



EDBS/KH/C/23/2016
11th May 2016

Chief Executive Officer/General Manager
All Retail Banks
Audit Firms
Kingdom of Bahrain

Dear Sir,

Proposed Changes to Section BC-4.7 for Volume 1 (BC-4.6 for Volume 2) Dealing with the CBB's Prior Approval Requirements for New or Expanded Products

The CBB proposes to introduce changes to Module BC (Business and Market Conduct) for Volumes 1 and 2 of the CBB Rulebook. The proposed amendment deals with the requirement for retail banks to obtain the CBB's prior approval on the introduction of new or expanded customer products. Currently, Module BC requires only notification of such activity. The amendment will also include a new appendix outlining the information required when seeking the CBB's prior approval.

➤ The amended paragraphs are as follows:

BC-4.7 Notification to the CBB Prior Approval Requirements on Introduction of New or Expanded Customer Products and Facilities

BC-4.7.1 ~~The content of this Section is applicable only to retail banks licensed by the CBB. [This Paragraph was deleted in January 2016.]~~

BC-4.7.2 ~~All institutions referred to under Paragraph BC-4.7.1 retail banks licensed by the CBB are required to obtain the notify the CBB's prior written approval before the introduction of any new or expanded customer products and/or facilities. The CBB will respond to the concerned bank within one week of receipt of the notification if it has any observations on the new product.~~

BC-4.7.2A ~~When seeking the CBB's prior approval under Paragraph BC-4.7.2, retail banks must provide the CBB with all required information outlined in Appendix BC-7 (Appendix BC-8 for Volume 2). In some cases, retail banks may be required to invest heavily in systems, software, policy and procedures, human resources, controls etc. to develop a specific product. In such cases, retail banks must approach the CBB at an early stage seeking an 'in-principle' confirmation for the concept.~~

- BC-4.7.2B The 'in principle' confirmation provided by the CBB and referred to in Paragraph BC-4.7.2A will list all outstanding documents required before an application can be considered complete and subject to formal consideration.
- BC-4.7.2C The CBB will respond to prior approval requests made under Paragraph BC-4.7.2, within 20 business days of having received all completed documentation related to the request.
- BC-4.7.2D The retail bank must confirm in writing that it will comply with any CBB conditional requirements imposed, as the case may be and deemed appropriate. Once the confirmation has been received, the CBB may then issue a final approval.

The proposed changes and revisions to Module BC along with the new Appendix will be available in the CBB website (www.cbb.gov.bh) under the Consultations Section.

The CBB requests all retail banks and audit firms to provide their comments, including 'Nil comments' on this consultation letter by 12th June, 2016. Please submit your comments electronically to Mr. Ahmed Al Bassam, Director of Licensing & Policy and Mrs. Ebtisam Al Arrayed, Head of Policy & Central Risk at consultation@cbb.gov.bh.

Thank you for your continued cooperation.

Yours sincerely,


Khalid Hamad