



## BANK OF SOUTH SUDAN (BSS)

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### REGULATION NO. 14, 2012

#### TRANSACTIONS BETWEEN BANKS AND THEIR RELATED PERSONS

In accordance with the provisions of section 12 of the Bank of South Sudan Act, 2011, and sections 72 through 74 of the Banking Act 2012 (the Banking Act), I hereby issue the following Regulation that establishes conditions for transactions between banks and their related persons, the procedures for engaging in such transactions, and documentation and reporting requirements regarding such transactions.

This Regulation shall be cited as Transactions between Banks and their Related Persons, 2012, and shall come into effect as from the date of its signature.

#### I. Requirements for transactions with related persons

1. In accordance with section 72(1) of the Banking Act, a bank may not undertake any transaction with any of its related persons unless it has the prior written approval of a majority of the bank's board of directors. The board's decision must be based on full disclosure of all material terms and conditions of the transaction. Such disclosure must include, at a minimum:
  - (a) for credit transactions, the amount of the credit, interest rate, financial information of the borrower demonstrating ability to repay the credit, and information verifying the value of any collateral for the credit;
  - (b) for transactions involving the purchase or sale of assets, the purchase price and information verifying the value of the asset;
  - (c) for investments, an assessment of the risk involved in such investment and the potential benefits to the bank and to the related person in question.
2. The minutes of the board's decision must contain a determination by the board of directors that the transaction is fair to, and in the best interest of, the bank.
3. The bank must maintain a written record of such approval, including the names of those members of the board of directors approving of the transaction.
4. In accordance with section 72(2) of the Banking Act, a member of a bank's board of directors may not participate in the consideration or approval of any transaction between the bank and:
  - (a) himself;
  - (b) any of his close relatives; or
  - (c) any enterprise in which he or any of his close relatives has a significant participation, or serves as a member of the board of directors, member of senior management, or in any equivalent position.
5. The requirements of section 72(3) of the Banking Act do not apply to:
  - (a) deposits in the bank made by its related persons in the normal course of business;

