 Authorised share capital

Type of shares	Number of shares	Nominal value	Total amount	Amount in USD
Equity shares				
Other types of shares (describe)				

#### 3.1.2 Paid up share capital

Type of shares	Number of shares	Nominal value	Total amount	Amount in USD
Equity shares				
Other types of shares (describe)				

#### 3.1.3 Details of paid up Equity share capital

Date of allotment	Name of equity shareholders holding 5% or more in applicant	No. of equity shares held	% of total paid up equity share capital	Whether shareholder is controller (State Yes or No)

3.1.4 Please state details if any, of any other outstanding financial instruments including warrants which entitle holders to get equity shares in the applicant.

3.1.5 If the controller is not holding any equity shares in the applicant, then identify the controller and state how such person is exercising control over the applicant.

## 4. Details of the Board of Directors

4.1 Please state the details of Directors:

Name: \_\_\_\_\_ Designation\*: \_\_\_\_\_

Date of appointment as Director: \_\_\_\_\_

Whether holding any shares in the applicant: \_\_\_\_\_

Whether Responsible Person\*\*: \_\_\_\_\_

Name: \_\_\_\_\_ Designation\*: \_\_\_\_\_

Date of appointment as Director: \_\_\_\_\_

Whether holding any shares in the applicant: \_\_\_\_\_

Whether Responsible Person\*\*: \_\_\_\_\_

Name: \_\_\_\_\_ Designation\*: \_\_\_\_\_

Date of appointment as Director: \_\_\_\_\_

Whether holding any shares in the applicant: \_\_\_\_\_

Whether Responsible Person\*\*: \_\_\_\_\_

Name: \_\_\_\_\_ Designation\*: \_\_\_\_\_

Date of appointment as Director: \_\_\_\_\_

Whether holding any shares in the applicant: \_\_\_\_\_

Whether Responsible Person\*\*: \_\_\_\_\_

\*Please state whether the Director holds an Executive or Non-Executive position and whether in a whole time capacity or not.

\*\*Under the BFX/BCDC Rules, atleast one Director or a key management person needs to be registered with the BFX and/or BCDC as a 'responsible person'. Please indicate if one or more of the above directors would be so registered.

## 5. Details of the Key Management Personnel

5.1 Please state the details of Key Management Personnel (Chief Executive Officer or General Manager, Head of Function, Compliance Officer, Money Laundering Reporting Officer and Market Analyst):

Name:	Designation:
Date of joining applicant:	Qualifications:
Experience:	Whether Responsible Person**:

Name:	Designation:
Date of joining applicant:	Qualifications:
Experience:	Whether Responsible Person**:

Name:	Designation:
Date of joining applicant:	Qualifications:
Experience:	Whether Responsible Person**:

Name:	Designation:
Date of joining applicant:	Qualifications:
Experience:	Whether Responsible Person**:

\*\*Under the BFX Rules, atleast one Director or a key management person needs to be registered with the BFX and/or BCDC as a 'responsible person'. Please indicate if one or more of the above persons would be so registered'.

## 6. Disclosure of Conflict of Interest

6.1 Please provide details if the answer is 'yes' to any of the following:

	Yes	No
i. You own an interest of 30% or more of equity securities of the BFX/BCDC or any other company owned by BFX/BCDC. In the case of other securities, if you own a significant interest in the securities of the BFX/BCDC, other affiliated entity: or		
ii. You have a business relationship with, or financial interest in, the BFX/BCDC or any other entity in the BFX/BCDC's group that would give the BFX/BCDC a material interest in the outcome of the application; or		
iii. You provide any service, assurance, or guidance in any event to the BFX/BCDC, or to another entity in the BFX/BCDC's group: or		
iv. Your director, partner or employee or another entity in your group has a material interest in the BFX/BCDC or any other entity in the BFX/BCDC's group.		

# Format 1

## Net Worth Calculation (as of a date not earlier than 6 months old)

Name of the applicant:

Membership category:

Financial year ended:

Networth calculation date:

### CERTIFICATE

This is to certify that the net worth of Mr./Ms. \_\_\_\_\_

as at \_\_\_\_\_ (date)

as calculated below is based on our scrutiny of the books of accounts, records and documents and is true and correct to the best of our knowledge and as per information provided to our satisfaction.

Place:

Date:

For

(Name of Audit Firm)

Signature

Name of Partner/Proprietor :

Stamp of the Audit firm:

### Calculation of Net worth

1. Capital + Free Reserves
2. Less Non-allowable assets:
  - a. Land and Building
  - b. Value of Pledged Securities
  - c. Book value of unlisted securities
  - d. Doubtful Debts and Advances
  - e. Prepaid expenses, losses
  - f. Intangible Assets
  - g. 30% of listed securities
3. Net worth (1-2)

### **Explanations:**

1. Capital means paid up value of equity shares/ordinary shares and irredeemable preference shares (net of treasury shares).

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2. Free reserves includes Share premium reserve, Federal reserves including statutory reserves (excluding revaluation reserves), un-appropriated retained earnings brought forward, audited current year's earnings net of declared dividends and tax expenses, current year appropriations including statutory reserves, general reserves and other appropriations and minority interest in joint ventures.

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3. Doubtful debts includes debts/advances overdue for more than three months.

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4. Loans/advances given to associates means loans and advances to holding companies subsidiary companies, other subsidiary companies of the holding companies.

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5. Intangible assets includes Goodwill and current year's cumulative net losses which have been reviewed or audited as per the International Standards on Auditing by external auditors.

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# Annexure

The following pages need to be printed on the applicant's company letterhead.  
A soft copy can be found on our website.

**[www.bfx.bh](http://www.bfx.bh)**

**(on the letter head of the applicant)**

To

The Board of Directors  
Bahrain Financial Exchange BSC (Closed)/BFX Clearing and Depository Corporation BSC (Closed)  
Bahrain Financial Harbour, East Tower, 12th Floor, Manama, Kingdom of Bahrain

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**APPLICATION FOR MEMBERSHIP OF THE BAHRAIN FINANCIAL EXCHANGE (BFX) AND/OR BFX CLEARING AND DEPOSITORY CORPORATION (BCDC)**

---

1) We ..... (Name of applicant)  
having our principal or registered office at .....  
.....  
..... (Address of applicant)  
are applying to the BFX and/or the BCDC to become a (tick one\*):

\*\* We ..... (Name of controllers)  
of a proposed entity (to be named) .....  
having our principal or registered office at .....  
..... (Address of controllers)  
hereby apply to the BFX and/or BCDC for ..... (Name of applicant)  
becoming a ..... - (\*\*strike out where not applicable)

- Clearing Member *Derivatives segment*
- Trading and Clearing Member – General *Derivatives segment*
- Trading and Clearing Member – Self clearing *Derivatives segment*
- Trading Member *Derivatives segment*
- Proprietary Trading Member *Derivatives segment*
- Authorised Remote Member *Derivatives segment*
- Proprietary Authorised Remote Member *Derivatives segment*

- 2) We are pleased to attach the following along with this application for membership
- a. Board/Governing body resolution to make this application.
  - b. Declaration and undertaking to BFX/BCDC
  - c. Application forms to the BFX/BCDC/Central Bank of Bahrain.
  - d. Additional information documentation required by BFX/BCDC.



# Model Resolution

## (on the letter head of the applicant)

Certified true extracts of the minutes of the meeting of the Board of Directors/Governing body of .....

held on ..... (Date)

at the office at ..... (Place of meeting)

The Board of Directors, after having scrutinised, examined and verified the application for membership to be made to Bahrain Financial Exchange BSC (Closed) and/or to BFX Clearing and Depository Corporation BSC (Closed), and also the application\*\* for licensing to be made to the Central Bank of Bahrain and the documents attached thereto, copies of which are marked for identification, resolved as follows;

“RESOLVED THAT the Board of Director authorise ..... (Name of the entity)

to make applications seeking membership of the Bahrain Financial Exchange BSC(C) and /or BFX Clearing and Depository Corporation BSC (Closed) and also seeking licensing\*\* from the Central Bank of Bahrain and hereby approves the applications and the documents attached thereto.

RESOLVED FURTHER THAT Mr./Ms. .... (Name and designation)

and ..... (Name and designation)

be and are hereby authorised to sign and execute the applications and the declaration and undertaking therein and certify the attached documents under the official seal of the company.

RESOLVED FURTHER THAT Mr./Ms. ....

and .....

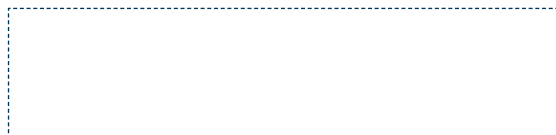
whose signatures are verified below be and are hereby authorised to furnish such further information and documents to Bahrain Financial Exchange BSC (Closed) and/or BFX Clearing and Depository Corporation BSC (Closed) and the Central Bank of Bahrain\*\* that may be necessary for the purposes of the application and do all such acts and things and to execute all documents/agreements that are necessary to obtain the membership and license.

(\*\* strike off if not applicable)

FOR AND ON BEHALF OF

CHAIRMAN

## COMPANY SEAL



Date

Place

## SPECIMEN SIGNATURES OF AUTHORISED SIGNATORIES

Name:

Specimen signature:

1.

1.

2.

2.

# Declaration and undertaking

## (on the letter head of the applicant)

We \_\_\_\_\_ (Name of the Applicant)  
having our registered or principal office at \_\_\_\_\_  
are applying to become a member of the Bahrain Financial Exchange BSC(Closed) (hereinafter referred to as 'the BFX') and/or the BFX Clearing and Depository Corporation BSC (Closed) (hereinafter referred to as 'the BCDC').

\*\* We \_\_\_\_\_ controller of a proposed entity  
\_\_\_\_\_ (name of proposed member to be incorporated)  
having our principal or registered office at \_\_\_\_\_  
are applying for \_\_\_\_\_ (name of proposed member)  
to become a member of the Bahrain Financial Exchange BSC(Closed) (hereinafter referred to as 'the BFX') and/or the BFX Clearing and Depository Corporation BSC (Closed) (hereinafter referred to as 'the BCDC'), and we undertake to complete the incorporation expeditiously and furnish the details to the BFX/BCDC.  
(\* strike out where not applicable)

We hereby declare and undertake as follows;

1) \_\_\_\_\_  
We have read and understood the Rules of the BFX and/or the BCDC and the relevant laws and regulations of the Central Bank of Bahrain (CBB) and the applicable laws in the jurisdiction in which we propose to operate as a member of the BFX and/or the BCDC.

### 2) True and correct:

2.1 We hereby unconditionally state that the particulars detailed in the application and all supporting documents are true, correct and complete to the best of our knowledge and belief. We also state that no relevant material fact has been suppressed. We undertake that we shall promptly update any change in information submitted in the application and enclosed supporting documents.

2.2 We hereby undertake that, any misstatement or misrepresentation or suppression of facts in connection with this application for membership or breach of any undertaking or condition of admission to membership entails rejection, denial, revocation or suspension of membership.

### 3) Admission as a Member:

3.1 We agree that the Board of Directors of the BFX and/or BCDC or a Committee thereof, shall have the absolute discretion in considering whether we should be admitted as a member and the conditions subject to which we may be admitted as a member. The decision of the Board of Directors in this regard shall be final and not appealable.

3.2 We also understand that our membership will not commence until;

- i. we have completed the application form to the satisfaction of the BFX and/or the BCDC and have provided such additional information as required by the BFX and/or the BCDC; and
- ii. our application has been approved by the relevant authorities at the BFX and/or the BCDC; and
- iii. where applicable, we have been licensed by the CBB and other/or regulatory authorities; and
- iv. where applicable, we have entered into an arrangement with a member of the BCDC for clearing and settlement of our trades on the BFX; and
- v. we have complied with the conditions stipulated by the BFX and/or BCDC and the regulatory authorities for grant of membership; and

- vi. the BFX and/or the BCDC have notified us in writing of its decision to admit us a Member and
  - vii. we have executed a membership agreement as specified, with BFX and/or BCDC.
- 3.3 \*\*As an applicant to become a Authorised Remote Member or Proprietary Authorised Remote Member we agree and undertake that we shall not have any office or place of business in the Kingdom of Bahrain and we shall not carry on any regulated investment services in the Kingdom of Bahrain and during the term of our membership we shall not solicit any client or carry on our business in or from the Kingdom of Bahrain. (\*\* strike out if not applicable).
- 3.4 We understand that the membership or any trading or other privileges arising from such membership may not be transferred, assigned or encumbered, by or on behalf of a Member except with the prior written approval of the BFX and/or the BCDC.
- 3.5 We agree to pay the fees, deposits and charges applicable to our membership in accordance with the terms determined and published by the BFX and/or the BCDC from time to time.
- 3.6 We understand that in order to maintain our membership on the BFX and/or BCDC we must organise and control our affairs in a responsible manner in accordance with the applicable Rules, and that we must have staff who are fit and proper with suitable authorisation and qualifications and experience in order to implement and maintain adequate internal procedures and controls.

**4) Compliance with the BFX and/or BCDC Rules and CBB regulations**

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If we are approved as a Member, we agree to comply with and be bound by the Rules of the BFX and/or the BCDC and any obligations imposed by the BFX and the BCDC pursuant to the Rules. We shall also comply with laws and regulations of the CBB and the relevant regulatory authorities in the jurisdiction in which we will operate, as is applicable to us.

**5) Confidentiality of Data**

-----

We understand that any information provided by or on our behalf in connection with the application for membership shall be kept confidential by the BFX and/or BCDC (whether or not our application for membership is successful) and shall not be disclosed to any third party without our prior written approval except where permitted by the BFX and/or BCDC rules or required by applicable law or regulation. We understand and agree that the BFX/BCDC is entitled to publish our name and other details if admitted as a member, in such manner, as considered appropriate by the BFX/BCDC.

**6) Limitation of Liability**

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The BFX/BCDC and their Directors, officers and employees shall not be liable to us for any loss or damages, direct or indirect, arising out of consideration or non-consideration of our application for membership.

**7) Governing Law**

-----

The application for membership and this Declaration and Undertaking shall be governed by the Laws of the Kingdom of Bahrain.

**Applicant's Statutory Name**

OFFICIAL SEAL OF THE APPLICANT

**AUTHORISED SIGNATORY**

Name:

Job Title:

Date:

**AUTHORISED SIGNATORY**

Name:

Job Title:

Date:



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**V1/D1/10**