

**FINANCIAL SERVICES REGULATORY ACT, 2010**  
**(ACT NO. 2 of 2010)**

**THE SACCOS REGULATIONS, 2013**  
**(Under Section 89)**

In the exercise of the powers conferred by section 89 of the Financial Services Regulatory Act, 2010, the Minister of Finance hereby issues the following regulations -

**PART I**

**PRELIMINARY**

***Citation and Commencement***

1. These Regulations may be cited as the SACCOS Regulations, 2013, and shall come into force on the date of publication in the Gazette.

***Objective***

2. The objective of these Regulations is to provide for the licensing and conduct of SACCOS.

***Interpretation***

3. In these regulations unless, unless the context otherwise requires-

“***Act***” means the Financial Services Regulatory Authority Act, 2010;

“***Amalgamation***” means the consolidation of assets, liabilities and equity of two or more SACCOS to form a new entity referred to as an amalgamated society;

“***Annual return***” means a set of financial reports in a prescribed format to be filed by all licensed SACCOS to the Authority duly endorsed by both the Board of Directors and external auditor of the reporting SACCO as required;

“***Authority***” means the Financial Services Regulatory Authority as established in terms of the Financial Services Regulatory Act 2010

“***Board of Directors***” means the Management Committee by whatever name called to which the management of the affairs of a SACCO is entrusted

“***Calendar Quarter***” means the three months ending March, June, September and December respectively;

“***Core capital***” means the sum of:

- (a) Full paid up permanent and non-withdrawable member share capital,
- (b) Unimpaired reserves,
- (c) Retained earnings,
- (d) Current year net profits
- (e) Capital grants, and
- (f) Donations

Less:

- i. revaluation reserves
- ii. current year net loss (100%)
- iii. investments in financial subsidiaries and
- iv. equity instruments in other financial institutions;

***“Delinquent loan”*** means any loan which the principal or interest remain unpaid after the due date;

***“Foreclosed assets”*** means real estate and assets of material value which are transferred to the SACCO because of non-repayment of a loan;

***“Foreign trade operations”*** means any transactions with parties outside Swaziland;

***“Full and fair disclosure”*** means the level of disclosure which a prudent person would provide to a member of a SACCO, to the Authority, or, at the discretion of the Board of Directors, to creditors, informing them of the financial condition and results of operations of the SACCO;

***“Institutional capital”*** means a sum of funds within the SACCO over which no person or outside entity has a legal claim, and consists of permanent and non-withdrawable member share capital, unimpaired reserves, retained earnings, capital grants and donations;

***“Redeemable share capital”*** means member fully paid up capital which shall only be redeemed upon cessation of membership

***Licensed SACCO*** means a SACCO licensed under the Financial Services Regulatory Act, 2010;

***“Liquidity”*** means the ability to fund at reasonable cost all contractual obligations of a SACCO, notably lending and investment commitments, share and deposit withdrawals, and liability maturities, in the normal course of business;

***“Monthly return”*** means a set of financial reports in a prescribed format to be filed by all licensed SACCOs and submitted to the Authority on a monthly basis duly endorsed by the Principal Officer and the Finance Manager of the reporting SACCO.

**“Officer”** means a director or any other person by whatever name or title called or described, who carries out or is empowered to carry out functions relating to the overall direction of a SACCO or takes part in the general management thereof;

**“Originating SACCO”** means the SACCO originating the loan participation when one or more SACCOs partner on a loan or multiple loans;

**“Principal Officer”** means a person who is responsible for the general administration of the SACCO and answerable to the SACCO Board of Directors

**“Provision for loan losses”** means an amount set aside in the statement of financial position to recognise probable loan losses so that the true value of the loan portfolio is fairly stated;

**“Quarterly return”** means a set of financial reports in a prescribed format to be filed by all licensed SACCOs and submitted to the Authority on a calendar quarter basis duly endorsed by the Principal Officer and the Finance Manager of the reporting SACCO;

**“Savings”** means deposits payable on demand;

**“Statutory management”** means the procedure whereby the Authority takes immediate possession and control of a SACCO business due to unsafe and unsound practices;

**“Trust operations”** means a relationship where a SACCO carries on a business in trust of beneficiaries;

## PART II

### LICENSING

#### *Application for licensing*

4. (1) A SACCO shall not carry out a SACCO business without a license issued by the Authority.

(2) An application for a license to conduct business as a SACCO shall be made to the Authority as prescribed in Form 1A of the First Schedule, and shall be accompanied by a non-refundable application fee as prescribed in the Third Schedule of these Regulations.

(3) A SACCO intending to operate a SACCO business shall make an application for a licence to the Authority in the manner prescribed in these Regulations.

(4) An application made in terms of these Regulations shall be accompanied by;

(a) the õfit and proper questionnaireö set forth in the Second Schedule for the Principal Officer, Senior Management and members of the Board of Directors;

(b) a certified copy of the SACCOs registration certificate, issued by the Commissioner of Cooperatives;

- (c) a copy of the By Laws of the SACCO ;
- (d) a three year strategic and business plan of the SACCO including vision and mission statement, scope and nature of business operations, and financial projections;
- (e) written documentation of the applicant`s risk management policies, and applicant`s ability to identify, measure, monitor and control the level and types of risks assumed;
- (f) certified minutes of the general meeting resolution authorizing the application for a SACCO license; and,
- (g) evidence, such as financial statements and bank statements, that the SACCO has in place institutional capital as prescribed by the Authority in terms of Regulation 35.

### ***Interview***

5. (1) The Authority may, where considered necessary invite any applicant for an interview in order to verify and asses an application.
- (2) Any such invitation shall be in writing stating specific objectives of the interviews.

### ***Additional information and inspection***

6. (1) The Authority may require the Applicant to submit additional information where it deems it necessary depending on the circumstances of each SACCO.
- (2) The Authority may carry out an inspection of the premises of the SACCO in order to ascertain whether the SACCO has an acceptable institutional infrastructure including -
- (a) adequate working space;
  - (b) a strong room and safe; and,
  - (c) an information management system capable of performing and accounting for all transactions and providing the minimum reports required by the Authority.

### ***Letter of Compliance***

7. Once the Authority is satisfied that the SACCO has complied with conditions set at regulations 4, 5 and 6 it shall issue the SACCO with a Letter of Compliance requiring the SACCO to pay the requisite licence fees as set out in the Third Schedule within 30 days of the date of issuance of the Letter of Compliance.

### ***Licence***

8. (1) The Authority shall, upon payment of the licence fees referred to in regulation 7, grant a licence to the applicant SACCO in the form prescribed as Form 1B in the First Schedule of these regulations.

(2) A licence issued under these regulations shall, unless revoked by the Authority, be valid up to 31<sup>st</sup> December of the year in which it is issued and may on expiry be renewed.

(3) A licence issued under these regulations is not transferable or assignable to any other entity.

### ***Publication***

9. (1) The Authority shall, within 14 days of the granting of a licence, publish in the Gazette particulars of any newly licensed SACCO.

(2) At the beginning of each year not later 31 January, the Authority shall publish in at least one newspaper of national circulation particulars of all licensed SACCOs.

### ***Denial of licence***

10. (1) The Authority may, acting in accordance with the provisions of the Act, deny issuing a licence for reasons including, but not limited to:

- (a) non-submission of documents required for licensing;
- (b) submission of insufficient or misleading information that fails to comply with the requirements set forth in these regulations;
- (c) submission of information deemed suspicious, forged or fraudulent;
- (d) inadequacy of the required minimum capital, inadequacy of the required minimum number of founding members;
- (e) economic non-viability of the feasibility plan; or,
- (f) copy of license, as well as premises certificate.

(2) A decision to deny the issuing of a licence shall be communicated by the Authority in writing, with reasons, to the applicant within sixty (60) days of the receipt of a complete application.

(3) The applicant may make a re-submission at any time in the event that the reason for refusal has been positively addressed.

### ***Renewal of License***

11. A SACCO shall apply for renewal of a license at least 90 days before the expiry of its operating license in respect of its head office and any other place of business.

### ***Revocation and Suspension of License***

12. (1) The Authority may revoke or suspend a licence of a SACCO in accordance with section 40 of Act.

(2) Upon revocation or suspension of the licence the assets, books and records of the SACCO shall be preserved by the authority pending liquidation

(3) A person who, at the time of the revocation of the licence, was an officer of the SACCO shall not participate in the affairs of any other SACCO without the written approval of the Authority

13. (1) Notwithstanding the provisions of section 12 above the Authority may seek an order of court authorizing the revocation or suspension of a SACCOs licence:

(a) if the SACCO has violated the provisions of the Act and has ignored any request by the Authority to take corrective measures

(b) if any investigation carried out by the Authority gives the Authority cause for cancellation and suspension

(2) The court may revoke or suspend the licence of a SACCO in a manner in which it thinks fit and the court shall determine the period for which the revocation or suspension shall apply, the conditions attached, the conditions for reinstatement and the consequences of failing to comply with such conditions.

(3) The court may revoke or suspend of the SACCO if it considers this to be in the best interest of the members of the SACCO.

(4) A SACCO whose licence has been revoked or suspended in terms of this regulation shall remain subject to the provisions of section Part XI of the Act.

(5) A SACCO whose licence has been revoked shall within 30 days of being informed of the revocation by the Authority provide proof that a positive decision by 75% of the SACCOs members present at a general or special meeting called by the Board of Directors to vote on a voluntary liquidation of the SACCO,

failing which, the Authority shall apply to Court for an order to liquidate the SACCO;

(6) Where the Authority has immediately revoked the licence of the SACCO it shall inform the SACCO of its intention and the SACCO shall not take any action in terms of Sub- section

(7) or the SACCO shall cease any action that it may have commenced in terms of the said subsection.

(8) the costs of any successful application to the court by the Authority for purposes of this section shall be borne by the SACCO.

(9) a person who contravenes the provision of subsection (5) commits an offence and shall, on conviction, be liable to a fine of E5, 000-00 or a term of imprisonment not exceeding 2 years.

### ***SACCO Register***

14. The Authority shall maintain a register of SACCOs and shall enter into the SACCOs register for each SACCO the following minimum information -

- (a) name and license number;
- (b) physical and postal address of the SACCO;
- (c) date of licensing and conditions, if any;
- (d) type of SACCO;
- (e) Board members and their residential status;
- (f) executive management
- (g) name of auditors;
- (h) location of head office;
- (i) number of branches held by the licensee; and,
- (j) capital, total assets and total deposits

### ***Display of Information***

15. A licensed SACCO shall display, in a conspicuous place on their premises, where the business is conducted -

- (a) the SACCO's code of conduct;
- (b) information on members' rights and responsibilities;
- (c) a copy of audited financial statements;
- (d) a list products and services offered;
- (e) the terms under which SACCO products are offered; and,
- (f) a copy of licence, as well as premises certificate.

## PART III

### REGULATION AND SUPERVISION

#### *Inspection of SACCOs*

16. (1) The Authority shall be responsible for supervising SACCOs to ensure that they comply with the provisions of the Act, these Regulations, their bylaws, policies, procedures and any other applicable law.
- (2) The Authority shall have unlimited access to all premises and records of a SACCO.
- (3) Without prejudice to the generality of paragraph (2), the Authority may in the supervision of SACCO
- (a) enter any premises of the SACCO or any premises in which it is believed on reasonable grounds that books, records, accounts or documents relating to the SACCO business are kept;
  - (b) require any officer, employee or agent of the SACCO to produce any of the institution's accounting, financial and non-financial records or documents;
  - (c) open or cause to be opened any strong room, safe or other facility in which there are any of the SACCO's securities, books, records, accounts or documents;
  - (d) examine, make extracts and copy any of the SACCO's securities, books, records, accounts or documents.
- (4) The Authority may require a SACCO to furnish any reports it may deem necessary and in such a form as the Authority may prescribe.
- (5) In examining a SACCO, the Authority shall satisfy itself with regards to
- (a) compliance with capital adequacy requirements;
  - (b) the composition of assets, liabilities and equity accounts;
  - (c) the quality of earning assets;
  - (d) financial, operational and business risks; and,
  - (e) any other matter which in the opinion of the Authority is relevant to the performance of its mandate under the Act, these Regulations and any other applicable law.
- (6) If the Authority is dissatisfied with the reports, it may request for additional information from the SACCO or make an on-site inspection.
- (7) The Authority may, at any time and from time to time cause an on-site inspection to be made by any person authorised by it in writing, of any licensed SACCO and of its books, accounts and records.
- (8) Where an inspection is made under paragraph 7, the Authority may compile a report which shall draw attention to any breach or non-observance of the requirements of the Act or the regulations or any irregularity in the manner of conduct of the business of the SACCO.
- (9) Within 30 days after receiving the report, the SACCO Board of Directors shall sign a Certificate of Awareness to indicate that they have read and understood the contents of the report.
- (10) The Authority may within thirty days after forwarding a copy of the findings to the SACCO, present those findings and a report on corrective actions to a Board of Directors meeting called



specifically for that purpose, and the board of directors shall pass a resolution on the implementation of corrective actions recommended by the inspection

(11) All information obtained in the course of regulating and supervising a SACCO shall be treated as confidential and used solely for the purpose of the Act and these Regulations.

(12) A memorandum of understanding and agreement shall be entered into between the Authority and the Board of Directors of the SACCO setting forth the specific corrective or remedial actions to be undertaken by a SACCO within a specified period.

(13) Failure to comply within the specified time frame, the Authority may invoke the provisions of regulation 18 and 19 to safeguard the SACCO's assets.

### ***Letter of understanding and agreement***

17. (1) The Authority shall issue a letter of understanding and agreement directing the SACCO to address the unsafe and unsound practices that have not been sufficiently addressed as stipulated in the memorandum of understanding and agreement.

(2) Violation of the letter of understanding and agreement may lead to sanctions stipulated in section 51 of the Act or a Cease and Desist Order under regulation 18.

### ***The cease and desist order***

18. (1) A Cease and Desist Order shall be issued where the SACCO has

- (a) engaged or continues to engage in any unsafe business practice; and,
- (b) violated or continues to violate the Act, these Regulations, or any written agreement between the SACCO and the Authority.

(2) The order shall state the specific actions that shall be ceased, who is to cease from doing the action, and the time period.

(3) If the necessary corrections are not made by the SACCO, the Authority may invoke the provisions of regulation 19, 20 and 21 to safeguard a SACCO's assets and impose penalties as stipulated in the Act.

(4) The order shall be signed by the Authority and served upon the board of directors of the SACCO.

### ***Enforcement Actions***

19. (1) The Authority may use supervisory enforcement actions to provide an outline of specific corrective or remedial measures including appropriate time frames and goals for achievement of compliance.

(2) The Authority may prescribe any remedial action that it considers appropriate in addressing lapses or violations.

(3) The Authority may consider the use of all or any enforcement actions which it shall communicate to each individual SACCO as and when the need arises.

(4) Where the Authority has reasonable grounds to believe that an officer of a SACCO is engaged or is likely to engage in any act or practice which has occasioned or is likely to occasion a contravention of the provisions of the Act or any other law in any manner detrimental to or not in the best interest of its members or of the members of the public, or the survival of the SACCO, or has committed an offence, the Authority shall issue administrative directions regarding measures to be complied with or impose such sanctions to be taken against the said officer as it may deem fit as provided for under the Act and these Regulations.

### ***Administrative sanctions***

20. (1) In deciding which administrative action to be taken, the Authority shall consider the following

- (a) the financial condition of the SACCO;
- (b) the members' interests;
- (c) the ability of the management and directors to manage the SACCO effectively; and,
- (d) the local and macro-economic conditions.

(2) The Authority may pursue any or all of the following administrative sanctions against a SACCO, its board of directors, or its officers

- (a) prohibition from declaring or paying dividends;
- (b) prohibition from expanding existing activities or engaging in new activities;
- (c) suspension of lending, investment and credit extension operations;
- (d) prohibition from acquiring, through purchase or lease, additional property and equipment;
- (e) prohibition from accepting further deposits or other lines of credit; and,
- (f) prohibition from declaring or paying bonuses, salary incentives, severance packages, management fees or reimbursement of expenses to directors or officers.

### ***Prohibitions and removal of officers***

21. (1) The Authority may prohibit any individual seeking to be a director or employee of a SACCO, if the individual has been charged or convicted with a crime involving monetary loss, fraud, perjury, or breach of contract of a licensed financial institution.

(2) The Authority may prohibit an individual from seeking to be a director or employee if he or she is likely to pose a threat to the interest or threaten to impair public confidence in the SACCO.

(3) A person against whom disciplinary action has been taken by way of removal from office shall be ineligible to hold office in any SACCO for a period of three years or such other period as may be determined by the Authority.

(4) The Authority may direct a SACCO not to conduct business or discontinue conducting business with an individual or legal entity that has been charged with a crime involving monetary loss, fraud, perjury, breach of contract or a crime which may pose a threat to the interest of the SACCO or threaten to impair public confidence in the SACCO.

(5) The prohibition order shall be addressed to the SACCO board of directors and the prohibited party, stating specifically the reason for the prohibition and that it shall take immediate effect.

- (6) The Authority or SACCO may remove an officer from office, if the officer
  - (a) directly or indirectly violates the Act, these Regulations or the SACCO bylaws;
  - (b) engages or participates in any unsafe or unsound practice in connection with the SACCO;
  - (c) has a non performing loan or becomes a bad debtor; and
  - (d) commits any act, or practice or fails to take appropriate action, thereby committing a breach of fiduciary responsibility, resulting in or likely to result in
    - (i) a SACCO suffering financial loss or other damage;
    - (ii) members' interest being prejudiced; or,
    - (iii) any party receiving unfair financial gain or other benefit.

(7) A notice to remove an officer from office by the Authority shall contain specific statement of facts constituting the grounds for removal and shall take immediate effect.

(8) A person aggrieved by the removal order may lodge an appeal in terms of the procedures set forth in the Act.

### ***Statutory management***

22. (1) The Authority shall place a SACCO under statutory management if the SACCO
- (a) willfully and continuously fails to comply with instructions issued by the Authority;
  - (b) has abandoned its core business or does not operate in the members' best interests;
  - (c) is totally incapable of coping with severe financial problems that need to be brought under control;
  - (d) has engaged in unsound financial practices resulting in massive erosion of capital; or,
  - (e) if a petition is filed for winding up of the SACCO.
- (2) A SACCO's financial soundness and the members' interests shall be considered threatened if-
- (a) the SACCO is unable to meet its obligations to depositors and creditors or,
  - (b) institutional capital is less than two percent of total assets and on a declining trend.
- (3) All expenses associated with the statutory management shall be met by the SACCO.

### ***Appointment of a statutory manager***

23. (1) A person shall not be appointed as a statutory manager of a SACCO, if that person is a member of the SACCO, a creditor of the same or is related to or is an immediate family member to a former officer.
- (2) Effective from the moment the statutory management is ordered, the following shall apply
- (a) the statutory manager shall operate on behalf of the SACCO ;

- (b) all powers of the general meeting of members ,board of directors and senior management shall be suspended and transferred to the statutory manager;
- (c) no attachment or lien except a lien created by the Authority, shall attach to any property or asset of the SACCO concerned as long as the statutory management stands;
- (d) any gratuitous transfer of any asset of the SACCO made within the period of one year before the statutory management shall stand revoked and all such assets shall be surrendered to the Authority;
- (e) any lending to an officer or related party which is found to have been advanced on preferential terms or without adequate security made within six months prior to the statutory management shall be recalled, and that officer or person related to the officer shall immediately refund the monies advanced and pay any interest due.

### ***Financial Penalties***

24. (1) Save as provided in the Act, the Authority reserves the right to impose the following penalties in accordance with section 68 of the Act

- (a) a SACCO which fails to submit reports and information required by the Authority commits an offence and is liable to a penalty not exceeding E 5,000.00 and E1,000.00 thereafter for each subsequent working day that the SACCO remains in default
- (b) a SACCO which submits incorrect reports and information to the Authority commits an offence and is liable to a penalty not exceeding E 5000.00 and E1,000.00 thereafter for each subsequent working day that the SACCO remains in default

(2) A SACCO which violates the terms of a letter of understanding and agreement or a cease and desist order, is liable to a penalty in terms of the Act. The penalty order shall be issued by the Authority to be served upon the guilty party and a copy thereof to the Board of Directors, stating the reason for and the amount.

(3) The penalty levied shall be payable within fourteen days from the date of receipt of the order imposing it and shall be paid in favour of the Authority.

(4) Any amounts of the penalty which remain outstanding past the due date shall attract an interest of one percent per day till full settlement.

## **PART IV**

### **GOVERNANCE**

#### ***Membership Responsibility***

25. (1) The supreme authority of a SACCO shall be vested in the members who shall jointly and severally protect, preserve and exercise it in general meetings.

(2) In exercising the responsibilities of the supreme authority, members shall jointly and severally ensure that only credible members are elected to the Board of Directors.

(3) The Board of Directors shall consist of elected non-executive members.

### ***Responsibilities of Board of directors***

26. (1) In the conduct of the affairs of the SACCO, the Board of Directors shall exercise prudence and diligence of ordinary men of business and shall be held, jointly and severally liable for any loss occasioned by their actions which are contrary to the Act, these Regulations, rules, bylaws or the direction of any general meeting of the SACCO or any other applicable law.

(2) The Board of Directors shall ensure that the management maintains proper and accurate records that reflect the true and fair position of the SACCO's financial condition.

(3) The Board of Directors shall ensure that the SACCO functions effectively and that an adequate and effective internal control system is put in place.

(4) The Board of Directors shall establish appropriate policies including human resource policy, audit policy, credit policy, investment policy, savings policy, liquidity policy, information preservation policy, dividend policy and risk management policy.

(5) The Board of Directors shall meet not more than twice a quarter in a financial year.

(6) The Board of Directors shall ensure that the SACCO makes adequate provisions for known and probable losses likely to occur as required by these Regulations.

(7) It shall be the duty of the Board of Directors to ensure that the SACCO maintains a positive image within the industry and the economy as a whole.

(8) The Board of Directors shall establish such number of committees, including an audit and a credit committee as may be necessary to effectively discharge its functions.

(9) The Board of Directors shall be responsible to the members for the production of the Annual Audited Accounts which shall be presented at an Annual General Meeting held not later than four months after the end of a financial year.

(10) A member of the Board of Directors shall attend meetings regularly and shall automatically cease to hold office if he or she fails to attend three consecutive meetings without permission or reasonable cause.

### ***Prohibition against remuneration and eligibility***

27. (1) A member of the Board of Directors shall not receive remuneration in form of a salary or honorarium for services rendered to the SACCO, but may be reimbursed for necessary expenses incurred in the course of discharging lawful duties to the benefit of the SACCO.

(2) A person shall not be permitted to hold the position of a member of Board of Directors in more than one SACCO licensed under the Act.

***Principal Officer***

28. (1) Every licensed SACCO shall have a Principal Officer who shall be Swazi citizen resident in Swaziland.

(2) The Board of Directors shall be responsible for the appointment and removal of the Principal Officer of a SACCO.

(3) The Board of Directors shall report to the Authority, within fifteen days, the appointment, resignation and or removal of the principal officer.

***Responsibilities of principal officer***

29. (1) The principal officer shall be responsible to the Board of Directors for the day- to-day running of the matter of the Sacco, paying attention to-

- (a) the implementation and adherence to the prescribed policies, procedures and standards;
- (b) systems that have been established to facilitate efficient responsibilities of the principal officer.
- (c) the planning process developed to facilitate achievement of targets and objectives;
- (d) all staff matters, particularly human resource development and training;
- (e) adherence to the established code of conduct; and
- (f) the Act, these Regulations, rules, by laws and any other applicable laws.

(2) The principal officer shall ensure that the Board of Directors is frequently and adequately apprised of the operations of the SACCO through presentation of relevant Board papers which shall cover, among other areas

- (a) monthly, quarterly and annual financial statements, showing current compared with past period actual performance, the budget compared with the actual expenditure, and with explanations for any variances;
- (b) capital structure and adequacy;
- (c) delinquent loan list, and in particular growth in loans, loan losses, recoveries and provisioning;

- (d) statement of comprehensive income (monthly, quarterly and annual) comparison with budgeted against actual;
- (e) sources and distribution on profile of savings and deposits;
- (f) all insider dealings and non-performing insider loans if any;
- (g) reports on violation of the Act, these Regulations and any other applicable law, and remedial actions taken to comply;
- (h) large risk exposures;
- (i) investment portfolio;
- (j) any regulatory reports, and internal reports; and,
- (k) any other relevant areas to the SACCO's operations.

***Code of conduct***

30. (1) A SACCO shall prepare a Code of Conduct in the form set out in the Fifth Schedule for the approval of the Authority.

(2) An officer who violates a SACCO's code of conduct commits an offence and is liable on conviction, to a fine not exceeding ten thousand Emalangeni (E 10,000) or to imprisonment for a term not exceeding 2 years or to both.

**PART V**

**INFORMATION PRESERVATION AND BUSINESS CONTINUITY**

***Information preservation***

31. (1) The Board of Directors of a SACCO shall be responsible for the establishment of an information preservation policy which shall address information preservation and business continuity.

(2) A SACCO shall copy all its critical information to a memory device and store in a fire proof safe on a daily basis, and shall store weekly backups off-site.

(3) An information preservation log shall be maintained at the SACCO showing the type of records stored, location of storage, the time the records were stored and the person who sent the records for storage as well as the person who did the backup.

(4) For purposes of these Regulations "critical records" means minimum records required to restore SACCO business operations in the event of a disaster, which may include but not be limited to a list of shares, savings deposits and loan balances for each member's account, investments, bank balances and a financial report which lists asset, liability and equity accounts.

### ***Copies of vital records***

32. A SACCO shall keep copies of vital records at an offsite location and such records may include copies of titles for property and equipment owned by the SACCO, copies of securities pledged by borrowers, copies of external borrowing agreements and insurance policies.

### ***Vital records.***

33. A SACCO shall have a written disaster preparedness plan approved by the Board of Directors, the size and sophistication of which shall be commensurate with the complexity of the SACCO operations, and which shall address, at a minimum

- (a) the interval at which the plan shall be reviewed;
- (b) the person responsible for implementing the plan;
- (c) the duties and responsibilities of the employees who are responsible for assessing the situation, providing information and establishing member service as quickly as possible;
- (d) identification of alternative locations equipped with the necessary equipment to maintain critical operations for a sufficient time period in the event of a disaster;
- (e) identification of the critical information needed to operate the SACCO in case of disaster;
- (f) intervals of testing the backups and the plan;
- (g) a security plan designed to protect the SACCO's premises from robberies and burglaries which shall be reviewed periodically; and,
- (h) a suitable standby power backup.

## **PART VI**

### **CAPITAL ADEQUACY**

#### ***Minimum capital requirements***

34. (1) A SACCO shall at all times maintain ó

- (a) a core capital of not less than E 5,000 (five thousand Emalangeni);
- (b) a core capital of not less than 10% (ten percent) of total assets;
- (c) a core capital of not less than 8% (eight percent) of total deposits; and,



(d) an institutional capital of not less than 8% (eight percent) of total assets

(2) Notwithstanding sub-Regulation (1) the Authority may prescribe any other amount of capital adequacy ratio to a SACCO as the Authority deems appropriate depending on the circumstances of that SACCO.

***Criteria for higher minimum capital ratio***

35. (1) The Authority may impose a higher minimum capital requirement on a SACCO where that SACCO has

- (a) incurred losses resulting in a capital deficiency;
- (b) a significant exposure to risk
- (c) a high or severe volume of poor quality assets; or,
- (d) experienced rapid growth without adequate capitalization and risk management system among other resource needs.

(2) Notwithstanding Regulation 35, the Authority may prescribe additional criteria for imposing higher minimum capital ratios.

***Capital adequacy return***

36. (1) A SACCO shall, not later than the 15<sup>th</sup> day of the month following the month to which the return applies, submit to the Authority a monthly return on capital adequacy in the form set out in Form 2 A of the Fourth Schedule. A SACCO which fails to comply with the requirements of this Regulation shall be liable to such Administrative sanctions as may be prescribed by the Authority.

**PART VII**

**LIQUIDITY**

***Liquidity and asset liability management***

37. (1) Subject to these Regulations, the Board of directors of a SACCO shall be responsible for formulating, reviewing and adjusting the liquidity policy of the SACCO on an annual basis.

(2) The liquidity policy referred to in sub Regulation (1) shall at a minimum address the -

- (a) appointment of a person responsible for liquidity management;
- (b) appointment of a person to access a line of credit for liquidity purposes;
- (c) monitoring of liquidity;

- (d) minimum and maximum levels for total cash assets;
- (e) cash holding limit;
- (f) process or methods of monitoring asset and liquidity management; and,
- (g) frequency for analysing the asset and liquidity positions.

(3) A SACCO shall maintain at least 15% (fifteen per cent) of its savings deposits and short term liabilities in liquid assets.

(4) The liquidity ratio calculation shall be liquid Assets minus liabilities due in thirty (30 ) days or less divided by total savings deposits.

(5) A SACCO shall calculate the liquidity ratio on a weekly basis using the closing balances of the last business of the week.

(6) For the purposes of this Regulation, liquid assets include ó

- (a) notes and coins;
- (b) balances held at institutions licensed under the Financial Institutions Act, 2005, or the Swaziland Building Societies Act, 1962, after deducting therefrom balances owing to those institutions;
- (c) treasury bills
- (e) deposits held at other SACCOs of a maturity not exceeding 90 (ninety) days after deducting therefrom balances owed to those SACCOs; and,
- (f) such other liquid assets as the Authority may specify.

### ***Contingency***

38. (1) The Board of Directors of a SACCO shall put in place a contingency plan to handle any liquidity crisis which may arise.

(2) The plan shall include procedures for making up liquidity shortfalls in emergency situations and a backup liquidity strategy for circumstance in which the normal approach to funding operations are disrupted.

## PART VIII

### SHARES, DEPOSITS AND SAVINGS

#### *Terms of member shares*

39. (1) A SACCO shall prescribe a minimum number of shares at a par value for which an individual shall subscribe to become a member.
- (2) A member shall not pledge shares as collateral or security for a loan granted by the SACCO.
- (3) A member may transfer shares to another member on leaving membership of a SACCO, but the SACCO shall not refund shares to the leaving member.
- (4) Shares may earn dividends paid from net surplus after required transfers to reserves at the end of a financial year in accordance with the dividend policy of a SACCO.
- (5) A SACCO shall not pay dividends unless it has complied with Regulation 34 prescribing capital adequacy and any other requirements that the Authority may impose.

#### *Non-withdrawable deposits.*

40. (1) Non-withdrawable deposit accounts shall be operated in accordance with a SACCO's by-laws and the amount accumulated in the account may be used as collateral against borrowings and shall be refunded only when a member withdraws from membership and provided the member has fully repaid all his debts and is free from guarantee.
- (2) Where a SACCO operates non-withdrawable deposit accounts, every member shall contribute on a monthly basis or at such prescribed periods and in such amounts as may be determined by the SACCO.
- (3) A SACCO may refund the amount saved in his non-withdrawable deposit account within sixty days after receiving a written notification from the member.
- (4) Non-withdrawable deposits shall attract interest at a rate to be determined by the SACCO as dictated by external market forces or internal funding needs.

#### *Withdrawable deposits*

41. (1) A SACCO shall establish a savings policy with minimum prescribed terms and conditions of opening, operating and closing accounts, interest rate calculations and payments, penalties and other charges.
- (2) All withdrawable deposits shall attract interest at a rate prescribed in the terms and conditions of the deposit.

- (3) Interest on withdrawable deposits shall accrue on a pro-rata basis.

***Deposits return***

42. A SACCO shall submit to the Authority a statement of deposit return on its non-withdrawable and withdrawable deposits at the end of every quarter to be received on or before the 15th day of the following month.

***Record keeping***

43. (1) A SACCO shall maintain a term deposit account for each of its members through which Shares and deposit transactions with the member shall be recorded.

(2) Term deposit accounts shall be evidenced by a receipt or statement that clearly states the member's name, the certificate and account number, the date of the deposit, the amount of the deposit, the term of the deposit, the interest rate, and dates of interest payments and penalties for early withdrawal.

***Savings disclosure requirements.***

44. (1) A SACCO shall disclose to its members and potential members, the terms and conditions for operating each account and legal obligations attendant thereto.

(2) An advertisement in respect of the terms and obligations attendant to an account offered by a SACCO shall not be misleading or inaccurate and shall not misrepresent a SACCO's account contract, and shall state, to the extent applicable, clearly and conspicuously-

- (a) the minimum amount required to open an account and the minimum balance to maintain it;
- (b) the minimum interest bearing balance;
- (c) the interest rate and fees applicable;
- (d) the penalty for early withdrawal, if any; and,
- (e) the maturity of a term account.

(3) For a joint account, disclosures made to any one of the members shall be deemed to be made to both members.

***Dormant accounts***

45. (1) A SACCO shall deem an account as dormant if no transactions have been made therein for a period of six months, and maintain a separate accounting record of all such accounts.

(2) Savings, deposits and other sums due to a member may be deemed abandoned if the member or his nominee has not contacted the SACCO in person or in writing within a period of five years, or has otherwise not indicated an interest in the funds.

(3) Where funds have been deemed abandoned, the board of a SACCO shall give a ninety (90) days notice to the member or nominee at the last known address of its intention to close the account and transfer the abandoned monies to the public trustee.

(4) The Board of Directors may transfer the abandoned funds to a person whose name appears in the society's records as a nominee or beneficiary.

(5) Where the member or nominee cannot be traced, the Board of Directors may, with approval of the Annual General Meeting, Transfer the funds to the Master of the High Court, and shall inform the member or other interested party by way of notice of the action taken using the last known address.

## **PART IX**

### **CREDIT MANAGEMENT**

#### ***General Lending Requirements***

46. (1) Except as otherwise provided, these Regulations shall apply to all credit facilities, including loans, advances and overdrafts to members.

(2) A SACCO shall have a written credit policy consistent with the relevant provisions of, these Regulations and any other applicable laws, which shall contain information regarding

- (a) loaning procedures and their documentation;
- (b) requirements for grant of a loan;
- (c) permissible loan purposes and acceptable types of collateral;
- (d) loan concentration limits;
- (e) loan types, interest rates, frequency of payments and conditions;
- (f) maximum loan size per product;
- (g) where collateral is used as security for lending, maximum loan amounts as a percentage of the values of the same;
- (h) appraisal of the borrower's ability to repay the loan;
- (i) terms and conditions for insider lending;
- (j) maximum loan approval levels for each officer and committees; and
- (k) guaranteeing requirements.

(3) A member may repay a credit facility prior to its maturity in whole or in part on any business day without being charged full-term interest.

(4) Except as otherwise provided, no director or employee of a SACCO, or immediate family member of a director or employee shall receive anything of value or other compensation in connection with any loan made by the SACCO.

(5) The Board of Directors of a SACCO shall be responsible for ensuring that the written credit policy remains up-to date and reflect current lending practices.

(6) A SACCO shall provide a sixty days written notice to every member affected by a change in any term disclosed in the loan contract.

(7) A SACCO shall provide each borrower, at least once every six months or on request a statement for each outstanding credit facility that provides adequate detail of each transaction made during the period.

### ***Lending disclosure requirements***

47. A SACCO shall disclose at a minimum the following lending terms and legal obligation between the parties as applicable

- (a) amount to be financed;
- (b) finance charges, including interest rate, fees and any other charges that may be imposed;
- (c) interest computation method (variable, fixed, flat or reducing) and the date interest charges begin to accrue;
- (d) conditions for refinancing of loans;
- (e) frequency of issue of statements; and
- (f) Collateral required to secure the lending.

### ***Interest rates, fees and penalties***

48. (1) Loan interest rates may be established by senior management and shall be approved by the Board of directors.

(2) A SACCO may levy a late charge in connection with collecting a debt arising out of an extension of credit which remains unpaid after its due date.

### ***Limit on interest recoverable***

49. A SACCO shall be limited to the interest it recovers from a debtor with respect to a delinquent loan up to the limit not exceeding the amount owing when the loan became delinquent.

### ***Security of loans***

50. (1) A SACCO shall ensure that all loans granted are fully secured;
- (2) A SACCO shall ensure that no member is allowed to over-guarantee;
- (3) A guarantor shall be adequately informed of the nature of the liability prior to signing an agreement creating guarantor liability;
- (4) A SACCO shall not grant a loan or credit facility against a member's shares.

### ***Approval for loan products***

51. (1) A SACCO intending to introduce a new loan product shall seek prior approval from the Authority.
- (2) An application for product approval shall be accompanied by information on the planned scope of operations including the
- (a) capacity, including availability of qualified or experienced staff to disburse loans;
  - (b) projected demand for the product; and,
  - (c) market segment that the product targets.

### ***Loans between SACCOs***

52. A SACCO may borrow from another SACCO for purposes of providing funding for member loans or to finance temporary liquidity short falls provided that
- (a) a borrowing SACCO shall not exceed the prescribed limit for external borrowings;
  - (b) the SACCO's Board of Directors or its delegated authority shall approve the borrowing or lending to other SACCOs;
  - (c) the terms and conditions for borrowing or lending shall be evidenced by a signed written agreement between or among the participating SACCOs to be approved by the Authority;
  - (d) where a SACCO borrows for the purposes of on lending to members, it shall retain a reasonable interest margin between its borrowing and lending rates.

### ***External Borrowing and Limits on Loans***

53. (1) A SACCO may borrow funds from specialized credit institutions, specialized organizations serving SACCOs commercial banks, government bodies, international financial institutions and outside sources based on credit contracts.

(2) External borrowing must be approved in advance by the SACCO's Board of Directors, or by a duly authorized sub-committee thereof

(3) A SACCO shall not acquire external borrowings in excess of twenty five per cent of its total assets unless the limit has been waived by the Authority.

(4) An application for such a waiver shall contain a detailed explanation demonstrating the need to raise the limit above twenty-five per cent.

(5) The Authority may grant the waiver request if the proposed borrowing limit is not likely to have any adverse effect on the safety and soundness of the SACCO.

(6) A SACCO acquiring external borrowing for on lending to members shall charge interest at least two percentages higher than the rate it is charged in procuring the facility.

(7) The Registrar may on his discretion review the above limits on an exception basis

### ***Insider Lending***

54. (1) An officer of a SACCO shall not use that position to further his or her personal interest.

(2) All loans to directors and employees shall be approved or ratified by the board directors.

(3) Where an applicant is a member of the board that board member shall not be present in the meeting considering the loan application.

(4) The rates, terms and conditions of any loan made to an officer, his immediate family member, or their business associates shall not be in any way more favourable than those offered to other SACCO members.

(5) A SACCO shall notify the Authority of every approval given pursuant to paragraph (2) above within fourteen days of such approval.

### ***Credit collection practices.***

55. (1) When a loan application is rejected, the SACCO shall communicate to the applicant in writing the reasons for the rejection within fourteen days.

(2) A SACCO shall not levy fees where the only amount delinquent on a member's loan account is attributable to late fee(s) or any other charges assessed on earlier installments or payments made.



(3) A SACCO may appoint a debt collector after exhausting the normal debt collection procedures.

(4) A debt collector, appointed by a SACCO as envisaged in paragraph (3), shall not engage in any conduct the effect of which is to harass, oppress, or abuse any person in connection with the collection of a debt, including

- (a) the use of threat, or violence or other criminal means to physically harm the person, or his reputation or property;
- (b) the use of obscene or profane language;
- (c) engaging any person in a conversation on the telephone or in person with the intent to annoy, abuse or harass until they repay the debt; or,
- (d) any false, deceptive, or misleading representation or means in connection with the collection of any debt, including
  - (i) the false representation of the character, amount or legal status of any debt;
  - (ii) the false representation or implication that any individual is an attorney or that any communication is from an attorney;
  - (iii) the threat to take any action that cannot be legally enforced or which is not intended to be taken; or,
  - (iv) communicating or threatening to communicate to any person credit information which is known to be false.

(5) A debt collector shall not collect interest, fees, charges or expenses unless they are mentioned in the loan agreement or contract, and shall not collect his fees directly from a debtor.

### ***Foreclosed Assets***

56. (1) Where a SACCO holds an asset in satisfaction of a debt, disposal of such asset shall be done within one year, failure to which the SACCO shall provide for probable loss at twenty five per cent per annum, and where the proceeds from the sale of the asset exceed the amount owing from the member, the excess amount shall be returned to the member after accounting for advertising charges and any other charges related to the disposal of the asset.

(2) Any decline in the value of the property, as established by subsequent appraisals, shall be made through provisioning for the foreclosed asset.

(3) Assets of material value received by the SACCO as partial or full payment a borrower's indebtedness shall be accounted for at the lower of the outstanding loan balance or the market value on the date the asset is transferred to the foreclosed account.

(4) Any losses due to the loan balance being greater than the market value shall be charged to the allowance for loan losses when the asset is transferred to the foreclosed account.

(5) The SACCO shall maintain adequate written documentation which shall provide evidence of the management's efforts to dispose the property within the time frame established in terms these regulations and include any legitimate offers to buy the asset.

## **PART X**

### **RISK CLASSIFICATION OF ASSETS AND PROVISIONING**

#### ***Review of credit portfolio***

57. A SACCO shall undertake a review of its credit portfolio at least once every quarter and shall ensure that

- (a) loan granting and lending conforms to the approved credit policy;
- (b) problem accounts are adequately identified and classified in accordance with the classification criteria prescribed in these Regulations; and,
- (c) appropriate and adequate level of provisioning for potential loss are made and maintained at all times.

#### ***Computing delinquency***

58. (1) One-off loan payment shall be deemed to be delinquent if the total principal balance or interests are not serviced at their due date.

(2) The entire principal balance shall also be deemed delinquent where the missed payment was for the interest only.

#### ***Basis of classification***

59. (1) A SACCO shall classify its loan portfolio based on performance vis-a-vis the terms provided in the loan contract.

(2) Where loan interest payments are due, loan classification will be based on the defaulted interest payments.

(3) All loans shall be classified into five categories on the basis of the following criteria

- (a) performing loans, being loans which are well documented and performing according to contractual terms;
- (b) watch loans, being loans whose principal or interest have remained un-paid for one day to thirty days or where one installment is outstanding;

- (c) substandard loan, being loans not adequately protected by the current repayment capacity and the principal or interest have remained un-paid between thirty one to one eighty days or where two to six installments have remained outstanding;
- (d) doubtful loans, being loans not adequately protected by the current repayment capacity and the principal or interest have remained un-paid between one hundred and eighty one to three hundred and sixty days or where seven to twelve installments have remained outstanding; and,
- (e) loss loans, being loans which are considered uncollectible or of such little value that their continued recognition as receivable assets is not warranted, not adequately protected and have remained un-paid for more than three hundred and sixty days or where more than twelve installments have remained outstanding.

(4) A restructured loan may be reclassified if a sustained record of performance is maintained for six months or six installments have been made from the date of the restructuring provided no loan shall be restructured more than once in its life cycle.

***Accrued interest***

60. (1) All interest on non-performing loans and advances shall be suspended once a loan is classified as substandard, doubtful and loss and shall not be treated as income. Interest in suspense shall be taken into account in computing provisions for non-performing loan accounts.

(2) At no time shall accrued interest income arising from loans exceed thirty days earnings of the entire loan portfolio.

***Loan loss allowances***

61. (1) A SACCO shall assess and provide for loan loss allowance for delinquent loans as follows-

- (a) one percent for a loan classified as performing
- (b) five percent for a loan classified as watch;
- (c) twenty-five percent for a loan classified as substandard;
- (d) fifty percent for a loan classified as doubtful; and
- (e) one hundred percent for a loan classified as loss

(2) Without prejudice to the classification sequence for provisioning prescribed in paragraph (1) above, a SACCO may provide fully for accounts deemed uncollectible at any time.

***Collateral against loan loss***

62. (1) Where a SACCO obtains collateral for purposes of protecting itself against probable loan loss, the SACCO shall ensure that the collateral is duly charged and adequately insured based on an independent registered valuer's report and revaluation shall be done every three years.

(2) A SACCO shall maintain an up to date register of all securities or collaterals provided for securing loans

***Loan write-offs***

63. (1) A SACCO shall write-off a loan or part of a loan from its statement of financial position when it loses control of the contractual rights over the loan or when all or part of the loan is deemed uncollectible or where there is no realistic prospect of recovery.

(2) The circumstances specified in paragraph (1) shall be deemed to have arisen where

- (a) a court has ruled against the SACCO;
- (b) all forms of securities or collateral have been called, realized but proceeds failed to cover the entire facility;
- (c) a SACCO is unable to collect or there is no collateral;
- (d) a borrower is declared bankrupt; or,
- (e) efforts to collect the debt are abandoned for any other reason.

(3) The procedure for write-off shall be detailed in the credit policy of the SACCO and any recovery made from any account previously written-off shall be credited back to the allowance for loan losses account in the financial statement and shall not be recognized as income in the year it is recovered.

***Risk classification return***

64. A SACCO shall submit to the Authority a return on the risk classification of assets and provisioning at the end of every quarter to be received on or before the 15th day of the following month as set out in Form 3 A in the Fourth Schedule.

**PART XI**

**DEPOSIT GUARANTEE FUND**

***Establishment***

65. (1) There is hereby established a Fund to be known as the Deposit Guarantee Fund.

- (2) The purpose of the Fund shall be to compensate a member of a failed SACCO.

### ***Board of Trustees***

66. (1) The Fund shall be administered by a Board of Trustees.

(2) In compliance with this regulation and any other applicable law, the Authority shall be responsible for coordinating all licensed SACCO in nominating four persons to be appointed by the Minister to the board of the Trustees of the Fund.

(3) Nominations of persons to the board of the Deposit Guarantee Fund shall reflect gender balance and equitable representation.

(4) Members appointed to the Board of Trustees of the Fund shall serve for a term of three years, which shall be renewable once only.

(5) The Board of Trustees shall manage the Fund through investing premiums paid by SACCOs and at least fifty per cent of the proceeds accruing from the investment of the fund in institutions prescribed by the Authority and the other fifty per cent of the proceeds may be used to defray operational expenses.

### ***Premiums***

67. (1) A SACCO shall pay annual premiums of Five thousand emalangenji or zero point zero five percent of total savings and deposits, whichever is higher, to the Fund.

(2) The board of trustees of the Fund shall notify every SACCO of the amount of premium and date of payment at least ninety days before its annual premiums fall due.

(3) For purposes of determining premiums to be paid to the Deposit Guarantee Fund, a SACCO shall be assessed on its average savings and deposits during the preceding three years, and SACCO which have been amalgamated shall not be charged extra premium during the year of amalgamation

(4) A SACCO shall not be exempted from paying its assessed annual premiums to the Fund.

(5) A SACCO which contravenes this regulation

(a) shall have its license revoked as provided for under section 40 of the Act and shall only have the license reinstated once the Authority is satisfied that the SACCO has fully complied with this regulation, and Premiums are paid in full.

(b) Any officer of the SACCO and or any other person engaged in the management of the SACCO was aware that the contravention was taking place, or was intended or about to take place, but took no reasonable steps to prevent the contravention or contributed to the contravention commits an offence and is

liable on conviction to a fine not exceeding two hundred and fifty thousand emalangenzi or imprisonment for a term not exceeding two years or to both.

### ***Depositors' compensation***

68. (1) The Fund shall compensate members of a failed SACCO for up to ten thousand emalangenzi net of any liabilities, and all SACCOs shall inform their members of the existence of the Fund

(2) In the event of collapse of a licensed SACCO, its members may lodge their compensation claims with the Fund within ninety days from the time notice is given.

(3) The Fund shall settle all verified claims lodged with it within ninety a day after the date from which lodging of claims is closed.

(4) The Fund shall exercise discretion in determining whether or not to admit claims lodged out of time.

(5) Compensation to claimants shall be settled in the manner advised by the claimants and notification made to the last address provided by the claimant.

(6) Where compensation remains unclaimed for a period of 5 years the board of trustees shall give a ninety days notice to the member or nominee at the last known address of its intention to close the account and transfer the unclaimed compensation to the public trustee.

## **PART XII**

### **INVESTMENTS**

#### ***Investments***

69. (1) A SACCO shall make financial investments with the intention of holding to maturity, and shall not use the portfolio to trade securities for profit, placing the SACCO's capital at risk.

(2) Each investment shall have a subsidiary ledger detailing the type of investment, amount, interest rate, maturity and parties that approved the investment.

(3) A SACCO shall keep all original investment documentation in a fire-proof safe and shall maintain a disaster recovery site.

#### ***Investment Policy***

70. A SACCO's board of directors shall be responsible for formulating, reviewing and amending the investment policy that is consistent with the Act, these Regulations and any other applicable laws, which shall at a minimum include -

- (a) the purpose and objectives of investment activities;

- (b) the types of investments that can be made;
- (c) the investment characteristics including issuer, maturity and interest rate among others;
- (d) the person who has authority to make investments and the extent of this authority;
- (e) the need for adequate investment diversification and concentration risk management across investment type and or entity;
- (f) the educational background and experience of officers assigned the authority to assess the risk characteristics of investments and investment transactions;
- (g) the contingencies put in place to handle investments purchased prior to commencement of these Regulations and are outside board policy do not fulfill the requirement of this Part;
- (h) the limitations, specific type, quantity, and maturity of investments; and
- (i) necessary internal controls.

***Compliance with Investment Policy***

71. (1) A SACCO shall not invest in non-earning assets or property and equipment in excess of ten percent of total assets, of which land and buildings shall not exceed five percent unless a waiver to that effect has been obtained from the Authority;

Provided that the donated assets and foreclosed assets shall be excluded in arriving at this percentage.

(2) The request for such waiver shall include a detailed investment appraisal showing the cost and justification for the investment, including how it will improve members' service and an analysis of expected impact on the profitability and capital adequacy requirements.

(3) A SACCO shall be required to dispose of the investment in property acquired for the purpose of future expansion, if the property remains unutilised for two years from the date of acquisition and an extension shall only be granted with prior approval of the Authority.

(4) A SACCO shall not make financial investments in non-government securities in excess of forty percent of its core capital or five percent of its total deposits liabilities.

(5) For the purposes of these Regulations, financial investment means investments in government securities, shares and stocks, institutions licensed under the Financial Institutions Act, 2005 and Financial Services Regulatory Authority Act, 2010.

***Restricted investment transactions***

72. (1) A SACCO shall not acquire, sell or lease premises, without the prior written approval of the Authority, to or from

- (a) a member of the board of directors, or an employee or immediate family member of any such individual; and,
- (b) businesses in which any of the persons named in paragraph is an officer or, partner or has an interest of greater than ten percent in the entity or partnership.

(2) All transactions with business associates or family members not specifically prohibited must be fully disclosed, conducted at arm's length and in the best interest of the SACCO.

#### ***Quarterly returns on investments***

73. A SACCO shall submit to the Authority a return on its investments at the end of every quarter to be received on or before the 15th day of the following month as set out in Form 3B in Fourth Schedule.

### **PART XIII**

### **RETURNS**

#### ***Submission of monthly returns***

74. (1) All licensed SACCOs shall submit to the Authority a monthly return made up of the following components and in the form set out in the First Schedule -

- (a) Capital adequacy report (Form 2 A of the Fourth Schedule)
- (b) Liquidity statement (Form 2B of the Fourth Schedule)

(2) All reports forming part of the monthly return shall be submitted to the Authority within 15 days of the end of the month to which each return applies.

(3) Failure to submit a monthly return by the due date shall attract a penalty of E5, 000.00 (five thousand Emalangeni) and E1, 000.00 (one thousand Emalangeni) thereafter for each subsequent working day that the SACCO remains in default.

#### ***Submission of quarterly returns***

75. (1) All licensed SACCOs shall submit to the Authority a quarterly return made up of the following components and in the form prescribed in the Fourth Schedule-

- (a) Statement of financial position (Form 1A)
- (b) Statement of comprehensive income (Form 1 B)



- (c) Risk classification of assets and the provisioning report (Form 3A)
- (d) Statement of deposits (Form 3C)
- (e) Investment return (Form 3 B)

(2) All reports forming part of the quarterly return shall be submitted to the Authority within 15 days of the end of each quarter.

(3) Failure to submit a quarterly return by the due date shall attract a penalty of E5, 000.00 and E1, 000.00 thereafter for each subsequent working day that the SACCO remains in default.

***Submission of annual returns***

76. (1) All licensed SACCOs shall submit to the Authority an annual return prepared in line with International Financial Reporting Standards made up of -

- (a) audited statement of financial position;
- (b) audited statement of comprehensive income;
- (c) statement of director`s responsibility;
- (d) auditors opinion;
- (e) audited statistical information;
- (f) statement of Cash Flows;
- (g) statement of Changes in Equity;
- (h) disclosure of Material amounts; and,
- (i) any other disclosure as the Authority may deem fit.

(2) All reports forming part of the annual return shall be submitted to the Authority within three 3 months of the end of each financial year in accordance with Section 61 of the Financial Services Regulatory Authority Act.

(3) Failure to submit an annual return by the due date shall attract a penalty of E5, 000.00 and E1, 000.00 thereafter for each subsequent working day that the SACCO remains in default.

**PART XIV**  
**PROHIBITIONS**

***Prohibited activities***

77. (1) A SACCO shall not engage in ó
- (a) foreign trade operations;
  - (b) trust operations;
  - (c) investing in enterprise capital beyond the prescribed limit;
  - (d) purchasing or otherwise acquiring any land except as may be reasonably necessary for the purpose of expanding the business of the SACCO beyond the prescribed limits;
  - (e) transacting SACCO business with non-members; or,
  - (f) such other activity as the Authority may prescribe.
- (2) A person who contravenes any of the provisions of this Regulation commits an offence and shall be liable on conviction to a fine not exceeding E50, 000 (fifty thousand Emalangeni) or to a term of imprisonment not exceeding 2 (two) years or to both.
- (3) A SACCO which contravenes any of the provisions of this Regulation shall be liable to pay a penalty charge sanction of a sum not exceeding E50, 000 (fifty thousand Emalangeni).

**PART XV**  
**SANCTIONS**

***Sanctions for non-compliance***

78. Where a SACCO fails to comply with the requirements of these Regulations, the Authority may, in addition to the sanctions provided under section 68 of the Act, may ó
- (a) suspend the SACCO from lending or making investments;
  - (b) prohibit the SACCO from acquiring, through purchase or lease, any additional immovable property;
  - (c) prohibit the SACCO from accepting further deposits or other line soft credit;
  - (d) prohibit a SACCO from disbursing surplus if capital adequacy ratios are not met; or,

- (e) impose or invoke any other sanction against the SACCO deemed appropriate by the Authority.
- (f) prohibit the SACCO from declaring dividends, paying bonuses, salary incentives and other discretionary compensation to officers of the SACCO; or, prohibit or suspend the SACCO from activities that the Authority perceives to be contributing to the liquidity strain of that SACCO.

## PART XVI

### MISCELLANEOUS

#### *Amalgamations*

79. (1) A SACCO shall not amalgamate with another SACCO without prior written approval of the Authority.
- (2) An application for approval for amalgamation shall be accompanied by:-
- (a) an amalgamation plan detailing probable asset or share ratios, share adjustments, designation of continuing SACCO, its bylaws, state of guarantee of member deposits, on conforming assets and liabilities, and provisions for notification and payment of creditors;
  - (b) the resolution of the boards of directors to carry out the amalgamation;
  - (c) the amalgamation agreement;
  - (d) the proposed notice of Special General Meeting;
  - (e) financial statements and statistical report in respect of the preceding months;
  - (f) combined statement of financial condition; and,
  - (g) application for guarantee of members' deposits.
- (3) The Authority shall approve or deny the application for amalgamation within thirty days of receiving all necessary and required information.
- (4) Where the Authority gives its approval, each of the SACCO shall, not later than thirty days thereafter, notify all the creditors of the forthcoming changes in writing, post the information in all SACCO offices, and place the relevant information in national newspapers of wide circulation.

***Transitional arrangements***

80. A registered SACCO operating at the date of commencement of these Regulations shall be issued with a provisional license and shall take measures to meet the minimum requirements and apply for a licence not later than one 6 months from the date of commencement of these Regulations.

FIRST SCHEDULE

FORM 1 A: APPLICATION FORM FOR A LICENSE TO CARRY A SACCO BUSINESS IN SWAZILAND

1. Name of a SACCO:í ..
  2. Type of SACCO applied for, tick one  
Employee SACCO  
Community SACCO  
Nation Wide SACCO  
Other, Specifyí ..
  3. Physical Address of the Head Office:í ..  
í .....
  4. Postal Addressí ..  
í ..

Telephone Numberí ..

  5. Present Legal Structure:í ..  
í ..
  6. Date of incorporation:í ..
- Certificate of Incorporation:í ..
- Date of registration:í ..
- Registration number:í ..

7. Names of places of business in Swaziland and start date and the number of years each has been established and has conducted or carried out business

Place of Business	Start Date	Years in operation
1.		
2.		
3.		
4.		
5.		
6.		

8. Former name (s) by which the institution has been known:í í í í í í í í í í í í í í í .

9. Details of Capital:

a) Core Capitalí í

b) Permanent and Non-Withdrawable Member Share Capitalí í í í í í í í í í í í

c) Redeemable Member Share Capitalí í

d, Institutional capitalí ..

10. (a) Provide the following for each-of the Board of Directors

Nameí .

Designationí ...

Addressí .

Other Directorshipí í

Date of Appointmentí í

(b) Provide the following for each of the Senior Management Officers:-

Name

Designation

Nationality

Age

Academic/ Professional Qualifications & year obtainedí í í í í í í í í í í í í í í í

í ..

í ..

**Details of Previous Employment:**

Date of appointment í .

Position held & responsibilities í

**11. BORROWINGS:** Provide details of the following:

Name of lending institutioní .

Type of facilityí í

Date of offerí í

Terms of offerí .

Security offeredí í

Value of securityí ..

Current Outstanding balanceí í

**12. Bankers:**

<b>Name of Banker</b>	<b>Address</b>	<b>Details of Banking</b>

**13. Investment Managers**

<b>Name of Investment Manager</b>	<b>Address</b>	<b>Details of Investment</b>

**14. Auditors;**

Provide details of the following

Name of Auditorsí .

Date of Appointmentí ..

15. Does the SACCO hold, or has it ever held any authority from a supervisory body to carry out any business activity in Swaziland or elsewhere?

Yes

No

If yes, give particulars í

If any such authority has been revoked, give particulars í í í í í í í í í í í í í í í í í í ..

í í

16. Has the SACCO been put under receivership in the past or made any compromise or arrangement with it`s creditors in the past or otherwise failed to satisfy creditors in full?

Yes

No

17. Is an inspector or other authorized officer of any government ministry, department or agency, professional association or other regulatory body investigating or has such an investigation ever previously taken into the affairs of the SACCO?

Yes

No

18. Is the SACCO currently engaged or does it expect to be involved in any litigation which may have a material effect on the resources of the institution?

Yes

No

If yes, give particulars í

19. Is the institution engaged or does it expect to be engaged in any business relationship with any of it`s officers or significant shareholders?

Yes

No

If yes, give the particulars í ..

20. FINANCIAL SERVICES





**FORM 1B: SACCO LICENCE**

License No:í í

FINANCIAL SERVICES REGULATORY AUTHORITY

**SACCO LICENSE**

Issued under the Financial Services Regulatory Act, 2010

I hereby certify that (Name of SACCO) is authorized to operate a Savings and Credit Cooperative Society in Swaziland, for a period of 1 year from \_\_\_\_\_ to \_\_\_\_\_

This license is issued subject to the following conditions

**CONDITIONS**

- 1. ....
- 2. í
- 3. í
- 4. í

**SECOND SCHEDULE**

**FIT & PROPER TEST**

**1. THE SACCO**

- a) Name.....
- b) C/S NO.....Date of Registration.....

**2. PERSONAL INFORMATION**

- a) Surname.....
- Other Names.....
- b) Previous Names (if any) by which you have been known: í í í í í í í í í í í í í ..  
.....
- c) Year and Place of birth: í í í í í í í í í í í í í í í í .í í í í í í í í í ..
- d) Personal Identification Numberí .
- e) ID. Card/Passport number and date of issueí ..
- f) Postal Address: .....
- g) Previous Postal Addresses (if any).....
- h) Physical Address.....
- i) Educational Qualification and year obtained.....  
í í
- j) Professional Qualifications and years obtainedí .  
.....
- k) Name(s) of your bankers during the last 5 yearsí í í .í í í í í í í í í í í í í í ..  
.....

### 3. EMPLOYMENT/ BUSINESS RECORD

Name of employer/business	Address	Period	Position held	Dates		Reasons for leaving
				From	To	

### 4. DESCRIPTION OF YOUR PAST AND CURRENT ACTIVITIES

#### 4.1 SHAREHOLDING (DIRECTLY OWNED OR THROUGH NOMINEES)

Name of institution	Date of incorporation	Amount of shareholding	% of	Past shareholdings		Remarks
				A	B	

Keys:

A: Refers to date of closure or surrender of shares

B: Refers to reasons for closure or surrender

**a. DIRECTORSHIP**

Name of Institution	Date of Incorporation	Executive or non executive	Position held in the case of an executive	Past Directors		Remarks
				A	B	

Keys

C: Refers to date of retirement

D: Refers to reasons for retirement or resignation

**4.3 PROFESSIONAL BODIES**

Name of body	Member no	Position	Past		Remarks
			E	F	

Keys

E: Refers to date of retirement

F: Refers to reasons for retirement or resignation

**b. SOCIAL CLUBS**

Club name	Member Number	Position Held	Past membership		Remarks
			G	H	

Keys

G: Refers to date of retirement

H: Refers to reasons for retirement or resignation

**c. BORROWINGS**

Name of borrower	Lending Institution	Type of facility	Date of offer	Security offered	Value of security	Current out standing balance	Remraks

**5. QUESTIONNAIRE**

5.1. Have you or has any entity with which you are associated as director, shareholder or manager, ever held or applied for a license or equivalent authorization to carry on any business activity in any country?..... If so, give particulars

í ..  
 í ..







NOTE: The information given in response to this questionnaire shall be kept confidential by the Authority, except in cases provided for by law. The omission of material facts may represent the provision of misleading information.

**6. DECLARATION**

I am aware that it is an offence to knowingly or recklessly provide any information, which is false or misleading in connection with an application for a license to carry out the SACCO business in Swaziland. I am also aware that omitting material information intentionally or un-intentionally shall be construed to be an offence and may lead to rejection of my application and legal action being taken against the offender.

I certify that the information given above is complete and accurate to the best of my knowledge, and that there are no other facts relevant to this application of which the SACCO Regulatory Authority should be aware.

I undertake to inform the Authority of any changes material to the applications which may arise while the application is under consideration. Further, I confirm that I have agreed to fulfill the responsibilities related to this position.

Name: .....

Signed: .....

Dated at .....this..... Day of .....20.....

**WITNESSED BEFORE ME:**

**SIGNED..... (Witness)**

**COMMISSIONER OF OATHS**

Name í í ..í í í í í í í í í í í í í í í ..í í í .í í í .í í í í í í í

Signature.....

Address í í í í í í í í í í í í í í í í ..í í í í í í í í í í í í ..  
í í í í í í í í í í í í í í í í ..í í í í í í í í í í í í í í í

## NOTES FOR COMPLETION OF APPLICATION FORMS

### GENERAL

These completion instructions are issued to give further guidance on completion of certain items in the application forms for a license to conduct deposit taking Sacco business. These include.

(i). Fit and Proper Testô

This should be completed by all persons proposed as members of the Board of Directors and senior management. In the case of senior management, the following officers: the chief executive officer and the deputy chief executive officer if any or the equivalent by whatever title they are called by the SACCO movement and the officers in charge of finance and audit functions or any other officer as may be determined by the Authority.

(ii). Educational qualification- State only qualifications attained at college level or highest educational qualification.

(iii). The rest of the items are considered self-explanatory and should be completed as fully as possible.

### THIRD SCHEDULE

#### FEES AND LEVIES PAYABLE

##### 1. Table of fees

	<b>FEE</b>
Application fee	E 2,000.00
License renewal	E 1,000.00
License Alteration fee	E 1,000.00
Head Office License Fee	E1,000.00
Branch License/Renewal Fee	E 500.00

## **2. LEVIES PAYABLE**

In terms of section 21 of the Financial Services Regulatory Authority Act, the following levies shall be paid on the savings held by SACCOS; zero point three per centum (0.3%) of the savings held as indicated in the last audited accounts, .

1. The amount payable shall become due within 3 months after the SACCOS financial year end.

## FOURTH SCHEDULE

### Form 1 A

STATEMENT OF FINANCIAL POSITION	
<b>NAME OF SACCO:</b>	
<b>FINANCIAL YEAR:</b>	
<b>START DATE:</b>	
<b>END DATE:</b>	

S/N	ASSETS	Current Quarter	Last Corresponding Quarter	Previous Quarter
		SZL'000	SZL'000	SZL'000
<b>1.0</b>	<b>Cash and Cash Equivalent</b>			
1.1	Cash in hand (Local & Foreign Currency)			
1.2	Cash at bank (with financial institutions)			
<b>2.0</b>	<b>Prepayments &amp; Sundry Receivables</b>			
<b>3.0</b>	<b>Financial Investments</b>			
3.1	Government Securities			
3.2	Other securities			
3.3	Balances with other SACCOs			
3.4	Investment in companies			
<b>4.0</b>	<b>Net Loan Portfolio</b>			
4.1	Gross Loan Portfolio			
4.2	Allowance for Loan Loss			
<b>5.0</b>	<b>Accounts Receivables</b>			
5.1	Tax Recoverable			
5.2	Deferred Tax Assets			
5.3	Retirement Benefit Assets			
5.4	Other Accounts Receivables			
<b>6.0</b>	<b>Property &amp; Equipment &amp; Other assets</b>			
6.1	Investment Properties			
6.2	Property & Equipment			
6.3	Prepaid Lease rentals			

6.4	Intangible Assets			
6.5	Other Assets			
<b>7.0</b>	<b>Total Assets</b>			
<b>LIABILITIES</b>				
<b>8.0</b>	<b>Total Deposit Liabilities</b>			
8.1	Savings Deposits			
7.2	Term Deposits			
<b>9.0</b>	<b>Other Liabilities</b>			
9.1	Accounts payable			
9.2	Tax payable			
9.3	Dividends payable			
9.4	Deferred Tax Liability			
9.5	Retirement Funds Liability			
9.6	Other Liabilities			
9.7	External Borrowings			
<b>10.0</b>	<b>Total Short-Term Liabilities</b>			
<b>11.0</b>	<b>Long-Term Liabilities</b>			
11.1	Redeemable Shares-Capital			
11.2	Other Long-term liabilities			
<b>12.0</b>	<b>Total Long-Term Liability</b>			
<b>13.0</b>	<b>Total Liabilities</b>			
<b>EQUITY</b>				
<b>14.0</b>	<b>Capital</b>			
14.1	Permanent and Non-withdrawal shares			
14.2	Capital Grants and Donations			
<b>15.0</b>	<b>Retained Earnings</b>			
15.1	Prior Years -Retained Earnings			
15.2	Current Year's Surpluses			
<b>16.0</b>	<b>Other Equity Accounts</b>			
16.1	Statutory Reserves			
16.2	Other Reserves (provide notes)			
16.3	Revaluation Reserves			

16.4	Proposed Dividends			
	Adjustment to Equity			
16.5				
<b>17.0</b>	<b>Total Equity</b>			
<b>18.0</b>	<b>Total Liabilities and Equity</b>			

**Authorization:**

We declare that this return, to the best of our knowledge and belief is correct

í í í í í í í í í í í í í í í í í ..Signí í í í í í í í í í .Dateí í í í í í í

**Name of Authorising Officer**

í í í í í í í ..Signí í í í í í í í í í í í í í í í .Dateí í í í í í í í í í í í í

**Name of Countersigning Officer**

**FORM 1 B**

<b>STATEMENT OF COMPREHENSIVE INCOME</b>	
<b>NAME OF SACCO:</b>	
<b>FINANCIAL YEAR:</b>	
<b>START DATE:</b>	
<b>END DATE:</b>	

S/N	DETAILS	Current Quarter	Last Corresponding Quarter	Previous Quarter
		SZL'000	SZL'000	SZL'000
<b>1.0</b>	<b>Financial Income</b>			
<b>2.0</b>	<b>Financial income from Loans Portfolio</b>			
2.1	Interest on Loan Portfolio			
2.2	Fees & Commission on Loan Portfolio			
<b>3.0</b>	<b>Financial Income from Investments in:</b>			
3.1	Government Securities			
3.2	Deposits with Banks and Other FIs			
3.3	Other Investments			
<b>4.0</b>	<b>Other Operating Income</b>			
<b>5.0</b>	<b>Financial Expense</b>			
5.1	Interest expense on Deposits			
5.2	Cost of External Borrowings			
5.3	Other Financial Expense			
5.4	Fees & Commission Expense			
5.5	Other Expense			
<b>6.0</b>	<b>Net Financial Income/Loss</b>			
<b>7.0</b>	<b>Allowance for Loan Loss</b>			
7.1	Provision for Loan Losses			
7.2	Value of loans Recovered			
<b>8.0</b>	<b>Operating Expenses</b>			

8.1	Personnel Expenses			
8.2	Governance Expenses			
8.3	Marketing Expenses			
7.4	Depreciation and Amortisation Charges			
7.5	Administrative			
<b>9.0</b>	<b>Net Operating Income</b>			
10.0	Net Non-Operating Income/(Expense)			
10.1	Non-Operating income			
10.2	Less: Non-Operating Expense			
<b>11.0</b>	<b>Net Income</b>			
12.0	Less: Proposed Dividends			
13.0	Add: Income Grants			
<b>14.0</b>	<b>Net Income/(Loss)</b>			

**Authorization:**

We declare that this return, to the best of our knowledge and belief is correct

í ..Signí í í í í í í í í í .Dateí í í í í í í

**Name of Authorising Officer**

í í í í í í í ..Signí í í í í í í í í í í í í í í í í í .Dateí í í í í í í í í í í í í í í

**Name of Countersigning Officer**



**FORM 2 A**

**CAPITAL ADEQUACY RETURN**

<b>NAME OF SOCIETY:</b>		
<b>FINANCIAL YEAR:</b>		
<b>START DATE:</b>		
<b>END DATE:</b>		
<b>1.0 CAPITAL COMPONENTS</b>		
<b>1.1 CORE CAPITAL</b>		<b>AMOUNT (SZL'000)</b>
1.1.1	Share Capital	-
1.1.2	Statutory Reserves	-
1.1.3	Retained Earnings/Accumulated losses	-
1.1.4	Net Surpluses after Tax, current year to date	-
1.1.5	Capital Grants	-
1.1.6	General Reserves	-
1.1.7	Other Reserves	-
<b>1.1.8</b>	<b>Sub-Total (1..1.1 to 1.1.7)</b>	<b>-</b>
<b>LESS DEDUCTIONS</b>		
1.1.9	Investments in Subsidiary and Equity Instruments of Other Institutions	-
1.1.10	Revaluation Reserves	-
1.1.11	Net Surpluses after Tax, current year to date 50%/Loss 100%	-
1.1.12	Other Deductions	-
<b>1.1.13</b>	<b>TOTAL DEDUCTIONS(1.1.9 to 1.1.12)</b>	<b>-</b>
<b>1.1.14</b>	<b>CORE CAPITAL (1.1.8 less 1.1.13)</b>	<b>-</b>
<b>1.1.15</b>	<b>INSTITUTIONAL CAPITAL (1.1.14 Less 1.1.1)</b>	<b>-</b>
<b>2.0 ON BALANCE SHEET ASSETS</b>		
2.1	Cash (Local + Foreign Currency)	-
2.2	Government Securities	-
2.3	Deposits and Balance at Other Institutions	-
2.4	Loans and Advances	-
2.5	Investments	-
2.6	Property and Equipment (net depreciation)	-
2.7	Other Assets	-
<b>2.8</b>	<b>TOTAL (2.1 to 2.7)</b>	<b>-</b>
<b>2.9</b>	<b>TOTAL ASSETS ( As per Balance Sheet)</b>	<b>-</b>
<b>2.10</b>	<b>DIFFERENCE</b>	<b>-</b>

<b>3.0</b>	<b>OFF-BALANCE SHEET ASSETS</b>	
3.1		-
3.2		-
3.3		-
3.4		-
<b>3.5</b>	<b>TOTAL-OFF BALANCE SHEET ASSETS</b>	-
<b>4.0</b>	<b>CAPITAL RATIO CALCULATIONS</b>	
4.1	Total Assets of on-balance sheet items as per 2.8 above	-
4.2	Total Asset value of off-balance sheet items as per 3 above	-
4.3	Total Assets (4.1+ 4.2)	-
4.4	Total Deposits Liabilities ( As per Balance Sheet)	-
4.5	Core Capital to Assets Ratio (1.1.14/4.3)%	0.0%
4.6	Minimum Core Capital to Asset Ratio requirement	10.0%
4.7	Excess (deficiency) (4.5 less 4.6)	-10.0%
4.8	Institutional Capital to Asset Ratio (1.1.15/4.3) %	0.0%
4.9	Minimum Institutional to Asset Ratio requirement	8.0%
4.10	Excess (Deficiency) (4.8 less 4.9)	-8.0%
4.11	Core Capital to Deposits ratio (1.1.14/4.4)%	0.0%
4.12	Minimum Core Capital to Deposit requirement	8.0%
4.13	Excess/(Deficiency) (4.11 less 4.12)	-8.0%
<b>*A reconciliation for the difference to be attached on a separate sheet</b>		
<b>*Monthly return to be received on or before the 15<sup>th</sup> day of the following months</b>		

**Authorization:**

We declare that this return, to the best of our knowledge and belief is correct

í í í í í í í í í í í í í í í í í í ..Signí í í í í í í í í í .Dateí í í í í í í

**Name of Authorising Officer**

í í í í í í í ..Signí í í í í í í í í í í í í í í í í .Dateí í í í í í í í í í í í í

**Name of Countersigning Officer**

**Form 2B**

**LIQUIDITY STATEMENT**

REFERENCE NO					
FINANCIAL YEAR:					
START DATE:					
END DATE:					
		WEEK 1 (SZL'000)	WEEK 2 (SZL'000)	WEEK 3 (SZL'000)	WEEK 4 (SZL'000)
<b>1.0</b>	<b>Notes and Coins</b>				
<b>1.1</b>	<b>Local Notes and Coins</b>				
<b>1.2</b>	<b>Foreign Notes and Coins</b>				
<b>2.0</b>	<b>Bank Balances or Balances with Commercial banks</b>				
<b>2.1</b>	<b>Balances with Commercial banks</b>				
	<b>Less:</b>				
<b>2.2</b>	<b>Time Deposits with banks more 90 days</b>				
<b>2.3</b>	<b>Overdrafts and matured loans advances from banks</b>				
<b>3.0</b>	<b>Other Liquid Assets</b>				
<b>3.1</b>	<b>Balances with other financial Institutions</b>				
<b>3.2</b>	<b>Short-term investment with other financial institutions</b>				
<b>4.0</b>	<b>Government Securities</b>				
<b>4.1</b>	<b>Treasury Bills</b>				
<b>5.0</b>	<b>TOTAL LIQUID ASSETS</b>				
	<b>LESS:</b>				
<b>5.1</b>	<b>Balances due to other Sacco Society</b>				
<b>5.2</b>	<b>Liabilities due in 30 days</b>				
<b>5.3</b>	<b>NET LIQUID ASSETS</b>				
<b>6.0</b>	<b>DEPOSITS AND REDEMABLE SHARES BALANCES</b>				
<b>6.1</b>	<b>Deposits from members including interest</b>				
<b>6.2</b>	<b>Deposits from all other sources including interest</b>				
<b>6.3</b>	<b>Redeemable shares</b>				
<b>6.4</b>	<b>Total deposits and redeemable shares</b>				

<b>7.0</b>	<b>LIQUIDITY RATIO</b>				
<b>7.1</b>	<b>Net Liquid Assets</b>				
<b>7.2</b>	<b>Total Deposits and Redeemable Shares</b>				
<b>7.3</b>	<b>Ratio of (7.1/7.2)%</b>				
<b>7.4</b>	<b>Minimum Holding of Liquid Assets Requirement</b>	<b>15%</b>	<b>15%</b>	<b>15%</b>	<b>15%</b>
<b>7.5</b>	<b>Excess/Deficit (7.3 less 7.4)</b>				

**Authorization:**

We declare that this return , to the best of our knowledge and belief is correct

í ..Signí í í í í í í í í í .Dateí í í í í í í

**Name of Authorising Officer**

í í í í í í í ..Signí í í í í í í í í í í í í í í í í .Dateí í í í í í í í í í í í í í

**Name of Countersigning Officer**



**FORM 3B**

STATEMENT OF DEPOSIT RETURN				
<b>NAME OF SACCO SOCIETY</b>				
<b>FINANCIAL YEAR</b>				
<b>START DATE:</b>				
<b>END DATE:</b>				

NO.	RANGE	TYPE OF DEPOSIT	NO. OF A/Cs	AMOUNT IN SZL'000'
1	Less than SZL 50,000	Savings		
		Term		
		<b>Sub-total</b>		
2	SZL 50,000 to SZL 100,000	Savings		
		Term		
		<b>Sub-total</b>		
3	SZL 100,000 to SZL 300,000	Savings		
		Term		
		<b>Sub-total</b>		
4	SZL 300,000 to SZL 1,000,000	Savings		
		Term		
		<b>Sub-total</b>		
5	Over SZL1,000,000	Savings		
		Term		
		<b>Sub-total</b>		
<b>GRAND TOTAL</b>				

**Authorization:**

We declare that this return, to the best of our knowledge and belief is correct

í ..Signí í í í í í í í í í í .Dateí í í í í í í í

**Name of Authorising Officer**

í í í í í í í ..Signí í í í í í í í í í í í í í í í .Dateí í í í í í í í í í í í í í í

**Name of Countersigning Officer**

## **FIFTH SCHEDULE**

### **CODE OF CONDUCT**

#### ***Misuse of position***

1. Members of the Board of Directors , Principal Officers and employees shall not use the SACCO's name or facilities for personal advantage, be it in political or economic transactions.

2. Members of the Board of Directors, Principal Officer officers and employees shall not solicit or otherwise accept inducements either directly or indirectly whether in cash or in kind in order to provide any favours to a member in the provision of loans, acceptance of deposits or any other conduct of the business of the Sacco to which they are entrusted jointly or individually.

#### ***Confidentiality***

3. Confidentiality of relations and dealings between the SACCO and members is paramount. Consequently, members of the Board of Directors, principal officers and employees must take precaution to protect the confidentiality of member information and transactions.

4. Business and financial information about any member may be used or made available to third parties only with prior written consent of the member in accordance with the arrangements for the proper interchange of information between the institutions about credit risks, or when disclosure is required by law.

#### ***Fairness and equity***

5. All business dealings on behalf of the SACCO with current or other employees and with those who may have cause to rely upon the SACCO, should be conducted fairly and equitably;

(a) Employees and members of the Board of Directors must not be influenced by friendship or association, either in meeting member's requirements, or in recommending that they be met. Such decisions must be made on a strictly arm-length business basis.

(b) All preferential transactions with insiders or related interest should be avoided. If transacted, such dealings should be in full compliance with the law, judged on normal business criteria basis and fully documented and authorized by the Board of Directors or any other independent party.

6. A SACCO shall not grant or permit to be outstanding any unsecured advances in respect of any of its employees or their associates.

7. A SACCO shall not grant or permit to be outstanding any advances loans or credit facilities which are unsecured or advances, loans or credit facilities which are not fully secured to any of its officers, significant members or their associates.

8. A SACCO shall not grant or permit to be outstanding any advances loans or credit facility to any of its members of the committee or other person participating in the general management of the SACCO unless it isô

- (a) approved by the Board of Directors of the SACCO upon being satisfied that it is viable; and offered to ordinary members.
- (b) The SACCO shall notify the Authority of every such approval within fifteen days of the granting of the approval.

9. Notwithstanding (8) SACCO shall not grant or permit to be outstanding any advance, loan or credit facility or give any financial guarantee or incur any other liabilities to or in favour of, or on behalf of, any associate or any of the employees, significant members, audit committee or Board of Directors in excess of fifty percent of the total Share Capital and Savings.

10. ASACCO shall not grant or permit to be outstanding any advance, loan or credit facility or give any financial guarantee or incur any other liabilities or to guarantee of, or on behalf of its associates or any of the employees, significant members, audit committee or members of the Board of Directors amounting in the aggregate to more than one hundred percent of the institutional capital of the SACCO.

11. ASACCO shall not grant advance or credit facility or give guarantee or incur any liability or enter into any contract or transactions or conduct its business or part thereof in a fraudulent or reckless manner or otherwise than in compliance with the FSRA Act and these Regulations.

### ***Contraventions***

12. When a SACCO contravenes any of the provisions of the Act or is not in compliance with the regulations made there under -

(a) all officers of the SACCO shall be liable jointly or severally to indemnify the SACCO against any loss arising in respect of the contravention of the Act and Regulations.

(c) in the case of violation of the Regulations on an advance, loan or credit facility to a person other than members of Board of Directors of the Sacco and including the members of Board of Directors, an officer shall be so liable, provided he or she proves that, through no act ó or omission on his or her part, he or she was not clearly aware that the contravention was taking place and further show measures taken to avoid the contravention.

(d) the Authority may direct the suspension of any officer of the SACCO who sanctioned the advance, loan or credit facility if the officer violates the act or regulations on advance, loan or credit facility to a member of the Board of Directors of a SACCO and in addition recommend any legal action



deemed fit against the said officers. The Sacco shall comply with every direction of the Authority under this paragraph immediately.

(e) Any member of the Board of Directors of a SACCO who defaults in repayment of any advance or loan made to him by the SACCO for three consecutive months or three to five installments shall forthwith stand disqualified from holding office and be liable to pay the outstanding amount.

11. A SACCO which fails to comply with any direction of the Authority or permits a disqualified member of the Board of Directors to continue holding office shall be guilty of an offence.