



EDBS/KH/C/20/2016
11th May 2016

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

Dear Sir,

CBB Rulebook: Volume 1 – April 2016 Quarterly Update

The latest quarterly update to Volume 1 has now been incorporated in the website version of the Rulebook.¹

Changes for April 2016

The changes for April 2016 are listed in the attached table.

Banks must ensure that all relevant staff are informed of the latest amendments and that where needed, appropriate action is taken to ensure full compliance. Banks which are not in full compliance must notify the CBB with immediate effect and provide an action plan for compliance on a quarterly basis.

Measures and Procedures for Services Provided to Disabled Customers by Bahraini Retail Banks (Module BC)

Following the CBB's consultation on Measures and Procedures for Services Provided to Disabled Customers by Retail Banks, the CBB is now issuing amendments to Module BC as part of its April 2016 update.

All Bahraini retail conventional bank licensees are required to implement the requirements of new section BC-10 by 1st January 2017. Banks must provide to the CBB quarterly progress reports on the steps and procedures taken in implementing these new requirements. The progress report must be provided to the bank's supervisory point of contact at the CBB and the first report must be submitted **by 30th June 2016**.

Amendment to Local ATM Charges by Retail Banks

Section BC-6.3 is being amended eliminating some of the ATM charges. Retail banks must comply with this updated rule within two weeks from the date of this letter.

¹ Volume 1 can be accessed from www.cbb.gov.bh : from the Home page, select 'CBB Rulebooks' and then 'Volume 1'

ATM Security Measures for Banks (Chapter OM-6)

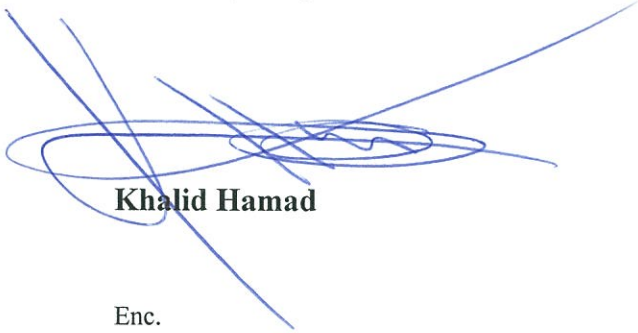
Based on the feedback received from banks on the proposed ATM security measures, the CBB is releasing updated Chapter OM-6. All banks are required to implement the requirements of Chapter OM-6 by 30th April 2017. Retail banks must provide quarterly progress reports on the steps and procedures taken in implementing these new requirements. The progress report must be provided to the retail bank's supervisory point of contact at the CBB and the first report must be submitted **by 30th June 2016**.

The feedback statement related to this consultation is available on the CBB Website under finalised consultations.

Further information

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

Yours faithfully,



Khalid Hamad

Enc.

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Part A

Module Code	Summary of Changes and Printing Instructions
UG	Print off ToC.
LR	LR-1A.1.20B: Clarified approval process for applicants for approved persons. Print off ToC, Sections LR-A.2 and LR-1A.1.
PB	Print off ToC.
HC	HC-2.3.3: Added a requirement for the conventional bank licensee to have in place a board approved policy on the employment of relatives of approved persons. HC-2.4.1A: Added the requirement to disclose to the board on annual basis relatives of any approved persons occupying controlled functions. HC-7.2: Added requirements dealing with shareholders' meetings. Print off ToC, Sections HC-A.2, HC-2.3, HC-2.4 and HC-7.2.
AU	Print off ToC.
GR	Print off ToC.
CA	CA-3.2.4, CA-3.2.4A and CA-3.2.4B: Updated risk weightings for claims on non-central government public sector entities (PSEs). Print off ToC, Sections CA-A.2 and CA-3.2.
BC	BC-A.2.2 and BC-10: Added new Chapter on Measures and Procedures for Services Provided to Disabled Customers. BC-6.3: Amendment to local ATM network charges. Print off ToC, Sections BC-A.2, BC-A.3, BC-6.3 and Chapter BC-10.
CM	Print off ToC.
OM	Chapter OM-6: Updated ATM security measures for banks. Print off ToC, Section OM-A.3 and Chapter OM-6.
FC	Print off ToC.
TC	Print off ToC.
BR	BR-A.2.3, BR-A.2.4, BR-1.1.2 and BR-1.2.2: Clarified due date for financial statements. BR-1.1: Added Rule regarding submission of draft year-end financial statements and attendance at CBB meeting with supervisory point of contact and external auditor. Print off ToC, Sections BR-A.2, BR-A.3, BR-1.1 and BR-1.2.



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Part A

Module Code	Summary of Changes and Printing Instructions
PD	<p>PD-A.3.2: Aligned with change made to Volume 2.</p> <p>PD-1.2.6: The annual report must be submitted as a soft copy to the CBB.</p> <p>PD-1.3.8: Paragraph restructured and clarified to eliminate certain redundancies.</p> <p>PD-1.3.33 and PD-1.3.33A: Operational risk disclosure requirements aligned with Volume 2 requirements for consistency purposes.</p> <p>PD-3.1.6: Due date changed to 2 months to be aligned with requirements under Paragraph BR-2.2.3.</p> <p>PD-5.1.3: Guidance paragraph deleted as requirements included under Paragraph PD-5.1.2.</p> <p>Print off ToC, Sections PD-A.3, PD-A.4, PD-1.2, PD-1.3, PD-3.1 and PD-5.1.</p>
EN	<p>EN-A.1.3: Reference added to amendments to the CBB Law and to the broader scope of financial penalties also applicable to persons referred to in paragraph (b) of Article (68 bis 1) of the CBB Law.</p> <p>EN-6: Amended to be in line with amendments to Article 129 of the CBB Law.</p> <p>EN-6.3.5: Added Rule regarding anticipated late submission of date sensitive requirements.</p> <p>Print off ToC, Sections EN-A.1, EN-A.2 and Chapter EN-6.</p>
CP	Print off ToC.

Part B

Module Code	Summary of Changes	
Glossary		
Added the definition of disabled customer(s).		
Amended the definition of controlled function(s).		
Authorisation Forms		
Form 3	Application for Approved Person Status	Added additional question on personal background of applicant
Supplementary Information		
Appendix CA-18	Bahrain Sovereign and Public Sector Entities Eligible for Zero Risk Weighting	Updated list of Bahrain sovereign and PSEs eligible for zero risk weighting.