

**THE**



**LIBERIA**

**OFFICIAL**

**GAZETTE**

**PUBLISHED BY AUTHORITY**

---

**VOL. X      WEDNESDAY, NOVEMBER 9, 2011 NO. 58**

---

**EXTRAORDINARY**

**The Government of the Republic of Liberia announces that the Central Bank of Liberia (CBL), pursuant to its mandate under the Central Bank of Liberia Act of 1999 and its authority under the Financial Institutions Act of 1999, and specifically consistent with Section 55 of the said Central Bank of Liberia Act of 1999 and Section 39 of the Financial Institutions Act of 1999, has issued on November 9, 2011, its Regulation No. CBL/RSD/010/2011 Revising CBL/SD/11/2000 herein under:**

**CONCERNING  
AMENDED REGULATIONS FOR BANKING LICENSE**

**BY ORDER OF THE PRESIDENT**

**J. LEVI DEMMAH  
ACTING MINISTER OF FOREIGN AFFAIRS**

**MINISTRY OF FOREIGN AFFAIRS  
MONROVIA, LIBERIA**

**NOVEMBER 9, 2011**

## Part I – PRELIMINARY

### *Regulation*

- 1.0 Title
- 2.0 Application
- 3.0 Definitions

## PART II – REGULATORY REQUIREMENTS

- 4.0 Requirements to Establish a Bank in Liberia
- 5.0 Legal Structure
- 6.0 Information on Ownership Structure
- 7.0 Management Structure
- 8.0 Business Plan
- 9.0 Risk Management Framework
- 10.0 Capitalization
- 11.0 Conditions for the granting of Provisional License
- 12.0 Conditions of Provisional License
- 13.0 Final Approval and Issuance of Final License
- 14.0 Fees for Banking License

## Part III – EFFECTIVE DATE

- 15.0 Effective Date

## **INTRODUCTION**

The Central Bank of Liberia, pursuant to its authority under Section 5 of the Central Bank of Liberia Act of 1999 and Sections 3 and 4 of the New Financial Institutions Act (FIA) of 1999, hereby issues these Regulations.

## **1.0 TITLE**

These Regulations shall be cited as “*Amended Regulation Concerning Banking License*” Regulation No. *CBL/RSD/010/2011*

## **2.0 APPLICATION**

These Regulations shall apply to all applications for banking license.

## **3.0. DEFINITIONS**

In these regulations, unless otherwise require:

**Applicant**-shall refer to a shareholder (s) or a registered agent of a proposed bank for which an application for banking license has been submitted. One or more of the applicants may also be a “principal shareholder.”

**Board of directors**-shall refer to the highest body of authority in a bank responsible for its strategic guidance, effective monitoring of management, and accountability to shareholders.

**Director** – Any person who performs or is empowered to perform, substantially the same functions for the bank as those performed by the director of a company, whether or not the person receives compensation.

**Home Country Supervisor** – The competent authority that supervises institutions engaged in banking business in the country where the head office of a foreign bank applicant is located.

**Host Supervisor** - A banking supervisory authority in the place where a branch or subsidiary of a foreign incorporated financial institution is located.

**Principal Shareholder** – means any shareholder of a financial institution or other person owing five (5%) percent of any class of shares of a financial institution.

**Senior Management Official** – Any person who is an officer of a bank, including the chief executive officer, vice-president(s), general manager, chief accountant, chief lending officer, chief treasury officer (or their equivalents), and any other person who, alone or together with one or more others, has the authority to commit the bank.

**Provisional License**-A temporary or conditional license given to an applicant by the Central Bank of Liberia to commence pre-organizational work.

**Final License**—is a final authorization granted by the Central Bank of Liberia to an applicant to conduct full banking services.

**Shell Bank**- means a bank incorporated in a jurisdiction in which it has no physical presence and which is not affiliated with a regulated financial group.

#### **4.0 Requirements to Establish a Bank in Liberia**

In order to obtain a license to operate as a financial institution in Liberia, the CBL hereby sets forth the following requirements:

- 4.1 A Letter of Application to the Executive Governor of the Central Bank of Liberia expressing the desire to organize a bank.
- 4.2 The Letter of Application shall be accompanied by the information regarding the legal structure, ownership structure, management structure, business plan and risk management framework of the proposed bank.

#### **5.0 Legal Structure**

- a) Name of the proposed bank (corporate name to be used for the purpose of carrying on banking business). Such name shall not closely resemble the name of an existing institution as would be likely, in the opinion of the Central Bank of Liberia, to mislead the public.
- b) Location of the proposed bank’s head office in Liberia and all other offices (branches, agencies, representative offices) planned for the proposed bank during the first three years of its operations,if applicable.
- c) Resolution of the Board of Directors of the proposed bank authorizing the investment.
- d) Legal form (private or public limited company) of the proposed bank.
- e) Purpose of the bank, nature or type of business and services to be rendered.
- f) Articles of Incorporation, which must be consistent with the provisions of the new FIA of 1999 and By-laws of the proposed bank.
- g) The capital structure of the proposed bank showing the proposed amount of paid-in capital. Identify the type, number and par value of each class of shares proposed to be issued.
- h) A complete list of the initial shareholder(s) of the proposed bank (the “applicants”), including their names, addresses and nationalities. State the number and class of shares to be held by each shareholder, as a percentage of the total shares. Indicate the

- purchase price per share, and the total purchase price. Provide copies of any agreements between the applicants regarding the proposed bank.
- i) If any applicant is a legal entity, provide an official copy of the minutes of the meeting of its board of directors authorizing an application for a banking license.
  - j) Name of registered agent in Liberia (where applicable).
  - k) If the proposed bank will be part of a group:
    - An Organogram of the group structure showing the proposed bank's position within the group, relationships within the group and percentage holdings, and the lines of authority and reporting from the bank to the parent;
    - Complete information on all entities within the group, including their names, addresses, types of entities, principal shareholders, directors, and senior management officials; and
    - Business or other activities of all entities within the group.
  - l) Undertaking by the organizers that the bank will be adequately capitalized at all times and it will comply with all relevant laws of Liberia.
  - m) Undertaking by the organizers that they do not have banking relationship with shell banks and do not intent to have any relationship with such institutions.
  - n) State whether, during such time period, the parent company of the proposed bank
    - Was subject to formal remedial measures for operating in an unlawful or unsound manner
    - Was threatened with insolvency or illiquidity;
    - Was placed under receivership or conservatorship;
    - Had its license revoked or was otherwise wound-up.

## **6.0 Information on Ownership Structure of a Proposed Bank**

- a) Provide information on the businesses and professions of all shareholders.
- b) Provide the following information on all beneficial owners of stock of the bank including the following:
  - Name (all names used, including trade names)
  - Address
  - Nationality

- c) For individuals:
  - Passport number and date of issuance
  - Nationality
  
- d) For legal entities:
  - Legal form; date of incorporation or formation;
  - Most recent annual report;
  - Names of external auditors and bankers during the time of establishment;
  - Information on principal shareholders, directors, and senior management officials:
    - Name;
    - Address;
    - Position with applicant: principal shareholder, member of the Board of directors, and/or senior management official;
    - Amount and percentage of shareholding.
    - Curriculum Vitae
  
- e) For foreign bank applicants:
  - An official letter addressed to the Executive Governor of the Central Bank of Liberia must be received directly from the home country supervisor that affirms the following:
    - i) That the parent bank of the applicant foreign bank is in “good standing” with the home-country supervisor, meaning:
      - The home country supervisor is satisfied with the prudential and overall financial management of the applicant foreign bank;
      - the parent bank is fully in compliance with all capital requirements; and
      - there are no formal supervisory measures currently in force or pending against the parent foreign bank.
    - ii) The home country supervisor should give written consent or a statement of “no objection” for the parent bank of an applicant foreign bank to establish a subsidiary bank or branch in Liberia.
    - iii) The CBL will not accept applications from any shell bank.

## **7.0 Management Structure**

7.1 List all proposed members of the board of directors and senior management officials. The following information must be provided for each person listed. If any proposed director, or senior management official who is also a shareholder, then only submit information on the items not previously addressed under “Information on Ownership Structure.”

- Name
- Address
- Country identification or passport number and data

- Amount, type, and percentage of shareholding in the proposed new bank, if any.
- Position with the proposed new bank: director, senior management official (specify title and provide a position description).
- Education, qualifications, professional experience, and employment history included in a detailed *curriculum vitae*.
- History of ownership of 5% or more of the stock or holding a position as a director or senior management official in any bank located anywhere in the world.

7.2 Provide information on all senior management officers' ownership in companies, partnerships and membership in professional or trade associations.

7.3 Provide complete details of any legal proceedings with which the proposed director, or senior management official has been a party, including date, location, and disposition. (E.g. Litigation, fraud, investigation, receivership, liquidation, bankruptcy).

7.4 The proposed bank must inform and furnish the CBL with the following requirements for its review and approval prior to the placement of seconded staff from an affiliate, subsidiary or parent company:

- approval letter from the Board of the parent company nominating the staff;
- terms of reference of the staff and position to be occupied;
- a letter of clearance from the home country banking supervisory authorities;
- a full bio-data of the staff; and
- any other information as may be required by the CBL.

## **8.0 Business Plan**

8.1 Submit a Business Plan covering the first three years of operation of the proposed bank. The Business Plan should incorporate the proposed market segment, corporate governance, business expansion strategy, financial statements and projections.

## **9.0 Risk Management Framework**

Submit a comprehensive enterprise-wide risk management framework as set out in CBL Risk Management Guideline which provides minimum requirements for sound risk management practices.

## **10.0 Capitalization**

10.1 Pay a minimum capital requirement of **US\$10Million** or its equivalent in Liberian dollars, which must be deposited in an Escrow Account in favor of the proposed bank in a local bank up to the granting of a final license.

10.2 The CBL reserves the right to change the minimum capital as and when necessary in keeping with the Sections 15 and 39 of the new FIA of 1999.

10.3 The proposed bank is required to declare the sources of funds and all supporting documents.

### **11.0 Conditions for Granting Provisional License**

11.1 Pursuant to the authority vested in it by the New Financial Institutions Act (FIA) of 1999, the Central Bank of Liberia herewith determines that organizers or promoters who satisfy the following requirements stated below, shall be issued a Provisional License.

- a. Deposit the statutory minimum capital requirement of US\$10Million or its Liberian dollar equivalent as required by the provisions of Section 15 (1) (a) of the FIA, of1999 in an Escrow Account in favor of the subject bank, in a bank under the supervision of the Central Bank, prior to undertaking any construction work.
- b. Allot shares and submit copies of share certificates.
- c. Submit other information as may be required by the Central Bank of Liberia.
- d. Submit a written commitment affirming their compliance with the minimum capital requirements at all times.

11.2 The Provisional License shall be valid for a term of six months from the date of its issuance during which the organizational process shall be completed. Applicants failing to meet this deadline will have to re-apply to the CBL and/or submit a formal communication requesting for an extension prior to the deadline.

### **12.0 Conditions of Provisional License**

Upon the issuance of provisional license, the organizers or promoters of a proposed bank financial institution shall be required to undertake and/or conclude the following requirements during the period of the provisional license:-

- a. Develop, purchase, lease and or construct premises of the bank with adequate banking facilities-vault, banking lobby, offices, equipment, computers, etc.
- b. Ensure that organizational cost or pre-operational expenses shall not exceed 25%of the statutory minimum capital requirement.
- c. Submit a plan of utilization of the portion of statutory minimum capital covering the organization cost or pre-operating expenses.
- d. Submit to the Central Bank of Liberia regular monthly progress report on organizational set-up.
- e. Recruit Chief Executive Officer and key management staff for the bank.

- f. Ensure that the proposed bank shall not advertise or display its name until a full banking license is issued by the Central Bank of Liberia.
- g. Undertake to submit other information as may be required by the Central Bank of Liberia.

### **13.0 Final Approval and Issuance of Final License**

A final license shall be issued to a proposed bank to carry on banking business, if to the Central Bank, the proposed bank has satisfied the below:-

- The proposed bank had fully complied with the terms and conditions of the provisional license as stipulated in Sections 11 and 12;
- The Central Bank of Liberia had conducted a pre-opening inspection and assessment to ensure that all other requirements including adequacy of procedures, forms, records and detailed information on the development and maintenance of security programme for the proposed premises and facilities, are complied with;
- The proposed bank has submitted for CBL's review and approval the following documents: credit manuals, operational manual, risk management manuals, and internal audit manual; and
- Payment of a licensing fee of US\$25,000.00 is paid and an undertaking to pay annual operating levy of US\$10,000.00 or an amount as may be determined from time to time by the Central Bank of Liberia.

### **14.0 Fees for Banking License**

**14.1** The proposed applicant bank shall be required to pay a non-refundable application fee, a licensing fee and an annual operating levy as stated below:

- Application = US\$ 1,000.00
- License = US\$25,000.00
- Annual operating levy = US\$10,000.00

The CBL reserves the right to change these fees as and when necessary in keeping with the Section 39 of the new FIA of 1999.

### **15.0 Effective Date**

These regulations shall take effect immediately upon publication in Official Gazette, and shall remain in force until otherwise advised by the Central Bank of Liberia.

Issued this **9<sup>th</sup> day of, November A.D., 2011** in the City of Monrovia, Republic of Liberia.

**BY ORDER OF THE PRESIDENT**

**J. LEVI DEMMAH  
ACTING MINISTER OF FOREIGN AFFAIRS**

**MINISTRY OF FOREIGN AFFAIRS  
MONROVIA, LIBERIA  
NOVEMBER, 2011**