



BANK OF PAPUA NEW GUINEA

FINANCIAL SYSTEM SUPERVISION DEPARTMENT

NOTIFICATION OF INTENT or REQUEST TO:
(1) BECOME SHAREHOLDER CONTROLLER, or
(2) EFFECT A CHANGE OF CONTROL, or
(3) EFFECT A RESTRUCTURING

Sections 20 and 66, Banks and Financial Institutions Act 2000

Date of application:

Name of applicant:

Contact information:

Name:

Position or Title:

Address:

Telephone & Fax:

e-mail:

INSTRUCTIONS

A. GENERAL

The Banks and Financial Institutions Act 2000 (Act), Section 20, requires that any person who desires to become a shareholder controller or an indirect controller of a bank or licenced financial institution must notify the Central Bank in writing and, in turn, be notified that the Central Bank has no objection. Section 66 of the Act requires the prior written consent of the Central Bank for any restructuring or amalgamation.

This application form is provided to assist you in obtaining the non-objection or consent, as the case may be, of the Central Bank in respect of Sections 20 and 66 of the Act. When completing this application and the supporting attachments, you should be guided by the following terms and requirements listed in Part B. No action will be taken in respect of an application unless all requested information is received.

YOU SHOULD GIVE SPECIAL ATTENTION TO THE FOLLOWING –

If you are giving notice of intent under Section 20 of the Act to become a shareholder controller or an indirect controller AND you are a natural person, you must complete and submit Part II from the “Application for Licence to Conduct Banking Business”.

If you are giving notice of intent under Section 20 of the Act to become a shareholder controller or an indirect controller AND you are a corporate shareholder, you must complete and submit Part III from the “Application for Licence to Conduct Banking Business”.

If you are giving notice of intent under Section 20 of the Act to become a shareholder controller or an indirect controller by acquiring more than 50% of the voting shares of an institution licenced under the Act (i.e. a change-of-control), you must complete and submit Part II or Part III from the “Application for Licence to Conduct Banking Business”, as the case may be depending on whether you are a natural person or a corporate shareholder.

If you are applying for consent under Section 66 of the Act to effect a restructuring or amalgamation, you must complete and submit all of Parts I, II and III from the “Application for Licence to Conduct Banking Business” the same as if applying for a new banking licence.

B. TERMS

1. Affiliate – means any person or company that controls the proposed institution; any sister company that is controlled by the same company that controls the proposed institution; and any other company which is owned or controlled by a majority of the directors or shareholders who own or control the proposed institution.
2. Bank – means a commercial bank which conducts the activities described in Section 9.
3. Change of Control – means the acquisition by a person of control, either direct or indirect, of more than 50% of the voting shares of an institution licenced under the Act.
4. Corporate Shareholder – means any corporation, partnership, joint venture, association or other form of organization other than a natural person.
5. Executive Officer – includes the chief executive officer (CSO), the chief accounting officer (CAO or CFO), and all other officers who are responsible for major functional areas of the institution including, but not limited to, the following areas: (a) lending and credit administration; (b) operations and internal controls; (c) investments; (d) treasury and foreign exchange operations; and (e) trust and fiduciary activities.
6. Finance Company – means a licenced financial institution which carries on banking business other than those activities exclusively reserved to banks by Section 9.
7. Person – means any person or legal entity including a corporate, partnership, joint venture, association or other form of organisation other than a natural person.
8. Shareholder Controller – means any person who owns or controls, directly or indirectly, either now or upon licencing, 15% or more of the voting stock of the proposed institution. Also referred to as a principal shareholder.

C. REQUIREMENTS

1. Responses – no action will be taken by the Central Bank in respect of an application until all required information is received. All responses and documentation submitted herewith must be **typewritten** or printed clearly in ink. All questions must be answered; no question may be left blank. If an appropriate answer is "No", "None", "Not Applicable", or "Not Known", so indicate. Additional pages may be added if response space is not enough. Inaccurate or incomplete information will result in delays for the processing of an application.
2. Fees – a certified check for the prescribed fee and payable to the "Bank of Papua New Guinea" must accompany the application. The fee covers the administrative costs of review and evaluation of the application and is not refundable. No action will be taken by the Central Bank in respect of an application until the Central Bank has received collected funds for the required fee. The prescribed fees are K25,000 for a bank and K15,000 for a licenced financial institution.
3. Disclosure – the Central Bank, at its discretion, may disclose to other regulatory authorities, either domestic or foreign, any information contained in this application or obtained from other sources if the Central Bank considers it necessary and relevant for properly evaluating and deciding on this application.

4. **Inquiries** – any inquiries concerning the preparation, documentation, required fees, or status of an application should be addressed to: **The Manager, Financial System Supervision Department, Bank of Papua New Guinea.**

5. **Submission** – the Central Bank will only consider an application to be complete and official when all required information and the application fee have been received. **If all required information and the fee are not received within six months of the date when the application is first submitted, the application will be denied and returned, and the filing fee will be forfeited.** Any further consideration will require submission of a new application and another fee.

An original plus one duplicate of the application and all supporting attachments must be submitted in one complete package to:

**Office of the Governor
Bank of Papua New Guinea
P O Box 121, Douglas Street
Port Moresby, NCD
Papua New Guinea**

CRITERIA

to be satisfied in respect of

**NOTIFICATION OF INTENT OR REQUEST TO
(1) BECOME SHAREHOLDER CONTROLLER, or
(2) EFFECT A CHANGE OF CONTROL, or
(3) EFFECT A RESTRUCTURING**

The criteria to be satisfied in respect of an application to become a shareholder controller, or to effect a change-of-control or a restructuring of a financial institution are essentially the same as the criteria applied in respect of an application for a licence. In deciding whether to approve an application, the Central Bank will consider, inter alia, whether –

- (a) shareholder controllers are fit and proper;
- (b) an institution will have adequate capital
- (c) an institution has a viable business plan

The Central Bank will also consider the following –

- (a) Borrowed Funds. The use of borrowed funds to satisfy the minimum capital requirement will not be allowed, and the use of borrowed funds to acquire additional shares will be viewed critically.
- (b) Single Shareholder Limitation. No one person, or group of persons so closely-related that they effectively comprise a single person, will be allowed to own or control, directly or indirectly, more than 25% of the voting shares of the proposed institution.
- (c) Commercial or Non-Financial Shareholder Limitation. No commercial or non-financial company will be allowed to own or control, directly or indirectly, more than 10% of the voting shares of the proposed institution.
- (d) Interlocking Directorship. No person will be allowed to be a director of an institution if he/she is also a director of any non-affiliated financial institution. For purposes herein, the term "financial institution" includes insurance companies, mortgage companies, securities firms, and any other firm that provides financial services in Papua New Guinea.
- (e) Executive Officers. Each institution must have a chief executive officer (CSO), a chief accounting or financial officer (CAO or CFO), and other officers responsible for all major functional areas including, but not limited to: (a) lending and credit administration, (b) operations and internal controls, (c) investments and asset-liability management, (d) treasury and foreign exchange operations, and (e) trust and fiduciary activities. No one person may be appointed to hold two or more such offices at the same time.
- (f) Competition. An application will generally not be considered in the best interests of Papua New Guinea if the resulting institution will hold more than 40% of the total of all deposits held by all banks and finance companies in Papua New Guinea.
- (g) Good Faith. All applications will be presumed to be submitted in good faith. If it is found that an application was not submitted in good faith, misrepresents the facts and intentions, or contains misleading or materially inaccurate information, the application will be denied and the application fee will be forfeited.

DECLARATION
in respect of
NOTIFICATION OF INTENT OR REQUEST TO
(1) BECOME SHAREHOLDER CONTROLLER, or
(2) EFFECT A CHANGE OF CONTROL, or
(3) EFFECT A RESTRUCTURING

I/We, the undersigned, acting for and on behalf of the applicant, do hereby certify that:

(a) all information given in response to and in support of the questions in this application is true and correct to the best of my/our knowledge and belief; and

(b) the personal data and financial statements submitted with respect to each director and executive officer are true and correct to the best of my/our knowledge and belief; and

(c) this application is made in good faith with the purpose and intent that the affairs and business of the proposed institution will be conducted, at all times, prudently in accordance with sound business principles and in full compliance with all applicable laws and directives.

I/We further certify that to the best of my/our knowledge and belief there are no other facts or information relevant to this application of which the Central Bank should be aware, and I/we pledge to promptly inform the Central Bank of any changes material to this application which may arise while it is being considered by the Central Bank.

Finally, I/we give my/our consent that the Central Bank, at its discretion, may disclose to other regulatory authorities, either domestic or foreign, any information contained in this application or obtained from other sources if the Central Bank considers it necessary and relevant for properly evaluating and deciding on this application.

Signatures:

Applicant or Agent (print name)

Applicant or Agent (print name)

Applicant or Agent (print name)

Applicant or Agent (print name)

Applicant or Agent (print name)

Date: _____

ANALYSIS OF APPLICATION**To: The Governor, Bank of PNG**

An application as described below was submitted to the BPNG on the date shown. The application and all supporting documentation, plus relevant information from other sources, was reviewed by FSSD staff for accuracy and authenticity, and the proposal was evaluated in relation to the requirements of the BFI Act.

SUMMARY OF SALIENT FACTS –

Application to: License to conduct banking business
 Relocate place of business
 Open new place of business (i) __ domestically, (ii) __ overseas
 Become a shareholder controller
 Effect a change-of-control
 Effect a restructuring or merger
 Other (specify): _____

a. Proposed Institution (name and location):**b. Applicant/s (if different from above):****c. Ownership:****d. Shareholder Controllers: (indicate any who are not Fit & Proper and reasons why):****e. Directors (as above):****f. Executive Officers (as above):****g. Capital and Source of Funds:****h. Activity/ies to be Conducted?****i. Affiliation with or Connection to Other Organizations?**

j. Reason/s in FAVOR of application (briefly state major reasons):

k. Reason/s AGAINST application (as above):

FSSD RECOMMENDATION for ACTION –

ÿ - Approve; ÿ - Deny (indicate reason/s); ÿ - Approve w/ Conditions (specify conditions)

Review & Comments by Deputy Governor-Policy & Regulation –

ÿ - Agree; ÿ - Disagree (indicate reason/s); ÿ - Alternatives? (explain)

Tracking Dates –

Date Application first received: dd/mm/yy

Date Application received in complete form: dd/mm/yy

Date of this FSSD Analysis/Recommendation: dd/mm/yy

DECISION OF GOVERNOR –

ÿ - Approve; ÿ - Deny (indicate reason/s); ÿ - Approve w/ Conditions (specify conditions)

ÿ - Other Action/s? (specify)

Governor of Bank of PNG

Date: dd/mm/yy