

**27- INSTRUCTIONS REGARDING THE NECESSITY OF NOTIFYING
THE CENTRAL BANK BEFORE PROCEEDING WITH
ANY COMMUNICATIONS WITH REGULATORY FINANCIAL
OR BANKING AUTHORITIES IN OTHER COUNTRIES**

GOVERNOR

*Ramadhan 15, 1424 H
November 10, 2003*

**Instructions No. (2/IBS/121/2003)
To All Islamic Banks**

THE CHAIRMAN,

**Communications with Regulatory Financial or
Banking Authorities In Other Countries**

Whereas the supervision of international banking and financial groups requires periodic contacts, as well as reciprocal cooperation amongst competent regulatory authorities in the countries hosting one of these groups, and the regulatory authorities in the mother country of such a group, in accordance with the minimum criteria set by Basle Committee for control over international banking groups.

And since such contacts and reciprocal cooperation does not presently cover only the activity of the branch or subsidiary of the group, but has expanded to embrace the activity of affiliates, investments and minority shares owned by such groups in the hosting country.

Therefore, your bank should be aware of the above requirements, which oblige the competent regulatory authorities in the hosting country to consult and communicate, officially or unofficially, with the regulatory authorities in the mother country, whenever your bank discusses a certain subject with the regulatory authorities in the hosting countries to obtain their approval.

Accordingly, in order to satisfy the above requirements and to avoid the adverse impacts that may arise as a result of not fulfilling these requirements, your bank must notify the Central Bank of Kuwait of any plans or activities intended to be performed abroad in the future, and which need discussion or consultation with the regulatory authorities in the hosting countries. This requirement applies to those plans or activities which include the acquisition or increase of a share in companies capital, the establishment of a subsidiary or an affiliate, amendment of a company's capital, the opening of branches, expansion of activities or

27- INSTRUCTIONS REGARDING THE NECESSITY OF NOTIFYING THE CENTRAL BANK BEFORE PROCEEDING WITH ANY COMMUNICATIONS WITH REGULATORY FINANCIAL OR BANKING AUTHORITIES IN OTHER COUNTRIES.

initiating new activities. Your bank must also advise the Central Bank of Kuwait of any transactions it conducted in breach of the Laws and regulations prevailing in the hosting country.

We would like to stress once again the requirement that your bank should notify the Central Bank of Kuwait in advance before proceeding with any communications with regulatory financial or banking authorities in other countries to obtain their approval of any plans or activities your bank intends to perform.

With my best wishes,

SALEM ABDUL AZIZ AL SABAH