



# **GENERAL REQUIREMENTS MODULE**



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MODULE	GR:	General Requirements
CHAPTER	GR-A:	Introduction

## GR-A.1 Purpose

### *Executive Summary*

GR-A.1.1 The General Requirements Module presents a variety of different requirements that are not extensive enough to warrant their own stand-alone Module, but for the most part are generally applicable. These include general requirements on books and records; on the use of corporate and trade names; and on controllers. Each set of requirements is contained in its own Chapter: a table listing these and their application to licensees is given in Chapter GR-B.

### *Legal Basis*

#### GR-A.1.2

This Module contains the Central Bank of Bahrain's ('CBB') Regulation No.(31) of 2008 and Directive (as amended from time to time) governing bank control and general requirements and is issued under the powers available to the CBB under Articles 38 and 52 of the Central Bank of Bahrain and Financial Institutions Law 2006 ('CBB Law'). The Module also contains requirements pertaining to controllers as prescribed under Resolution No.(43) of 2011 governing the conditions of granting a license for the provision of regulated services and is issued under the powers available to the CBB under Article 44(c).The Regulation, Resolution and Directive in this Module are applicable to all conventional bank licensees.

GR-A.1.3 For an explanation of the CBB's rule-making powers and different regulatory instruments, see Section UG-1.1.



<b>MODULE</b>	<b>GR: General Requirements</b>
<b>CHAPTER</b>	<b>GR-A: Introduction</b>

## GR-A.2 Module History

### *Evolution of Module*

- GR-A.2.1 This Module was first issued in July 2006, with immediate effect, as a new Module aimed at aligning the structure and contents of Volume 1 with other Volumes of the CBB Rulebook. It is dated July 2006. All subsequent changes to this Module are annotated with the end-calendar quarter date in which the change was made: Chapter UG-3 provides further details on Rulebook maintenance and version control.
- GR-A.2.2 The October 2007 version incorporates the requirements relating to controllers, previously contained in Chapter HC-2 of the High-Level Controls Module. It also expands on certain requirements contained in the Central Bank of Bahrain and Financial Institutions Law (Decree No. 64 of 2006).
- GR-A.2.3 A list of recent changes made to this Module is detailed in the table below:

Module Ref.	Change Date	Description of Changes
GR-5	04/2008	New notification and approval requirements in respect of “Controllers”
GR-4, GR-5.4, GR-7	10/2007	Administrative changes due to implementation of CBB Law. Revised notification deadlines etc.
GR-1	10/2007	This Chapter has been relocated to OM Module.
GR-8	10/2007	CBB Fees Chapter has been transferred to Module LR.
GR-5.3	01/2010	Revised approval threshold for controllers which are financial institutions.
GR	01/2011	Various minor amendments to ensure consistency in CBB Rulebook.
GR-A.1.2 and A.1.3	01/2011	Added legal basis.
GR-3.1.1	04/2011	Clarified Rule pertaining to announcement of dividend.
GR-4.12	04/2011	Clarified Guidance and deleted reference to outsourcing and winding up proceedings.
GR-4.1	07/2011	Regulation under consultation.
GR-A.1.2 and GR-5.3.5A	10/2011	New reference added to reflect the issuance of Resolution No.(43) of 2011, and reference made to controllers.
GR-3.1	10/2011	Clarified guidance Paragraphs on CBB’s non-objection for dividends.
GR-5.2.2	10/2011	Clarified the definition of “associate”.
GR-7	10/2011	Chapter redrafted to be consistent with other Volumes of the CBB Rulebook.



<b>MODULE</b>	<b>GR:</b>	<b>General Requirements</b>
<b>CHAPTER</b>	<b>GR-A:</b>	<b>Introduction</b>

## GR-A.2 Module History (continued)

### *Superseded Requirements*

GR-A.2.4 This Module supersedes:

Circular / other reference	Provision	Subject
Module LR (April 2006 version)	LR-6: Record-keeping Keeping	Record-keeping keeping requirements were moved to GR-1, and edited down to simplify and avoid duplication of record-keeping keeping requirements contained in Module FC.
Module HC (April 2006 version)	HC-2: 'Fit and Proper Requirement'	Requirements relating to controllers were moved to GR-5. Remaining 'fit and proper' elements regarding Directors and key employees of licensees were retained in HC-2, in a re-drafted form.



<b>MODULE</b>	<b>GR: General Requirements</b>
<b>CHAPTER</b>	<b>GR-B: Scope of Application</b>

## **GR-B.1 Conventional Bank Licensees**

### *License Categories*

#### **GR-B.1.1**

The requirements in Module GR (General Requirements) apply to both retail and wholesale conventional bank licensees.

### *Bahraini and Overseas Bank Licensees*

#### **GR-B.1.2**

The scope of application of Module GR (General Requirements) is as follows:

Chapter	Bahraini bank licensees	Overseas bank licensees
GR-2	Applies to the whole bank.	Applies to the Bahrain branch only.
GR-3	Applies to the whole bank.	Doesn't apply.
GR-4	Applies to the whole bank.	Applies to the Bahrain branch only.
GR-5	Applies to the whole bank.	Applies to the whole bank..
GR-6	[This Chapter has been left blank.]	[This Chapter has been left blank.]
GR-7	Applies to the whole bank.	Applies to the Bahrain branch only.

#### **GR-B.1.3**

In the case of Bahraini bank licensees, certain requirements apply to the whole bank, irrespective of the location of its business; other requirements apply only in respect to business booked in Bahrain. In the case of overseas bank licensees, the requirements of Module GR mostly only apply to business booked in the Bahrain branch.



<b>MODULE</b>	<b>GR:</b>	<b>General Requirements</b>
<b>CHAPTER</b>	<b>GR-1:</b>	<b>Books and Records</b>

[This Chapter has been relocated to Module OM.]



<b>MODULE</b>	<b>GR:</b>	<b>General Requirements</b>
<b>CHAPTER</b>	<b>GR 2:</b>	<b>Corporate and Trade Names</b>

## **GR-2.1 Vetting of Names**

**GR-2.1.1** Conventional bank licensees must seek prior written approval from the CBB for their corporate name and any trade names, and those of their subsidiaries located in Bahrain.

**GR-2.1.2** GR-2.1.1 applies to overseas conventional bank licensees only with respect to their Bahrain branch.

GR-2.1.3 Rules GR-2.1.1 and GR-2.1.2 refers to the requirements contained in Article 41 of the CBB Law.

GR-2.1.4 In approving a corporate or trade name, the CBB seeks to ensure that it is sufficiently distinct as to reduce possible confusion with other unconnected businesses, particularly those operating in the financial services sector. The CBB also seeks to ensure that names used by unregulated subsidiaries do not suggest those subsidiaries are in fact regulated.





MODULE	GR: General Requirements
CHAPTER	GR-3: Dividends

## GR-3.1 CBB Non-Objection

### GR-3.1.1

Bahraini conventional bank licensees must obtain a letter of no-objection from the CBB to any dividend proposed, before announcing the proposed dividend by way of a press announcement or any other means of communication and prior to submitting a proposal for a distribution of profits to a shareholder vote.

GR-3.1.2 The CBB will grant a no-objection letter where it is satisfied that the level of dividend proposed is unlikely to leave the licensee vulnerable – for the foreseeable future – to breaching the CBB’s capital requirements, taking into account (as appropriate) the licensee’s liquidity and the adequacy of provisions against impaired loans or other assets.

GR-3.1.3 To facilitate the prior approval required under Paragraph GR-3.1.1, conventional bank licensees subject to GR-3.1.1 should provide the CBB with:

- (a) The licensee’s intended percentage and amount of proposed dividends for the coming year;
- (b) A letter of no objection from the bank’s external auditor on such profit distribution; and
- (c) A detailed analysis of the impact of the proposed dividend on the capital adequacy requirements outlined in Module CA (Capital Adequacy).



<b>MODULE</b>	<b>GR:</b>	<b>General Requirements</b>
<b>CHAPTER</b>	<b>GR 4:</b>	<b>Asset / Liability Transfers</b>

## **GR-4.1 CBB Approval**

[This Section was deleted in July 2011 as Regulation on Asset/Liability transfers currently under consultation].



<b>MODULE</b>	<b>GR: General Requirements</b>
<b>CHAPTER</b>	<b>GR-5: Controllers</b>

## **GR-5.1 Key Provisions**

GR-5.1.1 Condition 3 of the CBB’s licensing conditions specifies, among other things, that conventional bank licensees must satisfy the CBB that their controllers are suitable and pose no undue risks to the licensee (See Paragraph LR-2.3.1). There are also certain procedures which are set out in Articles 52 to 56 of the Central Bank of Bahrain and Financial Institutions Law (Decree No. 64 of 2006) (“CBB Law”) on controllers. Licensees and their controllers must also observe the CBB’s Capital Markets requirements in respect of changes in holdings of shares of listed companies. There are differing requirements for locally incorporated licensees (“Bahraini conventional bank licensees”) and branches of foreign banks (“overseas conventional bank licensees”). The requirements of this Chapter apply in their entirety to Bahraini conventional bank licensees. Requirements for overseas conventional bank licensees are less onerous and are outlined in paragraph GR-5.1.10.

GR-5.1.2 There are strict limits on changes in the holdings of shares held by controllers in Bahraini conventional bank licensees or the extent of voting control exercised by controllers in Bahraini conventional bank licensees. These limits are outlined in Section GR-5.3. Failure to observe these limits may lead to imposition of Enforcement provisions of the Rulebook on the Licensee and other penalties on the controller under the provisions of the CBB Law as outlined in GR-5.1.1 above, including loss of voting power or transfer of shares.

GR-5.1.3 The approval provisions outlined in GR-5.1.4 and GR-5.1.5 below do not apply to existing holdings or existing voting control by controllers already approved by the CBB. The approval provisions apply to new/prospective controllers or to increases in existing holdings/voting control as outlined in GR-5.1.4 and GR-5.1.5 below.

**GR-5.1.4** Applicants for a conventional bank license must provide details of their controllers, by submitting a duly completed Form 2 (Application for authorisation of controller). (See sub-Paragraph LR-3.1.5(a))

**GR-5.1.5** Bahraini conventional bank licensees must obtain prior approval from the CBB for any of the following changes to their controllers (as defined in Section GR-5.2 and subject to the limits as outlined in Section GR-5.3):

- (a) A new controller;
- (b) An existing controller increasing its holding from below 20% to 20%;
- (c) An existing controller increasing its holding from above 20% to 30%; or
- (d) An existing controller increasing its holding above 30% to 40%.



MODULE	GR: General Requirements
CHAPTER	GR-5: Controllers

## GR-5.1 Key Provisions (continued)

### GR-5.1.6

For approval under Paragraph GR-5.1.5 to be granted, the CBB must be satisfied that the proposed controller or increase in control poses no undue risks to the licensee. The CBB will therefore consider or reconsider the criteria outlined in paragraphs GR-5.3.6 to GR-5.3.8 in any request for approval. The CBB may impose any restrictions that it considers necessary to be observed in case of its approval of a new controller, or any of the changes listed to existing controllers in paragraph GR-5.1.5 above. These restrictions will include the applicable maximum allowed limit of holding or control (as outlined in GR-5.3). A duly completed Form 2 (Controllers) must be submitted as part of the request for a change in controllers. An approval of controller will specify the applicable period for effecting the proposed acquisition of shares.

### GR-5.1.7

If, as a result of circumstances outside the conventional bank licensee's knowledge and/or control, one of the changes specified in Paragraph GR-5.1.5 is triggered prior to CBB approval being sought or obtained, the conventional bank licensee must notify the CBB as soon as it becomes aware of the fact.

### GR-5.1.8

Conventional bank licensees are required to notify the CBB as soon as they become aware of events that are likely to lead to changes in their controllers. The criteria by which the CBB assesses the suitability of controllers are set out in Section GR-5.3. The CBB aims to respond to requests for approval within 30 calendar days and is obliged to reply within 3 months to a request for approval. The CBB may contact references and supervisory bodies in connection with any information provided to support an application for controller. The CBB may also ask for further information, in addition to that provided in Form 2, if required to satisfy itself as to the suitability of the applicant.

### GR-5.1.9

Conventional bank licensees must submit, within 3 months of their financial year-end, a report on their controllers. This report must identify all controllers of the licensee, as defined in Section GR-5.2 and the extent of their shareholding interests.



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CHAPTER	GR-5:	Controllers

## GR-5.1 Key Provisions (continued)

### GR-5.1.10

In the case of overseas conventional bank licensees, the CBB must be notified of any new significant ownership in excess of 50% of the issued share capital of the concerned bank as soon as the branch becomes aware of the new significant ownership. The concerned branch must provide a copy of the relevant approval by the home supervisor of the concerned bank. No other action is necessary unless the CBB makes a subsequent request for information or issues a formal direction. The CBB reserves the right to take any appropriate actions, including withdrawal of the license.



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CHAPTER	GR-5: Controllers

## GR-5.2 Definition of Controller

### GR-5.2.1

A controller of a conventional bank licensee is a natural or legal person who either alone, or with his associates:

- (a) Holds 10% or more of the shares in the licensee ("L"), or is able to exercise (or control the exercise of) 10% or more of the voting power in L; or
- (b) Holds 10% or more of the shares in a parent undertaking ("P") of L, or is able to exercise (or control the exercise of) 10% or more of the voting power in P; or
- (c) Is able to exercise significant influence over the management of L or P.

### GR-5.2.2

For the purposes of Paragraph GR-5.2.1, "associate" includes:

- (a) The spouse, son(s) or daughter(s) of a controller;
- (b) An undertaking of which a controller is a Director;
- (c) A person who is an employee or partner of the controller; and
- (d) If the controller is a corporate entity, a Director of the controller, a subsidiary of the controller, or a Director of any subsidiary undertaking of the controller.

### GR-5.2.3

Associate also includes any other person or undertaking with which the controller has entered into an agreement or arrangement as to the acquisition, holding or disposal of shares or other interests in the conventional bank licensee, or under which they undertake to act together in exercising their voting power in relation to the conventional bank licensee.



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CHAPTER	GR-5: Controllers

### GR-5.3 Suitability of Controllers

#### GR-5.3.1

All new controllers or prospective controllers (as defined in Section GR-5.2) of a Bahraini conventional bank licensee must obtain the approval of the CBB. Any increases to existing controllers' holdings or voting control (as outlined under paragraph GR-5.1.5) must also be approved by the CBB and are subject to the conditions outlined in this Section. Such changes in existing controllers (as defined in the Section GR-5.2) or new/prospective controllers of a conventional bank licensee must satisfy the CBB of their suitability and appropriateness according to the criteria outlined in Paragraphs GR-5.3.6 to GR-5.3.8. The CBB will issue an approval notice or notice of refusal of a controller according to the approval process outlined in Section GR-5.4 and Paragraph GR-5.1.6.

#### GR-5.3.2

All controllers or prospective controllers (whether natural or legal persons) of all conventional bank licensees are subject to the approval of the CBB. Persons who intend to take ownership stakes of 10% or above of the voting capital of a Bahraini conventional bank licensee are subject to enhanced scrutiny, given the CBB's position as home supervisor of such licensees. The level of scrutiny and the criteria for approval become more onerous as the level of proposed ownership increases. Existing and prospective controllers should therefore take particular note of the requirements of Paragraphs GR-5.3.3 to GR-5.3.8 if they wish to take more substantial holdings or control.

As a matter of policy, the CBB distinguishes between regulated legal persons (i.e. financial institutions) and unregulated legal persons and natural persons as controllers. Unregulated legal persons and natural persons are subject to greater due diligence and therefore have more stringent conditions to satisfy. Regulated legal persons must satisfy home country prudential requirements. The CBB may also contact their home regulators for information on their "fit & proper" status.

#### GR-5.3.3

A natural person will not be allowed to own or control more than 15% of the voting capital of a Bahraini conventional bank licensee. Such person must satisfy the conditions in Paragraph GR-5.3.6 below.

#### GR-5.3.4

An unregulated legal person (including companies, trusts, partnerships) will not be allowed to own or control more than 20% of the voting capital of a Bahraini conventional bank licensee. All such persons must satisfy the conditions in Paragraph GR-5.3.7 below.



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### GR-5.3 Suitability of Controllers (continued)

#### GR-5.3.5

The CBB will only permit financial institutions which are subject to effective consolidated supervision under a regulatory framework consistent with the Basel Core Principles or the IOSCO Principles or the IAIS Principles to become controllers with a holding of 10% or more of the voting capital of a Bahraini conventional bank licensee. Furthermore, the concerned regulated financial institution must satisfy the conditions in Paragraph GR-5.3.7 and also the specific conditions in Paragraph GR-5.3.8 below. A regulated financial institution will not be approved as a controller of a listed Bahraini conventional bank licensee if it wishes to acquire more than 40% of the voting capital. This above 40% limit does not apply to unlisted Bahraini conventional bank licensees (where up to 100% of the voting capital may be acquired) or to mergers which have been approved by the CBB. Subject to the discretion of the CBB, regulated financial institutions may be allowed to own or control holdings of voting capital of listed banks in excess of the abovementioned 40% level.

#### GR-5.3.5A

In respect of applications for bank licenses, after 1<sup>st</sup> October 2011, at least one controller must be a regulated financial institution holding at least 20% of the proposed licensee's shares.





<b>MODULE</b>	<b>GR: General Requirements</b>
<b>CHAPTER</b>	<b>GR-5: Controllers</b>

### **GR-5.3 Suitability of Controllers (continued)**

- GR-5.3.6 In assessing the suitability and the appropriateness of new/prospective controllers (and existing controllers proposing to increase their shareholdings) who are natural persons, CBB has regard to their professional and personal conduct, including, but not limited to, the following:
- (a) The propriety of a person's conduct, whether or not such conduct resulted in conviction for a criminal offence, the contravention of a law or regulation, or the institution of legal or disciplinary proceedings;
  - (b) A conviction or finding of guilt in respect of any offence, other than a minor traffic offence, by any court or competent jurisdiction;
  - (c) Any adverse finding in a civil action by any court or competent jurisdiction, relating to fraud, misfeasance or other misconduct in connection with the formation or management of a corporation or partnership;
  - (d) Whether the person has been the subject of any disciplinary proceeding by any government authority, regulatory agency or professional body or association;
  - (e) The contravention of any financial services legislation or regulation;
  - (f) Whether the person has ever been refused a license, authorisation, registration or other authority;
  - (g) Dismissal or a request to resign from any office or employment;
  - (h) Disqualification by a court, regulator or other competent body, as a Director or as a manager of a corporation;
  - (i) Whether the person has been a Director, partner or manager of a corporation or partnership which has gone into liquidation or administration or where one or more partners or managers have been declared bankrupt whilst the person was connected with that partnership or corporation;
  - (j) The extent to which the person has been truthful and open with regulators;
  - (k) Whether the person has ever been adjudged bankrupt, entered into any arrangement with creditors in relation to the inability to pay due debts, or failed to satisfy a judgement debt under a court order or has defaulted on any debts; and
  - (l) The person's track record as a controller of, or investor in financial institutions.
  - (m) The financial resources of the person and the likely stability of their shareholding;
  - (n) Existing Directorships or ownership of more than 20% of the capital or voting rights of any financial institution in the Kingdom of Bahrain or elsewhere, and the potential for conflicts of interest that such Directorships or ownership may imply;
  - (o) The legitimate interests of depositors, creditors and minority shareholders of the licensee;
  - (p) If the approval of a person as a controller is or could be detrimental to the subject licensee, Bahrain's banking and financial sector or the national interests of the Kingdom of Bahrain; and
  - (q) Whether the person is able to deal with existing shareholders and the board in a constructive and co-operative manner.



<b>MODULE</b>	<b>GR: General Requirements</b>
<b>CHAPTER</b>	<b>GR-5: Controllers</b>

### **GR-5.3 Suitability of Controllers (continued)**

- GR-5.3.7 In assessing the suitability and appropriateness of legal persons as controllers (wishing to increase their shareholding) or new/potential controllers, CBB has regard to their financial standing, judicial and regulatory record, and standards of business practice and reputation, including, but not limited to, the following:
- (a) The financial strength of the person, its parent(s) and other members of its group, its implications for the conventional bank licensee and the likely stability of the person's shareholding;
  - (b) Whether the person or members of its group have ever entered into any arrangement with creditors in relation to the inability to pay due debts;
  - (c) The person's jurisdiction of incorporation, location of Head Office, group structure and connected counterparties (as defined in CM-5.5.10) and the implications for the conventional bank licensee as regards effective supervision of the conventional bank licensee and potential conflicts of interest;
  - (d) The person's (and other group members') propriety and general standards of business conduct, including the contravention of any laws or regulations including financial services legislation on regulations, or the institution of disciplinary proceedings by a government authority, regulatory agency or professional body;
  - (e) Any adverse finding in a civil action by any court or competent jurisdiction, relating to fraud, misfeasance or other misconduct;
  - (f) Any criminal actions instigated against the person or other members of its group, whether or not this resulted in an adverse finding;
  - (g) The extent to which the person or other members of its group have been truthful and open with regulators and supervisors.
  - (h) Whether the person has ever been refused a licence, authorisation, registration or other authority.
  - (i) The person's track record as a controller of, or investor in financial institutions.
  - (j) The legitimate interests of depositors, creditors and shareholders of the licensee;
  - (k) Whether the approval of a controller is or could be detrimental to the subject licensee, Bahrain's banking and financial sector or the national interests of the Kingdom of Bahrain;
  - (l) Whether the person is able to deal with existing shareholders and the board in a constructive manner; and
  - (m) Existing Directorships or ownership of more than 20% of the capital or voting rights of any financial institution in the Kingdom of Bahrain or elsewhere, and the potential for conflicts of interest that such Directorships or ownership may imply.



MODULE	GR: General Requirements
CHAPTER	GR-5: Controllers

### GR-5.3 Suitability of Controllers (continued)

#### GR-5.3.8

Regulated financial institutions wishing to acquire more than 20% of the voting capital of a Bahraini conventional bank licensee must observe the following additional conditions:

- (a) The person must be subject to effective consolidated supervision by a supervisory authority which effectively implements the Basel Core Principles, or the IOSCO Principles or the IAIS Principles as well as the FATF 40+9 Recommendations on Money Laundering and Terrorist Financing;
- (b) The home supervisor of the person must give its formal written prior approval for (or otherwise raise no objection to) the proposed acquisition of the Bahraini conventional bank licensee;
- (c) The home supervisor of the person must confirm to the CBB that it will require the person to consolidate the activities of the concerned Bahraini conventional bank licensee for regulatory and accounting purposes if the case so requires;
- (d) The home supervisor of the person must formally agree to the exchange of customer information between the person and its prospective Bahraini subsidiary/acquisition for AML/CFT purposes and for Large Exposures monitoring purposes;
- (e) The home supervisor of the person and the CBB must (if not already in place) conclude a Memorandum of Understanding in respect of supervisory responsibilities, exchange of information and mutual inspection visits;
- (f) The person must provide an acceptably worded letter of guarantee to the CBB in respect of its obligation to support the licensee; and
- (g) The Bahraini conventional bank licensee will be subject to the provisions of Chapter CM-5 in respect of exposures to its controller.



MODULE	GR: General Requirements
CHAPTER	GR-5: Controllers

## GR-5.4 Approval Process

### GR-5.4.1

Within 3 months of receipt of an approval request under Paragraph GR-5.1.3, the CBB will issue an approval notice (with or without restrictions) or a written notice of refusal if it is not satisfied that the person concerned is suitable to increase his shareholding in, or become a controller of the conventional bank licensee. The notice of refusal or notice of approval with conditions will specify the reasons for the objection or restriction and specify the applicant's right of appeal in either case. Where an approval notice is given, it will specify the period for which it is valid and any conditions that attach (see Paragraph GR-5.1.6). These conditions will include the maximum permitted limit of holding or voting control exercisable by the controller.

GR-5.4.2 Notices of refusal have to be approved by an Executive Director of the CBB. The applicant has 30 calendar days from the date of the notice in which to make written representation as to why his application should not be refused. The CBB then has 30 calendar days from the date of receipt of those representations to reconsider the evidence submitted and make a final determination, pursuant to Article 53 of the Central Bank of Bahrain and Financial Institutions Law (Decree No. 64 of 2006) ("CBB Law") and Module EN (Enforcement).

### GR-5.4.3

Pursuant to Article 56 of the CBB Law, where a person has become a controller by virtue of his shareholding in contravention of Paragraph GR-5.1.5, or a notice of refusal has been served to him under Paragraph GR-5.4.1 and the period of appeal has expired, the CBB may, by notice in writing served on the person concerned, direct that his shareholding shall be transferred or until further notice, no voting right shall be exercisable in respect of those shares.

GR-5.4.4 Article 56 of the CBB Law empowers the CBB to take appropriate precautionary measures, or sell such shares mentioned in Paragraph GR-5.4.3, if the licensee fails to carry out the order referred to in the preceding Paragraph.



<b>MODULE</b>	<b>GR:</b>	<b>General Requirements</b>
<b>CHAPTER</b>	<b>GR 6:</b>	<b>[This Chapter has been left blank.]</b>

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MODULE	GR: General Requirements
CHAPTER	GR 7: Cessation of Business

## GR-7.1 CBB Approval

### GR-7.1.1

As specified in Article 50 of CBB Law, a conventional bank licensee wishing to cease to provide or suspend any or all of the licensed regulated services, completely or at any of its branches, must obtain prior written approval from the CBB, setting out how it proposes to do so and, in particular, how it will treat any deposits that it holds.

### GR-7.1.2

[This Paragraph was deleted in October 2011].

### GR-7.1.3

If the conventional bank licensee wishes to liquidate its business, the CBB will revise its license to restrict the firm from entering into new business. The licensee must continue to comply with all applicable CBB requirements until such time as it is formally notified by the CBB that its obligations have been discharged and that it may surrender its license.

### GR-7.1.4

In the case of a Bahraini conventional bank licensee, Chapter GR-7 applies both to its business booked in Bahrain and the licensee's overseas branches. In the case of an overseas conventional bank licensee, Chapter GR-7 applies only to business booked in the licensee's Bahrain branch.

### GR-7.1.5

Licensees seeking to obtain the CBB's permission to cease business must apply to the CBB in writing, in the form of a formal request together with supporting documents. Unless otherwise directed by the CBB, the following information/documentation must be provided in support of the request:

- (a) Full details of the business to be terminated;
- (b) The rationale for the cessation;
- (c) How the conventional bank licensee proposes to cease business;
- (d) Notice of an extraordinary shareholder meeting setting out the agenda to discuss and approve the cessation, and inviting the CBB for such meeting;
- (e) Evidence that the proposed cessation has been duly authorised by the conventional bank licensee (such as a certified copy of a Board resolution approving the cessation);



MODULE	GR: General Requirements
CHAPTER	GR 7: Cessation of Business

## GR-7.1 CBB Approval (continued)

- (f) Formal request to the CBB for the appointment of a liquidator acceptable to the CBB;
- (g) A cut-off date by which the conventional bank licensee will stop its operations;
- (h) If the conventional bank licensee wishes to cease its whole business, confirmation that the conventional bank licensee will not enter into new business with effect from the cut-off date;
- (i) If applicable, an assessment of the impact of the cessation on any customers directly affected by the cessation, and any mitigating factors or measures; and
- (j) If applicable, an assessment of the impact of the cessation on the conventional bank licensee's remaining business and customers, and any mitigating factors or measures.

GR-7.1.6 Conventional bank licensees intending to apply to cease business are advised to contact the CBB at the earliest opportunity, prior to submitting a formal application, in order that the CBB may determine the nature and level of documentation to be provided and the need for an auditor or other expert opinion to be provided to support the application. The information/documentation specified in Paragraph GR-7.1.5 may be varied by the CBB, depending on the nature of the proposed cessation, such as the materiality of the business concerned and its impact on customers.

GR-7.1.7 Approval to cease business will generally be given where adequate arrangements have been made to offer alternative arrangements to any affected customers. The CBB's approval may be given subject to any conditions deemed appropriate by the CBB. In all cases where additional requirements are imposed, the CBB shall state the reasons for doing so.



MODULE	GR:	General Requirements
CHAPTER	GR 7:	Cessation of Business

## GR-7.1 CBB Approval (continued)

### GR-7.1.8

A conventional bank licensee in liquidation must continue to meet its contractual and regulatory obligations to depositors, other clients and creditors.

### GR-7.1.9

[This Paragraph was deleted in October 2011].

### GR-7.1.10

[This Paragraph was deleted in October 2011].

### GR-7.1.11

[This Paragraph was deleted in October 2011].





<b>MODULE</b>	<b>GR:</b>	<b>General Requirements</b>
<b>CHAPTER</b>	<b>GR 8:</b>	<b>CBB Fees</b>

[This Chapter has been transferred to Module LR.]