



EDBS/KH/0218/2010
2nd December 2010

Chief Executive Officer
All Banks
Manama
Kingdom of Bahrain

Dear Sir,

Implementation of the Corporate Governance requirements in the High Level Controls Module (HC) and Public Disclosure Module (PD)

The CBB has considered the need to clarify to the banks the effective dates for the implementation of the new requirements of the Corporate Governance Code of the Kingdom of Bahrain in the updated HC and PD Modules issued as part of October 2010 Rulebook updates.

The effective date of complying with the requirements is mentioned in HC-A.1.13 which states:

“This updated Module issued in October 2010, is effective on 1st January 2011. All bank licensees to which Module HC applies should be in full compliance by the financial year end 2011. At every bank’s annual shareholders meeting held after 1st January, 2011, corporate governance should be an item on the agenda for information and any questions from shareholders regarding the bank’s governance. Where possible, banks should also have corporate governance guidelines in place at that time and should have a “comply or explain” report as described in Paragraph HC-A.1.8.”

The new disclosure requirements of the updated paragraph PD-1.3.10 must be made in the Annual Report of the bank pertaining to the 2011 financial year end.

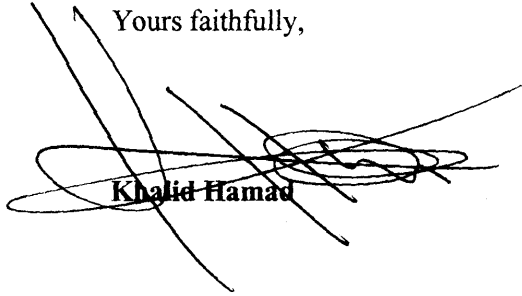
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The requirement to disclose information to shareholders as stated in PD-6.1, is further clarified in HC-8.2.1(d) which states that this information must be made, on the bank's website (through secured/restricted access to shareholders) or held at the bank's premises on behalf of the shareholders. Such disclosure must be made to the shareholders in any AGM held after the 2011 financial year end.

The CBB encourages banks to disclose the requirements stated in PD-6.1 in the Annual Report as well. However, if the bank considers this information sensitive it can report it to shareholders as mentioned in HC-8.2.1.

In case of any clarifications required please do not hesitate to contact the Rulebook team via rulebook@cbb.gov.bh.

Yours faithfully,


Khalid Hamad