



EDBS/KH/C/93/2019  
29<sup>th</sup> December 2019

**Chief Executive Officers**  
Financing Companies  
Microfinance Institutions  
Ancillary Service Providers  
Manama  
Kingdom of Bahrain

Dear Sir,

**New requirements in the High Level Controls Module (Module HC) Volume 5**

As part of the CBB's objective in enhancing its regulatory framework, the CBB is issuing the following new requirements under Section HC-1 (Financing Companies, Microfinance Institutions and Ancillary Service Providers) of the High-Level Controls Module (Module HC), Volume 5.

The new requirements for financing companies read as follows:

**HC-1.4.12** Where an **independent director** has served three consecutive terms on the board, such director will lose his/her independence status and must not be classified as an **independent director** if reappointed.

**HC- 1.4.13** Where a Chief Executive Officer of a **Financing Company**, who is also a Board member, no longer occupies the CEO position, whether due to resignation, retirement or termination, his/her Board Membership must also be immediately terminated.

Same requirements will be included in the HC Modules for Microfinance Institutions under Paragraphs HC-1.4.11 and HC-1.4.12, and Ancillary Service Providers under Paragraphs HC-1.5.8 and 1.5.9.

The new requirements are effective immediately and shall be available on the CBB website under Rulebook Volume 5 (Ad-hoc Communications) in due course, and will be part of the upcoming CBB Rulebook update.

Yours faithfully,

  
**Khalid Hamad**