

Consultation on Proposed procedures for opening accounts for companies under formation
Industry Comments and Feedback
August 2017

Industry Comments		
General Comments	Ref	CBB's Response
<p>KHCB</p> <p>Reference made to the subject consultation. We are of the opinion that Banks should have the discretion whether to accept or refuse opening accounts for under formation companies on case by case basis and subject to the internal policies and procedures of each bank. In case of acceptance to open an account for under formation companies then suggested procedure may apply.</p>	GR-1	Banks must open accounts for companies under formation unless it has serious reasons to decline as per FC-1.1.13B.
<p>BISB</p> <p>Keeping the requirement of opening a bank account as the last step in the formalities for issuing a license. This would save the whole process especially that during this phase where the company will complete its license formalities, the amount will be subject to no disbursement, therefore it will be with no use for the company under formation.</p>	GR-2	Disagree, as this is against the law.
<p>NBK</p> <ul style="list-style-type: none"> ➤ A clear procedures should be in place to determine the treatment under FATCA and CRS towards (the client identification/onboarding, documentation and reporting “if they are co-operative or recalcitrant”), in case the client is a company under formation approached the licensee to open a banking account. ➤ It is recommended to remove “the bank must notify the Ministry accordingly.” from point #3 in the consultation paper. 	GR-3	<p>Not relevant as FATCA form must be completed before opening the account.</p> <p>Disagree, the Ministry requires such notification.</p>

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<p>State Bank of India</p> <p>With reference to below mail and attached proposed procedures, we have below comments:</p> <ul style="list-style-type: none"> • Since the capital requirement by the ministry has dropped significantly to BD 50/share, we noted that the number of applications had been increased significantly. • Majority of the applicants are of no business backgrounds/experience and requested a license in a high risk line of business (for example Real estate Management/Holding Company/Consultancy field...etc). • Upon requesting for financial capability of the applicants, majority were hardly having few hundreds in their personal accounts. Which raises concern with respect to authenticity of this business and ability to operate. • Since it was confirmed during the meeting, held on CBB premises with representative from MOIC that the ministry is not performing any KYC on the applicants, hence we feel it is our duty to decline opening accounts for questionable applications. <p>Hence, we are taking that the attached proposed procedures are for guidance and not to be enforced on licensees to open bank accounts for companies under formation.</p>	GR-4	Refer to GR-1.
<p>ICICI</p> <p>We are ok with the proposed procedures for opening of bank accounts for Companies under Formation. However, we recommend to add that banks be given discretion to levy appropriate charges for the services rendered.</p>	GR-5	Noted.

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<p>BBK</p> <ol style="list-style-type: none"> 1. We suggest and believe that Retail Banks should open accounts for companies under formation at their own discretion, as per their terms and conditions and subject to their relevant administration fees and minimum balance requirements set forth by each bank. As agreed in the meeting with Mr. Yousif Hasan; we understood that the CBB will not impose constraints on corporate fees as is currently the case with retail fees. 2. During the six months period where KYC and other documents are to be completed, the account for companies under formation will not be active. Debits to the account will not be permitted however, CBB is to advice whether deposits other than the initial capital deposit are to be allowed or not. 3. We suggest the statement be changed to “may be classified as dormant” or another terminology instead of “must be classified as dormant” as each Bank has a different classification of dormant status in the organization. Also, stating that the Bank “must” inform the Ministry of incomplete accounts is further complicating the account opening process as opposed to simplifying it. 4. We also suggest that the Bank may charge the corporate customer a penal fee for not completing the requirements in the set timeframe of six months. 	GR-6	<ol style="list-style-type: none"> 1. Refer to GR-1. 2. The Bank shall not allow deposits, other than the initial capital. 3. Disagree. 4. Disagree.
<p>Nil Comments NBB, AUB, BDB, KFH, Ithmaar, AISalam, Arab Bank, Citibank, CL, Mashreq, NBAD, UBL, HSBC</p>		