



EDBS/KH/4/2019

15<sup>th</sup> January, 2019

**Chief Executive Officers/General Managers**

All Banks

Manama

Kingdom of Bahrain

Dear Sir,

**Compliance Chapter in Module HC – High-Level Controls**

Following the industry consultation process, the CBB is pleased to issue the new requirements in relation to Compliance, which shall be included in Module HC for both Rulebook Volumes 1 and 2.

The new requirements aim to enhance the practices across banks on compliance and the role of the compliance function and other functions on compliance. It is largely based on the Basel Committee's qualitative principles under the Guidelines issues in July 2015: 'Corporate Governance Principles' and also the high level paper: 'Compliance and the compliance function in banks' issued by the Committee in April 2005.

The requirements in the Chapter must be fully met by 30 June 2019. Accordingly, every bank must assess its compliance with the said rules and submit a gap analysis to the CBB on 28<sup>th</sup> February 2019.

The update of Module HC shall be available on the CBB website under Volumes 1 & 2 in due course.

Should you have any further queries on this matter, please contact your normal supervisory point of contact at the CBB.

Yours sincerely,

  
**Khalid Hamad**

cc: Bahrain Association of Banks