



EDBS/KH/0546/2008  
27 January 2008

**The Compliance Officer**  
All Conventional Bank Licensees  
Manama  
Kingdom of Bahrain

Dear Sir,

**CBB Rulebook: Volume 1 – October 2007 Quarterly Update**

The latest quarterly update to Volume 1 has now been incorporated in the website version of the Rulebook.<sup>1</sup> At present, only the PDF files have been fully updated. The HTML versions are gradually coming online.

**Recipients who wish to update their hard copy folders should access the CBB website and print off the relevant pages for insertion into their folder.** This cover letter highlights the main changes introduced this quarter. The table attached to this letter lists which pages to print off.

You will note that the Rulebook now refers to the CBB Law of September 2006 and so there are some minor administrative charges to all Modules.

**Module Contents Pages**

As usual, the contents pages for each Module contained in Part A of Volume 1 have been updated. They now show their current issue date at the bottom right hand corner of the page: i.e. October 2007, and January 2008 for Modules CA and PCD. The revised Modules are effective from the date of this letter (not October 2007).

<sup>1</sup> Volume 1 can be accessed, as usual, from [www.cbb.gov.bh](http://www.cbb.gov.bh)  
(Home > Regulation & Supervision > Rulebook > Volume 1)

Contents pages also show the current issue date for every Section of a Module. Where a Section has been modified as part of this update, then its issue date will also have been changed to October 2007 or January 2008. These contents pages therefore act as a summary checklist for Rulebook users.

### **Module CM:**

There is a new rule that retail banks must follow the “Code of Best Practice on Consumer Credit and Charging” (CM-8) and they must be members of the Credit Reference Bureau (CM-1.2).

### **Module OM:**

New Chapter OM-5 on Business Continuity Planning has been added after consultation in 2005.

New Chapter OM-7 added on Books and Records, transferred from Module GR.

### **Modules CA and PCD:**

Module CA has been completely rewritten to comply with Basel 2. The new PIR in PDF format is now available in part B. PCD “Prudential Consolidation and Deduction Requirements” is a new Module covering consolidation requirements for prudential capital adequacy purposes.

### **Further information**

Should you have any queries regarding these updates, you may contact the CBB Rulebook team (at [rulebook@cbb.gov.bh](mailto:rulebook@cbb.gov.bh)), or else please speak to your normal supervisory contact.

Yours faithfully,



**P.P. Khalid Hamad**

Enc.

**CBB Rulebook: Volume 1 – October 2007 Quarterly Update**

Module Code	Summary of Changes and Printing Instructions
UG	Changes in procedure due to new articles in new CBB Law. There are no changes of substance in this Module. <b>Print off Sections UG-A and UG-1.1 &amp; 1.2.</b>
LR	No changes. October 2006 version remains in place. <b>No printing required</b>
PB	Module modified to align it with the wording adopted in Modules 3 and 4. Changes are principally of form rather than substance. <b>Print off Whole Module.</b>
HC	Tidying up of HC-A and HC-B and HC-1, so that rules are more clearly separated from Guidance. <b>Print off Sections HC-A, HC-B and HC-1</b>
AU	Text changes due to new articles in CBB Law (AU-1.2) and some changes in “conflict of interest” provisions (AU-1.5). <b>Print off Sections AU-A, AU-1.2 and AU-1.5.</b>
GR	GR-1 has been moved to Module OM. Minor text changes due to new articles in CBB Law, and new notification and approval thresholds for “controllers” in GR-5. <b>Print off Sections GR-A.2, GR-4, GR-5 and GR-7.</b>
CA	Completely rewritten for Basel 2 <b>Print off Whole Module.</b>
BC	No material changes. Some tidying up of BC-A. <b>Print off Section BC-A.</b>

Module Code	Summary of Changes and Printing Instructions
CM	New Rule that retail banks must follow the "Code of Best Practice on Consumer Credit and Charging" (CM-8) and must be members of the Credit Reference Bureau (CM-1.2).  <b>Print off Sections CM-A, CM-1.2 and CM-8.</b>
OM	New Chapter OM-5 on Business Continuity Planning following consultation with banks in 2005/2006.  New Chapter OM-7 on Books and Records transferred from GR. Other Sections relocated due to new Chapters.  <b>Print off Whole Chapter.</b>
FC	No changes of significance (some new guidance).  <b>Print off Sections FC-A and FC-B.1.</b>
BR	New Chapter BR-6 concerning access to premises as a result of new CBB Law.  <b>Print off Sections BR-A and BR-6.</b>
PD	No material changes.  <b>Print off Sections PD-A and PD-1.3.12.</b>
EN	Procedural changes to some sections as a result of new CBB Law.  <b>Print off Sections EN-A, EN-1, EN-3, EN-4, EN-6, EN-7, EN-8, EN-9 and EN-10.</b>
CP	No material changes. Some procedural changes to CP-1.2 and CP-2.4 as a result of new CBB Law.  <b>Print off Sections CP-A.3, CP-1.2 and CP-2.4.</b>
PCD	New Module concerning the capital treatment of investments in subsidiaries and associates and major acquisitions
All Modules	<b>Print Table of Contents page of each Module</b> (to show updated chapters and sections for each Module).