



EDFIS/C/046/2020
7th May 2020

Chief Executive Officers
Self-Regulatory Organisations (SROs)
SRO Members
Crypto-asset Licensees
Manama
Kingdom of Bahrain

Dear Sir/ Madam,

Amendments to the Anti-Money Laundering and Combating Financial Crime (AML) and High-Level Controls (HC) Modules

The Central Bank of Bahrain (CBB) is issuing amendments to the requirements under Modules AML and HC of Volume 6 of CBB Rulebook. The updated requirements read as follows:

Module AML:

AML-2.1.3 Capital Market Service Providers 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-10.5.3).

AML-2.1.4 In implementing the policies, procedures and monitoring tools for ensuring compliance with Paragraph AML-2.1.3, Capital Market Service Providers should consider the following:

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

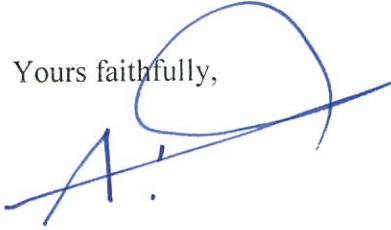
Module HC:

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

HC-10.5.3 The performance evaluation and remuneration of senior management and staff of the Capital Market Service Provider should be based on the achievement of the Key Performance Indicators (KPIs) relevant to ensuring compliance with AML/CFT requirements as specified in Paragraphs AML-2.1.3 and AML-2.1.4.

The amendments are effective immediately and will be part of the April 2020 CBB Rulebook update for Volume 6 licensees.

Yours faithfully,



Abdul Rahman Al Baker