



EDBS/KH/C/39/2017  
16<sup>th</sup> August 2017

**Chief Executive Officer**  
All Payment Service Providers  
All Card Processing Companies  
Manama, Kingdom of Bahrain

Dear Sir,

**Amendments in Authorisation Module (AU) of Ancillary Service Providers**

As part of the CBB's objective in enhancing its regulatory framework, the CBB is amending some paragraphs in Module AU of Ancillary Service Providers, with a specific objective of clarifying the required bank guarantee amount for Payment Service Providers and Card Processing Companies, as well as for Payment Service Providers when issuing any multi-purpose, electronic or otherwise, pre-paid cards.

The amendments are attached and shall be available on the CBB website under Rulebook Volume 5 (Ad-hoc Communications). Further, such amendments will be incorporated in the relevant module in the upcoming CBB rulebook update.

Yours faithfully

  
Khalid Hamad

AU-A.2.2 A list of recent changes made to this Module is provided below:

Module Ref.	Change Date	Description of Changes
AU-1.2.10A, AU-1.2.10B and AU-1.2.10C	04/2017	Added Paragraphs on issuance of pre-paid cards and PCI-DSS certification for Payment Service Providers.
AU-1.2.11	04/2017	Amended Paragraph on the settlement.
AU-2.3.2	04/2017	Amendment of reference.
AU-4.1.12	04/2017	Specified bank guarantee amounts.
AU-4.1.16 (l)	04/2017	Amended bank guarantee amount.
AU-1.2.10A(b)	08/2017	Amended bank guarantee requirement
AU-4.1.12	08/2017	Amended bank guarantee amount for PSP and Card Processing Companies.
AU-4.1.16(l)	08/2017	Amended bank guarantee requirement for PSP issuing any multi-purpose, electronic or otherwise, pre-paid cards

**AU-1.2.10A** When issuing any multi-purpose, electronic or otherwise, pre-paid cards, payment service providers must comply with the following requirements:

- (a) The maximum amount under each individual customer pre-paid account must not exceed BD200;
- (b) The payment service provider must obtain a bank guarantee of BD100,000 from a retail bank licensed in the Kingdom of Bahrain; instead of the bank guarantee amount required under Paragraph AU-4.1.12.
- (c) Comply with all the requirements outlined under Module FC (Financial Crime) and Module CL (Client Money);
- (d) All pre-paid plastic cards must be EMV compliant (chip and PIN and online authentication);
- (e) Any pre-paid card which is inactive for a period of six months must be placed in a dormant list;
- (f) All transactions on pre-paid cards must be made through an escrow account with a retail bank in Bahrain.

**AU-4.1.12** Before the final approval is granted to a licensee, confirmation from a retail bank addressed to the CBB that the licensee's capital (injected funds) – as specified in the business plan submitted under Rule AU-4.1.4 – has been paid in must be provided to the CBB. In addition, for payment services providers and card processing companies, a bank guarantee of BD 50,000 must be provided.

*Starting Operations*

AU-4.1.16

Within 6 months of the license being issued, the new licensee must provide to the CBB:

- (a) A detailed action plan for establishing the operations and supporting infrastructure of the licensee, such as the completion of written policies and procedures, and recruitment of remaining employees (having regard to the time limit set by Article 48 (c) of the CBB Law);
- (b) The registered office address and details of premises to be used to carry out the business of the proposed licensee;
- (c) The address in the Kingdom of Bahrain where full business records will be kept;
- (d) The licensee's contact details including telephone and fax number, e-mail address and website;
- (e) A description of the business continuity plan;
- (f) A description of the IT system that will be used, including details of how IT systems and other records will be backed up;
- (g) A copy of the external auditor's acceptance to act as an external auditor for the applicant;
- (h) A copy of the Ministry of Industry & Commerce commercial registration certificate in Arabic and English languages;
- (i) A copy of the licensee's business card and any written communication (including stationery, website, e-mail, business documentation, etc.) including a statement that the ancillary service provider is licensed by the CBB;
- (j) An updated organisation chart showing the reporting lines, committees (if any) and including the names of the persons undertaking the controlled functions;
- (k) A copy of the licensee's professional indemnity insurance policy or confirmation that a deposit to an amount specified by the CBB has been placed in an escrow account with a retail bank licensed in the Kingdom of Bahrain;
- (l) A bank guarantee of BD100,000 for payment service providers issuing any multi-purpose, electronic or otherwise, pre-paid cards, instead of the bank guarantee amount required under Paragraph AU-4.1.12. Such bank guarantee must be in the format approved by the CBB;
- (m) Proof that the PSP has set up the escrow account as required under Paragraph AU-1.2.8;
- (n) A copy of the applicant's notarised memorandum and articles of association, addressing the matters described in Paragraph AU-4.1.6; and
- (o) Other information as may be specified by the CBB.