



Bahrain Financial Exchange سوق البحرين المالي

BAHRAIN FINANCIAL EXCHANGE BFX CLEARING AND DEPOSITORY CORPORATION

INVESTOR PROTECTION FUND

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The Bahrain Financial Exchange (BFX) and the BFX Clearing and Depository Corporation (BCDC) licensed and regulated by the Central Bank of Bahrain recognise that protection of investors is fundamental to the reputation of the Exchange and the Clearing Corporation and the development of the markets.

The Exchange and the Clearing Corporation each have established a Fund called as 'The Investor Protection Fund' pursuant to the Business Rules.

The corpus of the fund shall comprise the following;

- a. Initial corpus of USD 10,000 contributed by the Exchange /Clearing Corporation.
- b. Annual contribution of USD 500 by every member.
- c. Such other sums accruing to the Fund from time to time.

As an additional protection to the investor, every Member is obliged to procure fidelity insurance. The Exchange has also obtained fidelity insurance.

Administration of the Fund:

The monies belonging to the Fund shall be maintained in a separate Bank account and applied only for settling claims in accordance with the Rules, and such other matters as approved by the Board and the Central Bank of Bahrain.

The monies lying to the credit of the Fund shall be invested in fixed deposits of reputed banks licensed by the Central Bank of Bahrain, CBB Bonds, government securities and such other similar Government securities as approved by the Board from time to time. The Managing Director and CEO has been authorised to manage the Fund with the assistance of the Head of Finance.

Payment of compensation from the Fund:

The fund shall be used to compensate an investor (other than an accredited investor) who suffers financial loss on account of errors, mistakes or defalcation committed by a Member, its directors or relevant persons, officers, employees or agents in the course of carrying on business on the Exchange/ Clearing Corporation. Such defalcation may relate to money or assets including securities deposited/ or entrusted to the Member by a client or belonging to the client or held by the member to the account of the client, in the course of dealings by such client on the Exchange. This Rule shall not cover any such defalcation in respect of money or

assets of securities of a client which are held by a Member in respect of dealings by the client outside the Exchange/ Clearing Corporation.

An accredited investor shall mean:

- a) Individual investors who have a net-worth of more than USD 100,000.
- b) Corporations, partnerships, trusts, funds and other entities that have a paid up capital or funds in corpus/management of more than USD 100,000.
- c) Banks, funds, investment companies and other entities licensed by the Central bank or securities regulator.
- d) Governments, supranational organisations, state organisations like pension funds.

Limit of claims:

Each claim by an investor shall be limited to the actual loss or the maximum amount of USD 2,500.

Procedure for Making claims:

An aggrieved investor may make a complaint to the Member and the Exchange/Clearing Corporation within 30 days from the date of the alleged transaction or omission or commission that resulted in the financial loss giving the details in the form prescribed by the Exchange. If the complaint is not redressed by the Member within 15 days thereafter, the investor may make a compensation claim by submitting to the Exchange/Clearing Corporation the prescribed claim form (Annexure 1). The Exchange /Clearing Corporation shall not entertain any claims made after 90 days from the date of first complaint with the Member. It may be noted that the matters covered under this Fund are those that are not available under the alternative dispute resolutions mechanisms such as arbitration.

The contact point for all matters connected with the claim shall be Compliance Department, Bahrain Financial Exchange, Bahrain.

ANNEXURE 1

CLAIM FORM

DATE:

The Compliance Department
Bahrain Financial Exchange/BFX Clearing and Depository Corporation
Bahrain.

Dear Sirs,

CLAIM AGAINST THE INVESTOR PROTECTION FUND FOR USD _____

I wish to inform you that I have suffered pecuniary loss from a defalcation/error by the Member in respect of transactions effected by me on the Exchange.

I wish to make a claim against the Investor Protection Fund for a sum of USD _____. The particulars of my claim and the supporting documents in respect of the same are attached in the enclosed Schedule 1 to this letter.

I also confirm and declare that I am not an accredited investor.

I confirm that I have not received any compensation in respect of the claim made hereunder under any other insurance or guarantee or other arrangement.

Yours sincerely

Date:

Place:

SCHEDULE 1 TO BE USED FOR CLAIMS AGAINST THE INVESTOR PROTECTION FUND

- 1) Name of the Investor.
- 2) CPR No./Passport No. (attach copies)
- 3) Address
- 4) Name of the BFX/BCDC Member through transactions effected resulting in omission/commission/defalcation/error
- 5) Name of the dealer/representative of the Member involved in the transactions.
- 6) Client/Trading account number
- 7) Particulars of contracts traded (Attach copies of confirmation notes)

Date	Contract traded	Number and amount/value

- 8) Detailed description of the error/omission/commission/defalcation and date of occurrence and responsibility of member/dealer.
- 9) Aggregate amount of monetary loss
- 10) Date of complaint made to member (attach copies)
- 11) Response of member (attach copies)
- 12) Amounts received from other sources such member level insurance
- 13) Amount of claim made against the BFX/BCDC Investor compensation Fund.
- 14) Details of Legal proceedings (civil or criminal) initiated, if any in the above matter.
- 15) Details of previous claims made by you in the above or different matter.
- 16) Details of any other complaints made by you to BFX/BCDC in the past.

I confirm and declare that the above information is true and correct.

Yours sincerely,

Date

Place