



EDBS/KH/C/52/2016

8th December, 2016

The Chief Executive Officers

All Retail Overseas Branches

Manama

Kingdom of Bahrain

Dear Sirs,

Re: Outsourcing of Functions Containing Customer Information

Reference is made to the CBB's Circular No. EDBS/KH/30/2016 dated 9th June 2016 as well as Section OM3.9 of the CBB's Rulebook Module OM on Operational Risk Management (V.1), pertaining to "Outsourcing of Functions Containing Customer Information".

In this context, the overseas retail bank licensees are hereby advised that the CBB is willing to consider any outsourcing arrangements entered into via their Head Offices with third parties outside the group, being used by the Bahrain branch, as an intragroup outsourcing, subject to the following conditions:-

- a. The Head Office provides the CBB with a letter of comfort on such outsourcing arrangements stating that it would take full responsibility for ensuring adequate controls on the outsourcing arrangement with the service provider; and
- b. The letter of comfort must also confirm that should the customer suffer any losses due to lapses in controls by the service provider, the Head Office will take appropriate rectification measures and that adequate compensation is provided to the affected customers.

Yours sincerely,


Khalid Hamad