



BUSINESS AND MARKET CONDUCT MODULE

Consultation

MODULE:	BC (Business and Market Conduct)
Table of Contents	

		Date Last Changed
BC-A	Introduction	
	BC-A.1 Purpose	07/2015
	BC-A.2 Scope of Application and Key Requirements	04/2016
	BC-A.3 Module History	07/2022
BC-B	General Principles	
	BC-B.1 Principle 1: Truthfulness, Honesty and Fairness	07/2015
	BC-B.2 Principle 2: Due Care and Diligence	10/2015
	BC-B.3 Principle 3: Capabilities	07/2015
	BC-B.4 Principle 4: Information about Clients	07/2015
	BC-B.5 Principle 5: Information to Clients	10/2015
	BC-B.6 Principle 6: Conflicts of Interest and of Duty	07/2015
	BC-B.7 Principle 7: Shari'a Compliance	07/2015
BC-C	Provision of Financial Services on a Non-discriminatory Basis	
	BC-C.1 Provision of Financial Services on a Non-discriminatory Basis	10/2020
BC-1	Promotion of Financial Products and Services	
	BC-1.1 Promotions	01/2022
	BC-1.2 Advertisements	01/2022
BC-2	Code of Conduct for Bank Dealers and Foreign Exchange and Money Brokers in the Interbank Markets	
	BC-2.1 Introduction	01/2011
	BC-2.2 Market Terminology Definitions	01/2011
	BC-2.3 Confidentiality and Market Practice	01/2011
	BC-2.4 Passing of Details	01/2011
	BC-2.5 Confirmations	01/2005
	BC-2.6 Differences and Disputes	01/2011
	BC-2.7 Conduct	01/2011
	BC-2.8 Responsibility	04/2022
	BC-2.9 Market Regulations – Foreign Exchange	01/2011
	BC-2.10 Market Regulations – Currency Deposits	07/2015
	BC-2.11 Market Discipline	01/2011
	BC-2.12 Adjustment of Value Dates in Case of Unexpected Banking Closing Dates	01/2011

MODULE:	BC (Business and Market Conduct)
Table of Contents	

	Date Last Changed
BC-3 Client Confidentiality	
BC-3.1 Disclosure of Information about Individual Accounts	04/2011
BC-4 Customer Account Services and Charges	
BC-4.1 [This Section was deleted in April 2018]	04/2018
BC-4.2 Disclosure of Charges by Retail Banks	07/2021
BC-4.3 [This Section was deleted in January 2013]	01/2013
BC-4.4 Current Accounts	01/2011
BC-4.5 Brokerage Fees	01/2011
BC-4.6 Notification to the CBB on Introduction of New or Changes to Customer Products and Facilities	10/2016
BC-4.7 Dealing with Inheritance Claims	10/2012
BC-4.8 Compliance with the Code of Best Practice on Consumer Credit and Charging	07/2015
BC-4.9 Transaction Advice	10/2016
BC-4.10 [This Section has been left blank.]	04/2014
BC-4.11 Donations to NGO Accounts	04/2014
BC-4.12 Credit Check Reports	10/2015
BC-4.13 Fees and Charges for Services Provided to Individuals	01/2019
BC-4.14 Fees and Charges for Services Provided to Companies under Formation	04/2018
BC-4.15 Profit/Fees on Credit Card Transactions	07/2019
BC-4.16 Profit on Credit Facilities	10/2019
BC-4.17 Blocking Customer Accounts	04/2020
BC-4.18 Fund Transfers by Customers of Payment Service Providers (PSP)	10/2020
BC-4.19 Merchant Fees on Payments to Zakat and Charity Fund	04/2021
BC-4.20 Dormant Accounts and Unclaimed Balances	07/2022
BC-4.21 Insurance Cover on Financing	xx/2023
BC-5 Dishonoured Cheques	
BC-5.1 Penalty System for Dishonoured Cheques	01/2011
BC-5.2 General Guidance on Administration of Dishonoured Cheques	01/2011
BC-5.3 Penalty Charges on Dishonoured Cheques	04/2018
BC-5A Return Policy – Post-Dated Cheques	
BC-5A.1 Return Policy – Post-Dated Cheques	01/2017
BC-6 Automated Teller Machine (ATM)	
BC-6.1 [This Section was deleted in October 2019]	10/2019
BC-6.2 [This Section was deleted in April 2018]	04/2018
BC-6.3 [This Section was deleted in April 2018]	04/2018

MODULE:	BC (Business and Market Conduct)
Table of Contents (continued)	

		Date Last Changed
BC-7	Mudaraba Contracts	
BC-7.1	Minimum Terms and Conditions	07/2015
BC-8	Margin Trading System	
BC-8.1	Introduction	01/2011
BC-8.2	Limits and Trading Rules	10/2016
BC-9	Regulated Islamic Banking Services	
BC-9.1	Customer Categories	07/2015
BC-9.2	General Rules	07/2015
BC-9.3	Overarching Principles	07/2015
BC-9.4	Customer Classification	07/2015
BC-9.5	Marketing and Promotion	07/2015
BC-9.6	Accepting Customers	07/2015
BC-9.7	Suitability	07/2015
BC-9.8	Disclosure of Information	07/2015
BC-9.9	Dealing and Managing	10/2015
BC-9.10	Reporting to Customers	07/2015
BC-9.11	[This Section was deleted in October 2011]	10/2011
BC-9.12	Conflicts of Interest	10/2015
BC-9.13	Appendix	10/2015
BC-10	Customer Complaints Procedures	
BC-10.1	General Requirements	04/2017
BC-10.2	Documenting Customer Complaints Handling Procedures	07/2015
BC-10.3	Procedures for Effective Handling of Complaints	04/2020
BC-10.4	Internal Complaint Handling Procedures	01/2011
BC-10.5	Response to Complaints	04/2020
BC-10.6	Records of Complaints	10/2011
BC-10.7	Reporting of Complaints	04/2020
BC-10.8	Monitoring and Enforcement	10/2011
BC-11	Measures and Procedures for Services Provided to Disabled Customers by Bahraini Retail Banks	
BC-11.1	General Requirements	04/2016
BC-11.2	Special Services for Visually Impaired Customers	01/2020
BC-11.3	Special Services for Hearing Impaired Customers	04/2016
BC-12	Supplementary Information	
BC-12.1	Financial Advice Programme	07/2022

MODULE:	BC (Business and Market Conduct)
Table of Contents (continued)	

**Date Last
Changed**

APPENDICES	Part B/CBB Reporting Forms/ Business and Market Conduct	
Appendix BC-1:	List of Dishonoured Cheques	
Appendix BC-2:	CBB Control List for Dishonoured Cheques	
Appendix BC-3:	CBB List of Abusers of Cheques – Active	
Appendix BC-4:	CBB List of Abusers of Cheques – Inactive (older than 12 months)	
Appendix BC-5:	Market Terminology and Definitions – Foreign Currency and Deposit Market	
Appendix BC-6:	Proposed Scale of Brokerage Fees	
Appendix BC-7	Note on the Minimum Terms and Conditions for Mudaraba Contracts and Other Fiduciary Relationships	
Appendix BC-8	Caps on Fees and Charges for Standard Services Provided to Individuals	04/2018



MODULE	BC:	Business and Market Conduct
CHAPTER	BC-4:	Customer Account Services and Charges

BC-4.21 Insurance Cover on Financing

BC-4.21.1 The requirements in this Chapter apply to Islamic retail bank licensees which seek life or other insurance cover in respect of financing to a borrower.

BC-4.21.2 Islamic retail bank licensees using insurance cover as risk mitigant for its financing must comply with the following requirements:

- (a) Credit policies must specify whether the licensee will bear the cost of insurance cover or if it will recover the cost from the customer;
- (b) If a customer wishes to buy his own insurance cover, the licensee must not refuse to accept assignment of such policy, however, the licensee may require the customer to ensure that the insurance policy terms, duration and features match its requirements and the cost recovered from the customer must be the actual cost paid by the licensee to the insurance provider;
- ~~(c) If insurance is arranged by the licensee for its customer, the cost recovered from the customer must be the actual cost paid by the licensee to the insurance provider;~~
- (d) The insurance cost recovered from the customer, in the case of group insurance cover, must not exceed the proportionate aggregate cost payable to the insurance company attributable to the credit facility. Licensees must, on a regular basis, evaluate the insurance costs, which must be based on the actual insurance premiums levied by the insurer for the purpose of determining the insurance cost to be recovered for new facilities. At maturity of the financing or at the point of early repayment, the licensee must refund any excess insurance cost amount collected;
- (e) Licensee must not receive any commission from the insurance provider and/or receive any commission from the borrower;
- (f) Full disclosure with respect to the insurance arrangement (whether individual or group insurance cover), must be made to the customer prior to signing the financing agreement regarding:
 - (i) The terms of the insurance coverage and name of the insurance provider;
 - (ii) Benefits and exclusions;
 - (iii) Need for medical examinations, underlying illnesses not covered and the implications of health conditions on the insurance cost or the insurance claim;
 - (iv) Payment method for the insurance cost (i.e. one time upfront payment or addition to financing amount and recovered as part of repayment instalments);
 - (v) The insurance premium rate currently applicable and
 - (vi) The basis and method of calculation of the insurance cost at the time of granting of the financing;
 - (vii) Refund/adjustment of insurance cost in the case of early repayment/ pre-payments and top-ups;

MODULE	BC: Business and Market Conduct
CHAPTER	BC-4: Customer Account Services and Charges

BC-4.21 Insurance Cover on Financing (continued)

- (g) Customers must be informed in writing if:
- (i) There is a change in the insurance provider in the case of individual insurance cover;
 - (ii) There is a possibility of additional costs to be recovered or refunds in case of upfront payments due to changes in insurance premium rates; and
 - (iii) Additional insurance costs would be recovered from the customer if financing repayment instalments are not paid on time; and
- (h) The statements of account must clearly show the insurance cost as a separate item where applicable.

BC-4.21.3

If licensees decide to restructure the financing but cannot obtain insurance coverage due to the customer's age or due to a 'retiree' status, they must inform the customer in writing about the unavailability of insurance for the extended financing period. In such cases, the licensee must not demand full repayment of financing by the customer due to the customer's age.

BC-4.21.4

Licensees' credit policy must specify, at a minimum, the following:

- (a) Disclosures to be made to customers prior to signing of the financing agreement;
- (b) Age limits, if any, that apply for insurance cover as per the licensee's arrangements with the insurer and the options available to customers not meeting the age limits;
- (c) Measures or implications of default or extension of tenor for any reason, particularly for financing which have an expiry date falling in a higher age bracket at the time of grant of the financing; and
- (d) Any additional terms that apply to customers who fall within the higher age bracket.

BC-4.21.5

Licensees' credit policy must also specify its approach with regard to lending and the corresponding insurance coverage implications for customers who fall within higher age groups (to be defined by the licensee) and those who have retired from employment or will retire during the tenor of the financing.

BC-4.21.6

For the purposes of BC-4.21.5, extension of financing to individuals who are beyond the retirement age should take into account, in addition to other factors, the increases in life expectancy in Bahrain and the general trend in loss ratios. For this purpose, licensees should agree with their insurer the terms, conditions and procedures in order to meet the needs of individuals above the insurable age of the group financing portfolio and consider measures to be taken in the case of exceptional scenarios such as a customer in the higher age group needing to restructure a facility.

MODULE	BC: Business and Market Conduct
CHAPTER	BC-4: Customer Account Services and Charges

BC-4.21 Insurance Cover on Financing (continued)

BC-4.21.7

Licensees using group insurance cover must perform a due diligence of the insurance provider at periodic intervals to ensure optimum benefits are obtained for their customers. The due diligence must also involve assessment of various insurance plans and loss ratios.

BC-4.21.8

If the insurance provider is a related party of the licensee, the insurance cost must not be higher than the market quotes for similar insurance cover.