



LESOTHO

Government Gazette

Vol. 59

Friday – 25th July, 2014

No. 40

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LEGAL NOTICE NO. 51 OF 2014

Financial Institutions (Credit Only and Deposit Taking Micro-Finance Institutions) Regulations, 2014

In exercise of the powers conferred upon the Commissioner of Financial Institutions by section 71 read with section 27(4) of the Financial Institutions Act, 2012 the Commissioner makes the following regulations:

PART I – PRELIMINARY**Citation and commencement**

1. These regulations may cited as the Financial Institutions (Credit Only and Deposit Taking Micro-Finance Institutions) Regulations 2014 and shall come into operation on the date of their publication in the Gazette.

Interpretation

2. (1) In these regulations, unless the context otherwise requires -

“Act” means the Financial Institutions Act, 2012;

“auditor” means a member of the Lesotho Institute of Accountants certified to provide, attest or perform auditing functions recognised by the Lesotho Institute of Accountants;

“bank” means a company, incorporated in accordance with the provisions of the Companies Act 2011 which is licensed under the Act to conduct banking business;

“borrower” means a person who, or an institution which, has applied for, and received a credit or loan from the micro-finance services provider;

“Commissioner” means the Central Bank of Lesotho established by the Central Bank of Lesotho Act, 2000;

“core capital” means share holders’ equity in the form of issued and fully paid-up shares including retained reserves approved by the Commissioner;

“control” means having a relationship with a person that makes it possible to exercise a direct or indirect power to determine its financial and operational policy or to influence its decision-making or management pursuant to its Articles of Incorporation or to an agreement or any other manner;

“credit institution” means a business listed as a Type IV institution in the Act whose business is that of extending micro-finance credit facilities to its customers;

“credit” means the granting of a loan, the creation of debt any form of deferred payment;

“credit- only micro-finance institution” means a business which is licensed to provide uncollateralized short term loans to small or micro-enterprises and low income house-holds and which is listed as a Type IV institution in the Act but which does not take deposits from the public;

“deposit” means -

- (a) a sum of money paid on terms:
 - (i) under which it will be repaid, with or without interest or a premium, and either on demand or at a time or in circumstances agreed by or on behalf of the person making the payment and the person receiving it;
 - (ii) which are not referable to the provision of property or services or to the giving of security, and for the purposes of this paragraph, money bond is paid on terms which are preferable to the provision or services or the giving of security if -
 - (ii) (a) it is paid by way of advance or part payment for sale, hire or other provision of property or services of any kind and is repayable only in the event that the property service is or are not in fact sold, hired or otherwise provided;

- (ii) (b) it is paid by way of security for payment for the provision of property or services of any kind provided or to be provided by the person by whom or on whose behalf the money is accepted; or
 - (ii) (c) it is paid by way of security for the delivery or return of any property, whether in a particular state of repair or otherwise;
- (b) money or other assets contributed by investors to participate in a collective investment scheme;

“deposit-taking micro-finance business” means a business carried on as a principal business of -

- (a) acceptance of deposits from low income members of the public;
- (b) employing such deposits wholly or partly by lending or extending credit for the account and the risk of the person accepting those deposits, in including provision of short term loans to small or micro-enterprises and low income households, usually characterized by the use of collateral substitutes such as group guarantees or compulsory savings;

“director” includes any person, by whatever title he may be referred to, carrying out or empowered to carry out substantially the same functions in relation to the direction of a licensed institution as those carried out by a director of a company incorporated under the Companies Act, 2011 and any person in Lesotho responsible for carrying out such functions for a licensed institution not incorporated in Lesotho;

“group guarantee” means an agreement entered into by a group of micro-finance borrowers to be held jointly or severally liable for loan repayments in order to secure credit facilities;

“International Financial Reporting Standards” means internationally acceptable set of international accounting standards issued by the internationally recognised international accounting standards authorities stating how particular types of transactions and other events should be reported

in financial statements;

“linkage banking” means an arrangement where a credit-only micro-finance institution accepts non-current deposits from customers, immediately places such deposits in a bank or deposit taking financial institution licensed by the Commissioner;

“micro-finance institution” means an institution licensed to carry out micro-finance business in terms of the Act;

“licensee” means a person who is licensed by the Commissioner under the Act to conduct credit-only or deposit taking micro-finance business and who renders micro-finance and other related services,

“person” includes any individual or company, partnership, syndicate, association or body of persons, corporate or unincorporated;

“principal interest” means shareholding of a person which represents ten percent or more of its capital or the voting rights which makes it possible to exercise a significant influence over such person;

“principal shareholder” means a person holding, directly or indirectly, a principal interest in another person;

“related parties” in respect of a financial institution means -

- (a) any one of its affiliates, insiders or principal shareholders;
- (b) a firm, partnership, syndicate, association, company or other body of persons corporate or unincorporated which it or any one or more of its affiliates, insiders or principal shareholders, owners, directors, officers, partners manager agents or members;
- (c) any individual, firm, partnership, syndicate, association, company or other body or persons corporate or unincorporated of whom or of which it or any one more of its affiliates, insiders or principal shareholders is a guarantor; or
- (d) any persons deemed related to the persons referred to in subparagraphs (a), (b) or (c);

“tribunal” means the tribunal established in terms of section 76(2) of the Act;

(2) All other words used have the same meaning ascribed to them under the Act.

Application

3. These regulations shall apply to Deposit-Taking Micro-finance Institutions and Credit- Only Micro-finance Institutions.

PART II – LICENSING PROVISIONS

Qualifications

4. A person shall not carry out the business of a credit- only or a deposit - taking micro-finance business unless the person is licensed by the Commissioner to carry out such business.

Preliminary conference

5. (1) For the purpose of licensing procedures in this Part, a licensing application shall be directed to the Commissioner at the Central Bank of Lesotho.

(2) An applicant shall request a preliminary conference with the Commissioner for the purposes of declaring the intention to provide credit- only or deposit- taking micro-finance business or both.

(3) The Commissioner shall arrange and inform the applicant of the date, time and venue for the requested preliminary conference.

(4) At the conference, the Commissioner shall -

- (a) provide the applicant with an overview of the relevant provisions of the Act and the regulations governing his intended type of a micro-finance business; and
- (b) explain the criteria used in evaluating the application for provision of credit-only or deposit-taking micro-finance services concerned.

(5) The Commissioner shall, during the preliminary conference, provide explanations or clarifications regarding completion of the documents referred to under subregulation (1) and any other supporting documents that the Commissioner may request from the applicant.

Application documents

6. (1) If, in the opinion of the Commissioner, the applicant reasonably establishes capacity of intent to provide a credit-only or deposit-taking micro-finance services or both, the Commissioner shall provide the applicant with -

- (a) an application form as set out in Schedule I;
- (b) an information sheet as set out in Schedule II;
- (c) a personal declaration sheet as set out in Schedule III;
and
- (d) the licence fees set out in Schedule IV.

(2) An applicant shall pay a non-refundable investigation fee as provided in the Schedule IV.

(3) The applicant shall, upon completion of the prescribed application forms, submit the forms to the Commissioner.

(4) Submission of the completed forms or any other requirements referred to under subregulation (1) that have false or misleading information may constitute a ground for refusal to issue a licence by the Commissioner.

Business plan

7. (1) An applicant shall be required to submit a business plan together with the completed application forms referred to in regulation 6.

(2) The business plan of the applicant shall project out for a minimum of 3 years, give a description of the business the applicant intends to conduct, the projected development of the business and shall contain detailed descriptions of the -

- (a) products or services to be offered by the applicant;
 - (b) marketing plan for the applicant;
 - (c) operational plan for the applicant, including the applicant's internal reporting arrangements;
 - (c) financial plan, including a description of how the start-up cost will be covered; and
 - (d) risks analysis, including a description of how the applicant will address the relevant risks.
- (3) A description, in writing, of the applicant's organisation and specifically of the -
- (a) internal audit function;
 - (b) risk management framework including, but not limited to the policies, processes and procedures to measure, monitor and manage risks;
 - (c) internal control systems to ensure compliance with agreed policies and procedures, such as the code of conduct for employees; and
 - (d) information technology systems.
- (4) The Commissioner may require an applicant to furnish such additional information and documents, or require such information to be verified, as the Commissioner deems necessary.

Acknowledgement

8. (1) Within 30 working days receipt of an application form together with all supporting documents, the Commissioner shall send the applicant a formal letter of acknowledgement or a letter of deficiency.

(2) The letter of acknowledgements shall serve as the official notice that the documents submitted were found to be complete and that the process-

ing or evaluation may commence.

(3) The letter of deficiency shall outline deficiencies in the application, provide a deadline for rectification of the deficiencies and no further action shall be taken by the Commissioner unless the deficiencies are rectified within the time prescribed.

Granting of a licence

9. (1) Upon receipt of the application under regulation 6 the Commissioner may -

- (a) grant a licence which shall be non-transferable if satisfied that the applicant can conduct its anticipated business in a safe and sound manner; or
- (b) refuse to grant a licence and state in writing the reasons for the refusal.

(2) A licence issued under these regulations may be subject to such conditions as the Commissioner may deem necessary to impose.

(3) A licence granted under subregulation (1) shall remain valid for a period of one year unless it is revoked by the Commissioner as stipulated in the Act or surrendered by the licensee.

(4) An application for renewal of a licence shall be made at least 3 months before expiry.

(5) A copy of the licence shall be displayed in all of the licensee's places of business.

(6) After having received the license, the licensee shall give written notice to the Commissioner within 30 working days of any material change relating to any of the information provided to the Commissioner when applying the license.

(7) The Commissioner may review any change to the licence described in subregulation (6) and decide whether the licensee still qualifies for the licence after the changes and may revoke the licence if it finds that the li-

licensee does not qualify any longer for the licence as a result of the change.

(8) Subject to the limitations stated therein, a micro-finance licensee shall be allowed to carry out any of the services set out in Schedule 2.

(9) A licensee licensed to carry on the business of a credit-only micro-finance business shall not accept any deposit from the public.

Suspension and revocation

10. (1) After the issuance of a licence the Commissioner may suspend a license in the event that -

- (a) the Commissioner finds cause for suspension of a license;
- (b) the Commissioner has reasonable grounds to believe that the suspension will be in the best interest of the public.

(2) Before suspending a licence, the Commissioner shall give a licensee notice of its intention to do so and shall afford the licensee a reasonable opportunity to show cause why such licence should not be revoked:

Provided that in no event shall a licence be revoked earlier than 14 days after the notice of intention is served on the licensee.

PART III – CONSUMER CREDIT AND POLICY PROTECTION CENTER

Consumer rights

11. (1) A person who is not a minor may apply for a credit facility from a licensee.

(2) A licensed micro-finance services provider shall not penalise or directly or indirectly discriminate against a borrower on the basis of gender, race, ethnicity, political affiliation, religion, or sexual orientation of the borrower when

- (a) assessing the borrower's ability to meet the obligations

stipulated in the credit agreement;

- (b) assessing the credit limit to extend to the borrower;
- (c) determining the cost of credit to the borrower;
- (d) enforcing any provisions in the credit agreement;
- (e) the borrower seeks to exercise or uphold certain provisions of the Act or these regulations.

(3) The following grounds shall not be considered as discriminatory -

- (a) minority in terms of age;
- (b) a person who has been declared as mentally unfit by a registered medical practitioner or a court of law;
- (c) an adult who does not have a source of income or is unemployed; or
- (d) if the borrower does not meet the minimum requirements for loan or credit approval in terms of the micro-finance services provider's credit approval policy.

(4) Subject to subregulation (2), a micro-finance services provider may reject an application for a credit facility under reasonable commercial grounds and internal risk management and credit underwriting policies and procedures.

(5) A licensee may reject a borrower's application for a credit facility on the basis of an affordability assessment which may determine that the borrower may not have the financial means to meet the obligations of the credit agreement.

Confidentiality, personal information and credit records

12. (1) A micro-finance services provider shall take all necessary precautions to protect the privacy and security of documentation and information collected from a borrower.

(2) A licensee shall ensure that borrower information is received, processed and maintained in a manner that reduces the risk of unauthorized access, disclosure, removal, misuse or alteration.

(3) A licensee is responsible for receiving, processing, recording and maintaining confidential borrower information provided for in the Act and these regulations and shall protect such information and only disclose it in accordance with the provisions of the Act, these regulations, under a court order, as required by other relevant national legislation or if specifically requested and authorised by the borrower.

(4) A borrower's details and information shall not be disclosed to a third party unless -

- (a) expressly agreed to by the borrower or provided for in the credit agreement or under normal credit practices;
- (b) it is for purposes of determining credit worthiness of the borrower; or
- (c) it is in the event of a sale of the micro-finance services business.

(5) Borrower information and records shall be organized and maintained in a manner that facilitates the efficient recovery of the documents when needed such as by agreement number, national identification number, passport number, surname or other forms of identification.

Right to information

13. (1) Prior to entering into a credit agreement with a licensee, a borrower has the right to a free printed copy of the pre-agreement quotation and statement in one of the official languages of Lesotho.

(2) A written credit agreement provided to a borrower shall clearly show the terms of the agreement and a prospective borrower shall be given an opportunity to peruse the terms of the agreement prior to entering into an agreement with a licensee.

(3) A licensee shall provide a borrower with, at least, the original

copy of the credit agreement or any document that is required to be delivered to a borrower in terms of the Act or these regulations, free of charge.

(4) Unless otherwise specified, a micro-finance services provider shall make available to a borrower any information or documentation under the Act or these regulations as follows:

- (a) in person, at the licensee's business premises;
- (b) in person, at the request of the borrower and at the cost of the borrower;
- (c) by mail or e-mail.

(5) Upon receipt of a written request from a borrower, a licensee shall provide the borrower with a replacement copy of any document that is required to be delivered to the borrower in terms of the Act or the Financial Institutions (Internal Control System) Regulations, 2000 subject to any reasonable search fees charged by the licensee.

(6) A borrower shall have the right to information provided for in 13(1) on the grounds that -

- (a) the application for micro-finance services has been refused;
- (b) the request for an increase in credit limit has been rejected;
- (c) the credit facility or credit agreement is being terminated or not renewed.

(8) A licensee shall provide a borrower with -

- (a) periodic statements of accounts which may be in electronic format or otherwise;
- (b) detailed information of transactions on the accounts if requested.

Protection from reckless lending practices

14. (1) A micro-finance credit agreement shall be deemed reckless if -
- (a) as part of the application process, at the time of granting the loan or increasing the limit on an existing loan, a licensee fails to perform a reasonable assessment of the borrower's affordability and ability to meet the obligations of the agreement as provided for under paragraph (b);
 - (b) a licensee fails to collect information to reasonably corroborate a borrower's existing financial means and obligations;
 - (c) a micro-finance service provider enters into a credit agreement with a borrower despite the fact that the borrower's loan application assessment indicated that by entering into such a credit agreement, the borrower would not be able to fulfil the obligations of the credit agreement or would be over-indebted;
 - (d) a licensee fails to demonstrate or explain the terms and conditions of the agreement including the total cost of credit to the borrower.
- (2) A micro-finance credit agreement shall not be deemed to be reckless if -
- (a) a borrower failed to furnish the licensee with all the required information or supporting documentation to allow for a reasonable assessment of the borrower's affordability and ability to meet the obligations of the credit agreement;
 - (b) a borrower provided the licensee with incomplete, false or inaccurate information or false documentation to allow the licensee to perform a reasonable assessment of the borrower's ability to meet the obligations of the credit agreement.

(3) A licensee may establish a mechanism to reasonably assess a borrower's ability to meet the obligations of the agreement if the method is fair and objective:

Provided that the Commissioner may publish specific guidelines or instruments on how this assessment should be performed.

(4) Where the Commissioner provides specific guidelines or a description of the instrument to be used when determining a borrower's ability to meet his or her obligations to the licensee, failure by a licensee to apply these guidelines shall be deemed reckless lending.

PART IV – CONSUMER CREDIT AGREEMENTS

General

15. (1) An agreement constitutes a credit agreement for the purposes of these regulations if payment of an amount owed by one to another is repayable over a prescribed period of time, and any charge, fee or interest is payable to the micro-finance services provider in respect of the agreement and amount that will be repayable over a prescribed period of time and includes any or a combination of the following -

- (a) a credit facility, as described in subregulation (2);
- (b) a credit transaction, as described in subregulation (3);
- (c) a credit guarantee, as described in subregulation (4).

(2) An agreement constitutes a credit facility if, in terms of that agreement, a licensee undertakes to pay an amount, as requested by the borrower, from time to time, to the borrower or to a third party on behalf of the borrower in order to defer the borrower's obligation to pay any part of the cost of goods or services provided by the credit provider.

(3) An agreement constitutes a credit guarantee if, in terms of that agreement, a person undertakes or promises to satisfy, upon demand, any obligation of another borrower in terms of a credit facility or a credit transaction to which these regulations apply.

(4) A licensee shall not enter into an agreement for a loan with a borrower unless the licensee has received from the borrower a completed and signed loan application form containing the following information:

(a) in case of an individual:

- (i) full names;
- (ii) identification details such as national identification number or passport number;
- (iii) date of birth;
- (iv) contact details including addresses post or physical and telephone numbers; and
- (v) employment details including up-to-date monthly income and deductions;

(b) in case of a corporation -

- (i) name of the corporation including trading names;
- (ii) place of business;
- (iii) addresses and contact of details;
- (iv) certificate of incorporation;
- (v) date of incorporation;
- (vi) company registration number;
- (vii) names, identification numbers and address of directors and shareholders; and
- (viii) up-to-date financial statements;

(c) in case of a partnership -

- (i) name of the partnership, including trading names;
- (ii) place of business, addresses and contact details;
- (iii) certificate of partnership incorporation and date of incorporation;
- (iv) incorporation registration number;
- (v) names, identification numbers and address of all partners; and
- (vi) financial statements.

(5) A borrower shall provide a licensee with documentary evidence to support the details in subregulation (4) as part of the loan application process.

(6) A licensee shall, at the request of a borrower, provide the terms and conditions of the loan in the form of a pre-agreement quotation showing the following information -

- (a) the loan amount applied for;
- (b) the monthly or annual rate of interest to be charged on the loan;
- (c) the term of the loan;
- (d) any other additional charges or fees;
- (e) the total loan amount with the added interest, fees, and charges;
- (f) the number and frequency of instalments in which the loan will be paid off if the borrower does not default on the loan;
- (g) the date when instalments will become due;

- (h) the penalties to be charged for late payments; and
- (i) any other additional charges.

(7) A micro-finance credit agreement shall be deemed to be effective when a borrower and a licensee append their signatures on the loan agreement.

(8) A clause in an agreement between a borrower and a licensee that contravenes the provisions of the Act or these regulations shall be deemed void, and in the event of any dispute, the provisions of the Act and these regulations shall prevail.

Disclosure in credit agreements

16. The following information shall be disclosed, in writing, to the borrower upon the signing of a credit agreement -

- (a) the date of the agreement;
- (b) the nature of the agreement;
- (c) the parties to the agreement;
- (d) the amount of credit applied for;
- (e) the term of the agreement;
- (f) the total charge for credit including fees, charges and interest;
- (g) the total amount payable;
- (h) the timing and frequency of the repayments;
- (i) the amounts of repayments;
- (j) the cancellation or settlement rights and conditions; and
- (k) other terms and conditions of the loan.

Unlawful credit agreements and provisions

17. (1) A credit agreement may be deemed unlawful and void, if at the time the agreement was made -

- (a) the agreement was entered into with a minor;
- (b) the borrower was deemed by a court of law to be mentally unfit;
- (c) a licensee was not a duly licensed under these regulations;
- (d) the borrower did not sign or agree to the terms of the credit agreement;
- (e) an offer was made by the licensee to the borrower indicating that the agreement would automatically come into effect unless the borrower explicitly declined the offer;
- (f) the credit agreement includes provisions that may be deemed unlawful under the Act; or
- (g) if the licensee was prohibited from carrying on the micro-finance business by the Commissioner or by a court order.

(2) A provision may be deemed unlawful in a credit agreement if -

- (a) the provision contravenes the provisions of the Act or these regulations including waiving the rights of the borrower or the micro-finance services provider under the obligations of the borrower or the micro-finance services provider under the Act or these regulations;
- (b) it waives any common law rights of a borrower that may be applicable to a credit agreement between a borrower and a licensee;
- (c) it deceives the borrower;

- (d) it induces a borrower to commit a fraudulent act;
- (e) it expresses an agreement by a borrower to -
 - (i) grant the power of attorney to the licensee;
 - (ii) provide the licensee with access to any assets, premises, identification information, or accounts, belonging to the borrower in order to fulfil the obligations of the borrower;
 - (iii) appoint a representative of the licensee as an agent of the borrower;
 - (iv) submit to the licensee or an agent of the licensee, national identification or access to the borrower's or any other person's bank account through signing powers, bank debit or credit card or any other similar identification or device, permit the licensee or any agent of the licensee to enter the premises of the borrower to seize possession of any asset or account belonging to the borrower or any other person in order to fulfil the obligations of a credit agreement except through normal legal proceedings.

Interest, charges and fees

18. The prevailing framework used for licensed institutions under the Act may be applied in relation to interest rates, charges and fees.

Permitted fees and charges

19. A licensee may impose the following costs, charges or expenses in respect of a loan granted by it, if the costs, charges or expenses have been agreed to by the borrower in the credit agreement and the fees shall be expressed separately and not as a combination of fees -

- (a) an initiation fee;

- (b) in the case of a loan on revolving credit, a fee for the grant or the renewal of the loan, and a fee for drawing down on the loan;
- (c) a default administration fee;
- (d) a service fee;
- (e) a collection fee;
- (f) a settlement fee;
- (g) a credit insurance fee;
- (h) a legal fee; and
- (i) a recovery fee.

Changes to interest, credit fees or charges

20. (1) A licensee may not unilaterally change the rates and amounts of interest, fees and charges and the related computations or the terms of the loan on a credit agreement unless -

- (a) the changes will favour or reduce the borrower's liability;
- (b) the interest rate changes or charges or fees are a result of a variable rate agreed to by the borrower;
- (c) any increase to the rates or charges is a result of a regulatory or statutory agreement.

(2) Subject to subregulation (1) (b) and (c), a licensee shall publish in the press or give written notice of at least 5 working days to the borrower setting out particulars of the change; and the press publication or notice to the borrower shall include the following information:

- (a) the reason for the change;

- (b) the effective date of the change;
- (c) the new rate of interest;
- (d) the new fees or charges;
- (e) the frequency in which the new rate or charges will be applied; and
- (f) any exemptions from the applicability of the changes.

Credit insurance

21. (1) A licensee may, in the event that a borrower is unable to meet the obligations of the credit agreement, require the borrower to maintain credit insurance covering the total outstanding amount of the loan at any point in time during the term of the loan.

(2) In offering the credit insurance, a licensee shall have regard to the potential risks and liabilities in the credit agreement and provide reasonable cover to a borrower in accordance with the credit insurance market rates.

(3) Where a licensee offers a borrower the option to purchase credit insurance, the licensee shall -

- (a) provide for payment of premiums by the borrower;
- (b) provide, at the request of the borrower, the monthly or annual cost of the insurance premium, the extent of the insurance coverage or other terms and conditions of the credit insurance.

PART V – STATEMENT OF ACCOUNTS AND RELATED NOTICES TO CUSTOMERS

Statement of accounts

22. (1) A licensee shall provide a detailed monthly statement of a borrower's account.

(2) In addition, the licensee shall provide, at the request of the borrower, either orally, by telephone, in writing, by fax, sms or e-mail message, information on the micro-loan agreement or specific transactions on their account including the following:

- (a) the outstanding loan balance and related date on each account;
- (b) any specific debit or credit transactions and their dates relating to the account;
- (c) any instalment amount and due date including principal, interest, fees and charges currently due on the account.

(3) A detailed statement of account shall include the following information -

- (a) name and trading name of the licensee;
- (b) physical and postal address of the micro-finance services provider;
- (c) full names and address of the borrower;
- (d) account number of the borrower;
- (e) date of the statement;
- (f) the period that the statement covers;
- (g) the balance from the previous statement or period;
- (h) the debit and credit transactions and their related transactions dates and appropriate narrations during the period of coverage which may include -
 - (i) instalments raised;
 - (ii) interest, fees and charges levied;

- (iii) payments received; and
- (iv) the outstanding loan balance at the end of the period.

(4) A licensee is not required to give a borrower a detailed statement of account if the statement had been given to a borrower 3 months before the subsequent request unless at a reasonable printing cost determined by the licensee.

(5) A licensee may not be required to give information in a statement of account to a borrower for an account that has been closed for more than 3 years.

(6) A borrower may dispute any entry in a statement of account by communicating the dispute to the licensee in writing.

(7) Subject to subregulation (5), a micro-finance service provider shall respond in writing to the borrower's dispute by -

- (a) either explaining the validity of the transaction; or
- (b) confirming the error and stating the corrective action that shall be taken and the date it shall be taken.

(8) A micro-finance services provider may not initiate legal proceedings against a borrower who has defaulted on the basis of subregulation (5) unless-

- (a) the micro-finance service provider has acknowledged receipt of the complaint and responded to the dispute in accordance with subregulation(6);
- (b) the borrower has failed to respond to a final letter of demand issued subsequent to subregulation (a) in accordance with regulation 22(2).

(9) A licensee is required to provide, at the request of a borrower, a settlement statement or quotation free of charge, showing the total amount required to settle the credit agreement.

(10) The settlement quotation in accordance with subregulation (8) shall be -

- (a) in writing;
- (b) valid for a period not more than 7 days upon delivery to the borrower.

Notices to customers

23. (1) Subject to subregulation 20(1), a licensee shall notify a borrower, in writing or through a publication in the local press, of any planned changes to variable interest rate or any legislated charges or fees that will be applied towards the borrower's account.

(2) The notification referred to in subregulation (1) shall include the following:

- (a) the new interest rate to be applied;
- (b) the new amount of the legislated fee or charge; and
- (c) then date when the new interest rate or fees or charges shall become effective.

Alteration of micro finance credit agreements

24. (1) A licensee may not unilaterally alter a credit agreement after it has been signed by the licensee and a borrower unless it is applied as a result of an enforced change in legislation or it reduces the liability of the borrower.

(2) Subject to subregulation (1), any change or alteration to a micro-credit agreement shall be recorded in writing and initialled on the relevant changes and signed by both parties in order for the change to be effected.

(3) In the event that the parties to the micro-credit agreement agree to make changes to a credit agreement, the licensee shall make the agreed changes to the credit agreement and present the changes to borrower within 20 business days of the agreed changes.

Termination of micro-finance services credit agreement

25. (1) A borrower may terminate a credit agreement with a licensee subject to the provisions of the credit agreement by paying the settlement amount quoted by the micro-finance services-provider.

(2) A borrower who wishes to terminate a credit agreement shall settle the amount quoted by the licensee in accordance with the method and settlement period stipulated in the credit agreement.

(3) A licensee may terminate or suspend a credit agreement prior to the period stipulated in the agreement only if the borrower has failed to meet his or her obligations in the credit agreement.

(4) A micro-finance services credit agreement shall stay in force until such time that a borrower and a licensee have fulfilled their obligations under the agreement.

**PART VI – COLLECTION, REPAYMENT,
SURRENDER AND DEBT ENFORCEMENT**

Collection and repayment

26. (1) A borrower may authorize a licensee, through a credit agreement, to charge or debit an account belonging to the borrower or to deduct from the borrower's salary for purposes of meeting the obligations of the credit agreement only if -

- (a) the charges are applied to satisfy the obligation of the borrower under a current agreement;
- (b) the deposit from the account specified by the borrower are made specifically by or for the benefit of the borrower;
- (c) the borrower has named, in writing, the specific account where the charges or debits should be applied;
- (d) the borrower has authorized his or her employer where the employer provides a payroll deduction facility and

within the terms and conditions of the credit agreement, for the loan repayment to be deducted from the borrower's salary;

- (e) the amount of the loan repayments are applied in accordance with the credit agreement; and
- (f) the borrower is provided by the licensee, in writing, the charges that will be applied and the timing at which the charges will be applied in accordance with the credit agreement.

(2) For all payments received from a borrower, a micro-finance service provider shall credit the borrower's account with the amount received as of the date the payment was made.

(3) The repayment amount referred to in subregulation (1) shall first be allocated to any due interest charges on the loan, then to the outstanding fees and charges on the loan and lastly, to settle any due principal repayment.

(4) A borrower has the right, without advance notice and without any extra charge from a licensee, to pre-pay or pay in advance any amount owed to the licensee to reduce the outstanding principal amount owed, the interest charges and fees owed.

(5) All payments made to a licensee as part of the obligations of a borrower under a credit agreement shall be reflected in the borrower's account.

(6) A borrower has a right to settle the outstanding balance on the credit agreement at any time subject to stipulated notifications periods that may be agreed between the borrower and a licensee as per credit agreement of which the amount of the settlement is a total of the following -

- (a) the unpaid outstanding principal amount up the settlement date;
- (b) the unpaid interest charges up to the settlement date;
- (c) the unpaid fees up to the settlement date;

- (d) the early settlement fees as prescribed in the credit agreement and not exceeding 3 months interest on the outstanding loan amount.

Debt enforcement

27. (1) In the event that a borrower has failed to meet the obligation of a credit agreement, a micro-finance service provider may cancel a credit agreement and initiate legal proceedings only after -

- (a) the borrower has defaulted on the credit repayments for a period exceeding 20 days;
- (b) the licensee has submitted to the borrower a final letter of demand notifying the borrower of his or her obligations under the credit agreement and providing the borrower with the minimum of 10 days from the date of the letter of demand to pay the amount that is due;
- (c) at least 10 days have elapsed since the borrower has been given a letter of demand and by the licensee and during the period, the borrower has not responded to the letter and has not paid the due amount to the services provider.

(2) A licensee may reinstate a credit agreement if a borrower brings the payment under the credit agreement up-to-date including any default charges or fees that may have been applied by the licensee.

Agents

28. (1) A licensee shall ensure that the relevant employees and agents are trained on the provisions of the Act and these regulations.

(2) Where a licensee uses an agent, the licensee shall ensure that when dealing with a borrower, the agent has sufficient documentation that identifies the agent as an agent of the micro-finance services provider, and that may be verified by the borrower.

(3) A licensee shall -

- (a) maintain an up-to-date listing of all its agents at all

times;

- (b) inform the Commissioner, in writing, and within 7 days of the agent ceasing to be in the employ of the licensee.

Limitations to instituting a case

29. (1) A complaint by a borrower or a licensee relating to these regulations may not be brought to the Tribunal after -

- (a) 3 years of coming into operation of these regulations or omission that is cause of complaint; or
- (b) if the complaint has been raised under separate proceedings relating to another section of the Act or these regulations, but relating to the same conduct.

(2) An application for review or an appeal made to the Tribunal suspends any action that may be taken in a civil court until such time that the Tribunal has reviewed and responded to the application or appeal.

(3) A person who has suffered a loss or damage as a result of failure to comply with any provision of the Act or these regulations may not initiate legal proceedings for an award of damages if the person has already consented to an award of damages in a consent order.

Retention of records

30. A licensee shall maintain a record of all applications for credit, credit agreements and accounts in printed or electronic format for period not less than 10 years.

The fit and proper requirement

31. (1) A licensee under these regulations shall undergo the fit and proper assessment.

(2) In determining whether a person who has principal interest, or a director or manager is fit and proper to hold a particular position, it shall be considered whether the person satisfies the Guidelines on Fit and Proper Assess-

ment for Directors and Senior Officials in the Financial Sector issued by the Central Bank of Lesotho.

Systems of internal controls

32. A licensee shall maintain, at all times, a sound system of internal controls in terms of the Act and the Financial Institutions (Internal Control System) Regulations, 2000.

PART VII – MODE OF OPERATION

Loan loss provision

33. A licensee under these regulations shall maintain loan loss provisions as provided for in Schedule V.

Prudence in business conduct

34. A licensee's licensed under these regulations shall -

- (a) engage only in bona fide transactions; and
- (b) comply with the relevant laws on money laundering.

Cost of borrowing

35. Deposit-taking micro-finance institutions that extend credit, and credit only micro-finance institutions that make credit available to a person, shall at the same time disclose the cost of borrowing to that person in writing.

PART VIII – PROVISIONS RELATING TO GOVERNANCE

Minimum capital requirements

36. (1) A licensee shall maintain the minimum core capital corresponding to its type of licence as provided in section 9 of the Act.

(2) If the licensee allows for its members or owners to withdraw their invested capital when they decide to leave the institution, assets corresponding to this capital shall not be counted as core capital.

(3) A credit-only licensee shall be exempted from the minimum capital requirements.

Minimum liquid assets

37. (1) A deposit-taking micro-finance licensee shall not, at any time, have less than twenty-five per cent of its total liabilities in liquid assets or such other percentage as may be determined by the Commissioner.

(2) A credit-only micro-finance licensee shall not, at any time, have less than fifteen per cent of its total liabilities in liquid assets or such other percentage as may be determined by the Commissioner.

(3) For the purposes of these regulations, liquid assets are -

- (a) notes and coins which are legal tender in Lesotho;
- (b) balances held with a commercial bank;
- (c) deposits held with a commercial bank;
- (d) treasury bills and bonds which are freely marketable or re-discountable at the Central Bank of Lesotho, that have 90 days or less to maturity; and
- (e) such other assets as the Commissioner may, from time to time, approve.

Prohibited activities

38. (1) A licensee under these regulations shall not -

- (a) offer cheque accounts;
- (b) offer any current account;
- (c) carry out foreign trade finance;
- (d) carry out trust operations;

- (e) invest in enterprise capital;
- (f) carry out wholesale and retail trade;
- (g) participate in the underwriting and placing of securities;
- (h) or acquire any land, except as may be reasonably necessary for the purpose of expanding the licensee's business.

(2) A licensee may require its borrowers to provide cash collateral to serve as security for a loan, but is in that event required to deposit the cash collateral in an escrow account at a third-party bank.

(3) A licensee may offer services related to credit-only or deposit-taking micro-finance business, such as business skills training, if they are conducted in a separate entity and held apart from the licensed credit only and deposit taking micro-finance business.

Declaration of dividends

39. (1) No licensee shall pay dividends on its shares or make any other form of distribution to its shares until provisions has been made for depreciation on fixed assets in accordance with the accepted accounting standards and provision has been made for bad and doubtful debts in accordance with (2) below.

(2) A licensee shall make provision for bad and doubtful debts before any profit or loss is declared;

Ownership and transfer of shares

40. (1) No person or group of related parties shall hold more than twenty-five per cent of the shares of the licensee, unless approved by the Commissioner.

(2) If, at the commencement of these regulations any person or group of related parties holds more than twenty-five per cent of the shares in the licensee, that person or group of related parties shall -

- (a) within one year from the commencement of these regu-

lations -

- (i) apply and obtain approval from the Commissioner for shares in excess of those contemplated in subregulation (2); or
- (ii) present to the Commissioner for approval, a credible plan of action regarding the reduction of their shareholding in the licensee to the percentage prescribed in subregulation (2) .

(3) The provisions of these regulations shall not apply to a subsidiary of a bank.

PART IX – SUPERVISION BY COMMISSIONER

Control

41. (1) A person shall not hold a principal interest or have significant influence over a licensee unless -

- (a) the person first has notified the Commissioner, in writing, of his or her intention; and
- (b) the Commissioner has notified the person in writing that there is no objection to his or her becoming a significant owner or ultimate controller.

(2) The Commissioner, when notifying person under subregulation (1)(b) that there is no objection to the person becoming a significant owner or of increasing his or her stake in the licensee, may specify a maximum stake that the person is permitted to acquire.

(3) The Commissioner may require such further information and documents from the person applying to become a principal shareholder as the Commissioner deems necessary.

(4) In granting permission to become a significant owner the Commissioner shall consider whether the person is fit and proper.

(5) The Commissioner shall respond to the person applying to become a principal shareholder of a licensee within 3 months of receiving a complete notification from the applicant.

(6) The permission granted by the Commissioner to become a principal shareholder under this regulation shall lapse where the person has not become a principal shareholder within one year of the Commissioner issuing the permission.

Objections to existing persons who have principal interest

42. (1) Where it appears to the Commissioner that a principal shareholder in a licensed institution does not meet the fit and proper requirements, as described under regulation 31 the Commissioner shall give the person a written notice of objection giving the reasons why it appears to the Commissioner that the person is not or is no longer a fit and proper person to be a significant owner or ultimate controller.

(2) Before submitting a notice under subregulation (1), the Commissioner shall give a person with principal interest a preliminary notice that sets out the reasons for considering that the person is not fit and proper to have principal interest of that licensee.

(3) A person who has received a preliminary notice under subregulation (1) has a period of 20 working days in which to provide a written response and contest the Commissioner's assertion and Commissioner shall take into account any written representation received by it from the principal shareholder.

(4) The Commissioner shall respond within 30 workdays of having received the response from the principal shareholder whether it considers the principal shareholder as not or no longer a fit and proper person to become principal shareholder.

A principal shareholder is not fit and proper

43. (1) Where a person acquires or continues to have a principal interest and it appears to the Commissioner that the person is not or no longer fit and proper to have such interest the Commissioner may direct that the shares that are held or controlled by such a person be subject to any or several of the following restrictions:

- (a) a transfer of, or agreement to transfer, the significant owner's shares shall be suspended;
- (b) no voting rights shall be exercisable for the shares; and
- (c) no payment shall be made to the significant owner or ultimate controller of any sums from the licensee on the shares or otherwise.

(2) The Commissioner may notify the licensee that it no longer complies with the licensing requirements as one of its principal interest holders is not fit and proper and its licence may be revoked unless the person with principal interest sells all or part of their shares in the licensee and immediately ceases to act as principal interest holder in the licensee.

Transfer of assets and liabilities

44. The Commissioner's prior approval is required for -

- (a) the acquisition or sale by a licensee of its assets and liabilities as part of a merger or consolidation; and
- (b) the acquisition by the licensee of an entity that provides non-financial services.

Board of Directors and its responsibilities

45. (1) The operations of a licensee shall be directed by a board consisting of at least 5 directors, headed by a chairperson who is a non-executive director of the licensee.

(2) The Board of Directors of a licensee shall be responsible for -

- (a) ensuring good corporate governance and business performance of the licensee;
- (b) ensuring that the board is in full control of the affairs and business operations of the licensee;
- (c) ensuring that the business of the licensee is conducted

in a safe and sound manner;

- (d) establishing internal controls and systems, and a management information system for the licensee; and
- (e) reporting to the shareholders and other owners at the annual general meeting of the licensee.

(3) A person shall not hold the position of a director in more than one licensee, unless the financial institutions are subsidiaries or holding companies of the financial institution.

Audit Committee

46. (1) A board of directors of a licensee shall appoint at least 3 of its members to form an audit committee, of whom at least two thirds shall not be employees of the licensee and no principal officer of the licensee may be a member of the audit committee.

(2) The audit committee shall -

- (a) establish appropriate accounting procedures and accounting controls for the licensee, supervise compliance with such procedures, and audit the licensee's accounts and records;
- (b) monitor compliance with the laws and regulations applicable to the licensee and report to the Board of Directors thereon;
- (c) deliver advice on any matters submitted to it by the Board of Directors or that it wishes to address;
- (d) meet ordinarily once per quarter and extraordinarily when convened by the Board of Directors or by 2 of its members and decisions shall be taken by a majority of the members.

Credit Committee

47. (1) A board of directors of a licensee shall appoint at least 3 of its members to form a credit committee, of whom at least two thirds shall not be employees of the licensee and a principal officer may be a member of the credit committee.

(2) The Credit Committee shall report to the board, at least once every 3 months.

(3) The Credit Committee shall -

- (a) review and oversee the overall lending policy, including monitoring and management tools;
- (b) review loan applications based on established discretionary approval limits;
- (c) review lending practices and quality of loan portfolio;
- (d) ensure that there are effective procedures and adequate resources to identify and mitigate credit risk;
- (e) monitor and evaluate all issues that may materially impact on the present and future quality of the loan portfolio and credit risk management;
- (f) determine and review lending limits to the sanctioning arms of the institution;
- (g) ensure adequate provision for loans and advances, bad and doubtful debts and write off policy;
- (h) conduct loan reviews independent of any person or committee responsible for sanctioning credit;
- (i) ensure that the credit policy and risk lending limits are reviewed at least once on an annual basis and when the environment so dictates; and

- (j) set limits on lending exposure in line with institution's risk and management programs and market conditions.

Insider lending

48. (1) A financial institution shall not grant or permit to be outstanding any advance or credit facility to significant shareholders and directors of the institution unless the advance, loan or credit -

- (a) is approved by the full board of directors of the institution, complying with documented internal policies and procedures and a financial institution shall ensure that all members of the board are aware of the facility before it is disbursed;
- (b) is made in the normal course of business and on terms similar to those offered to ordinary customers of the financial institution.

(2) A financial institution shall notify the Commissioner of every approval given pursuant to subregulation (1), within 14 working days of such approval.

(3) A financial institution shall not -

- (a) grant or permit to be outstanding a credit facility, financial guarantee; or
- (b) incur a liability to or in favour of, or on behalf, any single inside or associate in excess of 2% of the institution's core capital; and
- (c) grant or permit to be outstanding a credit facility, financial guarantee or a liability to, or in favour of, or on behalf of an insider in excess of an aggregate value of -
 - (i) 20% of the institution's core capital in respect of deposit taking institution; and
 - (ii) 5% of the institution's core capital in respect of

a credit-only institution.

(4) A licensee shall not -

- (a) grant or permit to be outstanding a credit facility, or a financial guarantee or a liability to or in favour of, or on behalf of any company in which the institution holds directly, indirectly otherwise has a beneficial interest in more than 1-2% of the core capital of the institution;
- (b) grant or permit to be outstanding a credit facility, or a financial guarantee or a liability which are not fully secured to -
 - (i) officers of the institution and their associates;
 - (ii) any person or entity of whom or of which any of its officers has an interest as an agent, director, manager or significant shareholder;
 - (iii) any person or entity of whom or of which any of its officers in guarantor; and
 - (iv) any associate of the institution:

Provided that facilities granted to employees or staff within schemes approved by the board and serviced by salary deductions through a check-off system are allowed.

Disclosure of conflict of interest

49. (1) A director, chief executive officer or a manager of a licensee who -

- (a) is party to a contract or proposed contract with the licensee; or
- (b) is a related party to an entity that is party to a contract or proposed contract with a licensee;

shall disclose in writing a complete description of his or her relationship with the

entity with which the licensee is considering entering into or is entering into a contract and the person shall also ensure that this description is entered in the minutes of the meetings of directors.

(2) The disclosure required by subregulation (1) shall be made, in the case of a director -

- (a) at a meeting of directors at which a proposed contract is first considered;
- (b) where a director was not then interested in a proposed contract, at the first meeting after the director becomes so interested;
- (c) where a director becomes interested after a contract is made, at the first meeting after the director becomes so interested; or
- (d) where a person who is interested in a contract later becomes a director, at the first meeting after the person becomes a director.

(3) The disclosure required by subregulation (1) shall be made, in the case of a chief executive officer or manager who is not a director -

- (a) immediately after the chief executive officer or manager becomes aware that a proposed contract is to be considered or a contract has been considered;
- (b) if the chief executive officer or manager becomes interested after a contract is made, immediately after the chief executive officer or manager becomes so interested; or
- (c) if a person who is interested in a contract later becomes a chief executive officer or manager, immediately after the person becomes a chief executive officer or manager.

Requirements to abstain

50. (1) Where regulation 49 applies to a director in respect of a contract, the director shall not be present at the meeting of directors while the contract is being considered or voted upon.

(2) A director who contravenes regulation 49 shall cease to hold office as a director and shall not be eligible, after the date on which the breach occurred, for election or appointment as a director or manager of any institution supervised by the Commissioner.

Related parties transactions

51. (1) A licensee shall not grant favoured terms to a related party.

(2) For the purpose of this section, "granting favoured terms" means -

(a) carrying out business which by its nature, purpose, characteristics or risk, would not be carried out by the licensee with other persons; and

(b) collecting interest, fees, or other charges or accepting guarantees which are lower, or paying interest, fees, or other charges or accepting guarantees which are lower, or paying interest, fees or other amounts which are higher than that which would apply to dealings with other persons.

(3) The assets of a licensee may not be sold, lent, or used to secure an obligation in favour of any person who is a related party in relation to the licensee.

(4) A person who contravenes the provisions of regulations 48, 49 and 50 commits an offence and shall be liable on conviction to a fine not exceeding M125, 000.00 or to imprisonment for a term not exceeding 3 years, or to both.

Finance manager

52. (1) A licensee shall appoint a finance manager who shall have the following duties:

- (a) prepare and submit for the Board of the Directors' approval broad guidelines for the licensee's tolerance for risk, and expectations from investment; and
- (b) introduce such measures as in his or her opinion may serve to enhance the credibility and objectivity of financial statements and reports prepared with reference to the affairs of the licensee.

(2) The guidelines referred to in subregulation (1) shall include but may not be limited to the following areas:

- (a) limits on loan to capital ratio;
- (b) limits on loan and deposit exposure to single customers;
- (c) limits on maximum and minimum maturities for newly acquired categories of assets and liabilities;
- (d) limits on maximum and minimum maturities for existing categories of assets and liabilities;
- (e) limits on the sensitivity of the net interest margin to changes in market interest rates;
- (f) maximum percentage imbalance between rate sensitive assets and liabilities;
- (g) limits on the minimum spread acceptable between costs and yields of liabilities and assets; and
- (h) limits on the minimum liquidity provision to be maintained to sustain operations while longer term adjustments are made.

Risk management manuals and policies

53. A licensee -

- (a) shall have written risk management manuals and policies with regard to the screening, approval, monitoring and collection of loans which shall allow for sufficient flexibility to accommodate the special characteristics of the lending provided by the licensee, particularly its labour-intensive nature, the likely use of alternative collateral and the possible use of a group lending approach;
- (b) establish a definition of non-performance that takes into account the particularity of its type of lending practice by the licensee taking into account, the number of days of non-performance, missed payments and times rescheduled and the licensee is also required to have established policies and procedures to manage the workout of bad loans;
- (c) establish a procedure for measuring, monitoring and controlling market risk including foreign currency risk if the licensee is exposed to foreign currency on an on-going basis.

(4) A licensee shall have a cushion in the form of a reserve or liquidity ratio requiring the deposit taking institution to hold unencumbered liquid assets against a percentage of deposits and a limit on concentrations from a single funding source.

(5) A licensee shall have strong internal controls and audit procedures that include tools to detect weaknesses in the lending methodology and compensation policies, as well as to identify and reduce frauds.

Engagement of external auditor

54. (1) A licensee shall have an external auditor, who shall not be a related party, to audit its accounts.

(2) If the appointment of the external auditor is terminated for any

reason, the external auditor shall submit a report to the Commissioner explaining what the external auditor believes to be the reasons for that termination and inform the Commissioner in writing, of any matter relating to the affairs of the licensee which the external auditor became aware of in the performance of his or her functions as external auditor and which, in the opinion of the external auditor, may harm the licensee's ability to comply with the requirements in the law and these regulations.

(3) An external auditor shall not serve the same licensee for a continuous period exceeding 3 years.

Powers of external auditor

55. An external auditor of a licensee shall -

- (a) have a right of access at all reasonable times to the licensee's book, accounts, vouchers, securities, records, computer systems and assets;
- (b) be entitled to require such information and explanations from any present or former director, officer, employee or agent of the licensee, as are in the opinion of the auditor or auditors, necessary to perform the duties of the auditor or auditors of the licensee.

Meetings with auditors

56. (1) The Commissioner may arrange trilateral meetings with a licensee and the external auditor to discuss matters relevant to the Commissioner's supervisory responsibilities which have arisen in the course of the statutory audit of that licensee.

(2) The Commissioner shall, if it considers it necessary, arrange, from time to time, bilateral meetings with the external auditor of a licensee.

Corporate records

57. A licensee shall prepare and maintain, for at least 5 years, books of accounts, vouchers, securities, records, computer systems and other financial and non-financial records which -

- (a) show a true and fair state of affairs;
- (b) explain its transactions and financial position to enable the Commissioner to determine whether the licensee has complied with the provisions of the Act and these regulations.

Credit Bureau

58. A licensee is required to participate in a credit bureau system as soon as it has been established.

List of licensed institutions

59. The Commissioner shall maintain, regularly update and publish a list of licensed institutions in the media calculated to inform the public, including its website and newspapers of general circulation.

Licensee to disclose status

60. A licensee shall prominently disclose his licensed status, so that the public is able to differentiate it from any institution that is not supervised.

Filing of audited accounts and other information

61. (1) A licensee shall submit the following information to the Commissioner within 3 months of the end of its financial year, unless prior written approval for an extension has been granted by the Commissioner:

- (a) audited accounts of assets and liabilities, income and expenses, and the results of the operations and cash flow information for the period then ended audited by an external independent accounting firm and signed by a certified public accountant;
- (b) the composition and quality of assets and liabilities;
- (c) balance sheet with a profit and loss account signed by the Chairperson of the Board of Directors;

- (d) details of the shareholders of the licensee including their names and addresses;
- (e) the names of remuneration paid to the members of the board of directors and the salary grid in use by the licensee;
- (f) the number of deposit holders, their average savings and the total amount deposits held in the case of deposit taking micro-finance services licensees;
- (g) statutory returns and any other information requested by the Commissioner.

(2) A licensee that is part of a group shall file both solo and consolidated annual audited financial statements with the Commissioner within 3 months of the end of the financial year, unless prior approval for an extension has been granted by the Commissioner.

Prudential reports

62. (1) A licensee shall prepare and submit to the Commissioner, at the end of every month to be received by the 10th day of the following month, returns on Capital to Risk Weighted Assets in the form set out in Schedule V to these regulations.

(2) a licensee that fails to comply with subregulation (1) above or submits incomplete and or inaccurate returns is liable to a penalty as may be prescribed by the Commissioner in terms of regulation 70.

(3) A licensee shall submit semi-annual and quarterly reports to the Commissioner, that include -

- (a) financial accounts of assets and liabilities, income and expenses, and the results of the operations and cash flow information for the period then ended signed by a certified public accountant;
- (b) the composition and quality of assets and liabilities;

- (c) balance sheet with a profit and loss account signed by the chairman of the board of directors;
- (d) the number of deposit holders, their average savings and the total amount of deposit held in the case deposit taking micro-finance licensees;
- (e) statutory returns and any other information requested by the Commissioner.

(4) The submitted reports shall include information that is sufficient to allow for costs, funding structure and liquidity position, foreign exchange exposures, and interest rate re-pricing gaps.

(5) A licensee shall also submit all other returns as prescribed and in a manner specified in the Act.

Commissioner's power of inspection

63. (1) The Commissioner has the power to conduct on site inspections at the licensee's place of business and the licensee shall permit the Commissioner access, with or without prior notice, during business hours to any of its business premises to conduct on-site inspections for the purpose of ascertaining whether or not the licensee is complying with the provisions of the Act and these regulations.

(2) A licensee shall ensure that its agents, suppliers under outsourcing arrangements and appointed representatives, permit the Commissioner similar access to their business premises.

(3) In the course of an on-site inspection the Commissioner shall be provided with such information, answers to questions, and access to such documents, books, records, vouchers, cash, securities and other information by the licensee, as the commissioner finds necessary to ascertain whether the licensee is in compliance with the Act and these regulations.

(4) On-site inspections shall take place at any or all of the premises where business is conducted or records are maintained by the licensee.

(5) The Commissioner may enter any premises and examine the

books, accounts or records of any person whom the Commissioner believes is conducting credit only or a deposit taking micro-finance business without being licensed under these regulations.

Special audit

64. (1) The Commissioner may appoint an auditor to conduct a full audit of a licensee's books of accounts.

(2) The cost of the audit shall be borne by the licensee.

(3) A person appointed by the Commissioner in accordance with these regulations shall have the same powers to conduct inspections as the Commissioner and be subject to the same confidentiality requirements as the staff of the Commissioner.

Undesirable practices

65. (1) The Commissioner may declare a particular business practice to be undesirable.

(2) In deciding whether a particular business is undesirable the Commissioner shall take the following into consideration:

- (a) that the practice concerned, directly or indirectly, has or is likely to have the effect of -
 - (i) harming the relations between the licensee and its customers, or the general public;
 - (ii) being unreasonably prejudicial to customers;
 - (iii) deceiving any customers; or
 - (iv) unfairly affecting customers; and
- (b) that if the practice is allowed to continue, one or more objects of the law or this regulation will, or is likely to, be defeated.

(2) The Commissioner may not make such a declaration as contemplated in subregulation (1) unless the Commissioner has published its intention to make the declaration, giving its reasons, and inviting interested persons to make written representations within 15 workdays after the date of publication of that notice in newspapers of general circulation and by such other means calculated inform the public.

(3) A licensee concerned may not, on or after the date of the publication of a notice referred to in subregulation (2), carry on the business practice concerned.

(4) The Commissioner shall direct a licensee who, on or after the date of publication of a notice referred to in subregulation (2), carries on the business practice concerned in contravention of that notice, to rectify or reinstate to the satisfaction of Commissioner any loss or damage which was caused by or arose out of the carrying on the business practice concerned.

(5) A licensee who is directed under regulation 65 (4) to rectify or reinstate anything shall do so within 40 working days after such directive is issued by the Commissioner.

Preventive and corrective measures

66. (1) The Commissioner shall have the power to take preventive and corrective measures listed in subregulation (2), if the Commissioner determines that a licensee -

- (a) is contemplating, is about to or has commenced one or several business activities that the Commissioner deems to be unsound or unsafe even though they may not represent a contravention of the law;
- (b) is or it appears likely to become unable to pay its obligations as they fall due because it lacks sufficient liquid assets; or
- (c) has contravened or is about to contravene these regulations or the law.

(2) The Commissioner shall have the power to take the following

preventive and corrective measures against a licensee:

- (a) give a directive that requires such action to be taken by the licensee as the Commissioner considers necessary to prevent or correct violations of the law or these regulations;
- (b) require the licensee to prepare a plan in order to bring the institution into compliance with the law and these regulations;
- (c) conduct an audit of the affairs of the licensee, at the expense of the licensee, by an auditor appointed by the Commissioner.
- (d) at the expense of the licensee, appoint a person to advise the licensee on the proper conduct of its affairs and to report to the Commissioner thereon within 90 working days from the date of that person's appointment;
- (e) put the licensee under special administration at the expense of the licensee by appointing a person to assume control of the institution's affairs who shall be under direct control of the Commissioner and, with the necessary restrictions, have all the powers of the general shareholder meeting and board of directors of the licensee.

Directives

67. (1) A directive issued by the Commissioner in accordance with regulation 65 (2) (b) may contain all or any of the following prohibitions or requirements:

- (a) prohibit the licensee from soliciting business from a person of a particular class or description or from person other than persons of such class or description;
- (b) prohibit the licensee to take, or to refrain from taking, certain steps or to adopt a particular course of action, or

to restrict the scope of its business in a particular way;

- (c) prohibit the licensee from entering into a particular transaction or class of transaction or entering into them otherwise than in circumstances specified;
 - (d) prohibit the licensee from disposing of or moving an asset belonging to it during a specified period, or from removing an asset from Lesotho during that period if the asset is in Lesotho;
 - (e) require the licensee to maintain in Lesotho, assets of such value as appear to the Commissioner to be desirable with a view to ensuring that it will be able to meet its liabilities for its business;
 - (f) require the licensee to transfer control of assets of a specified class or description to a person, or create any obligation to do so;
 - (g) prohibit licensee, subject to third-party rights, to pay or transfer any amount to any person, or create any obligation to do so;
 - (h) prohibit the licensee to undertake any financial obligation on behalf of any other person;
 - (i) prohibit the licensee to borrow any amount, to pay dividends or to discharge any other liability to a person or group of persons identified by the Commissioner;
 - (j) require the licensee to replace any director, the chief executive officer, manager, officer or employee of the licensee;
 - (k) require the licensee to discharge any director, chief executive officer, manager, officer or employee of the licensee.
- (2) The Commissioner may withdraw or vary its directive if it ap-

pears to the Commissioner that it is no longer necessary for the directive to take effect or needs to continue in force in a different form as the case may be.

Duties of a special administrator

68. (1) A special administrator is subject to the control of the Commissioner and shall follow the directions given by the Commissioner.

(2) The special administrator shall, as soon as possible, after starting to manage a licensee or part of the business of a licensee, file with the Commissioner a report that recommends the course of action that is, in his or her opinion, most advantageous and that sets out the reasons for that recommendation.

(3) The special administrator may recommend the transfer of the business or part of the business of the licensee, the continuation of the licensee's business after a period of special administration, the liquidation of the licensee's business, or any other course of action that he or she considers appropriate. The special administrator may recommend different courses of action for different parts of the business of the licensee.

(4) If the Commissioner orders the transfer of the licensee's business, or part of the business of a licensee to another licensee, the special administrator shall prepare a plan for the transfer.

(5) The control and management of the licensee by the special administrator shall terminate if the Commissioner decides that the control and management of the licensee is no longer needed.

(6) The Commissioner may, by issuing regulations, further regulate the powers and obligations of the special administrator.

Combating money laundering and financing of terrorism

69. (1) A licensee shall establish procedures to prevent money laundering and financing of terrorism that are scaled to the risk the licensee is exposed to and that are in compliance with the relevant legislation, including -

- (a) performing the necessary know-your-customer due diligence on the customers, shareholders, persons with prin-

principal interest, and other beneficiaries;

- (b) taking enhanced measures with respect to higher risk customers, shareholders, persons with principal interest, and other beneficiaries;
- (c) monitoring complex, unusually large transactions, or unusual patterns of transactions, that have no apparent or visible economic or lawful purpose;
- (d) reporting suspicious transactions to the Financial Intelligence Unit, for further investigation and possible referral for prosecution;
- (e) developing internal programs, including training programs, procedures, controls and audit functions to combat money laundering; and
- (f) ensuring that its foreign branches and subsidiaries observe appropriate requirements for combating money laundering and financing of terrorism.

(2) The Commissioner has the power to share information and co-operate in all ways necessary with other supervisors both domestic and foreign for combating money laundering and the financing of terrorism purposes.

Offences

70. The Commissioner may impose by written notice to any licensee or any person subject to these regulations who contravenes -

- (a) any provision of these regulations; or
- (b) any specification or requirement made, or any order in writing, direction, instruction, or notice given, or any limit, term, condition or restriction imposed, or any other thing howsoever done, in the exercise of any power conferred under, pursuant to, or by virtue of, any provision of the Act or these regulations,

a penalty not exceeding M250,000.00 and in case of a continuing offence, an additional daily penalty not exceeding M2,000.00.

PART X – TRANSITIONAL PROVISION

Transitional provision

71. A person who conducting a credit- only or a deposit- is taking microfinance business on the date on which these regulations become effective shall, within 6 months, apply for a new licence under these regulations and the application shall be dealt with in accordance with these regulations.

Repeal

72. The Financial Institutions, (Credit-Only Institutions) Regulations 2010 is hereby repealed.

DR. RETS'ELISITSOE MATLANYANE
GOVERNOR OF THE CENTRAL BANK OF LESOTHO

SCHEDULE 1

APPLICATION FOR A LICENCE TO CONDUCT
A CREDIT ONLY OR A DEPOSIT TAKING MICRO FINANCE
INSTITUTION (reg 9(1)(a))

The Governor
Central Bank of Lesotho
P. O. Box 1184
MASERU 100

1. I, the undersigned, acting as principal or duly authorised agent on behalf of or as chairman or chief executive officer of

.....

(Name of a company as registered),
hereby apply for a licence to conduct.....

The principal business activities are:

.....
.....
.....
.....

(as stated in the incorporating documents)

2. The following documents are being submitted to comply with the initial requirements for evaluation. (Where a document is not applicable, please indicate)

(1) Information Sheet (Schedule II)

.....
.....
.....
.....

(2) Personal Declaration Sheet (Schedule III)

Name	Position
.....	
.....	
.....	
.....	

(3) Proposed Capital Structure

.....
.....

(4) Economic justification and outline of short, medium, and long term business plans with details on -

(a) financial, commercial, and other business establishments within the proposed area of operation or targeted markets;

- (b) deposits or other fund gathering sources as well as lending and investment potentials; and
 - (c) financial services to be offered by the applicant.
- (5) Financial projections (balance sheets, income statements, and cash flow statements) for at least a three-year period, including details of estimated organisation expenses. Assumption used and other bases for projections are indicated.
- (6) Schematic presentation, with regard to the group of companies of which applicant is a member, reflecting all interests held in and by each member company including the nature of business of each of these entities.
- (7) List of existing shareholdings of the applicant and its controlling shareholders, directors, officers and officials in other licensed financial institutions.
- (8) Certified true copies of the audited financial statements or annual reports for the past two years prepared in accordance with generally accepted accounting principles.
- (9) Authenticated copies of the incorporating documents, in a case of foreign institution.
- (10) If the applicant is a foreign financial institution, a statement from the supervisory authorities of the home country declaring that:
 - (a) it has given its prior approval for the establishment of a subsidiary, branch or any other office in Lesotho;
 - (b) it shall exercise comprehensive supervision over the parent institution on a consolidated basis; and
 - (c) the applicant's chairman, directors, principal officers and management as a whole are fit and proper persons.
- (11) Latest tax compliance certificate or certified true copy of corporation tax returns.

- (12) Individual credit references for the applicant and each of its principal shareholder, director, officer and official from a bank or financial institutions with whom such persons have had financial dealings within the past two years.
- (13) Certified true copy of the board resolution of the Head Office or Parent Company authorising the establishment of a branch or subsidiary.
- (14) Any query, clarification or additional requirements regarding the acquisition of a specified number of shares in applicant institution (if major shareholder is a corporation or company).
- (15) Any query, clarification or additional requirement regarding this application may be directed to the following officers authorised to liaise with the Central Bank.
- (16) Individual Police Clearance certificates for each of the company's principal shareholders, directors, senior officers.

Name:.....

Telephone No:.....

Name:.....

Telephone No:.....

Certification and Undertaking

AFFIDAVIT

I, the undersigned,..... hereby certify that all information contained in and accompanying this application is complete and accurate to the best of my knowledge and belief.

I also undertake to forthwith notify the Central Bank of Lesotho, of any material change in the particulars of this application.

Sworn at Maseru, Lesotho

This.....day of

.....
Signature of Deponent

.....
(Position)

Deponent understands contents of this affidavit

Before me,

.....
A COMMISSIONER OF OATHS

- N.B. 1. All sections in this form must be filled and therefore no section shall be left blank.
2. Where information is not provided, please place "NOT APPLICABLE" or "NONE", as the case may be.
3. If any space provided in the form is adequate, the required information or data needed may be supplied, as on annex.
4. Reference shall be made in the relevant section of the form by placing the words "REFER TO ANNEX.....".

FOR CENTRAL BANK OF LESOTHO USE

Received by:.....
Date:.....

Application Documents checked for completeness by:
.....

Letter of Deficiency or Acknowledgement sent on:
.....

Action Taken:

.....

 Evaluating Officer

Director

Supervision

Department

SCHEDULE II

INFORMATION SHEET (regulation 9(1)(b))

1. Name:

2. Principal Business Activities:

3. Head/Main Office:

(a) Address:

(b) Telephone No.:

(c) Telefax No.:

4. Branches:

Address

Date Approved or Date Opened

.....	
.....	
.....	
.....	

Subsidiaries &Affilates:

Name & Type of business	Amount of Shares Held	% of Shares Held to Total
.....		
.....		
.....		
.....		
.....		

6. Management:

(1) Board of Directors:

Name	Designation	Present Term	No. of Years as From – To Board Member
.....			
.....			
.....			
.....			

(1) Board Committee(s):

Name & Purpose of Committees(s)	Name of Member
.....	
.....	
.....	
.....	

(2) Officers:

Name	position	No. of Years As Officer
.....		
.....		
.....		
.....		

7. Ownership Profile:

Country of Name	Paid-up Capital Citizenship	Residence	Amount	%
1.				
2.				
3.				
4.				
5.				
6.				
7.				
8.				
9.				
Other Shareholders owing less than 5% (number.....)				
				
TOTAL				100%

8. Organisation Profile:

- (1) Organisation Chart – Annex A chart indicating major departments or divisions which names and position titles of officers heading each department or division.
- (2) Functions – Annex A list of functions or responsibilities for each department or division listed in organisation chart indicating number of personnel or staff for each.
- (3) Qualifications of its principal shareholders and directors.
- (4) Annex Personal Declaration sheet of each principal shareholder, director and officer.
- (5) Powers and purposes – Annex the latest copies of memorandum and articles of association of not previously submitted to the Central Bank.

9. Shareholdings in Other Financial Institutions:

Name of Financial Institutions	Shares Owned		% of
	Amount	Number	Capital
.....			
.....			
.....			
.....			
.....			

10. Certification and Undertaking**AFFIDAVIT**

I,, certify that all information contained in and accompanying this form is complete and accurate to the best of my knowledge and belief.

I also undertake to forthwith notify the Central Bank of Lesotho within a period of fifteen days of any material change to this Information Sheet.

Sworn at Maseru, Lesotho

This day of
.....

Signature of Deponent
(Position)

.....

Deponent understands contents of this affidavit

Before me,

.....
A COMMISSIONER OF OATHS

- N.B. 1. All sections in this form must be filled and therefore no section shall be left blank.
2. Where information is not provided, please place "NOT APPLICABLE" or "NONE", as the case may be.
3. If any space provided in the form is adequate, the required information or data needed may be supplied, as on annex.
4. Reference shall be made in the relevant section of the form by placing the words "REFER TO ANNEX.....".

SCHEDULE III

PERSONAL DECLARATION SHEET (regulation 9(1)(c))

1. **Name and Capacity of person making this declaration:**

(1) Name:

(2) Position or Capacity:

2. **Date and place of birth:**

.....
.....

3. (1) Citizen of:..... (Country)
Since (Year)
- (2) Resident of:..... (Country)
Since (Year)

4. **Addresses:**

(1) Present Business Address

(Lesotho, since) (Outside Lesotho since)
.....

.....
.....

(2) Present Residential Address:

(Lesotho, since) (Outside Lesotho, since)
.....
.....
.....

(3) Last two addresses in Lesotho, if any, during the past 10 years:

(Since) (Since)
.....
.....
.....
.....
.....
.....

5. Professional Qualifications:

Particulars	Year Obtained
-------------	---------------

(1) Highest Academic Degree

.....	
.....	
.....	

(2) Special Awards or Honours

.....	
.....	
.....	
.....	
.....	

(3) Training Courses or Seminars

.....	
.....	
.....	
.....	
.....	

(4) Membership in Professional Organisations

.....	
.....	
.....	
.....	
.....	

6. Occupation or Employment (Present or most recent and for the last 10 years):

Inclusive Date

(M & Yr)

Name and business of Employer	Positions Held	From	Year
.....			
.....			
.....			
.....			
.....			

7. Other Business Affiliations (Direct and Indirect):

Nature of Affiliation i.e.

Director, Officer, Share-Holder with % holdings

Inclusive Date
(M & Yr)

Name of Business	Specified	From	To
.....			
.....			
.....			
.....			
.....			

8. **Family Group**

Business Affiliation

(State Name of Business and Nature of Affiliation i.e. Director, Officer, Shareholder with % holdings specified)

Name

- (1) Spouse

.....

.....
- (2) Children:

.....

.....

.....

.....
- (3) Parents:

.....

.....

.....
- (4) Brothers or Sisters:

.....

.....

.....

.....

9. **Record of court cases or any investigation by governmental, professional or any regulatory body (including pending cases or on-going investigations):**

Name of Court or Investigative Body	Full Particulars	Status
.....		
.....		
.....		
.....		
.....		
.....		
.....		
.....		

10. **Documentary Requirements -**

- (1) Certified statement of assets and liabilities;
- (2) Latest tax compliance certificate or certified true copy of income tax returns;
- (3) Two letters of character reference certified and duly notarised from individuals other than relatives who have personally known the undersigned for at least ten years;
- (4) A duly certified and notarised letter from a financial institution with whom the undersigned has had dealings for the last two years on the performance of past and present accounts such as, unauthorised overdraft on deposit accounts, past-due or delinquent accounts; and
- (5) Police Clearance.

11. **Certification and Understanding**

AFFIDAVIT

I, certify that all the above information contained and accompanying this form is complete and accurate to the best of my knowledge and belief and that I do not possess any of the disqualification's provided

under section 43 (1) of the Financial Institutions Act.

I also undertake to notify the Central Bank of Lesotho within period of fifteen days, of any material change to this Personal Declaration Sheet.

Sworn to at Maseru, Lesotho

This..... day of

.....
Signature of Deponent (Position)

Deponent understands contents of this affidavit

Before me,

.....
A COMMISSIONER OF OATHS

SCHEDULE IV

LICENCE FEES FOR APPLICATION TO CONDUCT A CREDIT ONLY AND/OR A DEPOSIT TAKING MICRO-FINANCE INSTITUTION (regulation 9(1)(d))

Business Type	Investigation Fee	Registration Fee	Licence Fee	Licence Renewal Fee	Branch Open- ing Fee
Micro-finance Credit Only	M5,000.00	M5,000.00	M2,500.00	M2,500.00	M2,500.00
Micro-finance Deposit Taking	M10,000.00	M7,500.00	M3,000.00	M3,000.00	M3,000.00

SCHEDULE V

MONTHLY, QUARTERLY AND ANNUAL REPORTING SCHEDULES FOR MICRO-FINANCE INSTITUTIONS

SCHEDULE V(a)

(regulation 71(1))

Central Bank of Lesotho**Credit risk return**

The return must be signed by the Chairman and the Chief Executive Officer and returned to the Director of Supervision, Central Bank of Lesotho within 21 days of the date to which it relates.

.....

Name of Microfinance Institution:.....

Period ending:

Non- performing loans

Period	No.	Balance	Percent	Provision
Less than 30 days			10%	
30 days but less than 90 days			20%	
90 days but less than 180 days			40%	
180 days but less than 270 days			60%	
270 days but less than 365 days			80%	
365 days and over			100%	
Total (1)				

Total loan balance outstanding excluding non-performing loans above:

1% of total loan balance (2):

Total provision required (1 +2):

Book Provision:

Opening balance as at	M
Additional amounts provided during the quarter	M
Bad debts written off to the provision during the quarter	M
Closing balance as at	M

Bad debts written off and recovered:

	Quarter ended		Financial year to date	
	Amount	Number	Amount	Number
Bad debts written off directly to Income and Expenses	M		M	
Bad debts written off against provision	M		M	
Total bad debts written off	M		M	
Bad debts recovered	M		M	

Loans restructured:

Report any loans where the terms and conditions have been formally changed such as extending the repayment period, reducing the repayments or reducing the interest rate:

Quarter ended		Financial year to date	
Amount	Number	Amount	Number

Loans restructured

Loans with a non-standard interest rate: M.....

Institution's system and Policies in place:

Policy	Presence
.....	
.....	
.....	
.....	

SCHEDULE V(b)

(regulation 71(1))

Central Bank of Lesotho**Capital adequacy return**

The return must be signed by the Chairman and the Chief Executive Officer and returned to the Director of Supervision, Central Bank of Lesotho within 21 days of the date to which it relates.

Name of a Microfinance Institution:.....

Period ending:

Capital

Fully paid up share capital M

Debts where the rights of creditors are subordinated M

Statutory Reserves M

Other reserves M

Unappropriated surplus			M
Surplus for the year to date			M
Total capital			M
Assets	Balance	Risk weighting	Risk weighted assets
Cash	M	0%	M
Deposits with CBL and government securities	M	0%	M
Deposits with other Banks	M	20%	M
Deposits with other Non Banks Financial Institutions	M	50%	M
Loans net of any cash collateral held	M	100%	M
Office furniture, fittings & equipment net of accumulated depreciation	M	100%	M
Real estate & buildings	M	100%	M
All other assets	M	100%	M

Total intangible assets: M.....

This includes items such as computer software that has been developed for the institution and capitalized and formation expenses that have been capitalized and not yet fully amortized.

SCHEDULE V(c)

(regulation 71(1))

Central Bank of Lesotho**Liquidity return**

This return must be signed by the Chairman and the Chief Executive Officer and returned to the Director of Supervision, Central Bank of Lesotho within 21 days of the date to which it relates.

Name of Micro-finance Institution:

Period ending:

Asset	Institution	Amount
Notes and coins		M
Government securities with 90 days or less to maturity		M
Deposits with Banks with 90 days or less to maturity		M
Deposits with Non Banks Financial Institutions with 90 days or less to maturity		M
Total liquid fund		M
Total deposit liabilities plus accrued interest at the end of the quarter		M
Liquidity ratio (total liquid funds to liquidity requirements):		%

SCHEDULE V(d)

(regulation 71(3))

Central Bank of Lesotho**Statement of Financial Performance**

The return must be signed by the Chairman and the Chief Executive Officer and returned to the Director of Supervision, Central Bank of Lesotho within 21 days of the date to which it relates.

Name of a Micro-finance Institution:

For the year to date ending:

Income	M	M
---------------	----------	----------

Interest Income

Non-Interest Revenue

Fee and Commission Revenue

Trading Revenue

Other Trading Revenue

Operating Expenses	M	M
---------------------------	----------	----------

Other Operating Expenses

Staff Costs

Tax Expense

Profit for the year

Total expenses

Surplus (deficit)

Tax expense

Net surplus (deficit)

Transfers to reserves

SCHEDULE V(d) continued

(regulation 71(3))

Central Bank of Lesotho**Statement of Financial Position**

The return must be signed by the Chairman and the Chief Executive Officer and returned to the Director of Supervision, Central Bank of Lesotho within 21 days of the date to which it relates.

Name of a micro-finance institution:.....

For the quarter ended:.....

Assets	M	M	M
---------------	----------	----------	----------

Intangible Assets

Property, Plant and
Equipment

Financial Investments

Loans and Advances to
customers

Loans and Advances
to other Non Banks
Financial Institutions

Cash and Cash
equivalents

Trade Receivables

Other Assets

Equity and Liabilities	M	M	M
-------------------------------	----------	----------	----------

Equity

Ordinary Share Capital

Reserves

Retained Earnings

Liabilities

TradingLiabilities

Deposits from
Customers

Deposits from other
Non Banks Financial
Insitutions

Other Liabilities

Provisions

Total Equity and Liabilites

SCHEDULE V(e)

(regulation 71(3)(d))

Central Bank of Lesotho

Schedule of deposit holders

Aging Analysis of Depositors

Numbr of Depositors	Amounts saved			
	3 months	6 months	9 months	12 months

SCHEDULE V(f)

Central Bank of Lesotho

Schedule of classification of deposits

Table 1

Classification of Deposits per amount deposited	Number of Depositors
M1-M5,000	
M5,001-M10,000	
M10,001-M15,000	
M15,001-M20,000	
Above (Specify)	

Table 2

Aggregate Number of Depositors	Total Amount of Deposits
--------------------------------	--------------------------

Declaration:

As an authorized representative of, I declare that all information filled in this report is accurate to the best of my knowledge and belief. There has been no compromise of truthfulness or any code of professional conduct.

.....
Signature

.....
Date

