



EDBS/KH/C/38/2017
9th August 2017

Chief Executive Officer
All Islamic Bank Licensees
All Audit & Consultancy Firms
All Legal Firms
Manama - Kingdom of Bahrain

Dear Sir,

Issuance of the new Shari'a Governance Module

With reference to the CBB's proposal of the Shari'a Governance Module (Module SG), (EDBS/KH/C/39/2016), dated 1st September 2016, and subsequent to the consultation period and addressing of the industry comments, the CBB would like to announce the issuance of the "Shari'a Governance Module" containing rules related to Shari'a governance for licensed Islamic banks in the Kingdom of Bahrain.

This Module, issued in August 2017, is effective on 30th June 2018. All Islamic bank licensees to which Module SG applies must be in full compliance by this date. In addition, by 30th September 2017 the licensees have to provide the CBB with a gap analysis and an action plan for implementation of this Module.

The first Independent External Shari'a Compliance Audit (IESCA) report should be issued in 2020 based on the transactions, structures and activities of 2019. Further guidance will be given on the eligibility criteria for who can conduct IESCA. Additionally, it should be noted that it is not mandatory for banks to make the IESCA report public.

The CBB will shortly issue Training & Competency requirements for Shari'a Officer and Internal Shari'a Auditor.

The Shari'a Governance Module shall be available on the CBB website under CBB Rulebook Volume 2 in due course.

Yours faithfully


Khalid Hamad