



CENTRAL BANK OF TRINIDAD & TOBAGO

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CIRCULAR LETTER TO ALL BANKS AND NON-BANKS

REF: CB-OIFI-1835/2010

Section 33(3) of the Financial Institutions Act, 2008

Section 33(3) of the Financial Institutions Act (FIA) requires a director or officer of a licensed financial institution (licensee) to obtain a permit from the Central Bank in order to act or continue to act as a director or officer of another financial entity.

The Central Bank wishes to advise that the application for a permit must be submitted by the licensee on behalf of the director or officer and the Central Bank will take the following into account in determining if the permit should be granted:-

- 1. Whether the financial entity is involved in the same or similar types of business as the licensee.*
- 2. Whether the licensee and the financial entity have a significant relationship with one another. That is, whether one is a significant creditor, funding source, policyholder or supplier of the other. Similarly, where the licensee is a part of a group and the director or officer is a director or officer of another entity (or entities) in the group, no significant relationship should exist between the other entity (or entities) and the financial entity outside the group.*
- 3. Whether the both institutions have a common significant or controlling shareholder to whom the director or the officer of the licensee is connected.*
- 4. Whether the director or officer of the licensee is overextended as a result of serving on too many boards.*

The application for a permit should be accompanied by relevant documentation to support the fact that the aforementioned conditions, or other conditions that may create a potential conflict of interest, do not exist. Such documentation should include:

- A description of the business of the licensee and the financial entity;*
- The nature of the relationship between the licensee and the financial entity where this exists;*
- A listing of the shareholders that own 20 percent or more of the licensee and the financial entity, including any beneficial owners. The directors and officers of the shareholders where these are corporate entities should also be listed;*
- A listing of all directorships that the director of the licensee hold, including board attendance for the past 2 years;*

- *Any other documentation that the licensee may submit or the Central Bank requests to demonstrate that a potential conflict does not or will not exist.*

Where based on information provided the Central Bank is of the view that an apparent conflict of interest exists, the Central Bank may permit a person to serve as a director or officer of a licensee in one group, and a financial entity in another group where the position of either a director's or officer's skills are in short supply and the financial entity has demonstrated concerted efforts to source other persons for the position. **However, the permit would be reviewed annually.**

You should note however, that in accordance with section 33(4) a permit is **not** required where the director or officer of a licensee in a financial group is a director or officer of another company in the same group.

Please be guided accordingly.

Yours sincerely



Carl Hiralal

INSPECTOR OF FINANCIAL INSTITUTIONS