



EDBS/KH/304/2012  
19<sup>th</sup> November 2012

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

Dear Sir,

**CBB Rulebook: Volume 1 – October 2012 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 from the PDF files 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**

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. October 2012. The revised Modules are effective from the date of this letter, except as otherwise specified in the Module itself.

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 October 2012. These contents pages therefore act as a summary checklist for Rulebook users.

<sup>1</sup> Volume 1 can be accessed from [www.cbb.gov.bh](http://www.cbb.gov.bh) : from the Home page, select 'CBB Rulebooks' and then 'Volume 1'

### **Changes for October 2012**

The changes for October 2012 are listed in the attached table.

The changes reflect the results of various consultations that have taken place with the industry. Rulebook users should note that for each consultation a feedback statement is prepared and posted on the CBB Website under finalised consultations and include all comments received during the consultation period and how these have been dealt with by the CBB.

### **Gap Analysis for Amendments in Chapter OM-8**

As a result of the consultation undertaken on the enhancements to Basel II “principles for the Sound Management of Operational Risk”, Chapter OM-8 has been amended accordingly. Locally incorporated conventional banks are requested to review the updated Chapter and provide to the CBB a gap analysis related to these amendments and steps being taken to address any gaps, including a specified timeline. The gap analysis must be submitted to the CBB by 19<sup>th</sup> December 2012 at the latest. The gap analysis should be sent to the relevant supervisory point of contact.

### **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 – October 2012 Quarterly Update**

**Part A**

<b>Module Code</b>	<b>Summary of Changes and Printing Instructions</b>
UG	<b>Print off ToC.</b>
LR	<b>Print off ToC.</b>
PB	<b>Print off ToC.</b>
HC	<p>HC-1.3.7A: Added requirement on minimum number of Board meetings to take place in the Kingdom of Bahrain to be consistent with other Volumes of the CBB Rulebook.</p> <p>HC-2.2.6A: Clarified Rule dealing with benefits received from approved persons from projects and investments.</p> <p>Appendix A: Corrected minor typo.</p> <p><b>Print off ToC, Sections HC-A.2, HC-1.3 and HC-2.2 and Appendix A.</b></p>
AU	<b>Print off ToC.</b>
GR	<p>GR-A.1.2: Updated legal basis.</p> <p>Chapter GR-4: Amended to reflect the issuance of Resolution No.(33) for the year 2012.</p> <p><b>Print off ToC, Sections GR-A.1, GR-A.2 and Chapter GR-4.</b></p>
CA	<b>Print off ToC.</b>
BC	<p>BC-1.1.2: Added cross reference to advertising requirements under Section BC-1.2.</p> <p>Section BC-4.3: Section amended to reflect outcome of consultation on disclosure of interest/profit rate fees and charges by retail banks.</p> <p>Section BC-4.8: Amended to make Rules clearer.</p> <p>BC-6.1.2: Clarified process for applications for the installation of off-site ATMs.</p> <p><b>Print off ToC, Sections BC-A.3, BC-1.1, BC-4.3, BC-4.8 and BC-6.1.</b></p>
CM	<p>CM-8.5: This Section was deleted and requirements are now included in Section BC-4.3.</p> <p><b>Print off ToC, Sections CM-A.3 and CM-8.5.</b></p>
OM	<p>OM-1.1.4: Amended to reflect updated version of Basel Committee document.</p> <p>OM-3.2.6, OM-5.2.1, OM-5.4.8 and OM-8: Amended to reflect Basel June 2011 paper on Principles for the Sound Management of Operational Risk.</p> <p><b>Print off ToC, Sections OM-A.3, OM-1.1, OM-3.2, OM-5.2 and OM-5.4 and Chapter OM-8.</b></p>

**CBB Rulebook: Volume 1 – October 2012 Quarterly Update**  
**Part A**

<b>Module Code</b>	<b>Summary of Changes and Printing Instructions</b>
FC	<b>Print off ToC.</b>
PCD	PCD-A.2.13: Amended definition of ‘qualifying holding’ to be in line with Paragraph CM-5.5.1E and Glossary. PD-1.3.8: Amended the requirement for banks to maintain a website under (bb). <b>Print off ToC, Sections PCD-A.2, PD-1.3 and PCD-A.3.</b>
BR	<b>Print off ToC.</b>
PD	PD-1.3.8: Amended the requirement for banks to maintain a website under (bb). PD-4.1: This Section was deleted and requirements are now included in Section BC-4.3. PD-4.2: Clarified title of this section. <b>Print off ToC, Sections PD-A.4, PD-4.1 and PD-4.2.</b>
EN	<b>Print off ToC.</b>
CP	Module CP amended to reflect issuance of updated rules on Deposit Protection in line with Resolution No.(34) for the year 2010. <b>Print off complete updated Module.</b>

## CBB Rulebook: Volume 1 – October 2012 Quarterly Update

### Part B

Module Code	Summary of Changes	
Glossary	Added definition for conspicuous notice, eligible account(s), eligible depositor(s), framework, principal, transferee and transferor. Amended definition of Basel Committee and deposit(s) or deposit account(s).	
<b>CBB Authorisation Forms</b>		
Form 3	Application for Approved Person Status	Clarified details of controlled functions for director positions.
<b>Supplementary Information</b>		
Appendix GR-1	Application for Transfer of Business	New Form for Application for Transfer of Business as per Chapter GR-4.
Appendix CM-2	Code of Best Practice on Consumer Credit and Charging	Amended to be in line with changes to Module BC.
Appendix CP-1A	Certificate of Compensation	Amended to be in line with Resolution No.(34) for the year 2010.
Appendix CP-1B	Customer Acknowledgement and Waiver	Amended to be in line with Resolution No.(34) for the year 2010.

