



**SAINT LUCIA DEVELOPMENT BANK
ACT**

**FINANCIAL SERVICES REGULATORY AUTHORITY
SAINT LUCIA**

GUIDANCE NOTES

Prepared by
Financial Services Regulatory Authority
Amended as at February 28, 2018

PREAMBLE

The Financial Services Regulatory Authority is empowered, under Section 15 of the Financial Services Regulatory Authority Act, No. 13 of 2011 (FSRA Act), to issue guidelines to regulated entities.

The powers/duties of the Authority are, *inter alia*, set out in Section 13 of the

FSRA Act.

This publication has been prepared by the Financial Services Regulatory Authority (FSRA/ the Authority), Saint Lucia, to provide the Saint Lucia Development Bank (SLDB/Bank) with guidance into the level of detail with which they are required to comply in the conduct of their business in the area of Banking in St. Lucia. It is intended to cover some of the principal issues contained in the Saint Lucia Development Bank Act, No. 12 of 2008 (SLDB Act) and to give the Bank, their clients and the Bank’s auditors an understanding of the minimum expectations of the FSRA.

For all legal purposes the reader should refer to the official texts of the Statutes and Section 48 of the SLDB Act which states **“Unless otherwise expressly stated in this Act, the provisions of the Financial Services Regulatory Authority Act apply to the Bank.”**

Further inquiries may be addressed to the office of the Financial Services Regulatory Authority, 6th Floor Francis Compton Building, Waterfront, Castries, St. Lucia. Tel: 1(758) 468 2990, Fax: 1 (758) 451 7655.

A. THE MONITORING PROCESS

SLDB will be monitored and regulated through:

- a. The provision of semi-annual returns (Management Accounts);
- b. Undergoing the annual statutory audit;
- c. Management Letter;
- d. On-site inspection by the staff of the FSRA
- e. The notification (to the FSRA) of changes in material particulars;
- f. The maintenance of proper books and records in St. Lucia.

1. Management Accounts

SLDB is required to file semi-annual Management Accounts with the Authority within two (2) months of the end of a six month period in accordance with International Financial Reporting Standards, along with a written declaration certifying, to the best of knowledge and in all reasonableness, that the management accounts represent a true and fair view of the financial position of the Bank.

2. The Annual Statutory Audit

SLDB is required to submit a copy of its audited accounts and annual report to the Authority in accordance with International Financial Reporting Standards. For the avoidance of doubt the auditor should:

- (a) Include in the Notes to the Audited Financial Statements, that SLDB has met the required adequacy ratios namely:

1. Total Equity/Total Assets should be a minimum of 8%.
 2. The ratio of Total Loans/Total Assets does not exceed 90% at any given time.
- (b) Include commentary in the Notes to the Audited Financial Statements on the Bank's compliance in respect of Section 28 of the SLDB Act which states **“the aggregate of the liabilities of the Bank outstanding at any one time including bonds and debentures issued by the Bank, shall not at any time exceed seven times the amount of its paid up share capital and free reserves”**.
- (c) Where applicable, include in the Notes to the Audited Financial Statements a note on the Bank's compliance in respect of Section 29 of the SLDB Act which states **“the Bank has established and maintain a reserve fund to which shall be allocated at the end of each financial year of the Bank not less than twenty-five percent of the Net Income of the Bank for that financial year whenever the total amount standing to the credit of such reserves funds is less than the paid up capital of the Bank”**.

The audited accounts are required to be submitted within three (3) months of the end of the Bank's financial year end.

3. Management Letter

The Bank is required to submit its Management Letter, issued by its Auditor within four months of the end of a financial year.

4. Notification of Changes

The Bank should inform the Authority of changes in material particulars and the reasons pertaining thereto in the case of each of the following:

- (a) where there has been a change in the Managing Director and Senior Officers of the Bank;
- (b) where there is proposed to be a change in the shareholders of the licensee;
- (c) where there has been a change in any of the licensee's professional advisers;
- (d) where there is proposed to be a change in the Bank's business address;
- (e) Where the Bank proposes to open a sub-office within or outside Saint Lucia

5. Other Operational Requirements

5.1 Compliance Officer

The Bank should appoint a Compliance Officer at management level in keeping with Section 16 (1) (n) of the Money Laundering (Prevention) Act, No. 8 of 2010.

5.2 Credit/Loan Report

- a) Management of the Bank shall submit a credit/loan report to the Board on a monthly basis stating at a minimum-

- (i) the number of loan applications received,
 - (ii) the number and category of loans granted,
 - (iii) the security obtained for the loans granted,
 - (iv) applications denied,
- b) Management of the Bank shall submit a delinquency report to the Board on a quarterly basis stating at a minimum-
 - (i) Number of delinquent loans
 - (ii) Aging of delinquent loans per sector
 - (iii) Provisions for delinquent loans

5.3 Internal Auditor

The Bank may have an Internal Auditor as part of strengthening of the audit function of the Bank.

5.3.1 Duties of Internal Auditor

The Internal Auditor shall –

- a) appraise the policies and operating procedures of the Bank and make recommendations to the Board;
- b) attest to the semi-annual Management accounts are filed in compliance with items A 1 of these Guidelines;
- c) determine periodically but not less than once per semi-annum, whether the provisions of the SLDB Act, Guidelines and the relevant policies have been complied with—
 - i. in making loans, including loans to officials, business loans and loans to organisations, associations and corporations,
 - ii. in the administration of depositors' accounts,
 - iii. in the maintenance of the minutes of meetings of the Board and other Committees.

- d) receive and investigate any complaints made by depositors of the Bank about management of the Bank;
- e) monitor the management of the Bank;
- f) ensure that the Bank complies with the provisions of the SLDB Act, and Guidelines; and
- g) verify the assets of the Bank and monitor whether the assets are properly protected.

5.4 Financial Statements of Subsidiaries

The Bank shall submit a copy of the financial statements of all its subsidiaries to the FSRA within four (4) months of their financial year end or within such extended period not exceeding 2 months as the Authority may allow.

6. Books and Records

The Bank is expected to maintain permanently at its principal office in St. Lucia such books of accounts and records of its business and financial affairs as will: -

- (a) show adequately the nature and extent of the business carried on by that Bank in St. Lucia; and
- (b) enable the Authority, at any time as provided in law to conduct a proper examination of the Bank's affairs, to ascertain with reasonable accuracy its financial position, and to verify that it is then in compliance with the law and these Guidelines.

6.1 **Books to be Kept.**

The books and records are to be kept by the Bank at its principal office in St. Lucia, which at a minimum should include:

- (a) financial statements for the current year and the preceding three years for its banking business as carried on in St. Lucia.
- (b) a detailed financial record of the Bank's operations;
- (c) a register of the Bank's directors, officers and managers, showing their names and addresses;
- (d) minutes of all the Bank's shareholders meetings, meetings of its board of directors, and meetings of committees of its Board of directors.
- (e) general and subsidiary ledgers and general journals;
- (f) an up-to-date list of all the Bank's service providers; and
- (g) any other register or record as may be specifically required in writing by the Authority from time to time.

Management Accounts are to be submitted to:

**The Executive Director
Financial Services Regulatory Authority
6th Floor, Francis Compton Building
Waterfront
Castries.
Tel: 468 2990**