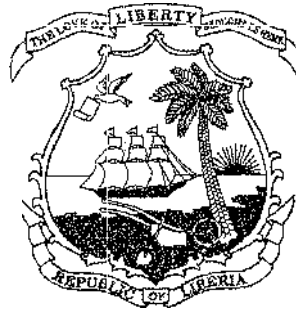


**THE**

*LIBERIA*



*OFFICIAL*

**GAZETTE**

**PUBLISHED BY AUTHORITY**

---

**Vol. V**

**Thursday, April 28, 2005**

**No. 3**

---

**E X T R A O R D I N A R Y**

The Government of the Republic of Liberia announces that the Central Bank of Liberia (CBL), pursuant to its mandate under Section 55 of the Central Bank of Liberia Act of 1999, has issued on April 28, 2005, Regulation No. CBL/SD/03/2005 hereinunder:

**REGULATIONS CONCERNING CHANGES IN**  
**AUTHORIZED CAPITAL STOCK AND THE**  
**ACQUISITION OF SHARES**

**REGULATIONS CONCERNING CHANGES IN AUTHORIZED CAPITAL STOCK AND THE ACQUISITION OF SHARES OF BANK-FINANCIAL INSTITUTIONS**

---

**1.0 INTRODUCTION**

Pursuant to its authority under the Central Bank of Liberia (CBL) Act, and. In accordance with Sections 21 and 39 of the New Financial Institution Act of 1999 (New FIA), the Central Bank of Liberia (CBL) hereby issues, prescribes, sets forth these regulations to:

- (a) Regulate and control changes in authorized capital stock.
- (b) Ensure that owners of banking institutions are, at all times, fit and proper.

**2.0 DEFINITIONS**

For the purpose of these regulations:

- (a) Authorized Capital Stock-Refers to the maximum value and number of shares that a bank is authorized to issue as stipulated in its Articles of Incorporation or Charter.
- (b) Change in Authorized Stock- Refers to any decrease or increase in the Authorized Stock.
- (c) Significant shareholder shall mean principal shareholder, as stated in the New FIA of 1999, which shall be defined as any shareholder or a bank financial institution or other person owning at least five (5%) percent of all authorized and/or issued shares of the bank-financial institution.
- (d) Fit and Proper Test: A 'fit and proper' test refers to evaluating the regulatory eligibility of an individual or firm to own significant shares of or hold an important position in, a bank-financial institution. A fit and proper test is conducted by (1) checking on backgrounds, qualifications, experience and financial means, (2) ascertaining character and/or reputation in the society, and (3) investigating any record, or absence of record, of criminal activities or adverse regulatory judgments relating to the ability or integrity required to associate with a bank-financial institution as owner or director or officer.

- (e) Acquisition of shares: Acquisition of shares shall refer to both (1) the possession of share certificate duly transferred, and (2) the assuming and enjoying of the rights and obligations associated with equity ownership in a bank-financial institution.

### **3.0 CHANGES IN AUTHORIZED CAPITAL STOCK**

- 3.1 Every bank-financial institution undertaking to alter its authorized capital shall, prior to such alteration, seek and obtain the written approval of the CBL.
- 3.2 In requesting approval for change in the authorized capital stock, the requesting bank shall provide the CBL a Board Resolution approving such change along with a statement of the reason(s) and/or objective(s) of the change.

### **4.0 ACQUISITION OF SHARES**

- 4.1 Subject to the provisions of the Articles of Incorporation, every shareholder of a bank-financial institution has the right to freely transfer his or her share by sale, gift, devise or otherwise, provided, however, that no share shall be issued to any person who is not fit and proper.
- 4.2 Effective upon coming into force of these regulations, the acquisition of any significant shareholder(s) of a bank-financial institution shall not be completed or registered in the shares registry of a bank unless there is a prior written approval by the CBL.
- 4.3 To approve the transfer, acquisition of any significant shares of a Bank, the CBL shall satisfy itself by conducting a fit and proper test of the prospective shareholder(s), as well as by due diligence exercise as to the nature and condition of the transfer or acquisition. Each prospective shareholder shall, at a minimum, be subjected to the same 'fit and proper' test as required of all investors seeking to organize a bank, in accordance with *Regulations # CBL/SD/11/2000*.
- 4.4 As a necessary condition to enable the CBL to conduct the due diligence provided for in 4.3 above, the bank and the prospective shareholder shall provide the CBL with (1) information as to the backgrounds, qualifications, experience and financial means (as determined by a credible external auditor and/or other independent person) of the shareholder(s), (2) A statement of the aim of the investor relative to the acquisition, and (3) Any other information that the CBL may require.

4.5 Until a transfer or acquisition of a significant share is approved by CBL, the prospective shareholder(s), may not enjoy any right or privilege of a shareholder in the said bank-financial institution, notwithstanding that they are in possession of duly executed share certificate(s).

**5.0 PENALTIES FOR NON-COMPLIANCE**

A licensed bank found in violation of these regulations shall be liable to pay a fine of not less than Two Hundred Thousand Liberian Dollars (L\$200,000) and/or rejection by CBL of such transfer.

**6.0 EFFECTIVE DATE**

This regulation shall take effect immediately upon publication in the Gazette.

Issued this 28<sup>th</sup> day of APRIL, A.D. 2005 in the City of Monrovia, Republic of Liberia.

**BY ORDER OF THE PRESIDENT**

**MINISTER OF FOREIGN AFFAIRS**

**MINISTRY OF FOREIGN AFFAIRS  
MONROVIA, LIBERIA  
APRIL 2005**