



EDBS/KH/C/57/2016
29th December 2016

Chief Executive Officer
All banks
Manama
Kingdom of Bahrain

Dear Sir,

CBB Regulatory Policy Initiatives for the banking industry for the year 2017

As part of the CBB's policy in enhancing transparency and raising awareness on CBB's regulatory banking reform initiatives, the CBB lists below the expected proposed rules that the CBB would issue for consultation during 2017:

1. Liquidity Coverage Ratio and Net Stable Funding Ratio – part of Basel III.
2. Leverage Ratio (second version) – part of Basel III.
3. Amending existing large exposures directives to be in-line with Basel Standard on Monitoring and Controlling large exposures.
4. New risk rating methodology for assessing business risks and control failure risks faced by each bank and resulting systemic risk.
5. Financial Penalties methodology for violations other than date sensitive requirements.
6. General and specific qualitative risk management rules.
7. Updating Corporate Governance rules in-line with Basel Standard.
8. Updating Business Conduct rules in Volume 1 to be in-line with Volume 2 relevant rules.
9. Supervisory Review Process – part of Basel III.
10. Capital requirements for banks' equity investments in funds.
11. The standardised approach for measuring counterparty credit risk exposures.
12. Internal Audit Function requirements (second version).
13. Redesigning license fees to take into account CBB's regulatory and supervisory cost.
14. Introducing caps on standard fees and charges.
15. Sharia Governance (Second version).

Yours faithfully,


Khalid Hamad