

**27- INSTRUCTIONS TO BANKS ON THE NECESSITY OF NOTIFYING
THE CENTRAL BANK OF KUWAIT BEFORE PROCEEDING
WITH ANY COMMUNICATION WITH REGULATORY
FINANCIAL OR BANKING AUTHORITIES IN
OTHER COUNTRIES**

GOVERNOR

*Safar 2, 1415 H
July 11, 1994*

THE CHAIRMAN

Instructions to banks on the necessity of notifying the Central Bank of Kuwait before proceeding with any communication 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 countries hosting one of these groups, and the regulatory authorities in the mother country of such a group, in accordance with the concordat system and minimum standards set by the Basle Committee for control over international banking groups.

And, since such contracts and reciprocal cooperation are no longer limited to the activities of groups' branches or subsidiaries, but have expanded to encompass 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 potential adverse effects 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. Worth noting is that these plans or activities 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 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.

* Circulated to all local banks .

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 regards,

SALEM ABDUL-AZIZ AL-SABAH