



EDBS/KH/C/32/2015
17th August 2015

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

Dear Sir,

CBB Rulebook: Volume 2 –July 2015 Quarterly Update

The latest quarterly update to Volume 2 has now been incorporated in the website version of the Rulebook.¹

Changes for July 2015

The changes for July 2015 are listed in the attached table.

Module BC (Business Conduct)

The major change being introduced with this update is Module BC to be in line with IFSB-9 'Guiding principles on conduct of business for institutions offering Islamic financial services'. The feedback statement dealing with the results of this consultation is available on the CBB Website under finalised consultations. Banks must provide a gap analysis to the CBB by 30th September 2015 at the latest, reflecting areas of non-compliance with the updated Module BC and the actions and timeline taken to ensure full compliance with the Module. All Islamic bank licensees must fully comply with the updated Module BC by 31st December 2015 at the latest.

Banks must ensure that all relevant staff are informed of the latest amendments and that where needed, appropriate action, including familiarisation/awareness programs for staff, is taken to ensure full compliance.

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.

¹ Volume 2 can be accessed from www.cbb.gov.bh : from the Home page, select 'CBB Rulebooks' and then 'Volume 2'

CBB Rulebook: Volume 2 – July 2015 Quarterly Update
Part A

Module Code	Summary of Changes and Printing Instructions
UG	Print off ToC.
LR	Print off ToC.
PB	Print off ToC.
HC	HC-5.4.3A: Amended to allow for CBB-approved consultancy firm to prepare report on the bank's compliance with the remuneration Rules outlined in Chapter HC-5. Print off ToC, Sections HC-A.2 and HC-5.4.
AU	AU-3.5.1: Corrected cross reference to Section in PIRI. AU-3.7.1: Amended to allow for CBB-approved consultancy firm to prepare report on the bank's compliance with the remuneration Rules outlined in Chapter HC-5. Print off ToC, Sections AU-A.2, AU-3.5 and AU-3.7.
GR	Print off ToC.
CA	CA-B.2.1(d): Amendment made to clarify that during the transition period, the remainder not deducted from capital is subject to the risk weights outlined in the October 2014 version of Chapter CA-3. CA-2.4.25 and CA-2.4.26: Amendment made to reflect the treatment of the risk weighting for exposures below the threshold limits. CA-6.2.5: Corrected the treatment of the depreciation of Ijarah assets in the definition of gross income. Print off ToC, Sections CA-A.2, CA-B.2, CA-2.4 and CA-6.2.
BC	Module amended to reflect IFSB-9 'Guiding principles on conduct of business for institutions offering Islamic financial services'. Print off ToC and updated portions of Module BC.
RM	Print off ToC.
CM	CM-4.6.1, CM-4.6.1A and CM-4.6.1B: Clarified the reporting requirements of exposures. Print off ToC, Sections CM-A.3 and CM-4.6.
OM	Print off ToC.
LM	Print off ToC.
FC	Print off ToC.

CBB Rulebook: Volume 2 – July 2015 Quarterly Update

Part A

Module Code	Summary of Changes and Printing Instructions
TC	Print off ToC.
BR	BR-4A.3: Amended Section to allow for CBB-approved consultancy firm to prepare report on the bank's compliance with the remuneration Rules outlined in Chapter HC-5. Print off ToC, Sections BR-A.3 and BR-4A.3.
PD	Print off ToC.
EN	Print off ToC.
CP	Print off ToC.

Part B

Module Code	Summary of Changes	
Authorisation Forms		
Form 3	Application for Approved Person Status	Clarified to whom application is to be addressed when dealing with an application for MLRO or DMLRO.
Supplementary Information		
Appendix HC-(i)	Agreed-upon Procedures re Compliance with HC-5 (Remuneration)	Amended to allow for CBB approved consultancy to complete this report.
Appendix BC-7	Mudaraba Contracts	Minor amendments to be in line with IFSB-9.
Appendix CA-10	Investments in Commercial Entities	Example updated to reflect impact of pro rata risk weighting on exposures below the 800% risk requirement threshold

