



TWO SEAS TRUST



October 2010

Briefing: Occupational Saving Schemes

Preface

The world of executive and all-employee remuneration and the forms of incentive provided is ever changing and increasingly competitive. Rewarding, retaining and motivating employees and indeed winning new high profile executives over to your company requires a well structured and effectively administered remuneration package.

Bahrain is widely regarded as the best regulated financial centre in the Middle East with the largest concentration of Islamic Finance institutions. It plays host to more than 400 financial services providers.

Bahrain's economy has grown at a fast pace in recent years and is now a key area for the recruitment, retention and motivation of employees. Regulations governing remuneration have developed to accommodate the need for financial institutions to promote staff remuneration and retention schemes.

The Central Bank of Bahrain (the "CBB") issued a directive on 18th February 2009 (the "Directive") relating to the establishment of Occupational Savings Schemes ("OSS"). The Directive requires an OSS, which is set up by a CBB Licensee or in which a CBB Licensee acts as an Asset Manager, Administrator or Trustee to be constituted as a Trust under Law No.(23) of 2006 regarding Financial Trusts.

Two Seas Trust B.S.C.(c) can assist employers in establishing and administering an OSS in order to comply with the Directive.

Occupational Saving Schemes

An OSS is a scheme established by an employer for the purpose of providing savings benefits to full-time employees.

New standard conditions relating to the OSS are aimed at segregating and safeguarding saving schemes relating to employers both inside the Kingdom of Bahrain and abroad.

24th Floor, NBB Tower, Government Avenue, PO Box 10476, Manama, Kingdom of Bahrain
t +973 1720 6800 f +973 1720 6801 info@twoseastrust.com

www.twoseastrust.com

Regulated by the Central Bank of Bahrain



TWO SEAS TRUST



The OSS can be structured as an occupational plan on the basis of an agreement or contract between a specific employer and its full-time employees or a broader industry specific plan between employers and employees of the same industry.

The purpose of the OSS is to segregate and safeguard the employee funds in the scheme from those of the employer for the benefit of the employees. Establishing an OSS is voluntary.

If an employer establishes an OSS which is operated or managed or has its administration or trustee services provided from Bahrain the OSS must be registered with the Central Bank of Bahrain and comply with the conditions set out in the Directive.

Establishment of an OSS

An OSS with a size of BD250,000 or more, set up by a CBB Licensee or in which a CBB Licensee acts as an Asset Manager, Administrator or Trustee, must be constituted as a Trust under Law No.(23) of 2006 regarding Financial Trusts.

The establishment of an OSS which is operated or managed or has its administration or trustee services provided from Bahrain requires the appointment of a Trust Service Provider licensee with a presence in the Kingdom of Bahrain. Two Seas Trust is licensed by the CBB to provide professional trust services.

While the assets of the OSS are held in the Trust, the Trustee must have the power to engage a full range of professional advisors to administer the OSS during its term. These might include custodians, fund managers, administrators, lawyers and auditors.

Investment Restrictions

The OSS must have a written investment policy acceptable to both the Trustee and the beneficiaries of the OSS. Broadly this should be of a low risk and expressly exclude financial instruments issued by the employer (or associated body). The investment policy should aim for capital preservation, diversification across sectors, and provide that the investment manager will refrain from borrowing or lending in the management of the OSS's assets. The Trustee may lend to the participants in the OSS provided that this is permitted by the trust instrument and is in the best interests of the participants as a whole.



TWO SEAS TRUST



Administration

The Trustee must appoint external auditors and arrange for audited trust accounts (with a separate report addressing the compliance of the scheme with its investment policy) to be submitted to the CBB and the employer on an annual basis.

Comprehensive books and records must be kept by the Trustee in Bahrain and participants must be provided with an annual statement of the OSS detailing the scheme's performance, and any charges and fees.

Two Seas Trust utilises specialist IT software (which has been time tested by the Ogier Group in relation to the provision of administration services to a variety of clients over many years) to provide a proactive and efficient administration and reporting service to its clients. See below for more detail on the Ogier Group.

Registration

The OSS must be registered with the CBB by the Trustee on behalf of the employer. The application for registration must be accompanied by all relevant documents such as the Trust Deed and the Scheme Term Sheet setting out the conditions of the Scheme.

Conclusion

Two Seas Trust can provide a comprehensive service ranging from the preparation of plan rules, preparation of legal documents, the establishment and registration of the scheme through to the ongoing administration of the OSS. The forms of legal and plan documents which can be provided by Ogier have been used for many years in the provision of OSS services to Ogier's European and US client employers.

Two Seas Trust can draw on its extensive relationships with expert professional advisors both in Bahrain and globally in providing an expert and responsive service of to its clients.

About Two Seas Trust

Two Seas Trust is a joint venture between Ogier Fiduciary Services (Jersey) Limited and Keypoint Consulting W.L.L. and is regulated by the CBB for the conduct of trustee, administration and related services. This includes employee benefit solutions and the

24th Floor, NBB Tower, Government Avenue, PO Box 10476, Manama, Kingdom of Bahrain
t +973 1720 6800 f +973 1720 6801 info@twoseastrust.com

www.twoseastrust.com

Regulated by the Central Bank of Bahrain



TWO SEAS TRUST



administration of trusts and companies which own a diverse range of assets globally and in the GCC.

Ogier is one of the world's leading providers of offshore legal and administration services employing over 850 professional and support staff. The group has a presence in nine jurisdictions around the world, namely Bahrain, British Virgin Islands, Cayman Islands, Guernsey, Hong Kong, Ireland, Jersey, London and Tokyo.

Ogier provides advice on all aspects of BVI, Cayman, Guernsey and Jersey law and associated administration services, and continues to be recognised as a leading law firm by the leading legal directories.

Keypoint is a leading provider of statutory advisory, accounting, fund administration and recruitment services in the Middle East. Based in Bahrain they currently provide corporate administration and fund administration services to a wide variety of clients including banks, individual's real estate and private equity houses.

Prior to 2006, Keypoint formed part of Ernst & Young Middle East.

Keypoint is licensed by the Ministry of Industry and Commerce in Bahrain and where relevant the Central Bank of Bahrain for the conduct of all aspects of its business.

If you would like to discuss the services that Two Seas Trust can provide in relation to the OSS please contact Paul Perris or Guruparan Kumarasamy on the numbers set out below.

Contact details

Paul Perris
Managing Director, Two Seas Trust B.S.C.(c)
Tel: +973 1720 6802
mob: +973 3628 3882
paul.perris@twoseastrust.com
www.twoseastrust.com

Guruparan Kumarasamy
Director, Two Seas Trust B.S.C.(c)
Tel: +973 1720 6801
Mob: +973 3961 7950
guruparan.kumarasamy@twoseastrust.com
www.twoseastrust.com

24th Floor, NBB Tower, Government Avenue, PO Box 10476, Manama, Kingdom of Bahrain
t +973 1720 6800 f +973 1720 6801 info@twoseastrust.com
www.twoseastrust.com

Regulated by the Central Bank of Bahrain