

June 12th, 2019

Dear Shareholders and potential directors:

Re: Eligibility requirements to serve as a director of a financial institution

1. Background

The purpose of this circular is to inform shareholders and potential directors of the 'fit and proper' requirements pursuant to the Banking Act No 4 of 2015. This criteria should be considered by shareholders before electing/appointing persons to serve on the board of National Bank of Dominica Ltd. [NBD]. It should also be considered before you accept nominations and appointments to serve as directors.

Every person who holds the position of director or is likely to hold the position of director of a financial institution must meet the minimum fit and proper criteria, set out in the Banking Act.

2. Fit and Proper Minimum Requirements - An extract of the Banking Act No. 4 of 2015

**Part VIII
Corporate Governance**

97. Minimum criteria for determining whether a person is fit and proper

1. *Every person who is, or is likely to be a director, significant shareholder, or officer of a licensed financial institution or licensed financial holding company must be a fit and proper person to hold the particular position which he holds or is likely to hold.*
2. *In determining whether a person is a fit and proper person to hold any position, regard shall be had to:*
 - (a) *the person's probity, competence and soundness of judgment for fulfilling the responsibilities of that position;*
 - (b) *the academic or professional qualifications or effective experience in banking, finance, business or administration or any other relevant discipline of the person concerned;*
 - (c) *the diligence with which the person is fulfilling or likely to fulfil the responsibilities of the position;*
 - (d) *whether the interests of depositors or potential depositors of the licensed financial institution are, or are likely to be, in any way threatened by the person holding the position;*
 - (e) *whether the person is a significant shareholder, director or officer or holds any position of authority in any licensed financial institution locally or elsewhere whose license has been suspended, or revoked otherwise than as a result of an amalgamation or voluntary liquidation or which has been or is being wound up or compulsorily liquidated;*
 - (f) *whether the person has failed to satisfy any judgment or order of a court locally or abroad including the repayment of a debt;*

- (g) *whether the person is an undischarged bankrupt or has been declared a bankrupt locally or abroad; and*
- (h) *whether the person has been removed or suspended by a regulatory authority as a director or officer in a licensed financial institution or any body corporate locally or abroad.*
- 3. *Without prejudice to the generality of the foregoing provisions, regard may be had to the previous conduct and activities in business or financial matters of the person in question, and in particular, to any evidence that the person has:*
 - (a) *Committed an offence involving fraud or other dishonesty or violence;*
 - (b) *Contravened any provision made by or under an enactment designed for protecting members of the public against financial loss due to dishonesty, incompetence or malpractice by persons concerned in the provision of banking, insurance, investment or other financial services or management of companies or against financial loss due to the conduct of a discharged or undischarged bankrupt;*
 - (c) *Engaged in any business practices appearing to the board to be deceitful or oppressive or otherwise improper (whether unlawful or not) or which otherwise reflect discredit on the person's method of conducting business;*
 - (d) *An employment record which leads the board to believe that the person carried out an act of impropriety in handling of his employer's business; or*
 - (e) *Engaged in or been associated with any other business practices or otherwise conducted himself in a manner as to cast doubt on his competence and soundness of judgment.*

103 Removal and disqualification of director or officer

- 1. *Any person who is a director or officer of a licensed financial institution or licensed financial holding company shall cease to hold office:*
 - (a) *Upon notification by the board of a finding of two-thirds of its members:*
 - i. *of that person's permanent incapacity or serious neglect of, or misconduct in, office; or*
 - ii. *that the person is not a fit and proper person in accordance with this Act or prudential standards issued by the Central Bank;*
 - (b) *if that person:*
 - i. *is or was convicted of an offence under the Act;*
 - ii. *has been declared bankrupt or is compounding with, or suspending payment to, the person's creditors; or*
 - iii. *has been convicted in a court of law of any offence involving dishonesty, or violence.*
- 2. *Any person who:*
 - (a) *has been sentenced for an offence involving a term of imprisonment exceeding six months or in default of the payment of a fine;*
 - (b) *has been a director or officer of a company which has been wound-up by a court or has been placed in receivership; or*
 - (c) *has been a director or officer of, or directly or indirectly concerned in the management of a former licensed financial institution, the license of which has been revoked, unless such revocation was due to:*
 - i. *its amalgamation with another licensed financial institution or licensed financial holding company or other company; or*
 - ii. *its voluntary winding up,*

shall not, without the prior approval of the Central Bank, act or continue to act as a director or officer of, or be directly or indirectly concerned in any way in the management of any licensed financial institution or licensed financial holding company.

109. Failure to comply with section 103

A person who contravenes section 103 commits an offence and is liable on summary conviction to a fine not exceeding ten thousand dollars (\$10,000) or to imprisonment for a term not exceeding one (1) year or to both such fine and imprisonment and in the case of a continuing offence to a further penalty of five hundred dollars (\$500) for each day on which the offence is continued after conviction.

3. Disclosure requirements

After appointment/election at an AGM and during the director's tenure, the ECCB and NBD will request that the director provides certain personal information. The information the director will be asked to provide will include:

1. Director's name, address, occupation, social security number, citizenship(s), copies of personal identification.
2. Names, addresses and other personal information of your relatives and members of the household of the director. 'Relatives' mean the director's 'spouse or former spouse, son, daughter, step-son, step-daughter, brother, sister, aunt, uncle, or child of an aunt or uncle, or any person related by marriage, father, mother, any lineal ascendant and descendant of the individual or spouse of that individual' [section 2].
3. Details of past and present financial affairs, including details of loans and other credit arrangements in all jurisdictions.
4. Details of past and current directorship, management, shareholding in limited liability companies and other business arrangements in any jurisdiction.
5. Employment history including details of the circumstances of any dismissals or resignations.
6. History of involvement in formation or management of corporations, including whether the director has been accused, charged, convicted or found liable for any fraud, misfeasance or other misconduct against the company.
7. Details of any charge, conviction or pending decision by a civil, criminal, military court or regulatory body in any jurisdiction.
8. Details of any past or present disciplinary or investigation proceedings against the director by a professional body.

Sincerely,



Macina Bethel
Company Secretary

BY ORDER OF THE BOARD OF DIRECTORS