



OG/212/2017
30th April 2017

Chief Executive Officer

All Banks
All Investment Business Licensees (Cat. 1 & 2)
All Life Insurance Providers
All Trust Service Providers
Manama
Kingdom of Bahrain

Dear Sir/Madam,

Directive
Automatic Exchange of Information for Tax Purposes ("AEOI")
Common Reporting Standard ("CRS")

Further to the issuance of Directive OG/53/2017 on 30 January 2017 requiring all licensees to comply with CRS regulations, the Central Bank of Bahrain (the "CBB") wishes to inform all licensees that they must comply with and implement the CRS and its Commentaries contained in the Standard for Automatic Exchange of Financial Account Information in Tax Matters (the "Standard") approved by the Council of the Organisation for Economic Co-Operation and Development (OECD) on 15 July 2014.

This Directive is issued by the CBB in exercise of its powers conferred under Article 38 of the Central Bank of Bahrain and Financial Institutions Law No.64 of 2006 and its amendments (the CBB Law), and Article 69 of the Trust Law No. 23 of 2016.

Licensees must comply with and implement all the requirements of the CRS and the CRS Commentaries, including but not limited to the due diligence and reporting obligations specified therein in order to enable the Kingdom of Bahrain to fulfil its obligations under the Multilateral Convention on Mutual Administrative Assistance in Tax Matters ("MAC") and the Multilateral Competent Authority Agreement on Automatic Exchange of Financial Account Information ("MCAA").

This Directive may be cited as the CRS Directive, and comes into force with immediate effect.

1) Interpretation:

- (1) In this Directive and for the purposes of applying the CRS and the CRS Commentaries,

“**CRS**” means the Common Reporting Standard contained in Part II.B of the Standard for Automatic Exchange of Financial Account Information in Tax Matters approved by the Council of the Organisation for Economic Co-Operation and Development on 15 July 2014, as amended from time to time.

“**CRS Commentaries**” means the Commentaries on the CRS contained in Part III.B of the Standard for Automatic Exchange of Financial Account Information in Tax Matters approved by the Council of the Organisation for Economic Co-Operation and Development on 15 July 2014, as amended from time to time.

“**Excluded Account**” means:

an account as defined in subparagraphs C(17)(a) to (f) of Section VIII of the CRS; “**Information Return**” means a report, setting out certain information as specified by this Directive, which a Reporting Financial Institution is required to file with the CBB.

“**Non-Reporting Financial Institution**” means:

- a) Financial Institution as defined in subparagraphs B(1)(a), (b), (d) and (e) of Section VIII of the CRS.

“**Participating Jurisdiction**” means a jurisdiction which is listed in Schedule A of this Directive.

“**Reportable Jurisdiction**” means:

- (a) For the purposes of applying the CRS due diligence procedures, any jurisdiction other than Bahrain or the United States of America; and
- (b) For the purposes of reporting, a jurisdiction with which an international agreement providing for the automatic exchange of information for tax purposes is in effect between Bahrain and that other jurisdiction.

“**Reporting Financial Institution**” means any Bahrain Financial Institution that is not a Non-Reporting Financial Institution. The term “Bahrain Financial Institution” means: any Financial Institution that is a CBB licensee, but excludes any branch of that Financial Institution that is located outside of Bahrain.

- (2) Subject to subsections (1) and (3) of this section and for the purposes of applying the CRS and the CRS Commentaries, any term which is defined in the CRS or the CRS Commentaries but not in this Directive has the same meaning in this Directive as in the CRS or the CRS Commentaries.

- (3) For the purposes of applying this Directive, the CRS and the CRS Commentaries:

- a) all USD amounts shall be read to include equivalent amounts in Bahraini Dinars.

- b) the dates specified in the CRS must be read as:
- (i) in subparagraph C(6) of Section III, 30 June 2017;
 - (ii) in paragraph D of Section III, 31 December 2017 in respect of High Value Accounts and 31 December 2018 in respect of Lower Value Account;
 - (iii) in paragraph A of Section V, 30 June 2017;
 - (iv) in paragraph B of Section V, 30 June 2017 in both the first and second instances;
 - (v) in subparagraph E(1) of Section V, 30 June 2017 in the first instance and 31 December 2018 in the second instance;
 - (vi) in subparagraph E(2) of Section V, 30 June 2017;
 - (vii) in subparagraph B(8)(b) of Section VIII, 1 July 2017;
 - (ix) in subparagraph C(9) of Section VIII, 30 June 2017;
 - (x) in subparagraph C(10) of Section VIII, 1 July 2017;
 - (xi) in subparagraph C(14) of Section VIII, 30 June 2017;
 - (xii) in subparagraph C(15) of Section VIII, 30 June 2017;
 - (xiii) in subparagraph C(17)(f)(ii) of Section VIII, 1 July 2017;
- (4) For the purposes of applying subparagraph C(6) of section III, paragraph A of section V, paragraph B of section V, subparagraph E(2) of section V, and subparagraph C(15) of section VIII, of the CRS, and only for these purposes, references to “a subsequent calendar year” or “subsequent year” in those provisions must be read as including the period from 1 July 2017 to 31 December 2017.

2) Status of the CRS Commentaries:

The CRS Commentaries are binding and Reporting Financial Institutions must apply the CRS in accordance with such Commentaries.

3) Due diligence requirements of the CRS:

All Reporting Financial Institutions must comply with all the due diligence requirements of the CRS and the CRS Commentaries including but not limited to the following:

- (1) A Reporting Financial Institution must establish, maintain and document the procedures that are designed to identify Reportable Accounts maintained by the institution.
- (2) A Reporting Financial Institution must identify Reportable Accounts maintained by the institution by applying the due diligence procedures described in Sections II to VII of the CRS.
- (3) In determining the balance or value of an account denominated in a currency (other than USD) for the purposes of the CRS and this Directive, a Reporting Financial Institution must translate the relevant USD threshold amount described in the CRS

into the other currency by reference to the spot rate of exchange on the date for which the institution is determining the threshold amounts.

- (4) Where the CRS and CRS Commentaries provide for a Jurisdiction to allow Reporting Financial Institutions to make an election in determining their due diligence and reporting obligations, Reporting Financial Institutions may assume that Bahrain has allowed for such election to be made. Where the CRS Commentaries provide for a Jurisdiction to adopt an alternative CRS legal provision, Reporting Financial Institutions may elect to use that alternative legal provision. In the case of the first such provision contained in paragraph 82 of the CRS Commentaries on Section VIII, the date should be 30 June 2017 if the Reporting Financial Institution elects to use that provision.

4) Reporting requirements of the CRS:

All Reporting Financial Institutions must comply with all the reporting requirements of the CRS and the CRS Commentaries including but not limited to the following:

- (1) A Reporting Financial Institution must, in respect of the calendar year 2017 and every following calendar year, file with the CBB an Information Return setting out the information required to be reported described in Section I of the CRS, disregarding subparagraph F, in relation to every Financial Account identified as a Reportable Account that is maintained by the institution at any time during a calendar year.
- (2) If a Reporting Financial Institution applies the due diligence procedures described in Item (3) above for a calendar year and no account is identified as a Reportable Account, the institution must file with the CBB an Information Return which provides that the institution maintains no such Reportable Accounts in respect of that year.
- (3) An information return must be filed electronically using such technology as may be approved or provided by the CBB, and in such form as the CBB may require.
- (4) An Information Return, must be submitted on or before 2nd May of the year following the calendar year to which the return relates.

5) Record-keeping requirements of the CRS:

- (1) Every Reporting Financial Institution must keep records that the institution obtains or creates for the purpose of complying with this Directive, including self-certifications and records of Documentary Evidence.

- (2) Every Reporting Financial Institution required by this Directive to keep records that does so electronically must retain them in an electronically readable format for the retention period referred to in subparagraph (4).
- (3) Every Reporting Financial Institution that obtains or creates records, as required under this Directive, in a language other than English must, upon request, provide an English translation to the CBB.
- (4) Every Reporting Financial Institution that is required to keep, obtain or create records under this Directive must retain those records for a period of at least five years following:
 - a) in the case of a self-certification, the last day on which a related Financial Account is open; and
in any other case, the end of the last calendar year in respect of which the record is relevant.

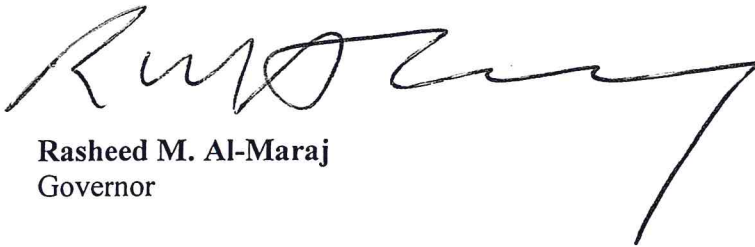
6) Enforcement Action:

Failure of a licensee to comply with any of the provisions of this Directive will result in enforcement action as indicated in the CBB Law and Trust Law against the licensee.

7) Anti-avoidance:

If a Financial Institution or any other person enters into any arrangements or engages in a practice, the main purpose or one of the main purposes, of which can reasonably be considered to be to avoid an obligation imposed under this Directive, the Financial Institution or the person is subject to the obligation as if the person had not entered into the arrangement or engaged in the practice.

Yours sincerely,



Rasheed M. Al-Maraj
Governor



Office of the Governor

SCHEDULE A

PARTICIPATING JURISDICTIONS:

For the purposes of the CRS, the following are Participating Jurisdictions:

Anguilla, Argentina, Barbados, Belgium, Bermuda, British Virgin Islands, Bulgaria, Cayman Islands, Colombia, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Faroe Islands, Finland, France, Germany, Gibraltar, Greece, Greenland, Guernsey, Hungary, Iceland, India, Ireland, Isle of Man, Italy, Jersey, Korea, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Mexico, Montserrat, Netherlands, Niue, Norway, Poland, Portugal, Romania, San Marino, Seychelles, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Turks and Caicos Islands, United Kingdom, Andorra, Antigua and Barbuda, Aruba, Australia, Austria, The Bahamas, Belize, Brazil, Brunei Darussalam, Canada, Chile, China, Cook Islands, Costa Rica, Curaçao, Dominica, Ghana, Grenada, Hong Kong (China), Indonesia, Israel, Japan, Kuwait, Lebanon, Marshall Islands, Macao (China), Malaysia, Mauritius, Monaco, Nauru, New Zealand, Panama, Qatar, Russia, Saint Kitts and Nevis, Samoa, Saint Lucia, Saint Vincent and the Grenadines, Saudi Arabia, Singapore, Sint Maarten, Switzerland, Trinidad and Tobago, Turkey, United Arab Emirates, Uruguay, and Vanuatu.