



EDBS/KH/C/16/2018  
28<sup>th</sup> February, 2018

**Chief Executive Officers**  
All Locally Incorporated Banks  
Manama  
Kingdom of Bahrain

Dear Sir,

**Compliance with the CBB Rules Applicable to Controllers**

As you are aware, the CBB Law<sup>1</sup> and the CBB Rulebook stipulate rules relevant to significant ownership and changes in ownership in locally incorporated banks beyond stipulated thresholds.

In particular, Articles 52 to Article 58 of the CBB Law, stipulate certain obligations on the licensees and on the controllers or persons intending to take significant ownership in the licensee bank. CBB's Rulebook Volumes 1 and 2 stipulate the additional applicable requirements.

Based on recent instances that have come to the attention of the CBB, it is noted that some shareholders of banks have not been made aware of and / or do not bear in mind their obligations in complying with the rules relevant to 'controllers' leading to complexities thereafter.

Accordingly, the CBB requires all locally incorporated banks to establish a robust compliance process for assessing the implementation of the rules relating to controllers by the shareholders and also a process for ongoing education and alerts regarding the shareholders' compliance obligations.

Yours faithfully,

  
**Khalid Hamad**

cc: Bahrain Association of Banks

<sup>1</sup> Central Bank of Bahrain and Financial Institutions Law No. 64 of the year 2006, as amended by the Legislative Decree No. 34 of the year 2015, and Legislative Decree No. 21 of 2016 ("the CBB Law")