

EDBS/KH/0788/2009  
04 February 2009

**Chief Executive Office/General Manager**  
All Conventional Bank Licensees  
Manama  
Kingdom of Bahrain

Dear Sir,

**CBB Rulebook: Volume 1 – January 2009 Quarterly Update**

The latest quarterly update to Volume 1 has now been incorporated in the website version of the Rulebook.<sup>1</sup> At present, only the PDF files have been fully updated. The HTML versions are gradually coming online.

**Recipients should update their hard copy folders through accessing the CBB website and print off the relevant pages for insertion into their folder.** This cover letter highlights the main changes introduced this quarter. The table attached to this letter lists which pages to print off.

**Module Contents Pages**

As usual, the Table of Contents pages for each Module contained in Part A of Volume 1 have been updated. They now show their current issue date at the bottom right hand corner of the page: i.e. January 2009. The revised Modules are effective from the date of this letter.

Contents pages also show the current issue date for every section of a Module. Where a section has been modified as part of this update, then its issue date will also have been changed to January 2009. These contents pages therefore act as a summary checklist for Rulebook users.



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<sup>1</sup> Volume 1 can be accessed, as usual, from [www.cbb.gov.bh](http://www.cbb.gov.bh)  
(Home > Regulatory Functions > Laws & Regulations > CBB Rulebook > Volume 1

## **Module HC**

There is a minor amendment to the notification process for approved persons. Licensees will be notified of CBB decisions rather than the concerned person. There is a requirement to appoint a permanent replacement within 120 days when a controlled function falls vacant.

## **Module CA**

There is extra guidance on the definition of a Small/Medium Enterprise in Section CA-3.2 for the Standardised Approach.

## **Module AU**

There is a new chapter AU-5 on the Role of Reporting Accountants. The purpose of this chapter is to differentiate between the appointment of Investigators under Module EN and the appointment of Reporting Accountants under Article 114 of the CBB Law.

## **Module BR**

There is a new agreed upon procedures letter for PIR review by external auditors (Appendix BR-9 part B) and minor change to the wording in BR-3.1 (and also AU-3.1) to make clear that the new letter text must be used. There are some minor updates to BR-1.1 concerning the annual report and the annual audited financial statements to make Module BR consistent with Module PD which was updated in April 2008.

## **Part B**

In addition to the updated external auditors' PIR report, we have reviewed all the appendices in Part B on the website. One or two appendices still referred to the BMA or the BMA Law (Appendix AU-1 and BC Appendices). For Module BR, the new PIR and statistical returns are now available on the website. For Module CM, the relevant Code of Best Practice on Consumer Credit and Charging and Bahrain Credit Reference Bureau Code of practice are also now available on the website.



**Further information**

Should you have any queries regarding these updates, you may contact the CBB Rulebook team (at [rulebook@cbb.gov.bh](mailto:rulebook@cbb.gov.bh)), or else please speak to your normal supervisory contact.

Yours faithfully,



**Khalid Hamad**

Enc.

**CBB Rulebook: Volume 1 – January 2009 Quarterly Update**  
**Part A**

Module Code	Summary of Changes and Printing Instructions
UG	There are no changes to this Module.  <b>Print off Table of Contents (“ToC”).</b>
LR	There are no changes to this Module.  <b>Print off ToC.</b>
PB	No changes.  <b>Print off ToC.</b>
HC	Minor amendment to notification process for “approved person” status. Requirement to appoint a permanent replacement within 120 days when a controlled function falls vacant.  <b>Print off ToC, HC-A.3, HC-1.5.3, and HC-2.1.16</b>
AU	Revised agreed upon procedures for PIR review (see also BR). New chapter 5 on the Role of Reporting Accountants.  <b>Print off ToC, AU-A.2, AU-3.1 and AU-5.</b>
GR	No changes  <b>Print off ToC.</b>
CA	Extra guidance on the definition of SMEs.  <b>Print off ToC, Section CA-A.5 and CA-3.2.15 – 18</b>
BC	No changes.  <b>Print off ToC.</b>

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**Part A**

Module Code	Summary of Changes and Printing Instructions
CM	No changes.  <b>Print off ToC.</b>
OM	No changes.  <b>Print off ToC.</b>
FC	No changes.  <b>Print off ToC.</b>
BR	Minor updates to BR-1.1 concerning annual report and annual audited financial statements to make consistent with Module PD. Revised requirements and new agreed-upon procedures letter for PIR review by external auditors.  <b>Print off ToC, BR-A.3, BR-1.1 and BR-3.1 and new appendix BR-9 (part B).</b>
PD	No changes.  <b>Print off ToC.</b>
EN	Minor editing of Chapter EN-7 due to relocation of procedures concerning inspections by Reporting Accountants to Module AU.  <b>Print off ToC, EN-A.2, EN-7.1 and EN-7.2.</b>
CP	No changes.  <b>Print off ToC.</b>
PCD	Minor clarification on risk weighting of listed and unlisted capital instruments.  <b>Print off ToC, PCD-A.3, PCD-2.1</b>

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**Part B**

Module Code	Summary of Changes and Printing Instructions
EN	<p>A new Appendix EN 1 – Investigator’s Report added.</p> <p><b>Print off the whole document.</b></p>
BC	<p>Deletion of references to BMA, FCB, OBU and replacement with references to CBB, Retail Banks (RBs) and Wholesale Banks (WBs):</p> <p>Appendix BC 1 - List for Dishonoured cheques  Appendix BC 2 - CBB Control List for Dishonoured cheques  Appendix BC 3 - CBB List of abusers of cheques - active  Appendix BC 4 - CBB List of abusers of cheques - inactive</p> <p><b>Print off amended Appendices.</b></p>
BR	<p>Appendix BR 1 - Updated Instructions to Statistical Returns for Licensed banks.  Appendix BR 2 - Updated Statistical returns  Appendix BR 4 - Completely redesigned ‘Guidelines for Completion of the Prudential Information Returns’ as a result of Basel II  Appendix BR 5 – PIR Form: Completely redesigned as a result of Basel II  Appendix BR 9 - New External Auditor’s PIR Review Letter</p> <p><b>Print off new Appendices.</b></p>
CM	<p>Appendix CM 2 - Code of Best Practice on Consumer Credit and Charging.  Appendix CM 3 - Bahrain Credit Reference Bureau Code of Practice.</p> <p><b>Print off Appendix CM 2 &amp; CM 3.</b></p>
Glossary	<p>New definitions of “Investigator” and “Reporting Accountant” added.</p>

*JK*