



CENTRAL BANK OF SOMALIA

Licensing and Supervision Department
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REGULATION ON OPENING AND CLOSING BRANCH OFFICES, 2016
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CENTRAL BANK OF SOMALIA
Financial Institutions Law, 2012

REGULATION ON OPENING AND CLOSING BRANCH OFFICES, 2016

1. INTRODUCTION

1.1. Authority

This regulation is made by the Central Bank pursuant to its authority set forth in Section 34 of the Financial Institution Law, 2012 (“FIL”), and Sections 38(1) and 52(1) of the Central Bank of Somalia Law, 2011, for the purpose of implementing Sections 12 and 13 of the FIL.

1.2. Applicability

This regulation applies to all banks licensed by the Central Bank including foreign financial institutions and subsidiaries of foreign financial institutions.

1.3. Definition of Branch

Branch means any premises, other than its head office, at which a bank transacts business. A branch includes an office, a sub-office, booth, agency and mobile unit.

2. REQUIREMENTS FOR OPENING A BRANCH OFFICE

2.1. Banks shall not open a branch office within Somalia or outside of Somalia without obtaining the prior written approval of the Central Bank.

2.2. Banks meeting the following criteria may submit an application to open a branch office to the Central Bank.

2.2.1. The bank exceeds its minimum capital requirements now and for the immediately preceding three years;

2.2.2. The bank exceeds its minimum liquidity requirements now and for the immediately preceding three years;

2.2.3. The bank reported a net profit in each of the three preceding fiscal years;

2.2.4. The bank has a written agreement with an independent auditor to conduct an external annual audit; and

2.2.5. The bank is not subject to an *Intervention Direction* from the Central Bank.

2.3. To be accepted for consideration by the Central Bank, applications to open a branch must be accompanied by all of the following information.

2.3.1. Official copy of the resolution of the board of directors approving the decision to open a branch office and to submit the required application to the Central Bank;

2.3.2. Feasibility study for the proposed branch office and its location, and the reason(s) which served as the basis for the bank to decide on the proposed new branch office and location;

2.3.3. List of all banking business activities in which the bank intends to engage from the proposed new branch office;

2.3.4. Identification and competencies of the two officers who have been deemed by the board of directors to be fit and proper persons and will be responsible for the branch office;

2.3.5. Amended business plan of the bank incorporating the proposed branch office that addresses the proposed capital investment, increased operating expenses, and mobilization of deposits in the proposed market area;

2.3.6. Accompanied with the prescribed Application fee USD 5,000.00

2.3.7. For branches outside of Somalia:

(i) Evidence of approval from the supervisor in the country of the proposed branch office; and

(ii) Information on the board of directors' plan to exercise proper oversight of the foreign branch.

3. REQUIREMENTS FOR CLOSING A BRANCH OFFICE

- 3.1. A bank shall not close a branch office within Somalia or outside of Somalia unless it first provides the Central Bank with at least 30 days written notice of the proposed closure and receives no written notice of objection from the Central Bank during the subsequent 30-day notice period.
- 3.2. To be considered acceptable, a written notice to the Central Bank of a bank's intent to close a branch office must contain the following information.
 - 3.2.1. Official copy of the resolution of the board of directors approving the decision to close the branch office and to submit the written notice of the proposed closing to the Central Bank;
 - 3.2.2. Clearly stated reason(s) for the proposed closing;
 - 3.2.3. Net operating results attributable to the branch office for the past three years, or fewer years if the bank is newly licensed; and
 - 3.2.4. Detailed plans for relocating customers, officers, and employees.
 - 3.2.5. For a branch outside of Somalia, evidence of approval or no objection from the supervisor in the country where the branch office (proposed to be closed) is located.

4. DECISION OF THE CENTRAL BANK

4.1. Application to Open a Branch Office

Within 30 days of receiving a proper written application to open a branch office within Somalia or outside of Somalia, the Central Bank shall either inform the bank of its decision or request additional information with which to make its decision. In cases where the Central Bank requests additional information, a decision shall be rendered within 30 days of the Central Bank's receipt of a complete response to the information requested.

4.2. Notice of Intent to Close a Branch Office

Within 30 days of receiving proper written notice of a bank's intent to close a branch office within Somalia or outside of Somalia, the Central Bank shall either inform the bank of its decision to take no objection to the branch closing or request additional information with which to make its decision. In cases where the Central Bank requests additional information, a decision shall be rendered within 30 days of the Central Bank's receipt of a complete response to the information requested.

