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A SUMMARY OF THE NEW CODE
OF CORPORATE GOVERNANCE
FOR BUREAUX DE CHANGE IN
NIGERIA.

INSIGHTS

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Further to the CBNs policies governing Bureaux de Change (BDCs) and other financial institutions, this document was issued. The goal of this new Code of Corporate Governance for Bureaux de Change is to reposition BDCs to perform their statutory roles and complement the current operational guidelines and regulations. Although it was issued in October 24, 2018, it shall come into effect on April 1, 2019.

BDCs are financial institutions licensed to carry on small scale foreign exchange business on a stand-alone basis in Nigeria.

Below are the highlights of the Document:

1. Board and Management

- **Responsibilities**

- a. The Board of Directors shall be responsible and accountable for the performance and affairs of the BDC. Thus the Directors owe the duty of care to the institution.
- b. Board members are all severally and jointly liable for the activities of the BDC.
- c. The Board shall appoint the MD/CEO as well as top management staff and establish a framework for the delegation of authority in the BDC
- d. The Board shall ensure that a succession plan is in place for the MD/CEO and other management staff.

- **Composition and Size of the Board**

- a. The Board shall consist of a minimum of three (3) and a maximum of five (5) persons.
- b. The MD/CEO shall be the **only** Executive Director of a BDC
- c. Members of the Board shall be fit and proper persons who meet the requirements of the Revised Assessment Criteria of Approved Persons Regime 2015.

- **Separation of Powers'**

- a. The positions of the Board Chairman and the MD/CEO shall be separate. No person shall occupy both positions at the same time.
- b. Also, there shall be no position for an executive Vice Chairman in the Board structure. This means ensures that the MD/CEO doesn't occupy any such position which bears semblance to that of the Chairman.
- c. Not more than two (2) members of a family shall be on the Board of a BDC at the same time. Family includes; director's spouse, parents, children, siblings, cousins, uncles, aunts, nephews, nieces and in-laws.
- d. Where the BDC is a member of a holding company, not more than two (2) family members shall be allowed to serve on the Boards of the BDC and the holding company.
- e. No two members of a family shall occupy the positions of Chairman and MD/CEO of the BDC

- **Appointment and Tenure**

- a. Members of the Board shall be appointed by the shareholders and approved by the CBN.
- b. A nominee for the position of a Non-Executive Director, shall not be an employee of a Bank or other Financial Institution (FI), except where the BDC is promoted by the Bank or other FI and the proposed Director is representing the interest of such an institution.
- c. The procedure for appointment to the formal, transparent and documented in the Board Charter. And such appointments shall be in accordance with the extant regulations issued by the CBN from time to time.
- d. Non-Executive Directors (NEDs) shall serve a maximum of three (3) terms of four (4) years each.
- e. The tenure of the MD/CEO of the BDC shall be in accordance with the terms of engagement for a tenure five (5) years renewable every five (5) years subject to the approval of CBN.

- **Remuneration**

- a. Levels of remuneration should not be excessive but sufficient to attract, retain and motivate management and Board members.
- b. The MD/CEO shall not receive sitting allowances and Directors' fees.
- c. Remuneration for NEDs shall be limited to Directors' fees, sitting allowances for Board meetings and reimbursable travel and Hotel expenses.
- d. NEDs shall not receive salaries and benefits whether in cash or in kind other than those mentioned above.
- e. The details of the shares held by the Directors and their related parties shall be disclosed in the BDCs Annual Reports.

- **Board Appraisal**

- a. There shall be an Annual Board Appraisal to be conducted by an independent consultant who shall in turn present same to the shareholders at the Annual General Meeting of the company and forward the report to the CBN not later than March 31 the following year.

2. Shareholders

- **Equity Ownership**

- a. No government, ministry, department or agency shall have direct and/or indirect equity holding in any BDC.
- b. Except as provided by the CBN, no individual, group of individuals, their proxies or corporate entities and/or their subsidiaries shall own controlling interest in more than one (1) BDC.

3. Ethics & Conflict Of Interest

- The BDCs shall ensure compliance with the extant laws and regulations on Anti-Money Laundering and combating the Financing of Terrorism (AML/CFT).
- Directors are required to disclose to the Board, any real, potential or perceived conflict of interest regarding any matter that may come before the Board. And they shall abstain from discussions and voting on such matters.

4. Sanctions

- Failure of a BDC to comply with these rules will attract a penalty of not more than N2,000,000 or suspension of the license issued by the CBN to the BDCs.

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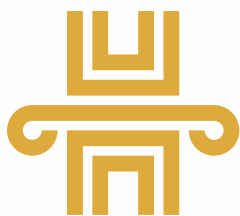
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