



EDBS/KH/127/2013
10th July, 2013

Chief Executive Officer
All Banks
Manama - Kingdom of Bahrain

Dear Sir,

**Treasury Master Agreements and IIFM Interbank Unrestricted Master Investment
Wakalah Agreement**

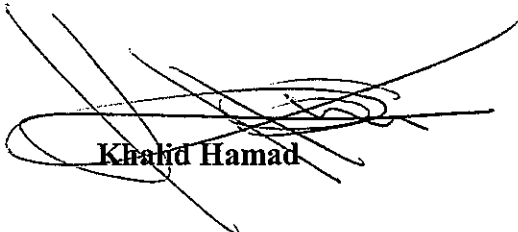
In keeping with the ongoing global initiatives to improve transparency and regulatory oversight in financial markets, and in order to adopt international standards and best practices designed to achieve uniformity and standardisation, the Central Bank of Bahrain ('CBB') is encouraging all banks which execute Shari'a compliant Treasury Product transactions to have their customer transactions governed by the ISDA/IIFM Tahawwut Master Agreement and its issued schedule.

Please note that Customer Agreements are governed under Bahrain Law, and they are applicable for all such customer transactions where both the Bank and the Customer are domiciled in Bahrain. Banks are encouraged to use the new ISDA/IIFM Master Agreement for all future transactions with new customers domiciled in Bahrain. Furthermore, banks should replace all existing CTA agreements with the new ISDA/IIFM Master Agreement as and when there is a new transaction with any existing customer domiciled in Bahrain, and in any case have all existing CTA agreements replaced no later than 12 months from the date of this letter.

In addition, the International Islamic Financial market ('IIFM') has published the Interbank Unrestricted Wakalah Standard documentation along with the operational guidance memorandum. The main objective of this standard is to reduce over reliance on commodity Murabaha and to encourage greater use of the Unrestricted Wakalah in the interbank market. The CBB is also encouraging Islamic banks to adopt this standard.

Both of the above noted agreements and related documentation are available on the IIFM's website (www.iifm.net).

Yours sincerely,



Khalid Hamad