



LICENSING REQUIREMENTS MODULE

CONSULTATION



MODULE:	LR (Licensing Requirements)
Table of Contents	

			Date Last Changed
LR-A	Introduction		
	LR-A.1	Purpose	01/2016
	LR-A.2	Module History	10/2019
LR-B	Scope of Application		
	LR-B.1	Scope and Prohibitions	01/2013
	LR-B.2	[merged with LR-B.1]	10/2007
LR-1	Requirement to Hold a License		
	LR-1.1	Islamic Bank Licensees	01/2013
	LR-1.2	License Sub-Categories	01/2014
	LR-1.3	Definition of Regulated Banking Services	XX/2021
LR-1A	Approved Persons		
	LR-1A.1	CBB Notification and Approval	10/2018
	LR-1A.2	Approved Persons Conditions: 'Fit and Proper' Requirement	01/2016
	LR-1A.3	[This Section was deleted in January 2016]	01/2016
LR-2	Licensing Conditions		
	LR-2.1	Condition 1: Legal Status	10/2010
	LR-2.2	Condition 2: Mind and Management	10/2010
	LR-2.3	Condition 3: Controllers	07/2006
	LR-2.4	Condition 4: Board and Employees	10/2010
	LR-2.5	Condition 5: Financial Resources	10/2018
	LR-2.6	Condition 6: Systems and Controls	07/2006
	LR-2.7	Condition 7: External Auditor	10/2010
	LR-2.8	Condition 8: Other Requirements	07/2012
LR-3	Information Requirements and Processes		
	LR-3.1	Licensing	07/2019
	LR-3.2	Variations to a License	10/2019
	LR-3.3	Withdrawal of a License or Closure of a Branch	07/2012
	LR-3.4	Publication of the Decision to Grant, Cancel or Amend a License	10/2019
LR-4	License Fees		
	LR-4.1	License Application Fees	10/2007
	LR-4.2	Annual License Fees	10/2013



MODULE	LR: Licensing Requirements
CHAPTER	LR-1: Requirement to Hold a License

LR-1.3 Definition of Regulated Banking Services

LR-1.3.1

Regulated banking services are any of the following activities, carried on by way of business:

- (a) Accepting Shari'a money placements/deposits;
- (b) Offering Shari'a Financing Contracts;
- (c) Managing Unrestricted Shari'a profit sharing investment accounts;
- (d) Managing Restricted Shari'a profit sharing investment accounts;
- (e) Dealing in Shari'a compliant financial instruments as principal;
- (f) Dealing in Shari'a compliant financial instruments as agent;
- (g) Managing Shari'a compliant financial instruments;
- (h) Safeguarding Shari'a compliant financial instruments;
- (i) Operating a Shari'a compliant Collective Investment Undertaking;
- (j) Arranging deals in Shari'a compliant financial instruments;
- (k) Advising on Shari'a compliant financial instruments;
- (l) Providing money exchange/remittance services;
- (m) Issuing/ administering means of payment; ~~or~~
- (n) Providing Trust Services;
- (o) Providing account information services; and
- (p) Providing payment initiation services.

LR-1.3.1A

All transactions and contracts concluded by Islamic bank licensees must comply with Sharia 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 Sharia standards are amended.

LR-1.3.1B

A Islamic bank licensee that wishes to undertake regulated banking services which were not included in its application for licence must obtain CBB's written approval prior to offering such services. In such situations, CBB may impose additional conditions that it deems necessary for the provision of such services.



MODULE	LR: Licensing Requirements
CHAPTER	LR-1: Requirement to Hold a License

LR-1.3 Definition of Regulated Banking Services (continued)

- LR-1.3.1C** A Islamic bank licensee that wishes to obtain CBB's approval referred to in Paragraph LR-1.3.1A must, submit the following minimum information in relation to its planned activities:
- (a) Description of the services and the related revenue, cost and pricing structure;
 - (b) Description of any arrangement with technology, cloud or other outsourcing service providers and the identification of any other party that is essential for the provision of the service;
 - (c) Details of procedures for monitoring, handling and following up on security incidents and customer complaints;
 - (d) A risk assessment which must cover strategic, operational, legal risks, cyber risk and the planned mitigation controls; and
 - (e) Confirmation that the bank has sufficient expertise to undertake the planned activity.



MODULE	LR: Licensing Requirements
CHAPTER	LR-1: Requirement to Hold a License

LR-1.3 Definition of Regulated Banking Services (continued)

Account Information Service and Payment Initiation Services

LR-1.3.58 Providing account information services (AIS) means the activity of obtaining access and the provision of information to customers about their transactions and account balances with other licensees (banks, financing companies or payment service providers) and the handling of communication or electronic documents between the customer and other licensees using an online portal, mobile devices or applications.

LR-1.3.59 Providing payment initiation services (PIS) means the activity of initiating payment or fund transfers for the customer from an account he holds with other licensees.

LR-1.3.60 Islamic bank licensees undertaking AIS and/or PIS activities must comply with the requirements in the Open Banking Module (OB Module) included in the CBB Rulebook Volume 5 – Ancillary Service Providers.

LR-1.3.61 Islamic retail bank licensees that wish to offer AIS or PIS services must ensure that an independent review is conducted prior to commencement of AIS or PIS services to confirm compliance with the Operational Guidelines, Security Standards and Guidelines, Open Banking Application Program Interface (API) Specifications and Customer Journey Guidelines included in the Bahrain Open Banking Framework available on the CBB website. Such a review must be conducted by a third-party consultant, other than the external auditor.