

Banking Regulation & Policy Department
Bangladesh Bank
Head Office
Dhaka

BRPD Circular Letter No. 10

23 July 2008
Date: -----
08 Srabon 1415

Chairman
Board of Director/Chief Executive Officer
All Banking Companies working in Bangladesh except Foreign Banks.

Dear Sir,

Appointment of Directors from the Depositors of Banking Companies Rules, 2008

On the above mentioned subject a copy of the [notification no. BRPD\(R-1\)717/2008-462](#)
Dated 22 July 2008 issued by Bangladesh Bank is being sent herewith for kind perusal and
necessary action.

[Enclosed: 2\(two\) pages.](#)

Yours faithfully,
Sd/-
(Md. Jahangir Alam)
General Manager
Phone- 7117825

Notification

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22 July 2008
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Chairman
Board of Director/Chief Executive Officer
All Banking-Companies working in Bangladesh excepting Foreign Banks.

Dear Sir,

Appointment of Directors from the Depositors of Banking Companies Rules, 2008

Bangladesh Bank, being empowered by section 120 of Banking Companies Act, 1991 (Act No. 14 of 1991), formulated and promulgated following Rule for the fulfillment of section 15(5) of the same act.

The Rule may be called " Appointment of Directors from the Depositors of the Banking Companies, Rule, 2008.

This notification is for immediate effect.

While appointing directors from the depositors of banking companies under section 15(5) of Banking Companies Act, 1991 by Bangladesh Bank, procedures as stated bellow should be followed:

1. Fit and Proper:-

- (a) Person concerned must be a depositor of the bank company. During the time of holding the post of director, he must maintain his deposit with the concerned bank.
- (b) He must at least have a bachelor degree from any recognized university. He must be prominent in his profession. Depositors having higher educational qualification in Economics, Trade, Business Administration, etc. or having professional experience in Industrial Business shall be given priority at the time of appointing as director.
- (c) He shall not be a director, officer/staff or advisor of any bank company, financial institution, insurance company or stock exchange.
- (d) He, himself or including his family members, shall not hold share more than 1% of paid-up capital of the concerned bank company.
- (e) He shall not have any business or any pecuniary relationship with the concerned bank company except maintaining deposit or holding of share not more than 1% of paid up capital of the bank.
- (f) The person who was salaried staff or held an office of profit or was a director of the bank shall not be selected as director from depositors. Law advisors and external auditors of the bank also shall not be selected as director from depositors.

- (g) He shall not be a member of the family of any director of the concerned bank or shall not have any involvement with the organization owned/conducted by the director of the bank any directors@wned/executed organization
- (h) He shall not be engaged with any political party.
- (i) He shall not be a loan, tax or bill defaulter.
- (j) Fit and proper test criteria issued by Bangladesh Bank from time to time shall be applicable for appointment of directors from the depositors.

2. Selection procedure:-

- (a) The Board of Directors of concerned bank shall send the proposal appointment of 2 (two) directors from the depositors to Bangladesh Bank on the basis of the fit and proper test criteria mentioned above. The appointment of the director shall be effective after the approval of Bangladesh Bank. Bangladesh Bank, if necessary, may ask for additional name(s) from the board of directors of concern bank.
- (b) Tenure of directors selected from the depositors shall be 3(three) years.
- (c) Any director selected from the depositors shall not hold the post of director more than 2(two) tenure or six years consecutively.
- (d) Any person holding the post of director from the depositors for two terms consecutively, shall not be qualified to be re-elected until completion of his/her next one term.

3. Others:-

- (a) If the person violate any condition of Fit and Proper Test stated in Para 1 or for the interest of depositor of concern bank company or interest of the public Bangladesh Bank may remove any director from the depositors giving reasonable opportunity to show the cause.
- (b) Prior approval of Bangladesh Bank shall be necessary in case of the dismissal of any director from the depositors by the board of directors of the concern bank-company. For this purpose resolution passed by the 2/3rd majority of the board of directors to be shall be sent to Bangladesh Bank. The dismissal of the director will be effective upon reciving written approval from Bangladesh Bank.
- (c) Directors appointed from the depositors shall be in addition to 13 (thirteen) members of board of Directors under the sub-clause 15(6) of the Banking Companies Act, 1991.

Explanation: For the purpose of rule, @amily@would include spouse, parents, children, brother and sister of the concerned person and all other person dependent on him/her.

Yours faithfully,
Sd/-
(Md. Jahangir Alam)
General Manager
Phone- 7117825