



EDBS/KH/C/44/2020  
7<sup>th</sup> May 2020

**Chief Executive Officers**  
All Financing Companies  
All Microfinance Institutions  
Manama  
Kingdom of Bahrain

Dear Sir/ Madam,

**Amendments to the Financial Crime (FC) and High-Level Controls (HC) Modules**

The Central Bank of Bahrain (CBB) is issuing amendments to the requirements under Modules FC and HC of Volume 5 of CBB Rulebook. The updated requirements read as follows:

**Module FC:**

**FC-2.1.3** **Licensees must incorporate Key Performance Indicators (KPIs) to ensure compliance with AML/CFT requirements by all staff. The performance against the KPIs must be adequately reflected in their annual performance evaluation and in their remuneration (See also Paragraph HC-5.4.2).**

FC-2.1.4 In implementing the policies, procedures and monitoring tools for ensuring compliance with Paragraph FC-2.1.3, licensees should consider the following:

- The business policies and practices should be designed to reduce incentives for staff to expose the licensee to AML/CFT compliance risk;
- The performance measures of departments/divisions/units and personnel should include measures to address AML/CFT compliance obligations;
- AML/CFT compliance breaches and deficiencies should be attributed to the relevant departments/divisions/units and personnel within the organisation as appropriate;
- Remuneration and bonuses should be adjusted for AML/CFT compliance breaches and deficiencies; and
- Both quantitative measures and human judgement should play a role in determining any adjustments to the remuneration and bonuses resulting from the above.



Module HC:

*Alignment of All Staff Remuneration with Compliance with AML/CFT Requirements*

**HC-5.4.2** The performance evaluation and remuneration of senior management and staff of the licensee must be based on the achievement of the Key Performance Indicators (KPIs) relevant to ensuring compliance with AML/CFT requirements as specified in Paragraphs FC-2.1.3 and FC-2.1.4.

The amendments are effective immediately and will be part of the April 2020 CBB Rulebook update for Volume 5 licensees.

Yours faithfully,

  
Khalid Hamad Al-Hamad