

# The Central Bank of The Bahamas

## NOTICE

### Re: GROUP STRUCTURES OF LICENSEES

This Notice is intended to formalise existing Central Bank (“*the Bank*”) policy with respect to the submission of group organisational charts. As licensees are aware, the Bank endorses the Basel Core Principles for Effective Banking Supervision (“*the Basel Core Principles*”). Specifically, Core Principle 24 states that,

**“An essential element of banking supervision is that supervisors supervise the banking group on a consolidated basis, adequately monitoring and, as appropriate, applying prudential norms to all aspects of the business conducted by the group worldwide.”**

The Bank’s ability to fully comply with this core principle requires awareness, at all times, of the overall organisational structure of its licensees (i.e., the licensee and its subsidiaries) or groups and an understanding of the activities of all material parts of these groups, including those that are supervised directly by other agencies.

Effective immediately, all licensees are required to submit a current group organizational chart indicating, where applicable:-

- (a) the licensee’s ultimate and immediate parent/holding companies;
- (b) the licensee’s subsidiaries and/or branches;
- (c) other subsidiaries and branches of the licensee’s immediate and ultimate parent/holding company (i.e. sister companies); and
- (d) any other significant companies associated with the licensee.

In each case, the chart should clearly indicate:-

- (a) the percentage of shares held by each party;
- (b) the country of domicile of each company; and
- (c) any types of financial sector licences held by each company and the name of the applicable regulator (Bahamian and/or foreign).

The Bank will not prescribe the actual presentation of the chart. However, it should contain the minimum information required to enable the Bank to determine the licensee’s organizational structure.

The information should also list the names of, and the percentages of shares held by, the shareholders of the ultimate and immediate parent/holding companies, except where the

parent/holding company is publicly held/traded. In those cases, licensees should indicate that the company is publicly held/traded and provide the name of the applicable Stock Exchange on which its shares are traded. Where the parent/ holding company is a Bahamian company, a copy of the annual return submitted to the Registrar of Companies may be submitted.

For licensees with large group structures (i.e. over 20 group companies), the organizational chart should include, at a minimum:-

- (a) the immediate and ultimate parent/holding companies,
- (b) the licensee's subsidiaries and/or branches; and
- (c) any other companies that would be required to be consolidated into the immediate parent/holding company under International Financial Reporting Standards.

The aforementioned information should be submitted by 14<sup>th</sup> September 2007 and beginning annually thereafter on January 1<sup>st</sup>, 2008.

Any questions regarding this Guidance Note should be directed to:

The Policy Unit  
Bank Supervision Department  
The Central Bank of The Bahamas  
Market Street  
P.O. Box N 4868  
Nassau, Bahamas  
Tel (242) 302-2615  
Fax (242) 356-3909  
Email: [Policy@centralbankbahamas.com](mailto:Policy@centralbankbahamas.com)

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