



LICENSING REQUIREMENTS MODULE



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LR-1.3 Definition of Regulated Banking Services

LR-1.3.1

Regulated banking services are any of the following activities, carried on by way of business:

- (a) Deposit-taking;
- (b) Providing Credit;
- (c) Accepting Shari'a money placements/deposits;
- (d) Managing Shari'a profit/loss sharing investment accounts;
- (e) Offering Shari'a Financing Contracts;
- (f) Dealing in financial instruments as principal;
- (g) Dealing in financial instruments as agent;
- (h) Managing financial instruments;
- (i) Safeguarding financial instruments;
- (j) Operating a Collective Investment Undertaking;
- (k) Arranging deals in financial instruments;
- (l) Advising on financial instruments;
- (m) Providing money exchange/remittance services;
- (n) Issuing/administering means of payment;
- (o) Providing Trust Services;
- (p) Providing account information services; and
- (q) Providing payment initiation services.

LR-1.3.1A

Where licensees are undertaking regulated activities in accordance with Shari'a, all transactions and contracts concluded by conventional bank licensees must comply with Sharia standards issued by the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI). The validity of the contract or transaction is not impacted, if at a later date, the relevant AAOIFI Sharia standards are amended.

LR-1.3.1B

A conventional bank licensee that wishes to undertake regulated banking services which were not included in its application for licence must obtain CBB's written approval prior to offering such services. In such situations, CBB may impose additional conditions that it deems necessary for the provision of such services.



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LR-1.3 Definition of Regulated Banking Services (continued)

- LR-1.3.1C** A conventional bank licensee that wishes to obtain CBB's approval referred to in Paragraph LR-1.3.1A must, submit the following minimum information in relation to its planned activities:
- (a) Description of the services and the related revenue, cost and pricing structure;
 - (b) Description of any arrangement with technology, cloud or other outsourcing service providers and the identification of any other party that is essential for the provision of the service;
 - (c) Details of procedures for monitoring, handling and following up on security incidents and customer complaints;
 - (d) A risk assessment which must cover strategic, operational, legal risks, cyber risk and the planned mitigation controls; and
 - (e) Confirmation that the bank has sufficient expertise to undertake the planned activity.



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LR-1.3 Definition of Regulated Banking Services (continued)

Account Information Service and Payment Initiation Services

LR-1.3.58 Providing account information services (AIS) means the activity of obtaining access and the provision of information to customers about their transactions and account balances with other licensees (banks, financing companies or payment service providers) and the handling of communication or electronic documents between the customer and other licensees using an online portal, mobile devices or applications.

LR-1.3.59 Providing payment initiation services (PIS) means the activity of initiating payment or fund transfers for the customer from an account he holds with other licensees.

LR-1.3.60 Conventional bank licensees undertaking AIS and/or PIS activities must comply with the requirements in the Open Banking Module (OB Module) included in the CBB Rulebook Volume 5 – Ancillary Service Providers.

LR-1.3.61 Conventional retail bank licensees that wish to offer AIS or PIS services must ensure that an independent review is conducted prior to commencement of AIS or PIS services to confirm compliance with the Operational Guidelines, Security Standards and Guidelines, Open Banking Application Program Interface (API) Specifications and Customer Journey Guidelines included in the Bahrain Open Banking Framework available on the CBB website. Such a review must be conducted by a third-party consultant, other than the external auditor.