



EDBS/KH/7/2015
19th February 2015

Chief Executive Officer/General Manager
All Bahraini Conventional and Islamic Bank Licensees
Manama
Kingdom of Bahrain

Dear Sir,

Clarification of Remuneration Rule and Guidance

As a result of queries raised by the industry on some of the requirements dealing with remuneration, the Central Bank of Bahrain ('CBB') is amending the attached paragraphs.

The revised text (changes highlighted) is attached to this letter and takes immediate effect and will be included in the April 2015 update of Volumes 1 and 2 of the CBB Rulebook.

Should you have any queries regarding this clarification, you may contact the CBB Rulebook team at rulebook@cbb.gov.bh, or else please speak to your normal supervisory contact.

Yours faithfully,


Khalid Hamad

Enc.

Amendments to Volumes 1 and 2

Module PD

The references below are those in relation to Volume 1. Volume 2 references should be read as PD-1.3.10 E and PD-1.3.10F (and PD-1.3.10F (o) and (p)).

PD-1.3.8E Disclosure requirements for items under Subparagraph PD-1.3.8B (o) and (p) may be presented in a table format split between members of the Board, other approved persons, material risk-takers, as well as other staff not included in the previous categories.

PD-1.3.8F For purposes of Paragraph PD-1.3.8E, the table referred to should be completed separately for:
(a) Members of the board of directors;

Total value of remuneration awards for the current fiscal year	Unrestricted
Fixed remuneration	
• Sitting Fees	x
• Other (please specify)	x

- (b) Approved persons in business lines;
(c) Approved persons in risk management, internal audit, operation, financial controls, internal Shari'a review/audit, AML and compliance functions; and
(d) Material risk-takers not falling under categories (a) to (c).
(e) Other staff of Bahrain operations not included under categories (a) to (d); and
(f) Staff of branches and subsidiaries not included under categories (a) to (e).

Module HC

HC-5.5.2 The Board of Directors' remuneration must be capped so that total remuneration (excluding sitting fees) is in line with Article 188 of the Company Law, in any financial year and has been approved by the shareholders.