



EDBS/KH/0333/2011
7th August 2011

Chief Executive Officer

All Locally Incorporated Retail and Wholesale Banks
Kingdom of Bahrain

Dear Sir,

Appointment of Independent Director

As a follow up to the ad hoc communication letter dated 10th July 2011 (Ref: EDDBS/KH/0318/2011), the Central Bank of Bahrain ('CBB') has reviewed the definition of "independent director" contained in the Glossary under Part B and used in Module HC (High-Level Controls) and is adding the following guidance Paragraph in the Glossary to assist all banks under Volumes 1 and 2 of the CBB Rulebook in interpreting certain clauses of the definition.

Item (b)(i) in the definition of 'independent director' excludes dividends, deposits, investment accounts and credit facilities from the payments referred; reference to such payments only applies to contractual payments for services rendered and to which the BD 31,000 threshold should apply.

Dividends, deposits, investment accounts and credit facilities are to be considered under item (b)(iv) of the definition.

The CBB will incorporate the above wording as part of its October 2011 update for Volumes 1 and 2.

Yours faithfully,


Khalid Hamad

WY/...