



BAHRAIN CREDIT REFERENCE BUREAU

CODE OF PRACTICE REFERENCE GUIDELINES APPLIED TO MEMBERS

1 June 2016

Property Rights

The Reference Guidelines have been developed by the BENEFIT Company BSC © (Closed) and approved by the Central Bank of Bahrain

Article 1: Introduction:

These Reference Guidelines aim to set out the terms and conditions governing the relationship between Bahrain Credit Reference Bureau (Bureau) and the Members. The Bureau is considered part of the BENEFIT Company as an institution supporting the financial sector, licensed by virtue of Decree-Law no. 64 of 2006 as amended by Decree-Law no. 34 of 2015 to fulfil its role as a credit information centre.

These Reference Guidelines include the terms and conditions governing and regulating the Bureau's activities and the role assigned to it, which consists in collecting, safekeeping, analyzing and classifying Credit Information and Data related to the Bureau's Members and drawing up Credit Reports accordingly in order to provide the Members with credit information reports through a highly transparent system to ensure information confidentiality. The Guidelines also consist of a method used to provide services to the Clients and Members and provide a system for raising the Clients' awareness on the Bureau's activities, their rights, procedures for submitting complaints and objections and following them up as well as updating information on the Database for the Bureau and Clients.

The Bureau maintains Database containing credit information on the Members' Clients and provide them electronically to the Members to be used only for the assessment of the Client's credit status in order to decide on granting or renewing or re-scheduling or re-structuring the credit. This also aims to evaluate the Client's credit status in other cases whereby goods are sold or services are provided to any person upon a repayment undertaking. The Bureau and its Members may also use the credit information for statistical and study purposes while maintaining confidentiality.

Article 2: Role and Objectives:

2-1 Role:

The Bureau operates under trade name: **BENEFIT Company B.S.C © (Closed)**, a company licensed to operate as an institution supporting the financial sector by virtue of a licence issued by the Central Bank of Bahrain in accordance with the provisions of Decree-Law no. 34 of 2015 amending some provisions of the Central Bank of Bahrain and Financial Institutions Law issued by Law no. 64 of 2006 in order to compile the Clients' credit information and provide them to the Members in compliance with the terms and conditions issued by the Bank.

2-2 Objectives:

The main objective of Bahrain Credit Reference Bureau consists in compiling, safekeeping, analyzing and classifying credit information, drawing up relevant Credit Reports and providing them to Members of the Bureau upon their request. This includes the following:

2-2-1 Compile, safekeep, analyse and classify Clients' credit information, draw up relevant Credit Reports and provide them to the Clients and Members of the Bureau at the request of a Client or any Member submitted to the Bureau.

2-2-2 Provide information and data regarding the Client's financial obligations and indebtedness, including all types of credit facilities.

2-2-3 Exchange information with Credit Reference Bureaus abroad after receiving prior approval from the Central Bank of Bahrain in accordance with the terms and conditions specified by the Bank.

2-2-4 Gather information from government bodies and other individuals who are authorized to provide the Bureau with Credit Information and Data.

2-2-5 Conclude agreements with Members of the Bureau including terms and conditions governing information collection from the Members and provide them with Credit Reports.

2-2-6 Provide Clients with their personal and Members' Credit Reports at their request in accordance with the terms and conditions stipulated herein.

2-2-7 Receive complaints and objections from the Members' Clients, follow them up and provide the relevant clarifications.

2-2-8 Use the Credit Information and Data to make statistics and carry out studies while maintaining confidentiality.

Article 3: Database:

3- Database: Electronic Database comprising the Clients' Credit Files including information and data received by the Bureau from the Members, which the Bureau has already gathered, analysed and stored.

3-1 The Bureau maintains Database comprising the following information:

3-1-1 Basic information on the applicant's identity including name, address, Commercial Register and all necessary information required for the verification of the applicant's identity, a process that may lead to the discovery of fraud.

3-1-2 Previous applications submitted by a Member concerning the credit situation of any of its Clients and old results of investigations into the credit situation. During investigations into the information conducted by a Member and provision of this information, Non-disclosure rules shall apply.

3-1-3 Details of loans, credit facilities and Credit Information and Data as furnished to the Bureau by the information and data providers, which the Bureau must safekeep and provide in a consolidated manner based on a written application submitted by the applicant.

3-2 Preservation of information:

3-2-1 The Bureau shall not preserve any credit information on Clients' credit accounts that could negatively affect the decision to grant a credit to the Client after 5 years from the date of closing those credit accounts or from the date on which those accounts regain their normal status. This rule applies to individual Clients only, and covers all credit information preserved by the Bureau – of whatever nature they may be and regardless of the basis on which the credit had been granted to the Client.

3-2-2 The Bureau puts in place and operates the Database to regulate the process of obtaining accurate and logical credit information with no right to make any changes to the

submitted information. In case any objection is raised by the Client over the accuracy of any credit information or data, the Client has to inform the Bureau immediately and the Bureau shall, under no circumstances, be responsible for the information inaccuracy.

Article 4: Credit Record:

4-1 The credit record is prepared by the Bureau and includes the Clients' Credit Information and Data. The credit record is created on the basis of the Clients' Credit Information and Data as provided by Members of the Bureau and will be stored, classified and analysed thereafter.

4-2 The Bureau shall preserve the information contained in the credit record and depend on such information when drawing up the Clients' Credit Reports.

4-3 It is permitted to use the information contained in the credit record for statistical and study purposes while maintaining confidentiality.

4-4 The credit record includes the following information and data:

4-4-1 Client's name, ID number, personal details, place of residence, place of work, income details, social status and other personal information registered with Members of the Bureau. In case of legal entity, the information must include: a licence to exercise a specific activity, Commercial Register number, address and any other information registered with any Member of the Bureau.

4-4-2 Information and data related to the Client's indebtedness, credit facilities granted to the Client, sale on credit, instalment sale and Client's other liabilities, due date, terms and conditions, collaterals, method of repayment, degree of Client's commitment to government bodies' dues, namely fees, instalments, fines and any other claims.

4-4-3 Any Lawsuit of credit nature filed against the Client and judgments issued in connection therewith.

4-4-4 Any Lawsuit related to insolvency or Bankruptcy or liquidation filed against the Client and judgments issued in connection therewith, name of liquidator or trustee in Bankruptcy, the value of assets and debt, repayment dates and liquidation expenses.

4-4-5 Inquiries about the report including name and activity of the inquirer, date and details of the inquiry and decision taken in this regard, if any.

4-4-6 Client's Credit Score and any other information of credit nature likely to affect the Client's credit solvency.

4-4-7 Guarantees provided by the Client, their type, value and date of evaluation.

4-4-8 Details of the party providing the information and data, nature of its activity and address.

Article 5: Use of Credit Reports and information:

5-1 Members of the Bureau shall restrict the use of reports provided to them by the Bureau to the evaluation of the Client's credit situation in order for the Member to take a decision to grant or renew or reschedule or restructure any type of credit. Also, the credit information may be used for the evaluation of the Client's credit situation under other circumstances whereby goods are sold or services are provided to any person upon a subsequent repayment undertaking.

5-2 It is permitted to use the information contained in the credit record for statistical and study purposes while maintaining confidentiality.

Article 6: Confidentiality of credit information:

6-1 Providing, receiving and exchanging credit information and reports about the Clients shall be fully confidential in accordance with the terms and conditions stipulated in the Law and herein.

6-2 Subject to the provisions of Article 6-1, all Bureau's staff and affiliated workers shall undertake to maintain the confidentiality of Credit Information and Data and not to disclose any credit information or data during and after their years of service. Also, they shall sign a confidentiality undertaking including the following:

6-2-1 Refrain from providing any information or data about Members or Clients - verbally or in writing - to a third party. Similarly, they are not allowed to provide any information about the Members' activities.

2-2-6 Work with a high level of professionalism to ensure the safety of all documents provided by the Members or the documents to be submitted to them.6-3 Subject to the provisions of Article 6-1, all Bureau's staff and affiliated workers shall undertake to maintain the confidentiality of Credit Information and Data and not to disclose any credit information or data during and after their years of service.

7-1 The Bureau and the Members shall provide, receive and exchange credit information about the Clients in accordance with the Reference herein and the provisions provided for in the agreement concluded between the Bureau and the Members, which stipulate that the Bureau and the Members shall undertake to:

7-1-1 Observe the regulatory rules issued by the Bureau. Also, the Bureau or any Member shall notify the Bank of any violation of provisions of the Law or the Reference herein.

7-1-2 Members shall provide complete, true and accurate Credit Information and Data within the specified time limit and take all necessary measures and precautions to ensure confidentiality and information accuracy.

7-1-3 Members shall update Credit Information and Data concerning the Clients on a daily basis or no more than once a month in case there is no change in the account status, in accordance with the forms provided by the Bureau.

7-1-4 The Member shall inform the Client about the Credit Report or its content in case the Client has not been granted the requested credit due to the Credit Report and inform him about his right to file a complaint or an objection concerning the content of the Credit Report.

7-1-5 Deal with complaints and objections filed by the Clients within a maximum time frame of five (5) working days from the date of receiving the complaint or the objection submitted by the Client or the Bureau, in accordance with the terms set out in Article 9.

7-1-6 Members shall be responsible for the accuracy of information and data they provide to the Bureau and shall ensure their safety and confidentiality until they are received by the Bureau.

7-2 Members may enquire about the credit information by virtue of a written application on a special form made specifically for this purpose after payment of the relevant fee. Such a

relationship shall be regulated by virtue of an agreement signed between the Member and the Bureau to confirm the enquirer's right to conduct enquiries, obtain Credit Reports and benefit from other services provided by the Bureau subject to the Member's compliance with the following:

7-2-1 Request for an inquiry aiming to evaluate the Client's credit situation in order to take a decision to grant or renew or reschedule or restructure the credit and also to evaluate the Client's credit situation under other circumstances whereby goods are sold or services are provided to any person upon a subsequent repayment undertaking.

7-2-2 Use the Credit Report for the objective indicated in the request for an enquiry.

7-2-3 Refrain from exchanging information and data contained in the Credit Report with others or allowing others to access such information and data, whether in return for payment or free of charge.

7-2-4 The Member conducting an inquiry shall not make any change or amendment to any clause of the Credit Report submitted to the Bureau.

7-2-5 The Member conducting an enquiry shall not transfer its right to others or grant others the right to conduct enquiries.

7-2-6 The Member conducting an enquiry shall ensure the enquiries take place with the knowledge of authorized officials whose names, jobs and personal details must be provided to the Bureau. The Bureau shall be informed about any change in the names of authorized persons in the application for enquiry or in case of termination of employment of any authorized person, while being committed to maintaining confidentiality of information and data.

Article 8: Client's rights and his relationship with the Bureau:

8-1 The Client has the right to request his Credit Report from the Bureau, free of charge, once every twelve (12) months.

8-2 The Client has the right to obtain his Credit Report from the Bureau immediately after payment of a fee of BD 4, and a fee of BD 5 in case the application is submitted through any Member.

8-3 The Member requesting for inquiry shall verify the Client's identity.

8-4 Client's Credit Report:

The Bureau shall undertake to issue a Credit Report comprising a credit record summary within two (2) working days from the date of receiving the application, unless stated otherwise. Also, the Bureau shall undertake not to keep a copy of the report and send the report to the Client using registered mail or delivered by hand.

8-5 Procedures for submitting complaints:

8-5-1 All complaints shall be recorded in accordance with the rules and procedures implemented by the Bureau. The Bureau shall, also, document all measures taken with regard to the submitted complaints to make it easy for the Bureau's management to review these measures.

8-5-2 The Bureau receives complaints and objections from the Members, Clients and the Bank.

8-5-3 The Client has the right to provide objections to his credit information within fourteen (14) working days from the date of receiving the Credit Report. The Member concerned shall decide on the objections, free of charge, and inform the Client within five (5) working days from the date of objections.

8-5-4 The Client may file a complaint directly to the Bureau, and the Member cooperating with the Bureau shall study the subject of the complaint, free of charge, within five (5) working days and inform the Bureau and the Client thereof.

8-5-5 The Bureau shall undertake to examine the objection filed by the Client. In case the objection proves to have no connection with the correction of any data or information, the Bureau shall retain the complaint and inform the Client about such a decision and the reasons why the complaint had been retained, within one (1) working day from the date of receiving it. If the complaint is accepted, the Bureau shall examine it and make the necessary correction to the information and data in case the Bureau discovers a mistake in the data entry and processing operation, or send them to the Member who provided the information and data to examine the complaint.

8-5-6 The Credit Reports issued during examination of the complaint shall include a reference to the existence of a complaint.

8-5-7 Upon making any changes to the Credit Report due to the complaint or objection, the Bureau shall inform the party filing the complaint about such changes and provide a copy of the amended report. The Bureau shall, also, inform all inquirers who had already conducted the enquiries and obtain a Credit Report three (3) months before changes are made.

8-5-8 In case the complaint is related to enquiries that had been conducted without any justification or legitimate purpose, the Bureau shall refer to the inquirer to provide evidence of legitimacy of the enquiry purpose, failing which the Bureau shall submit the complaint to the Bank and the Member's supervisory authority to take the necessary measures in this regard.

8-6 Rectification of Credit Data and Information:

8-6-1 The Client shall have the right to request the concerned Member of the Credit Reference Bureau to include any additional information related to his credit status on condition that he provides evidence of the accuracy of such information.

8-6-2 The Bureau or the Member concerned shall rectify the data in accordance with the procedures adopted by the Bureau as stipulated in the Membership agreement and user guide issued by the Bureau.

8-6-3 The Bureau shall inform the Bank about any complaint lodged by the Clients regarding misuse of their credit information by any Member for the Bank to take necessary measures.

8-7 Client awareness system:

8-7-1 The Bureau shall take all necessary measures to raise Clients' awareness about its activities, their rights, mechanisms of receiving complaints and objections lodged by the Clients and Members, follow them up and provide clarifications related thereto in local newspapers and one of the radio and TV channels, particularly through the following channels:

- Web page of the Bank, Members and Bureau.
- Publications / leaflets available at customer service in the Bureau and its Members.

- Clients guide attached to the Credit Report upon request for the Credit Report for the first time with effect from January 2017.

8-7-2 The Client shall obtain approval from the Bank for the Client awareness system and protection of their rights. Also, he has to abide by the means of advertising determined by the Bank.

Article 9: Bureau operating rules and conditions:

9-1 Lending rules:

The Bureau shall undertake to include the Bank's directives concerning the credit facilities in its automatic system.

9-2 Operating rules:

9-2-1 The Bureau shall organize its internal management system and its departments in the best way possible to achieve its objectives. Also, it shall support these departments with qualified, competent and trained staff, including particularly the Technical Support and Customer Service divisions.

9-2-2 The Bureau adopts quality assurance systems by implementing the best practices in terms of administrative measures, data verification, scrutiny and storage measures and customer service.

9-2-3 All Bureau's departments shall be equipped with an operating system guide as reference for the Bank.

9-2-4 The Bureau shall supervise all its staff and affiliated Members to ensure they comply with the rules of information confidentiality.

9-2-5 The Bureau shall adopt and apply effective systems, procedures and policies in order to ensure the Clients' data are safe and secure when storing and exchanging them, including mechanisms of electronic storage of documents and files.

9-2-6 The Bureau shall conduct training sessions for its staff and Members' employees concerned with using the Clients' information and data.

9-2-7 the Bureau shall maintain a register including names of the Members, authorized users and Bureau's operators. All users (in the Bureau and Members) shall provide all the details of their addresses, telephone numbers, Identity cards as part of preparation measures required for the users.

Appendix No. 1: Definitions:

The following words and expressions shall have the meanings ascribed, save where the context otherwise requires:

- **Law:** Decree-law no. 34 of 2015 amending some provisions of Central Bank of Bahrain and Financial Institutions Law issued by Law no. 64 of 2006.
- **Bank:** Central Bank of Bahrain.
- **Bureau:** Bahrain Credit Reference Bureau affiliated with BENEFIT Company.
- **Credit information:** Information and data related to the financial obligations of the Members' Clients, including data related to all kinds of Client's indebtedness and credit facilities granted to them and sale on credit signed with them, instalment sale and Client's other liabilities, due date, terms and conditions, collaterals, method of repayment, degree of Client's commitment to government bodies' dues, namely fees, instalments, fines and any other claims.
- **Members:** Licensed Members of Bahrain Credit Reference Bureau by virtue of the Law and government bodies including ministries and institutions as defined by a Cabinet decision to provide the Bureau with available credit information about their Clients and persons bound by a Bank's decision to furnish the Bureau with available credit information about their Clients.
- **Client:** Any Clients of Members of Bahrain Credit Reference Bureau whose credit information is held by the Bureau.
- **Credit Report:** Any report comprising credit information, which reflects the Client's credit capability. It is issued by the Bureau at the request of the Client or any Member of the Bureau.
- **Credit File:** A file maintained at the Bureau, which comprises Clients' Credit Information and Data their processing and analysis results.

- **Database:** Electronic Database prepared, processed and stored by the Bureau, which comprise Clients' Credit Files and data and information gathered from data and information providers.
- **Credit Score:** The use Credit Information and Data in the Client's Credit File at the Bureau aims to achieve digital evaluation in accordance with unified statistical criteria that apply to all Clients without any discrimination in order to determine the degree of dangers related to the Client's failure to fulfill his future credit obligations.
- **BENEFIT:** BENEFIT Company BSC © (Closed) licensed by the Central Bank of Bahrain to manage and operate Bahrain Credit Reference Bureau.