

EXECUTIVE SUMMARY OF AMENDMENTS

COVERAGE: **CENTRAL BANK OF BAHRAIN**

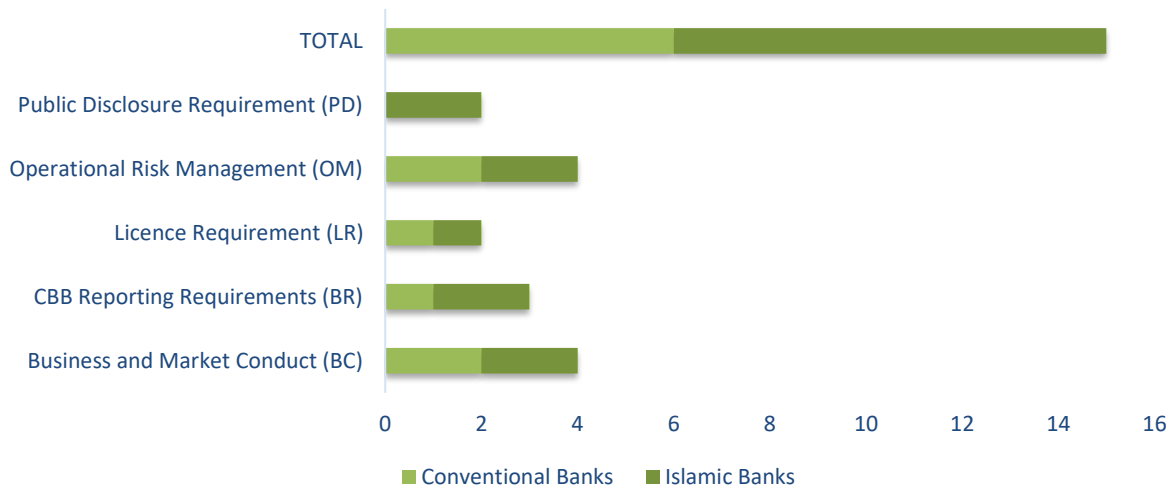
LOCATION: **BAHRAIN**

ISSUE: **AUG,2020 TO OCT,2020**



INTRODUCTION & SUMMARY

During the period from August 2020 to October 2020, Central Bank of Bahrain (CBB) made a total 15 amendments in module I & II 06 in Volume I and 09 in Volume II. These regulations/instructions were predominantly in the areas of CBB Reporting Requirements and High Level Controls.



DETAILS OF ISSUED/AMENDED REGULATIONS

Key instructions / regulations disseminated by CBB during August 2020 to October, 2020 are summarized as below:

CBB Reporting Requirements (BR)

BR.A.210 (Conventional Banks) BR, A.2.9 (Islamic Bank)

Added a new sub-paragraph K as notification and reporting to CBB on following matter as below:

- All banks licensed by the CBB in the Kingdom of Bahrain are required to notify and report to the CBB on the Enforcement actions imposed by host regulators on overseas subsidiaries and branches.

BR, A.2.9A (Islamic Bank)

CBB has changed the section No. from BR. A.2.9A to BR-A.2.8A.

Business and Market Conduct (BC)

BC-B-1.1 (Conventional Banks) BC-C-1 (Islamic Bank)

Conventional & Islamic bank licensees must ensure that all regulated financial services are provided without any discrimination based on gender, nationality, origin, language, faith, religion, physical ability or social standing.

BC-B-4.18 (Conventional Banks) BC-C-4.18 (Islamic Bank)

Conventional & Islamic Banks that act as acquirers or payment gateways for PSPs, must not charge more than 100 fils in line with the Electronic Fund Transfer System (EFTS) requirements to the customers of PSPs for normal fund transfers made electronically.

Licensing Requirement (LR)

LR-1.3.1A (Conventional Banks & Islamic Banks)

CCB has added new Paragraph to compliance with AAO/FI Sharia standards as under:

- Where licensees are undertaking regulated activities in accordance with Shari'a, all transactions and contracts concluded by Islamic Bank Licensees & Conventional Bank Licensees must comply with Shari'a 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 Shari'a standards are amended.

Operational Risk Management (OM)

OM – 5.1.2A (Conventional & Islamic Banks)

CBB added new section regarding fraudulent phishing attempt measures. Paragraph is as mentioned below:

- Conventional & Islamic Retail Bank must take appropriate measures to counter fraudulent phishing attempts (such as through telephone or WhatsApp calls, SMS or WhatsApp messages, emails and other media) that request customers to provide sensitive personal information that can lead to frauds. The licensees must also enhance their surveillance and monitoring systems to detect suspicious account activity caused by such fraudulent attempts on a timely basis.

OM – 5.1.2B (Conventional & Islamic Banks)

CBB added new section regarding customer awareness about fraudulent phishing messages. Paragraph is as under:

- Conventional & Islamic Retail Bank must raise customer awareness about fraudulent phishing messages by launching extensive customer alert campaigns through media and social media channels. Customers must be warned of such attempts and advised to only use the licensee's official website, telephone or other channels for communication with it.

Public Disclosure Requirement (PD)

PD – 3.1.6(g) (h) (Islamic Banks)

Some disclosure requirements are applicable as the Semi-Annual financial statements posted on banks' websites. Banks must make all the quantitative disclosures required by section PD-1.3 in the half-yearly financial statements on their website, within 2 months of the end of the half-yearly financial statements. Details of PD. 3.1.6 (g) regarding disclosure of market risk has been amended and Ph. 3.1.6. (h) regarding discloser of the general qualitative disclosures, the approaches for operational risk which the bank employees to control such risk has been deleted.

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