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# REGULATORY OVERSIGHT PROCEDURES MANUAL

EGYPT FINANCIAL SERVICES PROJECT  
TECHNICAL REPORT #38

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Prepared for: EFS CTO: Gregg Wiitala  
EFS DCTO: Ingi Lotfi  
Economic Growth Division  
Office of Financial and Information Technology  
USAID/Egypt

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Author: Oscar Marquis, Credit Bureau Legal Adviser  
Regulatory

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## ACRONYMS

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AI	Appraisal Institute
ABS	Asset-backed Securities
BDA	Bond Dealers Association
CAPMAS	Central Agency for Public Mobilization and Statistics
CASE	Cairo and Alexandria Stock Exchanges
CBE	Central Bank of Egypt
CMA	Capital Market Authority
CRA	Commercial Registry Authority
CTO	Cognizant Technical Officer
EAA	Egyptian Appraisers Association
EBA	Egyptian Bankers Association
ECMA	Egyptian Capital Market Association
EFS	Egypt Financial Services Project
EHFC	Egyptian Housing Finance Company
EIMA	Egyptian Investment Management Association
EISA	Egyptian Insurance Supervisory Authority
EJA	Egyptian Judges Association
ELA	Egyptian Lawyers Association
EMBA	Egyptian Mortgage Brokers Association
ESA	Egyptian Survey Authority
EREA	Egyptian Real Estate Association
ERESA	Egyptian Real Estate Surveyors Association
GAFI	General Authority for Free Zones and Investment
GOE	Government of Egypt
IFS	International Federation of Surveyors (Egypt Chapter)
IPF	Investors Protection Fund
KRA	Key Results Area
MBA	Mortgage Bankers Association
MCDR	Misr for Clearing, Depository, and Registry
MFA	Mortgage Finance Authority
MLS	Multiple-listing Service
MSAD	Ministry of State for Administrative Development
MOF	Ministry of Finance
MOH	Ministry of Housing
MOJ	Ministry of Justice
MOI	Ministry of Investment
MOU	Memorandum of Understanding
NASD	National Association for Securities Dealers
NIB	National Investment Bank
PGF	Payment Guarantee Fund (Guarantee Fund)
PIN	Parcel Identification Number
SEC	Securities and Exchange Commission
SII	Securities and Investment Institute
UCD	Universal Cadastral Database
UNCITRAL	United Nations Commission on International Trade Law
USAID	United States Agency for International Development
YEBA	Young Egyptian Bankers Association

## Introduction

The following is a proposed regulatory process for the Central Bank of Egypt to use when regulating private credit bureaus, as prepared by Oscar Marquis, EFS Project consultant. It is contemplated that the credit bureau will have complete financial information about individuals, including information from the public registry and other sources, and the information will be consulted by all financial institutions and others with whom the individual applies for a financial product or service. Accordingly, the Central Bank and consumers need to be concerned only with the accuracy, reliability and usefulness of the information in the private credit bureaus. The Regulatory process outlined here, therefore, only addresses the private credit bureaus.<sup>1</sup>

The proposed regulatory procedure contemplates a supervisory process of periodic examinations of the credit bureau's procedures. These would be initiated if there is a perceived need based on complaints from financial institutions or consumers. The specific Examination Procedures the Central Bank can follow to assure credit bureaus are operating in conformity with the law and in accordance with the public interest are outlined in the last section of this manual.

In addition, the Central Bank can regulate the credit bureau by issuing advisory opinions about various significant operational and legal issues that are addressed to the Central Bank for resolution.

It is also contemplated that the Central Bank issue guidelines that address narrowly focused legal and operational issues faced by the credit bureaus for specific or new products or services. For example, banks may wish to perform regular and periodic reviews of their existing accounts by obtaining credit reports on all of them to determine their soundness. This may require guidelines.

The Central Bank can also issue formal regulations. These would address specific issues brought to the Central Bank's attention that need formal and enforceable regulations. Ambiguities in the law and regulations will arise and formal regulations will make it unnecessary to obtain a change in the legislation. A process to issue these formal regulations and make certain they do not impair the efficiency of the credit bureau requires a formal framework of hearings, fact finding and published regulations.

### 1. Supervisory Process

The main objective of the supervisory process is to evaluate the overall level of legal compliance by the credit bureaus licensed by the Central Bank of Egypt. This evaluation would include an assessment of the credit bureau's operating systems, security procedures, consumer service and assistance, and overall compliance with applicable laws and regulations issued by the Central Bank.

The supervisory process entails both on-site examinations and inspections and review of documents and other forms used by the credit bureau. Typically, the examinations shall be

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<sup>1</sup> If the public registry continues, the regulatory process would be much more complex. It would involve this same process, but for entities with different data and different purposes. In addition, consumers and financial institutions would face much more confusion. Efficient consumer reporting systems around the world do not have public registries. It is therefore my recommendation that the public registry information be furnished to the private credit bureaus and the public registry be phased out or function only as an information gathering arm of the private credit bureaus.

on an as needed basis and arise when problems and issues come to the attention of the Central Bank. Examination through a review of documents and forms may be conducted once every twenty-four months, but may be postponed if there are no issues or apparent problem areas. In the event of new licensed credit bureaus, the initial examination may be conducted within the first year.

## **2. Issuing Advisory Opinions**

### **2.1 Policy**

- a. Any licensed credit bureau may request advice from the Central Bank with respect to a course of action it proposes to pursue. The Central Bank will consider such requests for advice and inform the requesting party of the Central Bank's views, where practicable, under the following circumstances:
  1. The matter involves a substantial or novel question of fact or law and there is no clear Central Bank or court precedent; or
  2. The subject matter of the request and consequent publication of Central Bank advice is of significant public interest.
- b. The Central Bank has authorized its staff to consider all requests for advice and to render advice, where practicable, in those circumstances in which a Central Bank opinion would not be warranted. Hypothetical questions will not be answered, and a request for advice will ordinarily be considered inappropriate where:
  1. The same or substantially the same course of action is under investigation or is or has been the subject of a current proceeding involving the Central Bank or another governmental agency, or
  2. An informed opinion cannot be made or could be made only after extensive investigation, clinical study, testing, or collateral inquiry.

### **2.2 Procedure**

The request for advice or interpretation should be submitted in writing to the [department] of the Central Bank and should:

- a. State clearly the question(s) that the credit bureau wishes resolved;
- b. Cite the provision of law under which the question arises; and
- c. State all facts which the credit bureau believes to be material.
- d. In addition, the identity of the companies and other persons involved should be disclosed. Submittal of additional facts may be requested prior to the rendering of any advice.

### **2.3 Advice**

- a. On the basis of the materials submitted, as well as any other information available, and if practicable, the Central Bank or its staff will inform the requesting party of its views.
- b. Any advice given by the Central Bank is without prejudice to the right of the Central Bank to reconsider the questions involved and, where the public interest requires, rescinding or revoking the action. Notice of such rescission or revocation will be given to the requesting party so that he may discontinue the course of action taken pursuant to the Central Bank's advice.

- c. The Central Bank will not proceed against the requesting party with respect to any action taken in good faith reliance upon the Central Bank's advice under this section, where all the relevant facts were fully, completely, and accurately presented to the Central Bank and where such action was promptly discontinued upon notification of rescission or revocation of the Central Bank's approval.

## **2.4 Public disclosure**

Written advice rendered pursuant to this section and requests therefore, including names and details, will be placed in the Central Bank's public record immediately after the requesting party has received the advice, subject to any limitations on public disclosure arising from statutory restrictions, the Central Bank's regulations, and the public interest. A request for confidential treatment of information submitted in connection with the questions should be made separately.

## **3. Guides**

### **3.1 Purpose**

General guides for credit bureaus are administrative interpretations of the credit bureau laws administered by the Central Bank for the guidance of the public and the credit bureaus in conducting their affairs in conformity with legal requirements. They provide the basis for voluntary and simultaneous abandonment of unlawful practices by a credit bureau. Failure to comply with the guides may result in corrective action by the Central Bank under applicable statutory provisions. Guides may relate to a practice common to many credit bureaus or to specific practices of a credit bureau.

### **3.2 How promulgated**

Guides are promulgated by the Central Bank on its own initiative or pursuant to petition filed with the Central Bank or upon informal application therefore, by any interested person or group. This happens when it appears to the Central Bank that guidance as to the legal requirements applicable to particular practices would be beneficial in the public interest and would serve to bring about more widespread and equitable observance of credit reporting laws and regulations administered by the Central Bank. In connection with the promulgation of guides, the Central Bank at any time, may conduct such investigations, make such studies, and hold such conferences or hearings as it may deem appropriate. The Central Bank shall attempt to maintain a close working knowledge of the functioning of licensed credit bureaus and work closely with them in developing guides.

## **4. Promulgating Regulations**

### **4.1 Scope of regulations**

This section details the procedures for establishing regulations that govern credit bureaus in order to assure fairness and the efficiency of the operation of the credit bureaus.

### **4.2 Nature, authority and use of trade regulation regulations**

- a. For the purpose of carrying out the provisions of the Banking and Privacy laws, the Central Bank is empowered to promulgate regulations which define with specificity acts or practices of a credit bureau which violate the provisions of the Banking of Privacy laws. Such regulations may include requirements prescribed for the purpose of preventing such acts or practices.

- b. The Central Bank at any time may conduct such investigations, studies and hold conferences as it may deem necessary. All or any part of any such investigation may be conducted under the provisions of \_\_\_\_\_ of the \_\_\_\_\_ law.

#### **4.3 Advance notice of proposed new regulation**

- a. Prior to the commencement of any proceeding to promulgate new regulations, the Central Bank shall publish an advance notice of such proposed proceeding.
- b. The advance notice shall:
  - 1. Contain a brief description of the area of inquiry under consideration, the objectives which the Central Bank seeks to achieve, and possible regulatory alternatives under consideration by the Central Bank; and
  - 2. Invite the response of interested persons with respect to such proposed regulations, including any suggestions or alternative methods for achieving such objectives.
- c. The Central Bank may, in addition to publication of the advance notice, use such additional mechanisms as it considers useful to obtain suggestions regarding the content of the area of inquiry before publication of an initial notice of proposed proceedings.

#### **4.4 Commencement of a proceeding to establish a new regulation**

- a. *Initial notice.* A proceeding to issue a new regulation shall commence with an initial notice published in the \_\_\_\_\_. The initial notice shall include:
  - 1. The text of the proposed regulation including any alternatives which the Central Bank proposes to promulgate;
  - 2. Reference to the legal authority under which the regulation is proposed;
  - 3. A statement describing with particularity the reason for the proposed regulation;
  - 4. An invitation to all interested persons to propose issues for consideration;
  - 5. An invitation to all interested persons to comment on the proposed regulation; and
  - 6. A statement of the manner in which the public may obtain copies of the preliminary regulatory analysis.
- b. *Preliminary regulatory analysis.* Except as otherwise provided by law, the Central Bank shall, when commencing a proceeding to issue new regulations, shall issue a preliminary regulatory analysis which shall contain:
  - 1. A concise statement of the need for, and the objectives of, the proposed regulation;
  - 2. A description of any reasonable alternatives to the proposed regulation which may accomplish the stated objective of the regulation in a manner consistent with applicable law;
  - 3. For the proposed regulation, and for each of the alternatives described in the analysis, a preliminary analysis of the projected benefits and any adverse economic effects and any other effects, and of the effectiveness of the proposed regulation and each alternative in meeting the stated objectives of the proposed regulation.

#### **4.5 Final notice**

A final notice of proposed proceeding shall be published and, to the extent practicable, otherwise made available to interested persons. The final notice shall include:

- a. Designated issues;
- b. The time and place of an informal hearing;
- c. Instructions to interested persons seeking to make oral presentations;

- d. A requirement that interested persons must identify their interests with respect to those issues in such manner as may be established by the presiding officer; and
- e. Incorporation by reference of the contents of the initial notice.

#### **4.6 The proceeding**

- a. *Written comments.* After commencement of the proceeding to promulgate new regulations, the Central Bank shall accept written submissions of data, views, and arguments on all issues of fact, law, and policy. The initial notice shall specify the deadline for filing written comments under this subsection.
- b. *Presiding officer—*
  - 1. *Assignment.* Upon commencement of a proposed new regulation proceeding, a presiding officer shall be appointed by the Deputy Commissioner of the Central Bank or one or more of its members shall serve as presiding officer.
  - 2. *Powers of the presiding officer.* The presiding officer shall be responsible for the orderly conduct of the proceeding and the maintenance of the public records until the close of the comment period. He shall have all powers necessary to that end including the following:
    - a. To publish a final notice or issue any other public notice that may be necessary for the orderly conduct of the proceeding;
    - b. To designate or modify, issues for consideration;
    - c. To set the time and place of the informal hearing and to change any time periods prescribed herein;
    - d. To prescribe regulations or issue rulings to avoid unnecessary costs or delay. Such regulations or rulings may include, but are not limited to, the imposition of reasonable time limits on each person's oral presentation; and requirements that any examination; including cross-examination, which a person may be entitled to conduct or have conducted be conducted by the presiding officer on behalf of that person in such a manner as the presiding officer determines to be appropriate and to be required for a full and true disclosure with respect to any issue designated for consideration;
    - e. To make regulations and rulings limiting the representation of interested persons for the purpose of examination, including cross-examination, and governing the manner in which such examination is limited, including the selection of a representative from among a group of persons with the same or similar interests;
    - f. To require that oral presentations at the informal hearing or responses to written questions be under oath;
    - g. To require that oral presentations at the informal hearing be submitted in writing in advance of presentation;
    - h. To certify questions to the Central Bank for its determination; and
    - i. To rule upon all motions or petitions of interested persons, which motions or petitions must be filed with the presiding officer until the close of the comment period.
- c. *Review of rulings by the presiding officer*
  - 1. *Review after certification by the presiding officer.* Except as otherwise provided herein, applications for review of a ruling will not be entertained by the Central Bank prior to its review of the record of the proceedings, unless the presiding officer certifies in writing to the Central Bank that a ruling involves a controlling question of law or policy as to which there is substantial ground for difference of opinion and that an immediate review of the ruling may materially advance the ultimate termination of the proceeding or subsequent review will be an inadequate remedy. Within five (5) days after a ruling by the presiding officer, any interested person may petition the presiding officer for certification of that

ruling to the Central Bank. Certification of a ruling shall not stay the proceeding unless the presiding officer or the Central Bank shall so order. Submissions to the Central Bank may be made within ten (10) days of the presiding officer's certification. All such filings shall be a part of the record. The Central Bank may thereupon, in its discretion, permit the appeal. Central Bank review, if permitted, will be based on the application for review and any additional submissions, without oral argument or further briefs, unless otherwise ordered by the Central Bank.

2. *Review without certification by the presiding officer.* Within ten (10) days after publication of the final notice, any interested person may petition the Central Bank for addition, modification or deletion of a designated issue, accompanied by a filing. Additional submissions on the issue by other interested persons may be made within twenty (20) days of the publication of the final notice. The Central Bank may thereupon, in its discretion, permit the appeal. Central Bank review, if permitted, will be based on the petition and any additional submissions, without oral argument or further briefs, unless otherwise ordered by the Central Bank. A petition hereunder shall not stay the proceeding unless the presiding officer or the Central Bank shall so order. All petitions filed under this paragraph shall be a part of the record. In the event any designated issue is added or substantially modified by the Central Bank, interested persons shall be given a further opportunity to identify their interests with respect to those issues.
- d. *Substitution of presiding officer.* In the event of the substitution of a new presiding officer for the one originally appointed, any motion predicated upon such substitution shall be made within five (5) days thereafter.
- e. *Ex parte communications.* Except as required for the disposition of *ex parte* matters as authorized by law, no presiding officer shall consult any person or party with respect to any fact in issue unless such officer gives notice and opportunity for all parties to participate.
- f. *Nature of issues for review*
  1. *Issues that must be reviewed.* The only issues that must be designated for review by the Central Bank are disputed issues of fact that are determined by the Central Bank or the presiding officer to be material and necessary to resolve.
  2. *Issues that may be reviewed.* The Central Bank and the presiding officer retain the power to designate any other issues for review by the Central Bank.
  3. *Addition or modification of issues for review.* The presiding officer may at any time on his own motion or pursuant to a written petition by interested persons, add or modify any issues designated for review. No such petition shall be considered unless good cause is shown why any such proposed issue was not proposed initially.
- g. *Identification of interests.* Not later than twenty (20) days after publication of the final notice each interested person who desires to avail himself of the review procedures designated above shall notify the presiding officer in writing of his particular interest with respect to each issue designated for review in accordance with those subsections. In the event that new issues are designated, each interested person shall promptly notify the presiding officer of his particular interest with respect to each such issue.
- h. *Examination and cross-examination by the presiding officer.* The presiding officer may conduct any examination, including cross-examination, to which a person may be entitled. For that purpose he may require submission of written requests for presentation of questions to any person making oral presentations and shall determine whether to ask such questions or any other questions. All requests for presentation of questions shall be placed in the record.
- i. *Examination, cross-examination, and the presentation of rebuttal submissions by interested persons*
  1. *In general.* The presiding officer shall conduct or allow the examination to be conducted, including cross-examination of oral presentations and the

presentation of rebuttal submissions relevant to the issues designated for consideration in. Examination, including, cross-examination, and the presentation of rebuttal submissions, shall be allowed to the extent to which it is appropriate and is required for a full and true disclosure with respect to those issues. Requests for an opportunity to examine, including cross-examine, or to present rebuttal submissions, shall be accompanied by a specific justification therefore. In determining whether or not to grant such requests, the presence of the following circumstances indicate that such requests should be granted:

- i. An issue for examination including cross-examination, or the presentation of rebuttal submissions, is an issue of specific in contrast to legislative fact.
  - ii. A full and true disclosure with respect to the issue can only be achieved through examination including cross-examination rather than through rebuttal submissions or the presentation of additional oral submissions.
  - iii. Circumstantial guarantees of the trustworthiness of a presentation do not exist.
  - iv. The particular presentation is required for the resolution of a designated issue.
2. *Selection of representatives for cross-examination.* After consideration of the information supplied in response to the final notice, the presiding officer shall identify groups of persons with the same or similar interests in the proceeding. Any such group may be required to select a single representative for the purpose of examination, including cross-examination. If a group is unable to select a representative then the presiding officer may select a representative of each such group.
  3. *Inability to select representative for examination, including cross-examination.* No person shall be denied the opportunity to conduct or have conducted, examination, including cross-examination if he is a member of an interested group as described above and is unable to agree upon group representation with other group members after a good faith effort to do so and seeks to present substantial and relevant issues which will not be adequately presented by the group representative. In that event he shall be allowed to conduct or have conducted any examination, including cross-examination, to which he is entitled on issues designated for.
  4. *Requests to compel the attendance of persons or the production of documents or to obtain responses to written questions.* During the course of the proceeding, the presiding officer shall entertain requests from the Central Bank's staff or any interested person to compel the attendance of persons or the production of documents or to obtain responses to written questions. Requests to compel the attendance of persons or the production of documents or to obtain responses to written questions shall contain a statement showing the general relevancy of the material, information or presentation, and the reasonableness of the scope of the request. This should be combined with a showing that such material, information or presentation is not available by voluntary methods and cannot be obtained through examination, including cross-examination, of oral presentations or the presentation of rebuttal submissions, and is appropriate and required for a full and true disclosure with respect to the issues designated for consideration. If the presiding officer determines that a request should be granted, he shall transmit his determination to the Central Bank which shall determine whether to issue subpoena. Information received in response to such a demand may be disclosed in the proceeding unless the presiding officer agrees that it may be presented *in camera*.
- j. *Written transcript.* A verbatim transcript shall be made of the informal hearing which transcript shall be placed in the record.

- k. *Staff recommendations.* The staff of the Central Bank shall make recommendations to the Central Bank in a report on the record. Such report shall contain its analysis of the record and its recommendations as to the form of the final regulation.
- l. *Recommended decision.* After publication of the staff report, the presiding officer shall make a recommended decision based upon his or her findings and conclusions as to all relevant and material evidence, and taking into account the staff report. The recommended decision shall be made by the presiding officer who presided over the proceeding except that such recommended decision may be made by another officer if the officer who presided over the proceeding is no longer available to the Central Bank.
- m. *Post-record comment.* The staff report and the presiding officer's recommended decision shall be the subject of public comment for a period to be prescribed by the presiding officer at the time the recommended decision is placed in the public record. The comment period shall be no less than sixty (60) days. The comments shall be confined to information already in the record and may include requests for review by the Central Bank of determinations made by the presiding officer.
- n. *Central Bank review of the record.* The Central Bank shall review the record of the proceedings to determine what form of regulation, if any, it should promulgate. During this review process, the Central Bank may allow persons who have previously participated in the proceeding to make oral presentations to the Central Bank, unless it determines with respect to that proceeding that such presentations would not significantly assist it in its deliberations. Presentations shall be confined to information already in the record. Requests to participate in an oral presentation must be received by the Central Bank no later than the close of the comment period. The identity of the participants and the format of such presentations will be announced in advance in accordance with the applicable provisions of the Central Bank's Regulations. Such presentations will be transcribed verbatim or summarized at the discretion of the Central Bank and a copy of the transcript or summary and copies of any written communications and summaries of any oral communications relating to such presentations shall be placed on the public record of the proceeding.

#### **4.7 Promulgation of the Regulation**

- a. The Central Bank, after review of the record, may issue, modify, or decline to issue any regulation. Where it believes that it should have further information or additional views of interested persons, it may withhold final action pending the receipt of such additional information or views. If it determines not to issue a regulation, it may adopt and publish an explanation for not doing so.
  - 1. *Statement of Basis and Purpose.* If the Central Bank determines to promulgate a regulation, it shall adopt a Statement of Basis and Purpose to accompany the regulation which shall include:
    - i. A statement as to the prevalence of the acts or practices treated by the regulation;
    - ii. A statement as to the manner and context in which such acts or practices are required by the law;
    - iii. A statement as to the economic effect of the regulation, taking into account the effect on credit bureaus, credit bureaus and consumers; and
    - iv. A statement of the manner in which the public may obtain copies of the final regulatory analysis.
  - 2. *Final regulatory analysis.* Except as otherwise provided by statute, if the Central Bank determines to promulgate a final regulation, it shall issue a final regulatory analysis relating to the final regulation. Each final regulatory analysis shall contain:

- i. A concise statement of the need for, and the objectives of, the final regulation;
  - ii. A description of any alternatives to the final regulation which were considered by the Central Bank;
  - iii. An analysis of the projected benefits and any adverse economic effects and any other effects of the final regulation;
  - iv. An explanation of the reasons for the determination of the Central Bank that the final regulation will attain its objectives in a manner consistent with applicable law and the reasons the particular alternative was chosen; and
  - v. A summary of any significant issues raised by the comments submitted during the public comment period in response to the preliminary regulatory analysis, and a summary of the assessment by the Central Bank of such issues.
3. In the event the Central Bank determines, upon its review of the record, to propose a revised regulation for further proceedings, such proceedings, including the opportunity of interested persons to avail themselves of the procedures outlined above shall be limited to those portions of the revised regulation, the subjects and issues of which were not substantially the subject of comment in response to a previous notice of proposed proceedings.
4. The final regulation and Statement of Basis and Purpose shall be published in the official publication of the Central Bank. A regulation issued hereunder shall be deemed promulgated three days after the final regulation and Statement of Basis and Purpose are published in the official publication of the Central Bank.

## **5. Examining compliance by the credit bureaus**

### **5.1 Objectives**

- a. To determine the credit bureau's compliance with the Banking Law's relevant Articles relating to Credit Reporting Systems.
- b. To assess the quality of the credit bureau's compliance management policies and procedures for implementing the Articles.
- c. To determine the reliance that can be placed on the credit bureau's internal controls and procedures for monitoring the credit bureau's compliance with the Articles.
- d. To initiate corrective action when violations of law are identified, or when policies or internal controls are deficient.

### **5.2 Examination Procedures**

#### Initial Procedures

1. Through discussions with management and review of available information, determine if the credit bureau's internal controls are adequate to ensure compliance in the area under review. Consider the following:
  - a. Organization charts
  - b. Process flowcharts
  - c. Written Policies and procedures
  - d. System flow documentation
  - e. Checklists
  - f. Computer program documentation

2. Review any compliance audit material, including work papers, and reports to determine whether
  - a. the procedures address all provisions as applicable;
  - b. steps are taken to follow up on previously identified deficiencies;
  - c. the procedures used include samples covering all credit report types and decision centers;
  - d. the work performed is accurate;
  - e. significant deficiencies and their causes are included in reports to management and/or to the board of directors;
  - f. corrective action is taken in a timely and appropriate manner; and
  - g. the frequency of compliance review is appropriate.
3. Through discussions with management, determine if the credit bureau communicates consumer credit information only as permitted by the Articles.

### **5.3 Verification of Policies and Procedures to Assure Accuracy**

- a. From recent credit reports provided to a customer of the credit bureau select a sample of reports and account information in the reports.
- b. Determine whether the credit bureau's procedures are adequate to ensure that:
  1. The information in the credit report corresponds to the information the credit bureau received from the data supplier for the individual whose credit report it is.
  2. The credit bureau did not report information if it was notified by the supplier of the information that the information was inaccurate and the information was, in fact, inaccurate.
  3. If it is determined that any information furnished to a credit bureau was incomplete or inaccurate, notify the data furnisher to make certain that steps are taken to make the information complete and accurate, and thereafter to not send the credit bureau the inaccurate or incomplete information.
  4. If the information was reported correctly but appeared in the wrong individual's credit report, examine the computer system issues that might have resulted in the error and request that the credit bureau take steps to correct the errors.
  5. Verify that the credit bureau maintained reasonable procedures to prevent the reappearance of information in a consumer's file, and in consumer reports on the consumer, of any information deleted from the file through a reinvestigation.
  6. If a consumer disputed the completeness or accuracy of any information with the credit bureau, and the credit bureau continued furnishing the information, determine what caused the continued reporting and request the credit bureau to take steps to correct the errors.

### **5.4 Consumer Dispute Process**

Review a sample of notices of disputes received from consumers by the credit bureau and determine whether the credit bureau:

1. Disclosed all the information in its files at the time of the request including the sources of the information and prior requestors for it.
2. Conducted an investigation with respect to the disputed information.
3. Reviewed all relevant information provided to the credit bureau.
4. Contacted the furnisher of the information within the time period prescribed by the Articles.
5. Received a response from the furnisher of the information within the time period specified by the Articles.

6. Deleted the information from the database if no response was received within the time period.
7. Corrected the information in the database to correspond to the information furnished by the data supplier.
8. Notified the consumer of the results of the investigation.
9. Determine if the credit bureau only charges consumers those fees permitted by the Articles.

### **5.5 Verify that Reports are Only Issued as Permitted**

Verify that the credit bureau has procedures to ensure that consumer reports are used only for the permissible purposes that are permitted by the Articles:

1. Review a sample of consumer reports to verify that they were provided only for permissible purposes.
2. Review the contracts the credit bureau has with its customers to verify that the credit bureau requires users to identify themselves, certify the purposes for which the information is sought and certify that the information will be used for no other purpose.
3. Review the credentialing procedures used by the credit bureau to make sure that it takes reasonable steps to verify the identity of all of its customers.

### **5.6 Security System**

Verify that the credit bureau has done the following:

- a. Established a system to physically secure the database site.
- b. Established an alternative emergency (back-up) center, at a suitable distance from the company's headquarters to handle potential hazards or crisis.
- c. Established regular back-up archiving systems, and established plans to retrieve information in emergencies to ensure that the data is not lost or damaged.
- d. Provided secured means of communication for exchanging data with data providers and users.
- e. Provided protection and security to access the system and database and established an emergency plan to deal with operations to penetrate the systems.
- f. Contracted with the credit bureau's employees to stipulate their compliance with the secrecy of the data and information.

### **5.7 Conclusion**

- a. Summarize all violations.
- b. If the violation(s) noted above represent(s) a pattern or practice, determine the root cause by identifying weaknesses in internal controls, compliance review, training, management oversight, or other factors.
- c. Identify action needed to correct violations and weaknesses in the credit bureau's compliance system, as appropriate.
- d. Discuss findings with management and obtain a commitment for corrective action.
- e. Determine if any enforcement actions are called for and notify appropriate personnel at the Central Bank.