



## **BANK LICENSING, SUPERVISION AND SURVEILLANCE**

**Addendum to Guideline No. 01-2004/BSD**

### **CORPORATE GOVERNANCE**

The following amendments are hereby made to the Corporate Governance Guideline:

1. The definition of "Independent Non Executive Director" in clause 4.2. of the Guideline is amended by deleting the definition and substituting the following wording:

"Independent Non Executive Director" means – a non executive director who:

- i. is not a representative of a shareowner who has the ability to control or significantly influence management;

- ii. has not been employed by the banking institution or the group of which it currently forms part, in any executive capacity for the preceding three financial years;
- iii. is not a member of the immediate family of an individual who is, or has been in any of the past three financial years, employed by the banking institution or the group in an executive capacity;
- iv. is not a professional advisor to the banking institution or the group, other than in a director capacity;
- v. is not a significant supplier to, or customer of the banking institution or group;
- vi. has no significant contractual relationship with the banking institution or group; and
- vii. is free from any business or other relationship which could be seen to materially interfere with the individual's capacity to act in an independent manner.

2. Clause 2.8.1 is deleted in its entirety and substituted with:

To enable banking institutions to tap the expertise of lawyers and accountants, practising lawyers and accountants may be appointed as directors of a banking institution. This is provided, in respect of practising lawyers, that they are free from any business or other relationship which could be seen to materially interfere with the individual's capacity to act in an independent manner; and in respect of accountants, provided they are not employed by or are not partners in an accounting firm which is

engaged to conduct audit of or consultancy work for the particular banking institution.

3. The Guideline is further amended by the insertion of clause 3A, after clause 3, which provides as follows:

**“3A. Penalties**

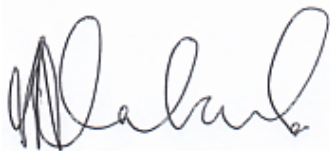
Any contravention of this Guideline will be dealt with through direct imposition of a fine by the Reserve Bank in terms of section 48 (1) (d) of the Banking Act [Chapter 24:20].”

**Effective Date**

This Addendum is effective from the date of signature hereof.

With effect from the date of this Addendum to the Corporate Governance Guideline, the Guideline and this Addendum shall be read and construed as one document and reference in any other document or agreement shall be read and construed as reference to the Corporate Governance Guideline as modified or amended by this Addendum.

**Dated this 18<sup>th</sup> day of November 2004.**



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**N. Mataruka**  
**Division Chief,**  
**Bank Licensing, Supervision & Surveillance**