



EDBS/KH/C/33/2018
29th April 2018

Chief Executive Officer
All Financing Companies
Manama
Kingdom of Bahrain

Dear Sir,

Amendments to the Operational Risk Management Module

With reference to the CBB's requirements included in the Operational Risk Management Module (Module OM) related to "Outsourcing of Services Containing Customer Information", the CBB is making an amendment to Paragraph OM-2.9.2 in Volume 5 (Financing Companies) to exclude call centres from the requirement that entails third party service providers to be licensed by the CBB and located in Bahrain.

Further, a new requirement, Paragraph OM-2.9.3A in Volume 5 (Financing Companies), is being added to require licensees to notify customers about any outsourcing arrangements where customer information is shared with a third party service provider.

The amendments are as **highlighted** below:

OM-2.9.2

For a third party outsourcing of functions/services containing customer information, other than debt collection, IT function, internal audit, cards embossing, cheques personalization, **and data/documents storing, and call centres**, the service providers must be licensed by the CBB and located in Bahrain. If the outsourced service is not available in Bahrain after 30th June 2017, licensees must submit to the CBB a written request, at least within 30 days of the stated deadline. The request must provide details of the circumstances under which the extension of outsourcing activities is being requested.

OM-2.9.3A

In case of an outsourcing arrangement that involves transmission of customer information to the service provider, Licensees must make necessary changes to the terms of the customer agreements and send prior notices to the customer, who shall provide a consent in writing that his/her information would be transmitted to a service provider. Licensees may only effect the changes in the customer agreement following the receipt of customer consent.

Such amendments to the Operational Risk Management Module are effective immediately and shall be available on the CBB website under Rulebook Volumes 5 (Financing Companies) (Ad-hoc Communications) in due course, and will be part of the upcoming CBB Rulebook update.

Yours faithfully


Khalid Hamad

Cc: Bahrain Association of Banks