Banking Regulation & Policy Department
Bangladesh Bank
Head Office
Dhaka

BRPD Circular Letter No. 03 **Date: 01 February 2006**

All Banks Operating in Bangladesh except 'New Banks' and 'Specialized Banks'.

Dear Sirs:

Rules and Regulations regarding the appointment of Chief Executive of a bank.

Please refer to the BRPD Circular Letter No. 15, dated 03 September 2002 regarding rules and regulations for appointment of Chief Executive and Advisor of banking companies wherein banks have been advised to furnish, *inter alia*, the terms and conditions of appointment (mentioning direct and indirect salary-allowances and other facilities) for seeking approval of Bangladesh Bank for appointment of Chief Executive of a bank. The banks are advised to follow the guidelines stated below while determining the salary and allowances of the Cheif Executive and submitting such proposal to Bangladesh Bank: -

1) In fixing the salary and allowances of the Chief Executive of a bank, financial condition, area of operation, business-volume and earning capacity of the bank, qualifications, age and experience of the person concerned and the remuneration paid to the persons occupying same position in the peer banks shall have to be taken into consideration.
2) Total salary shall be comprised of direct salary covering **'Basic Pay'** and **'House Rent'** and allowances as **'Others'**. The allowances (e.g., provident fund, utility bill, leave-fare assistance etc.) in 'Others' head should be specified in amount/ceiling. Besides, other facilities (e.g., car, fuel, driver etc.), as far as possible, shall have to be monetized and thus determining monthly total salary, it shall have to be mentioned in the proposal to be submitted to Bangladesh Bank. In the proposal, Basic Pay, House Rent, Festival Allowance, other allowances and other facilities shall have to be specified in amount in Taka.
3) Terms of salary-allowances and other facilities as specified in the terms and conditions of appointment cannot be changed during the tenure. In case of renewal, proposal may be made for re-fixation of the salary considering the job performance of the incumbent Chief Executive.
4) The Chief Executive so appointed shall not get any other direct or indirect facilities (e.g., dividend, commission, bonus, club expense etc.) other than the salary-allowances and other facilities as enumerated in item no. 2.
5) The bank shall not pay any income tax for the Chief Executive, i.e., the Chief Executive so appointed shall have to pay it.

Besides, No person crossing the age of 65 years shall hold the post of Chief Executive of a bank.

This guideline shall come into force with immediate effect.

This circular letter should be presented in the next meeting of the board of directors of the bank.

Yours faithfully,

Sd/-
(Md. Jahangir Alam)
General Manager (Incharge)
Phone 7125844