GOVERNMENT NOTICE NO. 59

FINANCIAL SERVICES ACT

(Cap. 44:05)

FINANCIAL SERVICES (LICENSING AND REGULATORY REQUIREMENTS FOR HOLDING COMPANIES) DIRECTIVE, 2018

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IN EXERCISE of the powers conferred by section 21 (5) and section 34 (2) of the Financial Services Act, I, DR. DALITSO KABAMBE, , Registrar of Financial Institutions, make the following Directive —

PART I—PRELIMINARY

Citation

1.—This Directive may be cited as the Financial Services (Licensing and Regulatory Requirements for Holding Companies) Directive, 2018.

Interpretation

2.—In this Directive unless the context otherwise requires—

"control" means the ability to exert significant influence over the business or operations of an entity;

"holding company" means a body corporate that owns or controls at least two financial institutions one of which is a prudentially regulated financial institution being its subsidiaries or significant minority investment or interest;

"senior management official" means—

(*a*) an executive officer;

(*b*) head of department or function; or

(*c*) an official who reports either directly to the Board, to a committee of the Board or to an executive officer; and

"significant minority investment or interest" means any ownership interest of 10% and above but less than 50% of the voting rights or capital held by the reporting holding company in the relevant entity.

PART II—OBJECTIVES

Objectives

3.—The objectives of this Directive are to—

(*a*) prescribe regulatory requirements for holding companies; and

(*b*) specify information required by the Registrar in assessing licensing applications for holding companies.

PART III—STRUCTURE OF A HOLDING COMPANY

Principal role of holding company

4.—(1) A holding company shall exist mainly to carry out investments in financial subsidiaries or significant minority investments or interests without engaging in the day to day management of the investments themselves.

(2) Subparagraph (1) shall not apply to a financial institution whose licence authorizes the institution to provide other financial services, such as a bank or an insurance company.

Hierarchies of a holding company

5.—A financial group shall have no more than two hierarchies, a parent and intermediate holding company.

Acquisition of a controlling interest in a financial institution

6.—(1) A holding company may acquire ownership or controlling interest in any financial institution or entity subject to the approval of the Registrar.

(2) Where the entity in subparagraph (1) is not a financial institution, approval of the relevant regulator, if applicable, shall also be required.

Conversion to main line regulated financial services

7. A holding company that seeks to change its business to main line regulated financial services shall seek the prior approval of the Registrar.

Reversal of holding company structure

8 Where a prudentially regulated financial institution opts to adopt the holding company or any other structure under the Act, the structure shall not be reversible except with the approval from the Registrar.

Registrar's power to direct dis-investment from subsidiaries and other investments

9. The Registrar may direct a holding company to dis-invest from its subsidiary or significant minority investment or interest where in the opinion of the Registrar, the holding company is being run in a manner that is detrimental to the interests of depositors, policyholders, investors and other stakeholders of the subsidiary or significant minority investmentor interest.

PART IV—LICENSING REQUIREMENTS

Licensing of holding company

10.—(1) A person shall not operate as a holding company unless licensed by the Registrar

(2) A holding company shall be a company limited by shares and licenced by the Registrar of Financial Institutions under section 21 of the Act.

(3) An applicant shall complete and submit to the Registrar the application form set out in the First Schedules, hereto and provide all the information outlined in the Second Schedule.

(4) The licensing process shall be in two phases—

(*a*) approval in principle; and

(*b*) final approval.

Approval in principle

11.—(1) An application for an approval in principle shall be accompanied at least by the following—

(*a*) a non-refundable application fee of Malawi Kwacha equivalent of USD5,000 or such other sum as the Registrar may specify from time to time, payable to the Reserve Bank of Malawi through a bank certified cheque or electronic transfer—

(*b*) evidence of availability of minimum start-up capital as prescribed in Part VI of this Directive;

(*c*) detailed business plan or feasibility report which shall at a minimum include PART I—

(i) objectives of the holding company and those of its subsidiaries or significant minority investment or interest it intends to establish or acquire;

(ii) justification for applying for a holding company licence;

(iii) ownership structure in a tabular form indicating the name of the proposed investor, profession or business and their percentage shareholding in the holding company;

(iv) corporate group structure with shareholding percentage by the holding company in each of the subsidiaries or significant minority investment or interest;

(v) profile of proposed investors;

(vi) source of funding of the proposed equity contribution for each investor;

(vii) corporate governance charter of the holding company stating the roles and responsibilities of the Board and its sub committees;

(viii) criteria for selecting or appointing Board members;

(ix) detailed profile of Board members;

(x) fit and propriety declaration executed by prospective investors;

(xi) list of proposed senior management officials and their profiles;

(xii) a schedule of services to be rendered by the holding company;

(xiii) three year projection on the operations of the holding company indicating expected growth, profitability and assumptions that form the basis of the financial projections;

(xiv) details of information communication technology to be deployed; and

(xv) a written and duly executed undertaking by the promoters or applicants that the holding company will be adequately capitalized for the volume and character of its business at all times and that the holding company shall always submit itself to the supervisory authority of the Registrar as a financial institution;

(*d*) for foreign regulated investors who are financial institutions, the Registrar shall require a no objection letter from the regulatory authority of the home country;

(*e*) shareholders agreement authorizing the establishment of the holding company;

(*f*) proposed technical services agreement where applicable;

(*g*) draft copy of the memorandum and articles of association which shall at minimum, contain—

(i) object clause;

(ii) subscribers to the memorandum and articles of association;

(iii) procedure for amendment;

(iv) procedure for share transfer or disposal; and

(v) appointment of directors; and

(*h*) any other information which the Registrar may prescribe or request.

(2) Where the investors of a holding company are institutional investors, the Registrar shall require them to submit the following—

(*a*) certificate of incorporation;

(*b*) Board resolution supporting the company's decision to invest in the equity shares of the proposed holding company;

(*c*) names and business and residential addresses of owners, directors and their related companies if any;

(*d*) audited financial statements and reports of the company and tax clearance certificate for immediate past 3 years; and

(*e*) any other information which the Registrar may prescribe or request.

(3) Where the investors are natural persons, the Registrar shall require them to submit the following—

(*a*) name, contacts and addresses of the individual investors;

(*b*) certified personal bank statements; and

(*c*) any other information which the Registrar may prescribe or request.

Restriction on source of funding for equity

12.—(1) Where the source of funding for the equity contribution in terms of paragraph 11 is a loan or a debt instrument, the loan or the debt instrument shall be of at least 5 years tenure and shall not be a loan obtained from the Malawian banking system.

(2) Early redemption of the loan or the debt instrument referred to in subparagraph (1), shall be subject to the Registrar's approval.

Final approval

13.—(1) The applicats or promoters of a holding company shall submit an application to the registrar for a final approval not later than 180 days after obtaining an approval in principal.

(2) The application shall be accompanied by the following—

(*a*) evidence of payment of capital contribution by each shareholder;

(*b*) certified true copy of certificate of incorporation of the holding company;

(*c*) certified copy of memorandum and articles of association;

(*d*) certified copy of allotment of shares;

(*e*) certified copy of particulars of directors;

(*f*) location of head office whether rented or owned for the holding company;

(*g*) schedule of changes if any in the Board, management and significant shareholding since the approval in principle;

(*h*) evidence of ability to meet technical requirements and modern infrastructural facilities such as office equipment, computers, telecommunications to perform holding company operations;

(*i*) copies of letters of offer and acceptance to employment in respect of the senior management team;

(*j*) organizational structure showing functional units, responsibilities, reporting relationships and grades of heads of departments; and

(*k*) Board and staff training program.

PART V—COMMENCEMENT OF OPERATIONS

Commencement of operations

14.—(1) A holding company shall commence operations within 12 months after being granted a licence.

(2) A holding company that fails to commence operations within the

period prescribed in subparagraph (1), shall have its licence automatically withdrawn by the Registrar.

(3) Prior to commencement of operations, a holding company shall submit the following information to the Registrar—

(*a*) shareholders register;

(*b*) copy of share certificates issued to each shareholder;

(*c*) enterprise risk management framework;

(*d*) minutes of pre-commencement Board meeting; and

(*e*) date of commencement of operations.

(4) A holding company shall —

(*a*) comply with all directives, regulations and guidelines issued by the Registrar and other relevant laws;

(*b*) maintain adequate accounting system and records that capture all information which reflect the financial condition of the holding company; and

(*c*) ensure that the holding company and all its subsidiaries and significant minority investments or interests are adequately capitalized at all times.

PART VI—CAPITAL REQUIREMENTS

Capital requirements

15—(1) A holding company shall comply with the following minimum start-up capital requirements—

(*a*) where the holding company intends to own or control a bank as one of its subsidiaries or significant investment or minority interest, the start-up capital shall be the minimum start-up capital applicable to a bank; and

(*b*) where the holding company intends to own or control only non-bank regulated financial institutions, the start-up capital shall be the prevailing highest start-up capital requirement for a non-bank financial institution.

(2) The minimum start-up capital required under subparagraph (1) shall be ordinary share capital in form of cash.

(3) Any breach of applicable capital adequacy directive by a subsidiary or significant minority investment or interest shall not be redressed by the mere fact that another subsidiary, significant minority investment or interest of the holding company has excess capital.

(4) A holding company shall not declare, credit or pay any cash dividends or make any transfer from the surplus if doing so would result in breach of capital and solvency prescribed in Registrar's Directives.

PART VII—CORPORATE GOVERNANCE

Corporate governance

16—(1) The Board of a holding company shall include at least one individual who is well versed in the practice and theory of each segment of the companies within the group.

(2) Appointment to the Board and senior management positions shall be in line with the requirements of the relevant directives on fit and proper requirements applicable to the respective subsidiaries and significant minority investments and interests.

(3) A holding company shall also comply with the relevant guidelines and directives for corporate governance applicable to the respective subsidiaries and significant minority investments and interests.

Limitations on management of subsidiaries and other investments

17 A holding company shall not—

(*a*) usurp the powers or functions of the Board or internal management responsibilities and obligations of any of its subsidiaries or significant minority investments or interests;

(*b*) interfere or be involved in day to day activities of the subsidiaries or significant minority investments or interests;

(*c*) have any of its officers or employees while in the employment of the holding company work for any subsidiary or significant minority investments or interests, except with the approval of the Registrar;

(*d*) engage the services of an employee of any of its subsidiaries or significant minority investments or interests, except with the approval of the Registrar;

(*e*) enter into any technical or management service agreements with any of its subsidiaries or significant minority investments or interests except as stipulated in this Directive; and

(*f*) purchase or dispose assets from or to its subsidiaries or significant minority investments or interests except with the approval of the Registrar.

Intra-group transactions

18—A holding company shall not—

(*a*) engage in any transaction or maintain business relationship with its subsidiaries, significant minority investments or interests except where such transaction is conducted at arm's length; and

(*b*) borrow from the Malawian banking system for the purpose of capitalizing itself, any of its subsidiaries,significant minority investments or interests.

PART VII—OWNERSHIP AND CONTROL

Ownership and control

19—(1) A holding company shall obtain the approval of the Registrar for the following, regardless of whether the changes shall be effected through the secondary market—

(*a*) any shareholding of 10% and above or any change in ownership that results in change in control of a holding company; and

(*b*) any shareholding of 10% and above or any change in the ownership of the subsidiaries or significant minority investments or interests.

(2) Subsidiaries or significant minority investments or interests of a holding company shall not acquire shares in the holding company.

(3) Except with the prior approval of the Registrar, subsidiaries or significant minority investments or interests of a holding company shall not acquire shares of other subsidiaries or significant minority investments or interests of their parent holding company.

(4) Notwithstanding subparagraphs (2) and (3), subsidiaries or significant minority investments or interests acting as nominees may with prior approval of the Registrar invest in any holding company on behalf of their clients provided however that the ultimate beneficiaries of such investments shall be disclosed to the Registrar when seeking approval.

(5) Where a holding company loses control in all subsidiaries or significant minority investments or interests in the group for a period exceeding 12 months, the holding company shall cease to be a holding company and its licence shall be surrendered to the Registrar for cancellation.

(6) Notwithstanding subparagraph (5), where a holding company loses control in all except one subsidiary or significant minority investments or interests in the group for a period exceeding 12 months, the holding company shall cease to be a holding company and its licence shall be surrendered to the Registrar for cancellation.

(7) Any transfer of business, amalgamation, merger or takeover involving the holding company with any other person shall not take effect unless with the prior approval of the Registrar.

PART VIII—PERMISSIBLE AND NON-PERMISSIBLE ACTIVITIES

Permissible activities

20—(1) Except as provided in this Directive, the activities of the holding company shall be restricted to the holding of equities in its subsidiaries or significant minority investments or interests.

(2) A holding company may with prior approval of the Registrar provide shared services only in the following areas—

(*a*) human resources;

(*b*) internal audit;

(*c*) risk management and compliance;

(*d*) information communication technology;

(*e*) legal and company secretarial; and

(*f*) any other services as may be approved or prescribed by the Registrar.

(3) A holding company shall provide shared services at arm's length basis.

(4) A holding company that provides shared services shall seek the approval of its Board for all services before they are incorporated into a technical management agreement.

Non-permissible activities

21 A holding company shall require the Registrar's approval to—

(*a*) hold equity investments in non-financial firms;

(*b*) establish, disinvest and close subsidiaries or significant minority investments or interests; or

(*c*) derive or receive income from sources other than the following—

(i) dividend income;

(ii) income from shared services where applicable;

(iii) interest earned from idle funds invested in government securities or placements with banks or discount houses;

(iv) profit on disinvestment from subsidiaries or significant minority investments or interests; or

(v) any other sources as may be approved by the Registrar.

PART IX—ENFORCEMENT

Effect of revocation of licence

23. Where the Registrar revokes a holding company's licence, the holding company shall automatically become unfit and improper to remain a shareholder in its subsidiaries or significant minority investments or interests.

Monetary penalties

24.—(1) With respect to monetary penalties for violations of this Directive that may be imposed by the Registrar, the following shall apply—

(*a*) for a holding company up to K50,000,000; and

(*b*) a natural person who is a member of the Board, or senior management up to K10,000,000.

(2) the penalty prescribed in sub-paragraph (1) shall be paid through a cheque or electronic transfer payable to the Reserve Bank of Malawi within 10 working days after being notified by the Registrar.

Administrative penalties

25. In addition to the monetary penalty imposed in paragraph 24 (1), the Registrar may impose directions, administrative penalties and enforcement action as provided under the Act.

FIRST SCHEDULE (para. 10 (3))

APPLICATION FORM

SECTION I—PROPOSED HOLDING COMPANY

This section requests information about the proposed holding company. A complete Section 1 must be filled out and submitted.

1. Name. Please state name of the proposed holding company.

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2. Legal form. Indicate the legal form of the proposed holding company (e.g. private limited company, public, etc).

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3. Incorporation. Date and place of incorporation.

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4. Head Office. Proposed place of head office in Malawi.

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5. Business Place. State the proposed places of business in Malawi.

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6. Directors and Executive Officers. State the names, addresses and occupation of the individuals who will be directors of the proposed holding company.

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7. Executive Officers. State the names and occupation of all executive officers identified for the proposed holding company.

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8. Capital Structure. Indicate the capital structure of the proposed holding company—

(*a*) authorized capital K.....

(*b*) paid-up capital K.....

(*c*) total authorized shares K.....

(*d*) total issued shares K.....

(*e*) par value per share K.....

9. Shareholder List. (Provide a complete list of the initial shareholders of the proposed holding company. Indicate the name of the shareholder, address and physical location, nationality, number of shares and percentage to be owned by each investor). Also attach their resumes, and indicate sources of funding for their respective equity contribution, including certified bank statements (in the case of individual shareholders).

   For corporate investors, please provide their respective certificates of incorporation, audited financial statements and reports of the company and tax clearance certificates for immediate past 3 years; respective copies of board resolution supporting their respective companies' decisions to invest in the equity shares of the proposed holding company; and list of names and addresses (business and residential) of owners, directors and their related companies, if any.

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10. Acquisition Debt. To what extent will borrowed or encumbered funds be used by the initial shareholders, either directly or indirectly, to purchase their shares? Provide full details on the amounts, sources, collateral, and repayment terms for any such borrowed funds.

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11. Financial Services. What type of financial institutions shall form subsidiaries and significant minority investments or interests of the proposed holding company? Attach list of proposed products and services to be offered by the financial institutions that shall be subsidiaries and significant minority investments or interests of the proposed holding company.

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12. Premises. Describe the premises and equipment to be utilized by the proposed holding company indicating whether owned or leased, costs of acquisition or lease payments, from whom purchased or leased, and how such premises and equipment were determined to be adequate.

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13. Business Plan. Please provide a business or strategic plan for the proposed holding company covering a minimum of three years including the sources, nature and scale of business envisaged, balance sheet and profit and loss projections for each year and details of staffing and management. Assumptions used in preparing the plan and the financial projections should be realistic and based on actual comparative data for the

market to be served by the subsidiaries and significant minority investments or interests and the current economic environment.

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14. Memorandum and Articles of Association. Please provide certified copies of the Memorandum and Articles of Association of the proposed holding company and if applicable its by-laws.

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15. Additional Information. Please provide any additional information regarding the proposed holding company which may assist the Registrar in reaching a decision on the application.

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BUSINESS PLAN

Introduction

An applicant should submit a Business Plan in the format set out below. The format is only a minimum guide. Alternative formats may be used provided all pertinent information is included. The plan, at a minimum, should identify the proposed markets to be served, products and services to be offered, projected profitability, capital adequacy, and managerial resources and capabilities. The plan should include at least three years' operating projections and should contain sufficient information to demonstrate a reasonable likelihood of success.

SUGGESTED FORMAT

I. Identifying Information.

(*a*) Name and location. State the name and physical location of the proposed holding company including locations of any branches, where applicable;

(*b*) Corporate structure. Describe and provide a diagram of the proposed holding company's corporate structure including any parent company, if any, subsidiaries, significant minority investments or interests, or affiliated entities;

(*c*) Origin and basis. Briefly discuss how the organizing group came together and the reasons for wanting to start a holding company.

II. Market Analysis.

(*a*) Market. Identify the market to be served by the proposed holding company's subsidiaries, significant minority investment, interest or affiliates;

(*b*) Economy. Describe the economic characteristics of the target market of the holding company operations and of its subsidiaries and significant minority investment or interest. Include any anticipated changes in the market, factors influencing such changes, and possible effect on the proposed holding company.

III. Business Strategy and Objectives.

(*a*) Services. Briefly describe the services to be offered by the proposed holding company's subsidiaries and significant minority investments and interests and affiliates. State and list all the envisaged products and services including fiduciary services of the holding company or its subsidiaries and significant minority investment or interest, if any;

(*b*) Assumptions. List major assumptions upon which projections are based. Include, at a minimum: market growth rates, competition, interest rates, cost of funds, overhead, asset-liability mix, returns on assets and equity, dividends, and capital ratios both leverage and risk based ratios;

(*c*) *Pro forma* statements. Provide *pro forma* balance sheets and income (profit and loss) statements for three years. Show expected asset-liability mixes, volume of each type of service to be offered, fixed asset investment, and compensation to be given to management and staff;

(*d*) External audits. Indicate the provisions made for an annual external audit as is required by the Act.

IV. Leadership and Management.

(*a*) Officers and remuneration. Provide a list of officers showing the fees, salaries, and other forms of remuneration or benefits to be given to each individual;

(*b*) Insider agreements. Describe any agreements the proposed holding company intends to enter into with its subsidiaries, significant minority investment or interest, or any of holding company's directors, executive officers, or principal shareholders, or with any organization or affiliate controlled by a director, executive officer, or principal shareholder. Provide copies of any such agreements including specific details of rates and terms and comparative market data upon which the rates and terms are based.

V. Capitalization and Additional Sources.

(*a*) Capital plan. Describe plans for financing growth, internally or externally, over the first 3 years of operation;

(*b*) Additional capital sources. Describe what sources of additional capital are available should the need arise.

SECTION II—INDIVIDUAL SHAREHOLDERS, DIRECTORS AND EXECUTIVE OFFICERS

This section requests biographical and financial information on individuals who are proposing to become principal shareholders, directors and executive officers of the proposed holding company. A complete Section II must be filled out and submitted by each principal shareholder, director or executive officer.

1. Name and Address. State name and address.

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2. Position. State the position or title in the proposed holding company.

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3. Nationality. State nationality and passport number—

(*a*) nationality .....

(*b*) passport number.....

4. Date of Birth. State date and place of birth—

(*a*) place of birth.....

(*b*) date of birth.....

5. Role, Responsibility, and Reporting.

What role will you have in organizing and managing the affairs of the proposed holding company? Indicate to whom you will report and/or from whom you will receive directions or instructions. If you will be an executive officer, describe the specific duties and responsibilities for the position to be held. If you will be a director and will also have executive officer responsibilities within the proposed holding company, indicate the nature and extent of such responsibilities.

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6. Qualifications. Provide your professional and educational qualifications, listing in reverse chronological order, i.e. most recent first.

Degree or Certificate	*Issued By:*	*Date Received*

7. Employment History. Provide the following information, in reverse chronological order, regarding your employment history and professional experience during the past ten years—

(*a*) name and address of employer.....

(*b*) nature or type of business.....

(*c*) title and duties or responsibilities.....

(*d*) date employed.....

(*e*) date and reason for leaving.....

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8. Affiliations. State the name of any other holding company or financial institution with which you are now or will be affiliated as a director or executive officer. Indicate your

title or official capacity, duties or responsibilities in the other holding company, and describe any relationship which now exists or will exist between the other institution and the proposed holding company.

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9. Shareholding. If you are now or ever have been a principal shareholder (owning 10% or more of equity or voting stock) of any other holding company or financial institution, provide details thereof including any relationship which now exists or will exist between the other institution and the proposed holding company.

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10. Professional Membership. If you are or will be a member of any professional or trade association concerned with financial activities, in Malawi or outside Malawi. In addition provide details including whether such membership has ever been refused or terminated.

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11. Discipline. Have you ever been censured, prosecuted, warned as to conduct, disciplined, or made subject to a court order at the instigation of any governmental department or agency, professional association, or other regulatory body established under the Laws of Malawi or their substantial equivalent outside Malawi? If yes, provide details.

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12. Convictions. Have you ever been convicted of any offence, or has a petition for an administrative order or the substantial equivalent thereof been served on you, in Malawi or outside Malawi, within the last 7 years? If yes, provide details.

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13. Investigations. Have you ever been or are you now subject to an investigation in Malawi or outside Malawi, by or at the instigation of any governmental department or agency, professional association, or other regulatory body? If yes, provide details.

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14. Judgement. Have you within the last seven years, failed to satisfy within one year a judgement of debt under a court order in Malawi or outside Malawi? If yes, provide details.

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15. Fraud. Have you ever been adjudged by a court in Malawi or outside Malawi, to be civilly liable for fraud, malfeasance, or any other misconduct? If yes, provide details.

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16. Bankruptcy. Have you been adjudged bankrupt by a court, in Malawi or outside Malawi, or has a bankruptcy petition ever been served on you within the last seven years, have you made any compromise arrangement or otherwise failed to satisfy your creditors in full within the last ten years? If yes, provide details.

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17. Receivership. Has a receiver or an administrator of any of your property been appointed within the last 7 years in Malawi, or has the substantial equivalent of any such receiver been appointed in any other jurisdiction? If yes, provide details including whether the receiver or equivalent thereof is still acting under the appointment.

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18 Winding-Up. Has any body corporate, partnership or unincorporated institution with which you were associated as a shareholder, director, or manager, in Malawi or outside Malawi, been wound up, made subject to an administration order, made any compromise or arrangement with its creditors or ceased trading either while you were associated with it or within one year after you ceased to be associated with it or has anything analogous to any of these events occurred under the laws of any other jurisdiction. If yes, give particulars.

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19 How many shares of stock in the proposed holding company are or will be registered in your name or in the name of a related party? State the names in which the shares will be registered and the class of shares if other than common shares

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20. Beneficial Interest. How many shares of stock in the proposed holding company, which are not registered in your name or in the name of a related party, will you have a beneficial interest in? State the names in which the shares will be registered and the nature of the beneficial interest.

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21. Trustee or Nominee. Will you or any party related to you hold shares in the proposed holding company as a trustee or nominee? If yes, provide details.

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22. Assignments or Pledges. Are, or will any of the shares described in response to Questions 19 to 21 be equitably or legally assigned or pledged to any other party? If yes, provide details.

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23. Voting Authority. What proportion of the voting power at any general meeting of the proposed holding company, or of any other organization of which the proposed holding company is a subsidiary, will you be entitled to vote or exercise control over? Provide details of such voting authority or control.

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24. Indirect Authority. If the exercise of voting power at any general meeting of the proposed holding company, or of any other organization of which the proposed holding company is a subsidiary, is or may be controlled or influenced by someone other than yourself, provide the identity of that person and the proportion of voting power so controlled or influenced.

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25. Financial Data. Provide all such financial data that will reflect your assets and liabilities including bank accounts and information on other business run or owned by you.

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26. Additional Information. Provide a latest credit report from a licensed credit reference bureau, an indication of their sources of funding their respective equity contribution, including certified bank statements; and any other information regarding yourself which may assist the Registrar in evaluating your acceptability as a shareholder, director or executive officer of the proposed holding company.

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INDIVIDUAL FINANCIAL STATEMENTS

TO BE COMPLETED BY EACH PERSON WHO WILL BE A CONTROLLING SHAREHOLDER.

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(Name and Address of Proposed holding company)

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(Name and Title of Individual)

As of Date for Financial Statement: .....

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STATEMENT OF POSITION

Liabilities and Net Worth		Assets	
Accounts Payable	K_____	Cash & Bank Balances	K_____
Notes Payable	K_____	Marketable Securities	K_____
Real Estate Mortgage Payable	K_____	Other Securities	K_____
Interest Due and Unpaid	K_____	Accounts and Notes Receivable - Good	K_____
Interest Due and unpaid Taxes Due and Unpaid	K_____	Accounts and Notes Receivable	K_____
Judgements- Doubtful			
Other Liabilities (list)	K_____	Inventories	K_____
		Farm Products	K_____
		Equipment	K_____
Total Liabilities	K_____	Life Insurance	K_____
		Real Estate	K_____
		Business Interests	K_____
		Other assets (list)	K_____
Net Worth	K_____	TOTAL ASSETS	K_____

I hereby certify that the information shown in this financial statement, including supplemental schedules, is true and correct to the best of my knowledge and that there are no misrepresentations or omissions of material facts.

Signature _____

Date _____

SECTION III—INSTITUTIONAL CONTROLLING SHAREHOLDERS

This section requests background and financial information on Institutional Shareholders (IS) of the proposed holding company. A complete Section III must be filled out and submitted for each institutional shareholder.

1. Name and Address. State the name and address of the institution which is or will be an institutional shareholder of the proposed holding company. If applicable, indicate any other corporate, business, or trade name used by the institutional shareholder.

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2. Control. State the manner in which the IS will exercise control or otherwise exert influence over the affairs of the proposed holding company.

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3. Legal Status. State the legal status of the IS (e.g. private limited company, partnership etc.).

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4. Incorporation. Date of incorporation or formation of IS:

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5. Officers and Principal Shareholders. Provide the following information for each director, executive officer, or principal shareholder of the IS.

Name	Address	Title/Position in IS	Percent of IS shares owned

6. Address. State the registered address of the IS's headquarters and the principal place of business, if different from that shown in Question 1 above.

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7. Auditors and Bankers. State the names and addresses of the IS's auditors and primary bankers during the past 5 years.

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8. Affiliates. State the name, address, and type of business for any organization which is or will be in any way affiliated with the IS.

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9. Shareholding. If the IS is now or ever has been a principal shareholder (owning 10% or more equity or voting stock) of any other holding company or financial institution, provide details thereof including any relationship which now exists or will exist between the other institution and the proposed holding company.

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10. Professional Membership. If the IS is now or will be a member of any professional or trade association concerned with financial services, in Malawi or elsewhere, provide details including whether such membership has ever been refused or terminated.

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11. Discipline. Has the IS ever been censured, prosecuted, warned as to conduct, disciplined, or publicly criticized by, or made subject to a court order at the instigation of any governmental department or agency, professional association, or other regulatory body established under any of the Laws of Malawi or the substantial equivalent outside of Malawi? If yes, provide details.

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12. Convictions. Has the IS ever been convicted of any offence, or has a petition for an administrative order or the substantial equivalent thereof been served on the IS, in Malawi or outside Malawi, within the last seven years? If yes, provide details.

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13. Investigations. Has the IS ever been or is it now subject to an investigation, in Malawi or outside Malawi, by or at the instigation of any governmental department or agency, professional association, or other regulatory body? If yes, provide details.

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14. Litigation. Is the IS engaged or expecting to be engaged in litigation, in Malawi or outside Malawi, which may have a material effect on its resources or ability to financially support the proposed holding company? If yes, provide details.

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15. Judgements. Has the IS, within the last 7 years, failed to satisfy within one year a judgement of debt under a court order in Malawi or outside Malawi? If yes, provide details.

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16. Fraud. Has the IS ever been adjudged by a court, in Malawi or outside Malawi, to be civilly liable for fraud, or any other misconduct? If yes, provide details.

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17. Bankruptcy. Has the IS been adjudged bankrupt by a court, in Malawi or outside Malawi, or has a bankruptcy petition ever been served on the IS within the last seven years, or has the IS made any compromise or otherwise failed to satisfy its creditors in full within the last seven years? If yes, provide details.

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18. Receivership. Has a receiver or an administrator of any property of the IS been

appointed within the last seven years in Malawi, or has the substantial equivalent of any such receiver been appointed in any other jurisdiction? If yes, provide details including whether the receiver or equivalent thereof is still acting under appointment.

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19. Liquidation—

(*a*) Voluntary. Has a notice for the voluntary liquidation of the IS been issued within the last seven years in Malawi, or has the substantial equivalent thereof been issued in any other jurisdiction? If yes, provide details including whether the liquidation has been fully resolved.

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(*b*) Compulsory. Has a petition for the compulsory liquidation of the IS been issued within the last seven years in Malawi, or has the substantial equivalent thereof been issued in any other jurisdiction? If yes, provide details including whether the petition or its equivalent is still unresolved.

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20. Winding-Up. Has any organization with which the IS is or has been affiliated, in Malawi or outside Malawi, ever been wound up or ceased trading while the IS was associated with the organization one year after the IS ceased being associated with the organization? If yes, provide details.

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21. Shares. How many shares of stock in the proposed holding company are or will be registered in the name of the IS or in the name of a related party? State the names in which the shares will be registered and the class of shares if other than common shares.

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22. Beneficial Interest. How many shares of stock in the proposed holding company which are not registered in the name of the IS or in the name of a related party, will the IS have a beneficial interest in? State the names in which shares will be registered and the nature of the beneficial interest.

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23. Trustee and Nominee. Does or will the IS or any party related to it hold shares in the proposed holding company as a trustee or nominee? If yes, provide details.

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24. Assignments and Pledges. Are or will any of the shares described in response to Questions 21 to 23 be equitably or legally assigned or pledged to any other party? If yes, provide details.

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25. Voting Authority. What proportion of the voting power at any general meeting of the proposed holding company, or of any other organization of which the proposed holding company will be a subsidiary, is or will the IS be entitled to vote or exercise control over? Provide details of such voting authority or control.

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26. Indirect Control. If the exercise of voting at any general meeting of the proposed holding company, or any other organization of which the proposed holding company is a subsidiary, is or may be controlled or influenced by someone other than the IS, provide the identity of such other person and the proportion of voting power so controlled or influenced.

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27. Audited Accounts. Provide audited accounts for the past three years.

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28. Acquisition Debt. If borrowed funds will be used to purchase shares of stocks in the proposed holding company, provide a statement showing the amount, source, collateral and repayment terms of the borrowed funds.

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29. Additional Information. Provide a latest credit report from a licensed credit reference bureau and any other information regarding the IS which may assist the Registrar in evaluating its acceptability as an IS.

DECLARATION

with regard to

APPLICATION FOR HOLDING COMPANY LICENCE

We/I, the undersigned, do hereby certify that—

(*a*) all the information given in response to and in support of the questions in this application is true and correct to the best of our knowledge and belief; and

(*b*) this application is made in good faith with the purpose and intent that affairs and business of the proposed holding company and its subsidiaries and significant minority investments or interests will at all times be honestly conducted in accordance with good and sound business principles and in full compliance with all applicable laws and directives.

We further confirm that to the best of our knowledge and belief there are no other facts or information relevant to this application of which the Registrar should be aware, and we pledge to promptly inform the Registrar of any material change to this application which may arise while it is being considered by the Registrar.

Name	*Signature*	*Title orPosition*

Date: .....

SECOND SCHEDULE (para. 10 (3))

INFORMATION REQUIREMENTS FOR APPLICANTS FOR HOLDING COMPANY LICENCES

Applications for a holding company licence submitted to the Registrar should contain complete information on all requirements as listed below—

1. Application information should be accompanied by supporting documents as required.
2. Applications which are incomplete will not be processed.
3. Do not leave any requirements blank or unanswered. If the response to a requirement is "no" "none," "not applicable," or "not known," then so indicate as such and provide an explanation.

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4. Submitting inaccurate or incomplete information will delay the processing of the application.
5. The application must be signed by a duly authorized officer of the Applicant and submitted to the following address—

   The Registrar of Financial Institutions
   Reserve Bank of Malawi
   P.O. Box 30063
   Capital City, Lilongwe 3
   Malawi

6. Inquiries concerning the preparation, submission, and status of an application should be addressed to:

   The Director,
   Financial Sector Regulation Department
   Reserve Bank of Malawi
   P.O. Box 565
   Blantyre

1. Legal Structure

   1.1. The corporate name to be used by the proposed holding company for the purpose of carrying on financial services business through its subsidiaries and significant minority investments or interests;

   1.2. Location of the proposed holding company's head office in Malawi.

   1.3. Location of all other offices (branches, agencies, representative offices etc, where applicable) planned for the new holding company during the first three years of its operation.

   1.4. Legal status, of proposed holding company.

   1.5. Copy of the certificate of incorporation of the proposed holding company

   1.6. Copies of the Memorandum of Association and a copy of the Articles of Association.

   1.7 Certified minutes or resolution of the meeting of proposed shareholders authorizing the establishment of a holding company.

   1.8 Valid TAX Compliance certificate.

1.9 The capital structure of the proposed holding company showing the proposed amount of paid-up capital including the amount previously been paid-in or subscribed to; provided, however, that no capital may be contributed in-kind. Identify the type, number and par value of each class of shares proposed to be issued.

1.10. A complete list of the initial shareholders of the proposed new holding company the "applicants", including name, address, nationality, and whether the shareholder is an individual person or a legal entity. If a legal entity, specify type. State the number and class of shares to be held, and as a percentage of the total shares. Indicate the purchase price per share, and the total purchase price.

1.11. Provide copies of any agreements between the applicants regarding the proposed holding company.

1.12. If any applicant is a legal entity, then provide an official copy of the Board resolution and minutes of the meeting of its Board authorizing the submission of the application for a holding company licence.

1.13. The proposed new holding company, being part of a group—

(*a*) a diagram or chart of the group structure showing the proposed holding company's position within the group, relationships within the group and percentage holdings, and the lines of authority and reporting from the holding company to the parent;

(*b*) complete information on all entities within the group, including name, address, type of entity, principal shareholders, directors, and senior management officials;

(*c*) business or other activities of all entities within the group; and

(*d*) an indication of which, if any, entities within the group have no significant activities or operations other than holding stock (including that of the proposed holding company) and other similar investments (i.e. a shell company).

1.14. State whether any applicant already owns or controls at least 10% of the stock of one or more other financial institutions in any other jurisdiction that will not be connected through a corporate link to the proposed new holding company

2. Ownership Structure

Provide the following information on all beneficial owners of the initial stock of the holding company.

2.1. Name (state all names used, including trade names).

2.2. Address.

2.3. Nationality and country identification number.

2.4. For individuals:

2.4.1. Passport number and date.

2.4.2. Date and place of birth.

2.5. For legal entities:

2.5.1. Legal form; date of incorporation or formation.

2.5.2. Annual reports for the past three consecutive years.

2.5.3. Identification of external auditors and bankers during the past ten years.

2.5.4. Identification of principal shareholders, directors, and senior management officials—

(*a*) name;

(*b*) address;

(*c*) position with applicant: principal shareholder, member of the board of directors, or senior management official; and

(*d*) amount and percentage of shareholding in applicant, if any.

2.5.5. Credit rating assigned by an internationally recognized rating agency.

2.6. Number and type of shares to be held in the proposed holding company, par value, price per share, total price, and resulting percentage ownership.

2.7. History of the applicant including professional and business interests.

2.7.1. Knowledge or experience in the oversight or management of financial institutions.

2.7.2. History of ownership of 10% or more of the stock in any holding company or other financial institution located anywhere in the world.

State whether, during that time, that holding company or financial institution above—

(*a*) was subject to formal remedial measures for operating in an unlawful or unsound manner;

(*b*) was threatened with insolvency or illiquidity;

(*c*) had appointed a management advisor, receiver, conservator, liquidator, or similar official; or

(*d*) had its licence revoked or was otherwise wound-up.

2.8. Signed financial statements (statement of position, statement of comprehensive income and cash flow) for the three years immediately preceding the date of application, including the current period if available, and audited if available. If proposed holding company is a new incorporated entity, provide similar information for its shareholders.

2.9. Complete information on the source of funds to be used to purchase the shares of stock in the proposed holding company, including the amount of funds required and the specific sources of those funds.

2.9.1. If assets were or will be sold: complete information on the sale, including copies of all pertinent documents.

2.9.2. If funds were or will be borrowed—

(*a*) complete information on the loan including identification of the lenders, amount to be borrowed, amount of the loan as a percentage of the total purchase price, collateral to be pledged, and all terms of the transaction;

(*b*) specific information on how the loan will be repaid; and

(*c*) complete details if dividends, salary, fees, or any other payments from the institution are anticipated to be used to service the debt.

2.10. Identification of all persons who would be "related parties" of the proposed holding company as a result of the applicant's stock ownership in the holding company.

2.11. Information on all memberships in companies, partnerships, professional or trade associations, and with groups of persons acting in concert whether or not organized or registered as a formal business concern. Provide name, address, type of entity, and description of activities.

2.12. Information on legal entities and other business concerns in which the applicant has an interest as a principal shareholder, director, partner, proprietor, senior management official, or guarantor. Provide the following—

(*a*) name;

(*b*) address;

(*c*) type of interest: principal shareholder, director, partner, proprietor, senior management official or guarantor;

(*d*) amount and percentage of shareholding, if any;

(*e*) credit rating or report; and

(*d*) statement of Position and Statement of Comprehensive Income for the three years preceding the date of the application, audited if available.

2.13. Provide complete details of all of the following legal proceedings with which the proposed director, executive officer, or senior management official has been a party, including date, location and disposition—

2.13.1. Litigation. Is the applicant engaged or expecting to be engaged in litigation, in Malaŵi or outside Malawi, which may have a material impact on the person's financial condition?

2.13.2. Discipline. Has the applicant ever been censured, prosecuted, warned as to conduct, disciplined, disqualified or suspended from practicing a profession, removed from office, publicly criticized or made subject to a court order at the instigation of any governmental body appointed under any enactment, by a professional organization, or the substantial equivalent thereof in Malawi or outside Malawi?

2.13.3. Conviction. Has the applicant ever been convicted of an offence, or been served a petition for an administrative order or the substantial equivalent thereof in Malaŵi or outside Malawi?

2.13.4. Investigation. Is the person, or has the person ever been, subject to an investigation in Malaŵi or outside Malawi, by or at the instigation of any governmental department or agency, professional association, or other regulatory body?

2.13.5. Judgment. Has the applicant ever failed to satisfy within one year a judgment of debt under a court order in Malawi or outside Malawi?.....

2.13.6. Fraud. Has the applicant ever been adjudged by a court, in Malawi or outside Malawi, to be civilly liable for actions which could have resulted in an indictment for a felony offence, as well as fraud, malfeasance, forgery, perjury, money laundering, or any other misconduct?.....

2.13.7. Bankruptcy. Has the applicant ever been adjudged bankrupt by a court, in Malawi or outside Malawi? Has a bankruptcy petition ever been served on the applicant? Has the applicant made any compromise arrangement or otherwise failed to satisfy creditors in full?.....

2.13.8. Receivership. Has a receiver or an administrator been appointed for any of the applicant's property, or has the substantial equivalent of any such receiver been appointed in any other jurisdiction? If so, provide details including whether the receiver or equivalent thereof is still acting under the appointment.....

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2.13.9. Liquidation. Has a notice for voluntary liquidation, or a petition for compulsory liquidation, been issued to the applicant or to any of the applicant's business interests? If yes, state whether the petition or its equivalent remains unresolved.

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2.13.10. Winding-Up. Has any body corporate, partnership, or unincorporated institution with which the applicant was associated as a principal party shareholder, director, executive officer or senior management official in Malawi or outside Malawi, been wound up, made subject to an administration order, otherwise made any compromise or arrangement with its creditors or ceased trading either while the person was associated with it or within one year after the applicant ceased to be associated with it or has anything analogous to any of these events occurred under the laws of any other jurisdiction?

2.14. Please provide the following information as to how the stock in the proposed holding company will be held by the applicant—

2.14.1. Shares. How many shares in the proposed new holding company are or will be registered in the applicant's name or in the name of a "related party"? State the names in which the shares will be registered and the class of shares if other than common shares.

2.14.2. Beneficial Interest. In how many shares of the proposed holding company which are not registered in the applicant's name or in the name of a "related party," will the applicant have a beneficial interest? State the

names in which the shares will be registered and the nature of the beneficial interest.

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2.14.3. Trustee or nominee. Will the applicant or any "related party" hold shares in the proposed holding company as a trustee or nominee? If yes, provide details.

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2.14.4. Assignments or pledges. Are, or will, any of the shares described in response to other questions be equitably or legally assigned or pledged to another party? If yes, provide details.

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2.14.5. Voting authority. What proportion of the voting power at any general meeting of the proposed holding company, or of any other organization of which the proposed holding company is a subsidiary, will the applicant be entitled to vote or exercise control over? Provide details

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2.14.6. Indirect Authority. If the exercise of voting power at any general meeting of the proposed holding company, or of any other organization of which the proposed holding company is a subsidiary, is or may be controlled or influenced by someone other than the applicant, provide the identity of such other person and the proportion of voting power so controlled or influenced

2.15. For foreign applicants—

2.15.1. An official letter addressed to the Registrar must be received directly from the home country supervisor that affirms the following—

2.15.1.1. The applicant is a financial institution "in good standing" with the home country supervisor—

(*a*) the home country supervisor is satisfied with the prudential and overall financial management of the applicant foreign institution;

(*b*) the applicant foreign institution is fully meeting all capital requirements; and

(*c*) no formal supervisory measures are currently in force or pending against the applicant foreign institution.

2.15.1.2. The home country supervisor has given written consent or a statement of "no objection" for the applicant foreign institution to establish a holding company in Malawi subject to the receipt of licence by the Registrar.

2.15.1.3. The applicant foreign institution (including its subsidiary holding company in Malawi) is, and will be, supervised on a consolidated basis by both, the Registrar and the home country supervisor.

2.15.1.4. The home country supervisor agrees to—

(*a*) keep the Registrar informed of any significant developments adversely affecting the applicant foreign institution's financial soundness or reputation; and

(*b*) promptly provide the Registrar with copies of the applicant foreign institution's reports of on-site examination and published financial statements.

2.15.2. The most recent report of the "full-scope" on-site examination of the applicant foreign institution.

2.15.3. The most recent audit report including management letter.

2.15.4. An organization chart of the applicant foreign institution showing lines of authority and reporting from the subsidiary holding company in Malawi to the parent foreign institution, and specifically identifying the parties within the applicant foreign institution who are responsible for the sound operation and financial condition of the proposed subsidiary holding company in Malawi.

3. Management Structure

List all proposed members of the Board, members of the audit committee, and senior management officials. The following information must be provided for each person listed. If any proposed director, audit committee member, or senior management official is also an initial shareholder, then only submit information on the items not previously addressed in Section 2, "Ownership Structure."

3.1. Name.....

3.2. Address.....

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3.3. Country identification or passport number.....

3.4. Date and place of birth.....

3.5. Amount, type, and percentage of shareholding in the proposed holding company, if any.....

3.6. Position with the proposed holding company: executive officer, director, audit committee member, or senior management official (specify title and provide a position description).....

3.7. Education, qualifications, professional experience, and employment history included in a detailed curriculum vitae.....

3.8. Signed financial statements-statement of position, statement of comprehensive income and cash flow for the three years immediately preceding the date of application, including the interim period if available.

3.9. History of ownership of 10% or more of the stock or holding a position as a director or senior management official in any holding company or financial institution located anywhere in the world. State whether, during such time period, the holding company or financial institution—

(*a*) was subject to formal remedial measures for operating in an unlawful or unsound manner;

(*b*) was threatened with insolvency or illiquidity;

(*c*) had appointed a management advisor, receiver, conservator, liquidator, or similar official; or

(*d*) had its licence revoked or was otherwise wound-up.

3.10. Membership in companies, partnerships, professional or trade associations, and groups of persons acting in concert whether or not organized or registered as a formal business concern: Name, address, type of entity, and description of activities.

3.11. Provide complete details of all of the following legal proceedings with which the proposed director, audit committee member, or senior management official has been a party, including date, location, and disposition.

3.11.1. Litigation. Is the person engaged or expecting to be engaged in litigation, in Malaŵi or outside Malawi, which may have a material impact on the person's financial condition?

3.11.2. Discipline. Has the person ever been censured, prosecuted, warned as to conduct, disciplined, disqualified or suspended from practising a profession, removed from office, or made subject to a court order at the instigation of any governmental body, appointed under any enactment, by a professional organization, or the substantial equivalent thereof in Malawi or outside Malawi?

3.11.3. Conviction. Has the person ever been convicted of any offence, or been served a petition for an administrative order or the substantial equivalent thereof in Malaŵi or outside Malawi?

3.11.4. Investigation. Is the person, or has the person ever been, subject to an investigation in Malaŵi or outside Malawi, by or at the instigation of any governmental department or agency, professional association, or other regulatory body?

3.11.5. Judgment. Has the person ever failed to satisfy within one year a judgment of debt under a court order in Malaŵi or outside Malawi?

3.11.6. Fraud. Has the person ever been adjudged by a court, in Malaŵi or outside Malawi, to be civilly liable for actions which could have resulted in an indictment for a felony offence, as well as fraud, malfeasance, forgery, perjury, money laundering or any other misconduct?

3.11.7. Bankruptcy. Has the person ever been adjudged bankrupt by a court, in Malawi or outside Malawi? Has a bankruptcy petition ever been served on the person? Has the person made any compromise arrangement or otherwise failed to satisfy creditors in full?

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3.11.8. Receivership. Has a receiver or an administrator been appointed for any of the person's property, or has the substantial equivalent of any such receiver been appointed in any other jurisdiction? If so, provide details including whether the receiver or equivalent thereof is still acting under the appointment.

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3.11.9. Winding-Up. Has any body corporate, partnership, or unincorporated institution with which the person was associated as a controlling party shareholder, director, executive officer or senior management official in Malawi or outside Malawi, been wound up, made subject to an administration order, otherwise made any compromise or arrangement with its creditors or ceased trading either while the person was associated with it or within one year after the person ceased to be associated with it or has anything analogous to any of these events occurred under the laws of any other jurisdiction?

3.12. Copies of all existing or proposed employment contracts.

4. Business Plan

Please submit a business plan covering the first three years of operation of the new holding company in the following prescribed format. The purpose of the business plan is to provide an overview of the intentions of the applicants and management and show how their established objectives will be achieved. The business plan will be used to assess the likelihood of success of the proposed holding company and to monitor the holding company's business and condition during its first three years of operation. The business plan should consist of two parts—

(*a*) a narrative; and

(*b*) financial projections.

4.1. Narrative

The business plan should contain a narrative in which the following essential elements are thoroughly addressed.

4.1.1. Identifying Information

State the name and location of the holding company including the location of any branches or other offices, if any. Describe and provide a diagram of

the holding company's corporate structure and include all entities within the structure parents, subsidiaries, significant minority investment or interest, companies under common control, and other affiliates. Briefly discuss how the organizing group (the applicants) came together and the reasons for wanting to start a holding company.

Identify the key strategic goals of the proposed holding company. Provide a basic statement on the nature and scale of the proposed holding company's business, and arrangements for its management.

4.1.2. Market Analysis

Identify the markets to be served by the proposed holding company's subsidiaries significant minority investment or interest and specifically address how the needs and convenience of the communities or sectors identified as the holding company's subsidiaries' target market will be served. Describe the geographical areas, economic characteristics, and clientele in the target market and the types of products and services to be offered. Address any anticipated changes in the market, factors influencing such changes, and possible effects on the proposed holding company.

Describe how the holding company intends to ensure that the interests of clients and creditors of the new holding company and its subsidiaries, significant minority investment or interest the national economy, and the general public will be served and not threatened by the new holding company and subsidiaries' conduct in the business proposed in the business plan.

A copy of the feasibility study of the financial sectors upon which the decision was made to commence holding company and financial services subsidiaries and significant minority investment or interest in Malawi should be submitted as part of the application.

4.1.3. Assumptions

List and discuss all assumptions used in the preparation of the business plan and upon which the financial projections are based. Include, at a minimum: economic conditions in Malawi, expectations of market changes, level of competition, growth forecasts, and interest rates on earning assets and interest-bearing liabilities. Provide support for the business plan's financial projections, specifically for asset and liability mix and growth, profitability, maintenance of an adequate capital base and capital ratios, and proposed dividends.

4.1.4. Corporate Governance

Describe the structure of the organization and management of the proposed holding company. Show the relationships between the Board, audit and other permanent committees, senior management officials, and operational and administrative divisions and their sub-divisions and functions. Indicate lines of authority and reporting relationships.

Provide a list showing all members of the Board, the audit committee, and any other permanent committee of the Board. The list should include name, position, term, authority, responsibilities, and remuneration.

Provide a list of all senior management officials that shows each person's name, title, salary, incentive compensation, fees, benefits and other remuneration. Submit names of two executive officers who will effectively manage the new holding company:

Provide copies of all proposed agreements for management, technical services, software maintenance, and other services. If any agreement for lease or service is anticipated to be entered into with any "insider" or "related person," then provide a written description of such transaction and include—

(*a*) identification of the "insider" or "related party;"

(*b*) rates and terms;

(*c*) comparative market data to evidence that the transaction will be on an arm's-length basis; and

(*c*) a justification as to why the transaction with an "insider" or "related person" is in the best interest of the holding company and clients or clients of its subsidiaries and significant minority investment or interest as opposed to a similar transaction with a person or entity not an "insider" or "related party."

Describe the operating systems of the holding company including—

(*a*) corporate policies and procedures;

(*b*) accounting standards;

(*c*) books of account and record-keeping;

(*d*) reporting to management, Board, shareholders, and the Registrar of financial institutions;

(*e*) information technology;

(*f*) internal controls; and

(*g*) internal and external audit.

Confirm that information systems will be capable of producing all required reports to the Registrar in an accurate and timely manner.

Identify the independent external auditor who will be engaged for the annual audit of the holding company.

Address staff projections, including recruitment and training.

4.1.5. Financial services Business

Discuss the types and scale of financial services business envisaged. This presentation should be supported by information which clearly shows the proposed new holding company 's capability to undertake those activities through its subsidiaries and significant minority investments or interests in terms of board oversight, management, expertise, systems support, organization and staff. Specifically address the following—

(*a*) the types of products to be offered, targeted economic sectors, and plans for diversification;

(*b*) method for pricing of the products and services;

(*c*) proposed off-balance sheet activities; and

(*d*) correspondent or agency arrangements where applicable.

4.1.6. Capital

Describe plans for financing growth, internally and externally, over the first three years of operation. Describe all additional sources of capital that are available should the need arise in the future ensuring that the proposed holding company is adequately capitalized at all times.

4.1.7. Risk Management

Describe the analysis conducted of the risks associated with the sectors to be served by the proposed holding company through its subsidiaries and significant minority investments or interests. Specifically describe the risk management processes (risk identification, measurement, monitoring and control) for the following risks—

(*a*) strategic risk;

(*b*) credit risk;

(*c*) liquidity risk;

(*d*) interest rate risk;

(*e*) foreign exchange rate risk;

(*f*) price risk;

(*g*) operational risk;

(*h*) compliance risk;

(*i*) reputational risk;

(*j*) money laundering and terror financing risk;

(*k*) country and transfer risk; and

(*l*) all other risks to which the proposed holding company will be exposed when engaged in the activities envisaged by this business plan.

With regard to credit risk, specifically address and include—

(*a*) credit policies (which must include limitations on loans to "related persons");

(*b*) plans to minimize concentration risk through diversification and limitations on exposures to individuals and groups of related borrowers; and

(*c*) asset quality considerations such as credit-granting standards, classification, and provisioning for loan losses.

With regards to money laundering, specifically address and include the risk assessments for products, customers, delivery channels and geographical location

4.1.8. Premises

Describe the premises and equipment to be utilized by the proposed holding company. Indicate whether facilities and equipment will be leased or purchased. Describe the basis for the decision to lease or purchase and how such premises and equipment were determined to be adequate. Provide information on the cost of acquisition or lease payments and terms, and the counter-party to the purchase or lease agreement. Address plans for future expansion, including branches.

4.1.9. Business Plan Monitoring

Discuss the methods that the Board will use to regularly monitor the holding company's performance under the business plan and management's adherence to the plan for the first three years of operation.

4.2. Financial Projections

Based upon the preceding narrative, submit a pro forma statement of position and statement of consolidated income (and any necessary supporting schedules) for each of the first 3 years of operations

4.3 Submit any other information not listed above that could support your application.

Made this 29th day of June 2018.

D. KABAMBE, PhD

(FILE NO. FIN/PFSPD/03/04) *Registrar of Financial Institutions*