



BANK OF GHANA

***CORPORATE GOVERNANCE DIRECTIVE -
Revised Transitional Provisions***

***For Banks, Specialized Deposit-Taking Institutions and Financial
Holding Companies***

Banking Supervision Department

SEPTEMBER 2018

BACKGROUND

In accordance with Section 56 of the Banks and Specialised Deposit-Taking Institutions Act, 2016 (Act 930), the Bank of Ghana issued the Corporative Governance Directive to industry in March 2018 for implementation. To operationalize the directive, it has become necessary for the Bank of Ghana to issue the under-listed revised transitional provisions as an exposure draft for industry and public comments. Comments should be sent to Banking Supervision Department, or email bsd@bog.gov.gh latest by Friday 14 September 2018.

Transitional Provisions

1. A regulated financial institution in existence before the coming into force of the Directive that does not meet the required standard, shall have a grace period up till 31st December 2018 to ensure full compliance with the provisions of the Directive in relation to the following:
 - Business strategy;
 - Board qualification and composition;
 - Board size and structure;
 - Directors' independence;
 - Board Secretary;
 - Separation of powers;
 - Other engagement of directors; and
 - Board sub-committee

TENURE OF MANAGING DIRECTOR/CHIEF EXECUTIVE OFFICER

- 2 (a) The term of office of a Managing Director or Chief Executive Officer (MD/CEO) of a regulated financial institution shall not be more than four (4) years and may be renewed for additional two (2) terms only.
- 2 (b) Despite Sub paragraph 2(a), the term of office for a MD/CEO of a regulated financial institution indicated in the contract of employment executed with the regulated financial institution before the coming into force of the Directive may run in full and shall not be renewed where that MD/CEO has cumulatively served for more than twelve (12) years.
- 2 (c) A renewal or extension of a contract under sub paragraph 2(b) shall be subject to the renewal guidelines under sub paragraph 2(a) and shall not be for any additional term that brings the cumulated years of service of the person in that institution and in that capacity, to more than twelve years (12).

- 2 (d) Where the existing contract of the MD/CEO of a regulated financial institution as of the date of coming into force of this Directive does not stipulate a fixed term of office for the MD/CEO, the regulated financial institution shall by 31st December 2018 submit to the Bank of Ghana for consideration, a succession plan for the appointment of a new MD/CEO within a reasonable period to be specified by the regulated financial institution. .

TENURE OF BOARD CHAIR

- 3 (a) The term of office of a Board Chairperson of a regulated financial institution shall not be more than three (3) years and may be renewed for one (1) additional term only.
- 3(b) Despite paragraph 3(a) a Board Chairperson of a regulated financial institution who had been in office for more than six (6) years prior to the coming into force of the Directive shall not be eligible for another term upon the expiration of the current term of his appointment.
- 3(c) Where the existing appointment of the Board Chairperson of a regulated financial institution as of the date of coming into force of this Directive does not stipulate a fixed term, the regulated financial institution shall by 31st December 2018 submit to the Bank of Ghana for consideration, a succession plan for the appointment of a new Board Chairperson within a reasonable period to be specified by the regulated financial institution.

TENURE OF NON-EXECUTIVE DIRECTOR

- 4(a) The tenure of office of a non-executive director of a regulated financial institution shall not be more than three (3) years and may be renewed for not more than two (2) additional terms.
- 4(b) Despite sub paragraphs 4(a) a non-executive director of a regulated financial institution who prior to the coming into force of this Directive had served in that capacity for nine (9) years or more shall not be eligible for another term upon the expiration of the current term.
- 4(c) Where the existing appointment of the non-executive director of a regulated financial institution as of the date of coming into force of this Directive does not stipulate a fixed term, the regulated financial institution shall by 31st December 2018 submit to the Bank of Ghana for consideration, a succession plan for the

appointment of a new non-executive director within a reasonable period to be specified by the regulated financial institution.

ANNUAL CERTIFICATION

- 5(a) The annual certification under section 25 of the Directive shall apply to a regulated financial institution at the end of each financial year.
- 5(b) As part of the certification process as required by section 25(ii) of the Directive, Directors would be required to obtain certification from the National Banking College to the effect that they have participated in a corporate governance programme at the College and have completed the programme on directors' responsibilities.

EFFECTIVE IMPLEMENTATION DATE

- 6. The effective date for the implementation of all other sections of the Corporate Governance Directive not mentioned in these transitional provisions is immediate.

EXPOSURE DRAFT