

BANK OF BOTSWANA

CIRCULAR TO BANKS REGARDING ELIGIBILITY FOR BOARD MEMBERSHIP IN BANKS

1. Purpose

- 1.1 *The purpose of this Circular is to announce revised criteria for Board membership in banks licensed by the Bank of Botswana (Bank).*

2. Authority

- 2.1 *Section 29(4) of the Banking Act states that, "No person shall become a director of a bank unless he is a fit and proper person in accordance with such criteria as may be determined by the Central Bank".*

3. Category of Persons Not Eligible

- 3.1 *The proposed amendment will result in the following additions to Clause 4 of the Guidelines on the Appointment of New Directors and Senior Management Officials of Banks:*

- (i) Government officials, employees and Board members of Parastatal entities. This category will include entities where the Government of Botswana by virtue of its shareholding, is either an associate, related entity or parent, with percentage shareholding of 20, 21 - 50 and 51 percent or more, respectively.*
- (ii) Partners and other Senior Auditors of Audit Firms (public accounting firms);*
- (iii) Sitting Board members of an Oversight Authority; and*
- (iv) Politically Exposed Persons – Include but not limited to: elected officials either at National Parliament level, Cabinet or Council/local authority.*

4. Exempted Persons

- 4.1 *This Circular excludes employees/lecturers of University of Botswana, Botswana International University of Science and Technology, Botswana National Productivity Centre, Botswana Bureau of Standards and similar tertiary institutions.*

5. *Any further clarification sought with regard to the interpretation of this Circular should be addressed to the Director, Banking Supervision Department, Bank of Botswana, Private Bag 154, GABORONE.*


Andrew M. Motsomi

DIRECTOR

BANKING SUPERVISION DEPARTMENT