

GUIDELINES
FOR THE
LICENSING OF FINANCIAL INSTITUTIONS
IN TRINIDAD AND TOBAGO UNDER
THE FINANCIAL INSTITUTIONS ACT, 1993

I. DEFINITIONS:

Institutions may be licensed under the Financial Institutions Act, 1993 (the FIA), to carry out either the business of banking or business of a financial nature. These are defined as follows:-

“Banking business” or **‘business of banking’** means the business of receiving of deposits of money from the public on current account or deposit account which may be withdrawn on demand, by cheque, draft, order or notice, and the making of loans, or the granting of credit facilities, and generally the undertaking of any business pertaining to the business of a commercial bank.

“Business of a financial nature” means the collection of funds in the form of deposits, shares, loans, premiums, and the investment of such funds in loans, shares and other securities and includes the performance for reward, of the functions and duties of a trustee, administrator, executor or attorney as well as the types of business set out in the First Schedule of the FIA but does not include the business of banking.

II. FIRST SCHEDULE OF THE FIA

Business of a financial nature includes the following types of business:-

Class of Business	Activities
Confirming House or Acceptance House	Confirming, accepting or financing import and export bills
Finance House or Finance Company	Hire Purchase and installment credit Accounts receivable Trade and inventory financing Factoring Block discounting
Leasing Corporation	Lease financing
Merchant Bank	Floating and underwriting stocks, shares and bonds Loans syndication Dealing in gold Providing consultancy and investment management services and corporate advisory services Acceptance credit Project development Lease financing Foreign exchange dealing Inter-bank financing
Mortgage Institutions	Mortgage lending
Trust Company	Managing trust funds Performing duties of trustees, executor or administrator and attorney Administration of pension funds Mortgage lending
Unit Trust	Providing facilities for the participation by persons as beneficiaries under a trust or other scheme, in profits or income arising from the acquisition, holding, management or disposal of securities or any other property whatever.
Credit card business	Issuing payment, credit or charge cards and in co-operation with others including other financial institutions, operating a payment, credit or charge card plan.
Financial services	Providing financial services relating to future and contingent liabilities in relation to foreign exchange and commodities.

Applications for a licence to conduct business of a financial nature should specify the class/classes of business.

III. SUBMISSION OF FORMAL APPLICATION

Section 7 of the FIA requires that an application for licensing must be made in writing to the Central Bank of Trinidad and Tobago. The application is to be accompanied by the following documentation: -

- (a) A statement of the applicant's name and the address of its registered office in Trinidad and Tobago;
- (b) The name, address, nationality, experience, and other relevant information pertaining to each director, chief executive and manager or proposed director, chief executive and manager;
- (c) If the applicant is different from the proposed licensee, a concise history of the applicant's business experience must be provided, as well as: -
 - A detailed business plan - covering the medium to long-term operations of the proposed licensee, the management arrangements for the institution.
 - Feasibility study – including information on market representations and markets to be served by proposed licensees.
- (d) A certified statement or such proof as the Central Bank may require of the applicant's ability to meet a minimum paid-up share capital of fifteen million dollars (\$15,000,000) or such increased amounts as may be required;
- (e) A certified copy of the Articles of Incorporation and By-laws (or Articles of Continuance filed pursuant to the Companies Act, 1995) or other instrument under which the applicant is incorporated;

- (f) In the case of an applicant who has been carrying on business prior to its application for a licence, a copy of its Profit and Loss Accounts, Balance Sheet, and the auditor's report thereon for the three consecutive years immediately preceding its application. Except that where such applicant has been functioning for less than three years, a copy of its Profit and Loss Accounts, Balance Sheet and the auditor's report thereon for each year that the applicant has been in operation shall be sufficient;
- (g) Companies which have not yet commenced operations must provide projected financial statements including Balance Sheets, Profit and Loss Accounts, and Cash Flow Statements over a minimum period of three years, indicating the point in time at which break-even is expected;
- (h) The identification of shareholder/s of the applicant and/or proposed licensee who own 5% and more of its paid up capital;
- (i) The identification of any controlling shareholder/s of the applicant i.e. persons who either alone or with another are entitled to exercise or control 20% or more of the voting power at any general meeting of the institution, or its parent company. (Note: a person shall not become a controlling shareholder of a licensed institution without having first obtained a permit from the Central Bank - Section 39 (1) of the FIA refers). Please click [here](#) for Controlling shareholder forms;
- (j) An organizational chart showing the structure and/or proposed structure of the institution;
- (k) Such further information as the Central Bank may require.

Other information that may be requested include: -

- A copy of the current Notice of Directors filed with the Registrar of Companies together with the name of the Chief Executive Officer or Managing Director;
- A copy of the current Notice of Secretary filed with the Registrar of Companies;
- A copy of the Notice of the address of registered office filed with the Registrar of Companies;

- Total issued and paid-up share capital;
- Whether the company is a private or public company;
- Where the applicant is part of a group, consolidated financial statements for the group;
- An up-to-date group structure, detailing the various companies, subgroups and their respective asset size;
- Evidence of the ability of shareholders to inject additional capital if it becomes necessary to assist the proposed licensee in penetrating the target market;
- A statement as regards any conflict of interest with respect to membership of the Board of the proposed licensee and membership of the Board of controlling shareholders that are corporations.

Further information/documentation on the applicant's affiliates which may be required, include, but is not limited to the following: -

- List of affiliate companies
- The structure and ownership profile of these companies
- Audited statement of these companies' operations for the previous three financial periods.

Foreign Applicants

Where an application to establish a licensed financial institution is made by a foreign individual or company, in addition to the requirements above the following is required:

- Notarized PQD/CQD by a notary public
- Notarial Certificate indicating that the notary is authorized

IV. OTHER MATTERS TO BE CONSIDERED

Approval for the use of the word "bank" in the Name of the Proposed Licensee- Section 3(2) of the FIA refers

Where an application for a licence to carry on business of a financial nature includes the use of the word “**bank**” or any variation of the word “**bank**” in the name of the proposed licensee a written request for such approval must be submitted with the application for a licence. Approval is granted by the Central Bank under the signature of the Governor on the recommendation of the Inspector of Banks.

Articles of Incorporation and By-Laws

Where the proposed licensee has not yet been incorporated, a draft copy of the Articles of Incorporation and By-Laws of the company is to be provided to the Central Bank for review prior to incorporation. Proposed controlling shareholders that are corporate entities are also required to provide certified copies of their Articles of Incorporation and By-Laws, and Certificate of Incorporation to the Central Bank.

The proposed licensee should proceed to incorporate, following: -

- (a) A review of its draft Articles of Incorporation and By-Laws by the Central Bank.
- (b) The approval of the Central Bank, where necessary, to use the word “bank
- (c) In the case of a non-exempt foreign investor, submission of the relevant information to the Minister of Finance under Section 4 of the Foreign Investment Act, 1990 and receipt of a favourable response from the Ministry of Finance.

Once incorporated, a “true” copy of the applicant’s incorporation documents is to be provided to the Central Bank.

V. FIT AND PROPER ASSESSMENT OF THE PROPOSED MANAGEMENT OF THE FINANCIAL INSTITUTION

In accordance with Section A of the Second Schedule of the FIA, every person who is, or is to be, a director, controlling shareholder, controller, or manager of a financial institution must be a fit and proper person to hold the particular position which he holds or is to hold. As part

of that “fit and proper” assessment, all persons who are proposed as directors, controllers, controlling shareholders and managers of a financial institution including companies that are controlling shareholders and their directors, must complete Personal Questionnaire Declaration forms (“PQD”) or Corporate Questionnaire Declaration forms (“CQD”) where applicable. Please click [here](#) for PQD and CQD forms. Section B of the Second Schedule of the FIA, stipulates that the management team of a financial institution should include at least two individuals with sufficient experience and knowledge of the business to direct effectively the business of the licensee.

VI. PRELIMINARY EVALUATION OF APPLICATION

An application is reviewed to determine whether all documentation required have been submitted and whether there is need to request additional information. The circumstances of each particular application will dictate the additional information required to assess risks arising from the operations of the proposed licensee.

VII. ASSESSMENT MEETINGS WITH THE APPLICANT

Preliminary discussions are held with prospective applicants for a licence to provide further guidance on documents to be submitted with an application. Subsequently, meetings are held with the applicant (or representative) to discuss matters arising from the evaluation of the application and supporting documentation.

VIII. REJECTION OF AN APPLICATION

In accordance with Section (8)(1) of the FIA, The Central Bank, after evaluating all information coming to its attention and documentation provided in support of an application, may reject an application after consultation with the Minister of Finance.

IX. LICENCE FEES

Once approval is granted for the establishment of a financial institution, a licence fee becomes payable: -

- A fee of fifty thousand dollars (TT\$50,000) is applicable for an institution licensed to carry on the business of banking.
- A fee of twenty thousand dollars (TT\$20,000) is applicable for an institution licensed to carry on business of a financial nature.
- A fee of ten thousand dollars (TT\$10,000) is applicable for each branch.
- Where the licence is issued after March 31, of the calendar year, the fee payable is calculated on a pro rata basis, using a 365-day year. Where the licence is issued before March 31, the full yearly fee is applicable.

Licence fees must be paid before a licence is issued to the institution.

X. ISSUE OF LICENCE

In accordance with Section 8(1 & 2) of the FIA, 1993, the Central Bank, after consultation with the Minister of Finance and upon payment of the relevant licence fee, may issue a licence to the applicant duly signed by the Governor. A licence issued under the FIA is valid until revoked.