

The Central Bank of The Bahamas

NOTICE

Re: Related Party Exposures

Pursuant to section 18(1)(h) of the Banks and Trust Companies Regulation Act, 2000, licensees are hereby required, effective immediately:-

- To have transactions with exposures to related parties be specifically subject to prior approval by the licensee's Board, and that Board members with conflicts of interest shall be excluded from the approval process;
- To have write-offs of related-party exposures exceeding specified amounts or otherwise posing special risks be subject to prior approval by the licensee's Board, and that Board members with conflicts of interest shall be excluded from the approval process; and
- To have policies and processes in place to prevent persons benefiting from related-party exposures and/or from being part of the process of granting and managing the exposure of a party to whom they are related.

Licensees should be aware that this Notice underscores and clarifies the broad expectation of our Large Exposure Guidelines, the Banks and Trust Companies (Large Exposures) Regulations (as amended) and the Corporate Governance Guidelines.

Any questions regarding this Notice should be directed to:

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