



EDBS/KH/C/18/2018
7th March 2018

Chief Executive Officer
All Locally Incorporated Banks
All Audit Firms
Manama, Kingdom of Bahrain

Dear Sir,

Consultation: Proposed Amendments to Capital Adequacy Module

As part of the CBB's initiatives to enhance the regulatory policy framework, amendments are proposed to the Capital Adequacy Module, specifically Part 3, Chapters CA-8 to CA-10, for conventional and Islamic banks, which includes the Basel Committee on Banking Supervision requirements for Market Risk Management.

The amendments capture the revised standards for Minimum Capital Requirements for Market Risk published by Basel (BCBS 352) in January 2016, which replaced the existing minimum capital requirements for market risk.

The key amendments proposed to the module consists of the following issues:

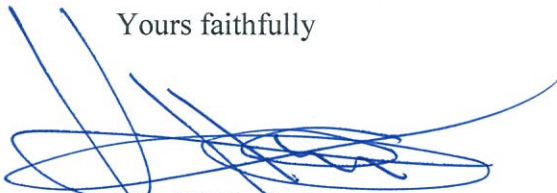
1. The revised boundary between the trading and banking book;
2. The revised standardised approach; and
3. The revised internal models approach.

The proposed amendments shall be available on the CBB website (www.cbb.gov.bh) under the "open consultations" section.

The CBB requests all Locally Incorporated Bank licensees and Audit firms to provide their comments, including 'nil comments' on these proposed amendments.

Responses must be sent electronically, in an editable format, to "consultation@cbb.gov.bh", by 4th April 2018.

Yours faithfully

A handwritten signature in blue ink, appearing to be 'Khalid Hamad', written over a blue scribble.

Khalid Hamad

Cc: Bahrain Association of Banks