

Regulation governing Licensing for conducting Banking Business (2004)

In accordance with Section 60-(1) of the Banking Business Regulation Act (2003), the Board of Directors of Bank of Sudan issues the following regulation:

1. Title

This regulation is cited as the “Regulation governing Licensing for Conducting Banking Business, 2004” and shall be effective from the date of signing it.

2. Interpretation

- a) In this regulation, and if not inconsistent with the context, the following expressions shall have the meanings hereinafter respectively assigned to them, that is to say :-

Act: means the Banking Business Regulation Act (2003).

Bank: means Bank of Sudan.

Governor: means Governor of Bank of Sudan.

- b) Other expressions appearing on this regulation shall have the same interpretation as that in Section (4) of the Act.

3. Licensing to Conduct Banking Business

Conducting of banking business or any part of it in Sudan shall be after obtaining the written consent of the Governor or whoever he delegates his power to, in accordance with Section (5) of the Act.

4. Requirements for Licensing

The following are the requirements for licensing to conduct banking business:-

- a) The applicant for licensing shall be legally registered in any of the following forms:
- (i) Public company.
 - (ii) Private company enacted by a special law.
 - (iii) Private company enacted by the Companies Act, and in such a case the license shall be exceptional and for a limited period of time to be determined by the Governor, after which it shall be

transformed into a public company in accordance with Section 22 (5) of the Act.

- (iv) Branch of foreign bank.
- (v) A subsidiary company of a foreign bank with an independent legal and financial status and registered in Sudan.
- b) The paid-up capital for the applicant shall not be less than six billion Sudanese Dinars as a minimum, or the equivalent in foreign currencies.
- c) Banks that are registered in Sudan shall deposit all their paid-up capital with the Bank and this capital shall be used according to uses of capital.
- d) The bank whose capital has been eroded because of losses has to rebuild its capital to the level specified in paragraph (2) of this Section within a period of one year, and the Governor can (after determining the amount of losses by the concerned Department) grant the bank an additional grace period if he is convinced with the reasons presented for extension of the period.

5. Rules governing Licensing Applications

- a) An application for a license to establish a bank in accordance with the Companies Act (1925), or a special Act, shall be submitted to Bank of Sudan duly signed by the owners/founders and accompanied by the following:-
 - (i) Documents ascertaining the identities of the owners/founders submitting the application, the persons who will subscribe to the paid-up capital and the persons expected to occupy high administrative posts in the bank.
 - (ii) Documents duly signed by all the above mentioned persons showing their C. V. s (education certificates, work experience, and other important information) and evaluation of their financial capabilities.
 - (iii) A document - not more than three months old - shows the criminal record of all the above mentioned persons.
 - (iv) A record of the specific contribution of each of the main subscribers to the bank's capital, providing the value of the shares and how they are distributed.
 - (v) A document showing any direct or indirect link – if any – between the expected to be established bank and any enterprise or group or specific economic groups within or outside Sudan in which any of the shareholders has a considerable stake.

- (vi) A document showing the percentage contribution of the bank or the owners in similar entities.
 - (vii) The specified licensing fees.
- b) To obtain the final approval, the following documents must be submitted:-
- (i) Feasibility study for the setting up of a bank and work plan covering 3 years (at least) showing the sources and uses of funds, and including:
 - Estimated profit and loss statement.
 - Estimated balance sheet.
 - Expected cash flows.
 - (ii) The proposed :
 - Memorandum and Articles of Association of the bank.
 - Organization structure.
 - Internal audit and control rules.
 - Overall operations system.
- c) The application submitted for licensing a branch of a foreign bank or a subsidiary of a foreign bank must be duly signed from the management of the head office of the bank, accompanied by originals of the following documents:-
- (1) Certified copy by the concerned authorities in the country of origin of the followings:-
 - a. Memorandum and Articles of Association of the foreign bank.
 - b. Certificate of registration of the bank in the country of origin **OR** the license for conducting banking business.
 - c. Certificate from the concerned authority in the country of origin that the bank is rated as a first degree bank, and this should be supported by the concerned supervisory authority.
 - d.
 - 1- Approval of the concerned authority in the country of origin to open a branch or subsidiary company in Sudan to conduct banking business.
 - 2- Decision of the bank's Board of Directors to appoint a representative of the bank in Sudan and his powers.
 - 3- A written undertaking from the bank's head office that the branch in Sudan shall abide by the prevailing Sudanese laws and regulations and the directives of the Bank, specially the directives concerned with rebuilding the capital of the branch or subsidiary company.

- 4- A written undertaking from the bank's head office that it will bear all the liabilities of the branch or subsidiary company in case of liquidating it, and the liability will continue in case of merger of the head office of the bank or the subsidiary company with other banks or companies.
- (2) The documents and data mentioned in sub-sections (1), (2) and (3) in Section (5)-a above which are concerned with the representative of the bank in Sudan and the persons expected to hold high administrative posts.
- (3) The documents and data mentioned in sub-sections (5) and (6) in Section (5)-a and sub-section (c) in Section (5).
- (4) The annual reports of the foreign bank for the last three years and the audited financial statements for the same years.
- c) The branches or subsidiary companies of foreign banks may appoint a foreign general manager or deputy manager. As for the rest of the posts in the bank, the foreigners should not exceed 10% of the work force.

1. Licensing Procedures

- a) The license to establish a bank or subsidiary company shall be granted by the Bank, as long as the license serves the interests of the country and ensures the safety of the banking business, and after ensuring the necessary legal and administrative conditions through presenting the following:-
 - (1) Establishment shall be in accordance with the requirements of the Banking Regulation Act (2003).
 - (2) Showing the type of shares that constitute its capital and how to be traded.
 - (3) The organization structure, internal audit and control systems to be established.
 - (4) Distribution of shares among owners.
 - (5) Link between the bank and other financial institutions or any other financial or economic groups within or outside Sudan.
 - (6) Economic feasibility of establishing the bank and proposed plan of work.
 - (7) Financial soundness of the founding shareholders.
- b) The bank or branch of a foreign bank or subsidiary shall complete the establishment process within a period of not more than six months from the date of the preliminary approval. This preliminary approval shall be deemed void after the elapse of that period,

unless the period is extended by the Governor and for certain reasons for not more than extra three months.

7. **Administrative Regulations**

- a) The bank shall abide by all the laws, bye-laws, directives and policies governing banking business in Sudan.
- b) The management of the bank (board of directors and executives) shall be in the hands of qualified persons who are known for their integrity and who have experience in the financial, economic and banking fields as specified in the directives of the Bank. The bank shall submit the CV's of the persons who will be in charge of the bank's management for approval.
- c) The Bank has the right to reject any of the founders or members of the Board of Directors, or occupants of top management posts.
- d) The bank shall notify the Bank with any major changes in the composition of ownership and must get its approval.
- e) The bank shall have a Shari'a Board.
- f) The bank shall conform to the program set by the Bank.
- g) The Bank may decide to levy licensing fees that are unrecoverable and whose value will be set periodically.
- h) The Bank may cancel the license or amend or add any conditions to it as and when it deems fit.

I hereby certify that the Board of Directors of Bank of Sudan has issued this regulation on this *twenty-second* day of the month of *Jumadi el-akher* of the year *1425 Hijri*, corresponding to the *eighth* day of the month of *August* of the year *2004 A.D.*

Dr. Sabir Mohammed Hassan
Chairman of the Board of Directors