

Lesotho

Financial Institutions Act, 2012

## Financial Institutions (Licensing Requirements) Regulations, 2016 Legal Notice 46 of 2016

Legislation as at 27 May 2016

FRBR URI: /akn/ls/act/ln/2016/46/eng@2016-05-27

There may have been updates since this file was created.

PDF created on 21 February 2024 at 15:18.

[Check for updates](#)



### About this collection

The legislation in this collection, with facilitation from the Office of Parliamentary Counsel of Lesotho, has been reproduced as it was originally printed in Lesotho's Government Gazettes by the Government Printer, with improved formatting and with minor typographical errors corrected. All amendments have been applied directly to the text and annotated. A scan of the original gazette of each piece of legislation (including amendments) is available for reference.

This is a free download from LesLII and is presented in collaboration with the Office of Parliamentary Counsel of Lesotho and the Laws.Africa Legislation Commons, a collection of African legislation that is digitised by Laws.Africa and made available for free.

[www.lesotholii.org](http://www.lesotholii.org) | [info@lesotholii.org](mailto:info@lesotholii.org)

[www.laws.africa](http://www.laws.africa) | [info@laws.africa](mailto:info@laws.africa)

There is no copyright on the legislative content of this document.

This PDF copy is licensed under a Creative Commons Attribution 4.0 License (CC BY 4.0). Share widely and freely.

Financial Institutions (Licensing Requirements) Regulations, 2016  
 Contents

Part I – Preliminary ..... 1

    1. Citation and commencement ..... 1

    2. Interpretation ..... 1

    3. Objectives ..... 1

    4. Application ..... 1

Part II – Licensing procedures ..... 2

    5. Licensing procedures ..... 2

    6. Preliminary conference ..... 2

    7. Application form ..... 2

    8. Supporting documents ..... 2

    9. Acknowledgement ..... 3

    10. Processing of application ..... 3

    11. Notice ..... 3

    12. Changes ..... 3

    13. Issue or refusal of licence ..... 4

    14. Commencement of operations ..... 4

    15. Information and declaration sheet ..... 4

Part III – Regulatory requirements ..... 4

    16. Licensing criteria ..... 4

    17. Ownership structure ..... 4

    18. Directors and officers ..... 5

    19. Capital adequacy ..... 5

    20. Overall viability ..... 5

    21. Effects on competition, community and economy ..... 5

    22. Effective supervision ..... 5

Part IV – Annual licence fees and other requirements ..... 6

    23. Validity of licence ..... 6

    24. Licence fee ..... 6

    25. Updated information sheet ..... 6

    26. Notice of appointment ..... 6

    27. Approval of changes in shareholding ..... 6

Schedule 3 (Regulations 7(1), 26(3) and (4) and (27) ..... 12

Schedule 4 (Regulation 18) ..... 15

Schedule 5 (Regulation 20(2)) ..... 16

# Lesotho

## Financial Institutions Act, 2012

# Financial Institutions (Licensing Requirements) Regulations, 2016

## Legal Notice 46 of 2016

[Published in Government Gazette 29 on 27 May 2016](#)

Commenced on 27 May 2016

*[This is the version of this document from 27 May 2016.]*

Pursuant to sections 5, 6, 7, 8, 9, 10, 11, 43 and 71(1) of the Financial Institutions Act, 2012<sup>1</sup>, I, Dr. Retselisitsoe Matlanyane Governor of the Central Bank being the Commissioner of Financial Institutions make the following regulations—

### Part I – Preliminary

#### 1. Citation and commencement

These regulations may be cited as the Financial Institutions (Licensing Requirements) Regulations, 2016 and shall come into operation on the date of publication in the *Gazette*.

#### 2. Interpretation

In these regulations, unless the context otherwise requires—

- (a) words used have the same meanings assigned to them under the Act;
- (b) "the Act" means the Financial Institutions Act, 2012.

#### 3. Objectives

These regulations are meant to—

- (a) establish clear and objective criteria for reviewing applications to engage in banking or credit business and to outline the procedure to be followed in the licensing process;
- (b) enable the Commissioner to determine, among other things, whether new financial institutions have suitable shareholders, adequate financial strength, and management with sufficient expertise and integrity to operate the institution in a sound and prudent manner; and
- (c) put in place an effective method for reducing the number of unstable institutions that enter the financial system.

#### 4. Application

These regulations shall apply to an institution applying for a licence under the Act.

<sup>1</sup>

Act [No. 21 of 2012](#)

## Part II – Licensing procedures

### 5. Licensing procedures

The licensing procedures shall be as set out in this Part.

### 6. Preliminary conference

- (1) As a first step, an applicant is required to request a preliminary conference with the Commissioner for the purpose of declaring an intention to establish a financial institution and the supervision department shall be obliged to arrange such a conference.
- (2) The applicant shall be required at this meeting to explain to the supervision department their objectives and vision for the proposed bank.
- (3) At the conference, an applicant shall be provided with an overview of the laws and regulations governing the conduct of banking or credit business in Lesotho, particularly the applicable minimum paid-up or assigned capital requirement, and other licensing prerequisites.
- (4) The criteria for evaluating an application shall be explained to the applicant.

### 7. Application form

- (1) If, in the view of the Commissioner, the applicant reasonably establishes capacity and seriousness of intent to proceed with the proposed establishment of a financial institution, an application form, as set out in Schedule 1, shall be provided together with an information sheet as set out in Schedule 2 and a personal declaration sheet as set out in Schedule 3.
- (2) Before providing the forms referred to in subregulation (1), clarifications on the completion of the forms and other documentary requirements as well as other aspects of the licensing process may be requested from and provided by the Commissioner.
- (3) On completion of the forms, they shall be submitted to the Commissioner.

### 8. Supporting documents

- (1) Supporting documents and other requirements shall be as of a date not earlier than 90 days prior to the filing of the application except for audited financial statements which shall pertain to the two most recent annual or interim audits.
- (2) The applicant shall in addition, submit—
  - (a) complete operating manuals including risk management policies and procedures on loans, deposits, foreign exchange, internal control, asset-liability management, data processing and security;
  - (b) a clear description of its proposed management information system - including sample forms, reports and Schedules; and any other related documents or information which the Commissioner may require.
- (3) The applicant shall also provide an outline of the proposed or existing information systems architecture and any proposed changes or upgrades thereto and describe how—
  - (a) the information system will work within technology that will be used;
  - (b) the information system is suitable to the type of business in which the institution will engage;
  - (c) the security hardware, software, and procedures will be sufficient to protect the institution from unauthorized tampering or access; and

- (d) the organizers and directors will allocate sufficient resources to the entire technology plan.
- (4) Any descriptions of systems and related matters as required under subregulation (3), shall be in such sufficient detail so as to enable the Commissioner to verify cost projections in the applicant's business plan required under regulation 8.
- (5) The submission of any untrue or misleading information by the applicant constitutes one of the grounds for refusal of a licence or its revocation under section 16 of the Act even after a licence has been granted.

## 9. Acknowledgement

- (1) Within 10 working days of receipt of an application form together with all supporting documents and the payment of the prescribed fees, the Commissioner shall send the applicant a formal letter of acknowledgement or a letter of deficiency.
- (2) The letter of acknowledgement shall serve as the official notice that the documents submitted were found to be complete and that the processing or evaluation may commence.
- (3) The letter of deficiency shall outline deficiencies in the application, provide a deadline for rectification of the deficiencies and no further action shall be taken by the Commissioner unless the deficiencies are rectified within the time prescribed.

## 10. Processing of application

The Commissioner shall, in accordance with section 10(1) of the Act and within 45 days after the receipt of the complete and accepted application, process the application or, where further information has been requested, process the application only after the receipt of such further information.

## 11. Notice

- (1) If the evaluation of the application establishes that the applicant is likely to be granted a licence as requested, a notice shall be sent to the applicant to comply with the required paid-up or assigned capital.
- (2) In addition, the applicant shall submit further proof of its capabilities and capacity to establish the proposed financial institution by submitting the following—
  - (a) physical facilities—
    - (i) floor plan of the premises indicating dimensions;
    - (ii) vault - indicating features as to length, width, height, thickness and type of materials;
    - (iii) computers, equipment and other machines - stating whether these are owned or leased; and
    - (iv) communication facilities;
  - (b) business hours;
  - (c) security - number of guards and security systems in place.

## 12. Changes

Material changes, such as in the composition of major shareholders, directors, officers, and capital structure while the application is being processed shall be duly communicated to the Commissioner.

**13. Issue or refusal of licence**

- (1) Upon determination that the applicant fully satisfies the licensing criteria and other requirements, the Commissioner shall, in accordance with section 11 of the Act, issue a licence to the applicant to conduct banking or credit business in Lesotho subject to conditions which the Commissioner may impose.
- (2) If the Commissioner determines that the applicant does not fully satisfy the licensing criteria and other requirements, the Commissioner shall inform the applicant, in writing, of its refusal to grant a licence and shall refund the registration fee paid by the applicant but not the application fee.

**14. Commencement of operations**

- (1) Within 6 months following the issuance of a licence, the financial institution shall commence operations.
- (2) A copy of the licence shall be displayed in each of the approved places of business.
- (3) The licensed financial institution shall notify the Commissioner of its opening date at least 30 days before the commencement of operations.

**15. Information and declaration sheet**

- (1) Within 30 days from commencement of operations, a licensed financial institution shall submit a new information sheet to the Commissioner.
- (2) Updated information sheets or personal declaration sheets of all persons required to complete these forms shall be submitted to the Commissioner within 15 days from the occurrence of any material change in the information previously submitted.
- (3) Directors and officers shall submit personal declaration sheets to the Commissioner as stipulated under schedule III on an annual basis and personal declaration sheets for prospective directors and officers shall be submitted to the commissioner for scrutiny.
- (4) A licensed financial institution shall immediately comply with the Commissioner's reporting requirements once it commences operations.
- (5) No major changes or additions to the line of business or principal activities to be conducted by a licensed financial institution shall be effected without prior approval of the Commissioner.

**Part III – Regulatory requirements****16. Licensing criteria**

The criteria set out in this Part shall be considered by the Commissioner in evaluating an application to conduct banking or credit business in Lesotho.

**17. Ownership structure**

- (1) There shall be sufficient transparency in the ownership structure of the proposed financial institution as to enable the Commissioner to evaluate its principal, direct and indirect shareholders and its corporate affiliations.
- (2) A review shall be done of the controlling shareholders' past banking and nonbanking business ventures and their integrity and standing in the business community, as well as the financial strength of all principal shareholders and their ability to provide further financial support should it be needed.

- (3) The source of the initial capital to be invested and that of any future funding shall be determined by the Commissioner.

## **18. Directors and officers**

- (1) The applicant shall prove, to the satisfaction of the Commissioner, that the applicant's management satisfies the fit and proper criteria specified in Schedule 4 by submitting the personal history, business or employment records, experience, and other background information of all directors and officers.
- (2) The qualifications of the directors and officers shall be at a level which shall enable them to conduct business competently and competitively with existing financial institutions and shall be in compliance with section 43 of the Act and Schedule 4 of this regulation.

## **19. Capital adequacy**

- (1) The applicant's capital shall be adequate to support the projected volume and type of services planned in a highly competitive environment.
- (2) A bank shall not be granted a licence unless it fulfills a minimum paid-up or assigned capital as specified under section 9 of the Act.
- (3) A bank shall also demonstrate the ability to maintain a capital adequacy ratio in accordance with regulatory requirements as may be determined by the Commissioner.

## **20. Overall viability**

- (1) The overall strategy of the applicant for succeeding in the market shall be conceived and developed into a business plan which is sufficiently robust to support a comprehensive review and viability analysis.
- (2) The business plan shall respond to the requirements of Schedule 5 and shall take into account projected activities, existing and potential competitors, anticipated problems as well as possible remedies, and other elements that may affect the growth and projected performance of the proposed financial institution.
- (3) The business plan shall—
  - (a) include detailed financial projections which demonstrate medium-term viability and sufficient information on the financial resources of the founders to support the institution through its initial phase;
  - (b) describe how the institution is to be organized and controlled internally and shall include internal policies and procedures.

## **21. Effects on competition, community and economy**

- (1) The effects that the proposed financial institution may have on competition, the community and the economy shall be assessed by the Commissioner in coordination with any competition authority or competition policy in force in Lesotho.
- (2) An application which establishes a role for the proposed institution in meeting identified needs for a particular area or sector of the economy to be served by it through a carefully conceived plan and strategy, may receive favorable consideration.

## **22. Effective supervision**

- (1) The applicant shall make sure that there are no factors which may inhibit effective supervision such as inadequate or non-availability of information and lack of transparency.

- (2) With specific reference to proposed foreign financial institutions, a level of cooperation between the Commissioner and the home country supervisor shall be established to permit the conduct of consolidated supervision and the observance of international supervision standards.

## **Part IV – Annual licence fees and other requirements**

### **23. Validity of licence**

- (1) A licence issued under regulation 13 shall remain valid unless revoked by the Commissioner.
- (2) It shall not be necessary to file an application for the renewal of a licence.
- (3) The Commissioner may, after giving reasonable notice to the licensed financial institution, amend the terms and conditions of any such licence at any time.

### **24. Licence fee**

A licensed financial institution shall, so long as its licence is not revoked, pay to the Commissioner on or before 31st December of each year the prescribed licence fee.

### **25. Updated information sheet**

An updated information sheet, as set out in Schedule 2, for the licensed financial institution as at 31st December of each year, shall be submitted to the Commissioner not later than 31st January of the following year.

### **26. Notice of appointment**

- (1) A licensed institution shall apply to the Commissioner for approval of any appointments or removal of any director, officer or branch manager.
- (2) After appointment or removal of such person by the licensed institution with approval of the Commissioner, the licensed institution shall notify the Commissioner within 15 days from the appointment date.
- (3) A licensed institution shall ensure that any such director, officer, or branch manager appointment shall complete and submit the personal declaration in Schedule 3.
- (4) A personal declaration sheet, as set out in Schedule 3, for each of the appointed directors, officers or branch managers shall be submitted together with such notification.

### **27. Approval of changes in shareholding**

- (1) A person intending to directly or indirectly acquire 10 percent or more of the voting rights of a licensed institution whether acting alone or in concert with other persons, shall apply to the Commissioner for prior approval in writing, by completing the information required in Schedule 3.
- (2) A person intending to, directly or indirectly, acquire 33 percent and up to 50 percent of the voting rights of a licensed institution whether acting alone or in concert with other persons, shall apply to the Commissioner for prior approval in writing, in accordance with the following procedures—
  - (a) applicant submits an application supported by information required in Schedules 1, 2, and 3 to the Commissioner;
  - (b) within 15 days from the applicant's submission of the information required in paragraph (a), the Commissioner shall consider the application for approval or otherwise based on fit and proper criteria for bank shareholders, and other criteria for considering applications for mergers or acquisitions of banks or application for licensing of banks, notwithstanding that the applicant may already owns shares in the bank.

**Schedule 1 (Regulation 7(1))**

**Application for a licence to conduct banking or credit business**

The Governor  
 Commissioner of Lesotho  
 P.O. Box 1184  
 Maseru

1. I, the undersigned, acting as principal or duly authorized agent on behalf of or as chairman of chief executive officer of \_\_\_\_\_

***Banking business Credit business***

2. Principal Business activities \_\_\_\_\_  
 \_\_\_\_\_

3. The following documents are being submitted to comply with the initial requirements for evaluation. Where a document is not applicable this is so stated—

(1) Information Sheet (Schedule 2)  
 \_\_\_\_\_

(2) Personal Declaration Sheet (Schedule 3)

Name	Position

(3) Proposed Capital Structure  
 \_\_\_\_\_

(4) Economic justification and outline of short, medium, and long term business plans with details on—

- (a) financial, commercial, and other business establishments within the proposed area of operation or targeted markets;
- (b) deposits or other fund gathering sources as well as lending and investment potentials;
- (c) financial services to be offered by the applicant.

(5) Financial projections (balance sheets, income statements, and cash flow statements) for at least a three-year period, including details of estimated organisation expenses. Assumption used and other bases for projections are indicated.

(6) Schematic presentation, with regard to the group of companies of which applicant is a member, reflecting all interests held in and by each member company including the nature of business or each of these entities.

- (7) List of existing shareholdings of the applicant and its controlling shareholders, directors, officers and officials in other licensed financial institutions.
- (8) Certified true copies of the audited financial statements or annual reports for the past two years prepared in accordance with generally accepted accounting principles.
- (9) Authenticated copies of the memorandum and articles of association or, in case of foreign institution, such similar documents regulating its affairs.
- (10) If the applicant is a foreign financial institution, a statement from the supervisory authorities of the home country declaring that: (a) it has given its prior approval for the establishment of a subsidiary, branch or any other office in Lesotho, (b) it shall exercise comprehensive supervision over the parent institution on a consolidated basis, and (c) the applicant's chairman, directors, principal officers and management as a whole are fit and proper persons.
- (11) Latest tax compliance certificate or certified true copy of corporation tax returns.
- (12) Individual credit references for the applicant and each of its principal shareholder, director, officer and official from at least two banks or financial institutions with whom such persons have had financial dealings within the past two years.
- (13) Certified true copy of the board resolution of the Head Office of Parent Company authorizing the establishment of a branch or subsidiary.
- (14) Any query, clarification or additional requirements regarding the acquisition of a specified number of shares in applicant institution (if major shareholder is a corporation or company).
- (15) Any query, clarification or additional requirement regarding this application maybe directed to the following officers authorized to liase with the Commissioner.

Name \_\_\_\_\_ Telephone No.: \_\_\_\_\_

Name \_\_\_\_\_ Telephone No.: \_\_\_\_\_

### ***Certification and Undertaking***

I, the undersigned, \_\_\_\_\_ hereby certify that all information contained in and accompanying this application is complete and accurate to the best of my knowledge and belief.

I also undertake to forthwith notify the Commissioner of Lesotho, of any material change in the particulars of this applications.

Sworn at Maseru, Lesotho

This \_\_\_\_\_ day of \_\_\_\_\_

Signature of Deponent \_\_\_\_\_ (Position) \_\_\_\_\_

Deponent understands contents of this Affidavit

Before me, \_\_\_\_\_

Commissioner of Oaths

#### **N.B.**

1. *All sections in this form must be filled and therefore no section shall be left blank.*
2. *Where information is not provided, please "not applicable" or "NONE", as the case may be.*
3. *If any space provided in the form is adequate, the required information or data needed may be supplied, as on annex.*
4. *Reference shall be made in the relevant section on the form by placing the words "refer to annex".*

For Central Bank use:

Received by \_\_\_\_\_

Date \_\_\_\_\_

Application documents checked for completeness by: \_\_\_\_\_

Letter of Deficiency or Acknowledgement sent on: \_\_\_\_\_

Action Taken:

\_\_\_\_\_

\_\_\_\_\_

Action:

\_\_\_\_\_

\_\_\_\_\_

Evaluating Officer \_\_\_\_\_

Director \_\_\_\_\_

Supervision Department \_\_\_\_\_

## Schedule 2 (Regulation 7(1))

### Information sheet

1. Name:

\_\_\_\_\_

2. Principal Business Activities:

\_\_\_\_\_

3. Head/Main Office:

(a) Address: \_\_\_\_\_

(b) Telephone No.: \_\_\_\_\_

(c) Telefax No.: \_\_\_\_\_

4. Branches:

Address

\_\_\_\_\_

Date Approved or Date Opened \_\_\_\_\_

Subsidiaries & Affiliates:

Amount of Shares Held \_\_\_\_\_

percent of Shares held to total \_\_\_\_\_

Name & Type of business

\_\_\_\_\_

\_\_\_\_\_

## 6. Management:

## (1) Board of Directors:

Name	Designation	Present Term	No. of Years as from - To Board Member

## (1) Board Committee(s):

Name & Purpose of Committees(s):	Name of Members

*[Please note: numbering as in original.]*

## (2) Officers:

Name	Position	No. of years as Officer

## (3) Description of the duties and responsibilities of each officer listed in 6(2) above

## 7. Ownership Profile:

Name	Country of residence	Paid-up capital Amt	Percent citizenship
1.			
2.			
3.			
4.			
Other Shareholders owing less than 5 percent (number)			
TOTAL			
100 percent			

8. Organization Profile:

- (1) Organizational Chart - Annex A chart indicating major departments or divisions with names and position titles of officers heading each department or division.
- (2) Functions - Annex A list of functions or responsibilities for each department or division listed in organisation chart indicating number of personnel or staff for each.
- (3) Qualifications of its principal shareholders, directors, and officers.
- (4) Annex - Personal Declaration Sheet of each principal shareholder, director and officer.
- (5) Powers and purposes - Annex the latest copies of memorandum and articles of association of not previously submitted to the Commissioner.

9. Shareholdings in other financial institutions:

Name of financial institution \_\_\_\_\_

Shares owned \_\_\_\_\_

Number percent of capital amount \_\_\_\_\_

10. Certification and Undertaking

I, \_\_\_\_\_ certify that all information contained in and accompanying this form is complete and accurate to the best of my knowledge and belief.

I also undertake to forthwith notify the Commissioner of Lesotho within a period of fifteen days of any material change to this Information Sheet.

Sworn at Maseru, Lesotho this day of \_\_\_\_\_

Signature of Deponent \_\_\_\_\_

(Position) \_\_\_\_\_

Deponent understands contents of this affidavit

Before me: \_\_\_\_\_

## A Commissioner of Oaths

**N.B**

1. All sections in this form must be filled and therefore no section shall be left blank.
2. Where information is not provided, please place "NOT APPLICABLE" or "NONE", as the case may be.
3. If any space provided in the form is adequate, the required information or data needed may be supplied, as on annex
4. Reference shall be made in the relevant section of the form by placing the words "Refer to Annex"

**Schedule 3 (Regulations 7(1), 26(3) and (4) and (27)****Personal Declaration Sheet**

(To be completed and submitted by every principal, director, and officer of applicant)

1. Name and Capacity of person making this declaration:
  - (1) Name: \_\_\_\_\_
  - (2) Position or Capacity: \_\_\_\_\_
2. Date and place of birth:
 

\_\_\_\_\_
3.
  1. Citizen of \_\_\_\_\_ (Country)
  2. Resident of \_\_\_\_\_ (Country)
 

Since \_\_\_\_\_ (year)
4. Addresses
  - (1) Present Business Address
 

(Lesotho since)

\_\_\_\_\_

(Outside Lesotho since)

\_\_\_\_\_
  - (2) Present Residential Address:
 

(Lesotho since)

\_\_\_\_\_

(Outside Lesotho since)

\_\_\_\_\_
  - (3) Last two addresses in Lesotho, if any, during the past 10 years:
 

(Since)

\_\_\_\_\_

(Since)

5. Professional qualifications:

Particulars

(1) Highest Academic Degree \_\_\_\_\_  
 Year Obtained \_\_\_\_\_

(2) Special Awards or Honors  
 \_\_\_\_\_

(3) Training Courses or Seminars  
 \_\_\_\_\_

(4) Membership in Professional Organizations \_\_\_\_\_

(6) Occupation or Employment (Present or most recent and for the last 10 years):

Inclusive date		(Mth & Yr)	
Name & business of employer	Positions held	From	Year

(7) Other Business Affiliations (Direct and Indirect);

Nature of Affiliation i.e Director, Officer, ShareHolder with percent holdings		
Inclusive Date		
Specified etc	(Mth & Yr)	
Name of Business	From	To

(8) Family Group

Business Affiliation (*State Name of Business and Nature of Affiliation i.e. Director, Officer, Share-holder with, percent holdings specified*)

Name

(1) Spouse: \_\_\_\_\_

(2) Children: \_\_\_\_\_

- (3) Parents: \_\_\_\_\_
- (4) Brothers or Sisters: \_\_\_\_\_
9. Record of court cases or any investigation by governmental, professional or any regulatory body (including pending cases or on-going investigations):
- Name of Court or Investigative  
\_\_\_\_\_
- Body Full Particulars  
\_\_\_\_\_
- Status  
\_\_\_\_\_
10. For each principal shareholders and director, describe the extent, if any, of involvement in the day-to-day management of the institution (applicant):
11. For each principal shareholders and director, disclose any conflict of interest in relation to the institution (applicant):
12. Describe any transactions, contracts, professional fees (other than director fees) and other types of business relationships involving promoters, principal shareholders, directors, officers or their related parties and the institution (applicant):
13. Documentary requirements—
- (1) Certified statement of assets and liabilities;
  - (2) Latest tax compliance certificate or certified true copy of income tax returns;
  - (3) Two letters of character reference certified and duly notarized from individuals other than relatives who have personally known the undersigned for at least ten years;
  - (4) Two letters, duly certified and notarized, from financial institutions with whom the undersigned has had dealings for the last two years on the performance of past and present accounts such as, unauthorized overdraft on deposit accounts, past-due or delinquent accounts; and
  - (5) Police Clearance.

11. Certification and Undertaking

I, \_\_\_\_\_ certify that all the above information contained in and accompanying this form is complete and accurate to the best of my knowledge and belief and that I do not possess any of the disqualification's provided under section 43(1) of the Financial Institutions Act.

I also undertake to notify the Commissioner of Lesotho within period of fifteen days, of any material change to this Personal Declaration Sheet.

*[Please note: numbering as in original.]*

Sworn at Maseru, Lesotho

this \_\_\_\_\_ day of \_\_\_\_\_

Signature of Deponent \_\_\_\_\_

Position \_\_\_\_\_

Deponent understands contents of this affidavit

Before me, \_\_\_\_\_

## A Commissioner of Oaths

**N.B.**

1. *All sections in this form must be filled and therefore no section shall be left blank.*
2. *Where information is not provided, please place "NOT APPLICABLE" or "NONE", as the case may be.*
3. *If any space provided in the form is adequate, the required information or data needed may be supplied, as on annex.*
4. *Reference shall be made in the relevant section of the form by placing the word "REFER TO ANNEX".*

**Schedule 4 (Regulation 18)****Fit and proper requirements**

1. The following criteria may be used to enable the Commissioner to assess fitness and propriety of a person; whether the person has—
  - (a) the educational or technical qualifications, knowledge, skills, and experience to satisfactorily discharge the responsibilities of the position;
  - (b) failed to discharge his or her responsibilities as a shareholder, director or officer with competence, diligence, sound judgment, honesty or integrity;
  - (c) been subject to discipline, punishment, or adverse findings, directions or orders, by a court, tribunal, official inquiry, regulatory agency, complaints handling body, dispute resolution body or professional or industry body;
  - (d) been subject to any adverse finding or settlement in civil or criminal proceedings (other than minor traffic offenses), or enforcement actions;
  - (e) been associated, expelled or excluded from, or refused admission to, a professional or industry body;
  - (f) or any other person with whom they were associated, was refused a licence or authorization relating to a commercial or professional activity;
  - (g) terminated, resigned or asked to resign, from a position as director or officer of a professional service provider or financial institution under circumstances which reflected adversely on his or her competence, diligence, judgment, honesty or integrity in discharging his or her responsibilities;
  - (h) seriously or persistently failed to manage his or her debts or financial affairs satisfactorily;
  - (i) acted as or was, a director or officer of a professional service provider or financial institution which came to be insolvent or under insolvency administration which was attributable in part by the actions or inactions of the person;
  - (j) contravened any regulatory requirement or professional standard relating to the management of a financial institution;
  - (k) been obstructive, misleading or untruthful in dealing with a court, tribunal, official inquiry, complaints handling body, dispute resolution body, or regulatory agency;
  - (l) perpetrated or participated in negligent, deceitful or otherwise discreditable business or professional practices;
  - (m) failed to disclose a conflict of interest, failed to disqualify himself or herself because of a conflict of interest, participated in deliberations relating to a matter in which he or she had a conflict of interest, or acted in his or her own interests in preference to the interests of others contrary to a legal, professional or ethical obligation which applied to the person.

2. The above criteria are inclusive of and not exhaustive. For the avoidance of doubt, the Commissioner shall be entitled to consider any other factor that may render a person prejudicial to the financial condition or stability of the applicant or licensed financial institution.

## **Schedule 5 (Regulation 20(2))**

### **Information requirements for a business plan**

A business plan required to be submitted by an applicant under regulation 9 such at a minimum, contain the following information:

#### **Identifying information**

1. Name and Location - State the name and provide the address of the proposed financial institution.
2. Organizational structure - describe and provide a diagram of the bank's organizational structure including any principal shareholders as defined in FIA 2012, directors and officers
3. Ownership structure - describe and provide a diagram reflecting all subsidiaries and affiliated entities of the bank and principal shareholders, directors and officers and their related parties, both directly and indirectly, and in whatever form, including such forms as nominee and trustee relationships  
Provided that the information provided in Schedule II may be used if CBL deems it to be satisfactory.
4. Summary - briefly describe how the organizing group came together, and indicate the reasons for submission of the application for a banking licence

#### **Market analysis**

1. Market - identify the markets proposed to be served by the bank, including proposed branch or other office facilities;
2. Characteristics - describe the target market demographic and economic characteristics. Include any anticipated changes in the market, factors influencing such changes, and possible effects on the bank;
3. Competition - identify and describe the competition (include all other financial service providers including banks, micro-lenders, insurance companies and credit cooperatives) located within the target markets.

#### **Business strategy and objectives**

1. Market area - identify the market areas from which the bank expects to generate 75 percent of its business. Include information on any significant competing financial service providers.
2. Services and products - list and briefly describe the services and products to be offered. Distinguish among depository, credit and other services and products contemplated. Identify and describe any proposed new services which the applicant will be offering which are not currently available from existing financial service providers.

#### **Management**

1. Officers - describe the responsibilities of each officer, including those responsible for major functional areas of the bank, including but not limited to lending and credit administration; operations and internal controls; asset/liability management, liquidity and interest rate risk management; treasury and foreign exchange operations; and branch management.

2. Qualifications - discuss the qualifications of the proposed directors and officers showing the nature and extent of experience each possesses.
3. Compensation - provide a list of the proposed fees, salaries and other forms of compensation, including benefits, for each director and officer.
4. Agreements or outsourcing arrangements - describe any agreement (for example, data processing or loan processing) the bank intends to make or obtain services of others. Provide the names of proposed service providers and relationships, if any, to authorized representatives, principal shareholders, directors or officers of the bank.
5. Lease agreements - describe any lease agreement the bank intends to enter into with any third party or organizer, principal shareholder, director or officer of the bank. Provide a copy of the proposed lease agreement, information showing market rate comparisons of terms and rates, and the names of any organizer, principal shareholder, director or officer who is involved.
6. Audit - discuss the provisions that are being made for independent, annual external audit services including the name of the proposed external auditor; and provisions made to establish an internal audit function and a compliance function in the bank

### **Capitalization**

1. Capital - describe the bank's proposed capital structure. State the initial proposed capitalization and justify the amount proposed relative to minimum capital requirements contained in FIA and risk-based capital requirement prescribed by CBL, and market factors, strategies and expenses. Additional capital may be required by CBL based upon its evaluation of the application.
2. Capital plan - describe plans to raise capital and for financing growth over the first three years of operations. Detail expenses to be paid from the initial capital offering or which will be capitalized and amortized over a future period.
3. Debt - describe any debt, current or proposed, for capitalization or acquisition by any individual or entity that will own or control, directly or indirectly, ten percent or more of the equity or of any class of shares with voting rights of the bank. Describe any anticipated dividends, fees or salaries that will be paid by the bank, directly or indirectly, to service the debt.

### **Pro forma statements**

Detailed pro forma balance sheet and income and expense statement must be submitted, reflecting projected performance of the bank over a three year period. Assumptions underlying the projections must be provided with a justification for selecting the assumptions at the expressed level. List all assumptions, including at a minimum, market growth rates, loan interest rates and cost of funds, overhead costs. Asset mix, return on assets, dividend payments and capital ratios.